

Retirement Income Strategy

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Retirement Income Strategy for Brighter Super 2023/2024

Brighter Super is all about the personal connections that guide members to retire confidently. We are committed to helping members improve their retirement outcomes. We have formulated a Retirement Income Strategy for members who are retired or approaching retirement.



Purpose of this strategy

Our strategy is designed to assist you in having your best retirement by:

- maximising your expected retirement income over the period of retirement
- managing expected risks to the sustainability and stability of your retirement income over the period of retirement
- providing flexible access to your funds over the period of retirement.

This strategy outlines the retirement products and services Brighter Super can offer to help you maximise your retirement income. We will periodically review and update the strategy to continue improving our proposition for you.

Who does the strategy apply to?

The strategy applies to members of Brighter Super who are retired or are approaching retirement.

Generally, we define:

- members aged 48 to 55 as 'nearing retirement'
- members who are still working and aged over 56 as 'approaching retirement'
- members aged over 56 who ceased working or have opened an income stream account as 'in retirement'.
- We have applied each element of the strategy to these three classes of members.

What is the retirement outcome?

In this strategy we define retirement income as the sum of the following two incomes over the period of retirement (net of tax):

- Income paid from a member's Brighter Super account.
- Income from the Age Pension (if applicable).

What is the period of your retirement?

In this strategy, we define the period of retirement as between when a member first satisfies the 'retirement' condition of release (generally age 65) and current life expectancies based on the Government's latest [Australian Life Tables](#) plus five years.

These life expectancies are currently age 85.9 for males, and age 90 for females.



Our commitment to members

To help you achieve your brightest possible retirement, we aspire to deliver:

- A dollar reward paid to eligible members who open a Brighter Super Pension that gives you back a portion of the tax you are no longer paying.
- Value-for-money – where total fees – direct and indirect administration and investment fees – are at or below the industry median.
- Fit for purpose retirement products that reflect member needs through the three phases of retirement – including balancing growth over a member's lifetime, protecting against outliving savings and providing access to ready capital, should they need it.
- A range of investment options so members, or their financial adviser, can change risk allocations over time.
- Good investment option performance so all our options are above median in the performance surveys over 3-years, meet their objectives and pass the performance test.
- A range of cost-effective advice services, including personal advice, to help members navigate the complexities of super, delivered affordably through convenient channels.
- Education and guidance on questions that matter, delivered through our signature people-centered connections on topics that are relevant and important to our members.
- Tools to support retirement planning that enable members to make informed decisions.
- Service excellence – delivering our services well and cost-effectively, with easy, simple and transparent information and answers to members' questions about the administration of their account and insurance.
- A cost-effective insurance product to protect members if required, with the ability to apply for additional cover when life events warrant it.
- Simplicity and transparency in our offering so members can understand, compare and be comfortable with their experiences with us relative to expectations and our competitors.
- A trusted community of colleagues with whom members can discuss their questions or worries about superannuation and retirement.

These commitments guide our strategies and initiatives and help us make our decisions every day. They influence our priorities and show us what more we need to do to deliver on them and our purpose, for the benefit of you, as a Brighter Super member.





How we will deliver on our commitment to members

Brighter Super provides the following products and services to deliver on our aspirations and commitments to members, and to meet the objectives of our strategy.

For members in retirement

Brighter Super currently offers an account-based pension product, a closed term-allocated pension (TAP) product, and a closed lifetime pension product backed by an insurer.

Both the account-based and TAP pension products provide a range of investment options for various levels of risk tolerance and potential return.

Members in the account-based pension have two choices for how they would like their pension account to be managed.

1. Brighter Super's new Retire Easy Pension (from 31 May 2024) includes a pre-selected, 'three-bucket' investment strategy, which the Trustee manages on a member's behalf. It also includes pre-selected pension payment amounts and frequency. In this option, two years of pension payments are invested in the Cash option, with the remainder invested in Balanced (50%) and Growth (50%) options. This is designed to provide members with a regular income while their savings keep growing. Each year we automatically rebalance these investments to ensure this investment strategy remains consistent.

This option also automatically pays members the minimum amount, as set by the government, each month. This amount increases as a member gets older, in-line with regulation.

2. Tailor your own Pension account - members, or their financial advisers, who are seeking more flexibility and control can tailor their own investment and payment options to suit their needs.

Members can choose from a range of ready-made and single asset class investment options, depending on their level of risk tolerance and financial goals.

Members can also maintain their investment strategy, by choosing to rebalance their portfolio quarterly, half yearly or annually.

For members who do not actively choose an investment strategy specific to their needs, a default investment strategy is applied based on age. For members under age 75, 100% of their account balance is invested in the Balanced option and, upon turning age 75, de-risking to the lower risk Conservative Balanced investment option.

The account-based pension provides members with income flexibility to choose the level of income a member wishes to receive, and they can change the level of income as often as they like to meet their needs. In addition, the product provides members with flexibility to choose the frequency of their income payments - from annually to fortnightly payments. Members are also able to choose to have income payments adjusted to inflation as measured by the Consumer Price Index (CPI).

Brighter Super's investment options consist of liquid and unlisted asset classes. We consider the liquidity of the investment portfolio as part of the investment strategy, so that it can provide members with flexible access to their savings.

New account-based pension members, subject to meeting eligibility conditions, are eligible for a Retirement Reward. This is a bonus amount that represents the tax savings made by Brighter Super from the member moving their growth assets from a taxable accumulation product to a tax-free pension product.



For members nearing or approaching retirement

Brighter Super offers members the ability to ease into retirement with a Transition to Retirement (TTR) account-based pension product.

Members under age 65 can open a TTR Pension to receive income from super while still working (as long as they have reached their preservation age).

This account can be used to begin working less and top up income, or as a strategy to build retirement savings by taking advantage of the tax benefits of saving within superannuation.

In addition to the TTR Pension, the Brighter Super accumulation product allows members to continue to save for retirement in a favourable tax environment.

Members in the TTR Pension have two choices for how they would like their pension account to be managed.

1. Brighter Super's new Retire Easy TTR Pension (from 31 May 2024) includes a pre-selected, 'three-bucket' investment strategy, which the Trustee manages on members' behalf. It also includes pre-selected pension payment amounts and frequency.

In this option, two years of pension payments are invested in the Cash option, with the remainder invested in Balanced (50%) and Growth (50%) options. This is designed to provide members with a regular income while their savings keep growing.

Each year we automatically rebalance these investments to ensure this investment strategy remains consistent.

2. Tailor your own TTR Pension account - members, or their financial advisers, who are seeking more flexibility and control can tailor their own investment and payment options to suit their needs.

Members can choose from a range of ready-made and single asset class investment options, depending on their level of risk tolerance and financial goals.

Members can also maintain their investment strategy, by choosing to rebalance their portfolio quarterly, half yearly or annually.

A default investment strategy is applied for members that do not actively choose an investment strategy specific to their needs. The default strategy is the growth-oriented MySuper investment option.

Both the Retire Easy TTR Pension and the Tailor your own Pension, The TTR Pension accounts work in a similar way to the Brighter Super Pension, with the following key differences: you are unable to withdraw lump sums; your pension is limited to a maximum of 10% p.a. of the account balance; earnings within the fund are taxed at 15%.

Insurance can be an important part of your retirement planning. While insurance has premiums, which can impact your balance, Brighter Super's insurance products provide financial security should adverse events happen.





Education, tools and servicing

Brighter Super is a super fund that wants a relationship with each of our members. To achieve this goal, over 40 team members deliver our signature face-to-face services in the workplace, online and over the phone so members can access information in a way that suits them.

Services include our flagship workplace engagement program including seminars, webinars, member meetings, Super Health Checks, events, fund awareness days and email interactions.

They also include our bespoke Nearing and Approaching Retirement journeys. These age-based journeys highlight the multiple ways members can grow their super in line with their retirement goals. Members can also access help and information in a way that suits them. For instance, members can choose to receive our quarterly newsletter and investment update which links to our Let's learn education hub. Here, members can explore a range of fact sheets, videos and tools including our two online retirement calculators.

- The Retirement Income calculator helps members work out what their superannuation balance may be at their selected retirement age, allowing members to project how changes to circumstances (such as how much they contribute, how their superannuation is invested, the fees they pay, the date they retire) could make a difference to their retirement income.
- The When Can I Retire? calculator (to be re-launched in mid-2024) helps members get an idea of how soon they can retire based on their projected superannuation balance and the kind of retirement they want.

Together these tools and services help members engage with their superannuation, improve their retirement outcomes, keep up to date with legislative changes and receive the latest information on products.

Importance of financial advice

At Brighter Super we want all members to retire with financial advice because we know it can deliver significant value to members and increase their retirement outcomes. As a result, we have a financial advice strategy that centres around improving efficiency and reducing cost to deliver advice to more members which is scaled based on cost and complexity.

For instance, Brighter Super provides a range of free advice services to members, which is included as part of administration fees. For example, all members can receive general advice by telephoning the Contact Centre or by booking a Super Health Check appointment with a specialist team member, over the phone, at home or in the workplace (where applicable).

A Retirement Health Check with a Brighter Super financial adviser is available for members who are Approaching Retirement. Designed to determine if a member is on track to achieve their retirement goals and provide personal financial advice recommendations that will assist them if they are not. Single-issue personal advice about your Brighter Super account is also available by telephone, which you can access via our Contact Centre.

We understand that some of our members have more complex financial needs. They may want to take a wider view of their family's financial situation as they near retirement (including access to Centrelink benefits). We can provide Comprehensive Advice to members and their families for an additional fee, including on assets outside superannuation.

Helping members manage risks

We recognise several risks impact the ability of members to maximise retirement incomes while balancing sustainability and stability of income in retirement. These include:

- Investment risk: risks from market declines, legislative risk, liquidity risk, timing risk and counterparty risk.
- Inflation risk: the loss of purchasing power as a result of income not keeping up with inflation.
- Longevity risk: the risk of a member outliving the income they need to continue a dignified retirement.
- We assist members in managing these risks as follows:
- Brighter Super's investment options consider all components of investment risks in the investment strategy.
- Our diversified investment option menu gives members the flexibility to manage the level of investment risk taken by selecting the investment options suitable to their needs.
- We publish each investment option's objectives, benchmarked to inflation and performance, to show how well the option is delivering on that objective.

This enables members to manage inflation risk on the purchasing power of their retirement accounts and ultimately the level of income they draw down.

To further protect against inflation risk, members who are invested in our pension have the option to automatically index their income payments to inflation as measured by the Consumer Price Index.

To assist members with the risk of outliving their retirement savings, our Retirement Income calculator lets members understand how the level of income they draw down will impact their balance. It also lets them assess how their selected investment option will impact their retirement income over time.

What are we looking to do in the future?

Over the next two years Brighter Super will complement our new Retire Easy Pension with a new Flexible Bucket Strategy Pension. Designed to reduce longevity risk it offers members and their advisers greater flexibility, customisation and control over their investment selections.

Brighter Super is also committed to provide members and their advisers a new longevity product that works in conjunction with our current Pension products, as well as greater education guidance and support.

Brighter Super is committed to helping you maximise your retirement outcomes. Our strategy outlines how we will meet our commitment to give you a brighter retirement.



This summary of our Retirement Income Strategy has been produced by LGIASuper Trustee (ABN 94 085 088 484) (AFSL 230511) (the Trustee) as trustee for LGIASuper (ABN 23 053 121 564) (RSE R1000160) (the Fund) trading as Brighter Super. Brighter Super may refer to the Trustee or LGIASuper as the context may be. Brighter Super products are issued by the Trustee on behalf of the Fund.

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