

Retirement Income Strategy

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Our retirement income commitment to members

Today

Today Australian Retirement Trust offers a range of tools and services designed to help members understand and take charge of their retirement planning, and ensure they feel secure, confident and protected.



Product solutions and financial advice

Through all phases of their journey to retirement, we support our members by offering a seamless transition from our *Accumulation accounts* to our *Income accounts*, with access to expert superannuation advice. The representatives in our customer contact centres are trained to provide information and/or general advice to members about their account. When a member needs personal advice about their super in their *Super Savings* or QSuper account with Australian Retirement Trust, our qualified financial advisers can help. Members can speak with an adviser over the phone about strategies for investment choice, contributions, insurance cover, and our Transition to retirement and Retirement income accounts.



Communications, tools and online account management

We encourage members to engage with their super and retirement planning through the information, newsletters and tools on our websites, including our retirement income modellers, and our tailored direct communications. Members can also access and transact on their super account 24/7 through our secure Member Online portals and the Australian Retirement Trust and QSuper mobile apps.



Retirement planning seminars and updates

Retirement planning information and education is a fundamental part of our commitment to helping members take charge of their retirement planning. We offer a range of education opportunities, from our podcast and recorded webcasts to our face-to-face workplace and public education seminars and events. Recently, the ongoing COVID crisis also prompted us to expand our member education channels, and resulted in a significant increase in the number of members we reached through digital education events, and our recorded webcasts.

Our commitment

Recognising that retirement needs and trade-offs are complex, and that each member's retirement journey is different, we'll aim to deliver better retirement outcomes for members and help:

- maximise their retirement income,
- manage risks to stability and sustainability of income, and
- ensure they have flexible access to their funds throughout their retirement.

Our **retirement income vision** is to be the leader in delivering better retirement outcomes for members through a lifetime of education, guidance, advice and intelligent product solutions.

Our **retirement income strategy direction** will see us partner with members to expertly manage their retirement savings through:



A retirement plan for every member

Partner with members to maintain a living retirement income plan to deliver better retirement outcomes.



Education, guidance and advice

Lead members towards a better retirement outcome through every interaction.



Intelligent product solutions

Offer intelligent product solutions and comprehensive investment choices.





Welcome to Australian Retirement Trust

A force for good to make our members' world better

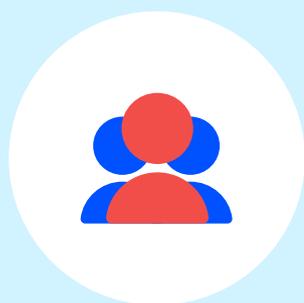
Who we are today

Australian Retirement Trust is the super fund formed through the merger of Sunsuper and QSuper. We're one of Australia's largest super funds and proud to take care of over \$200 billion in retirement savings for more than two million members. As a fund that works for members, not shareholders, we work in members' best interests, and are committed to returning profits to them as lower fees and better services.

Whether our members are starting out their working life, already retired, or somewhere in between, we'll guide them to help ensure they feel secure, confident and protected. We'll leverage our size and scale to be a force for good to make our members' world better, seeking out investments to guard and grow their retirement savings and income.

Our vision for better retirement outcomes

We are committed to operationalising and embedding our *Retirement income strategy* with the aim to help maximise members' retirement income, manage the risks to stability and sustainability of income, and help members have flexible access to their funds throughout their retirement.



> **2** million
members



> **\$200** billion
retirement savings

Aiming to maximise members' retirement income

Helping them to achieve their best possible retirement

Taking care of the retirement savings of more than two million members comes with a responsibility to contribute to our members' quality of life to and through retirement through the provision of investment, protection and advice services.

As one of Australia's largest super funds, we also have a broader responsibility to contribute to addressing the complex challenges Australians face when planning for retirement.

To this end, our *Retirement income strategy* sets out our commitment to our members with the overarching aim to help them achieve their best retirement outcome by:

- maximising their retirement income,
- managing risks to stability and sustainability of income, and
- helping to ensure they have flexible access to their funds throughout their retirement.

Australian Retirement Trust's Retirement income strategy

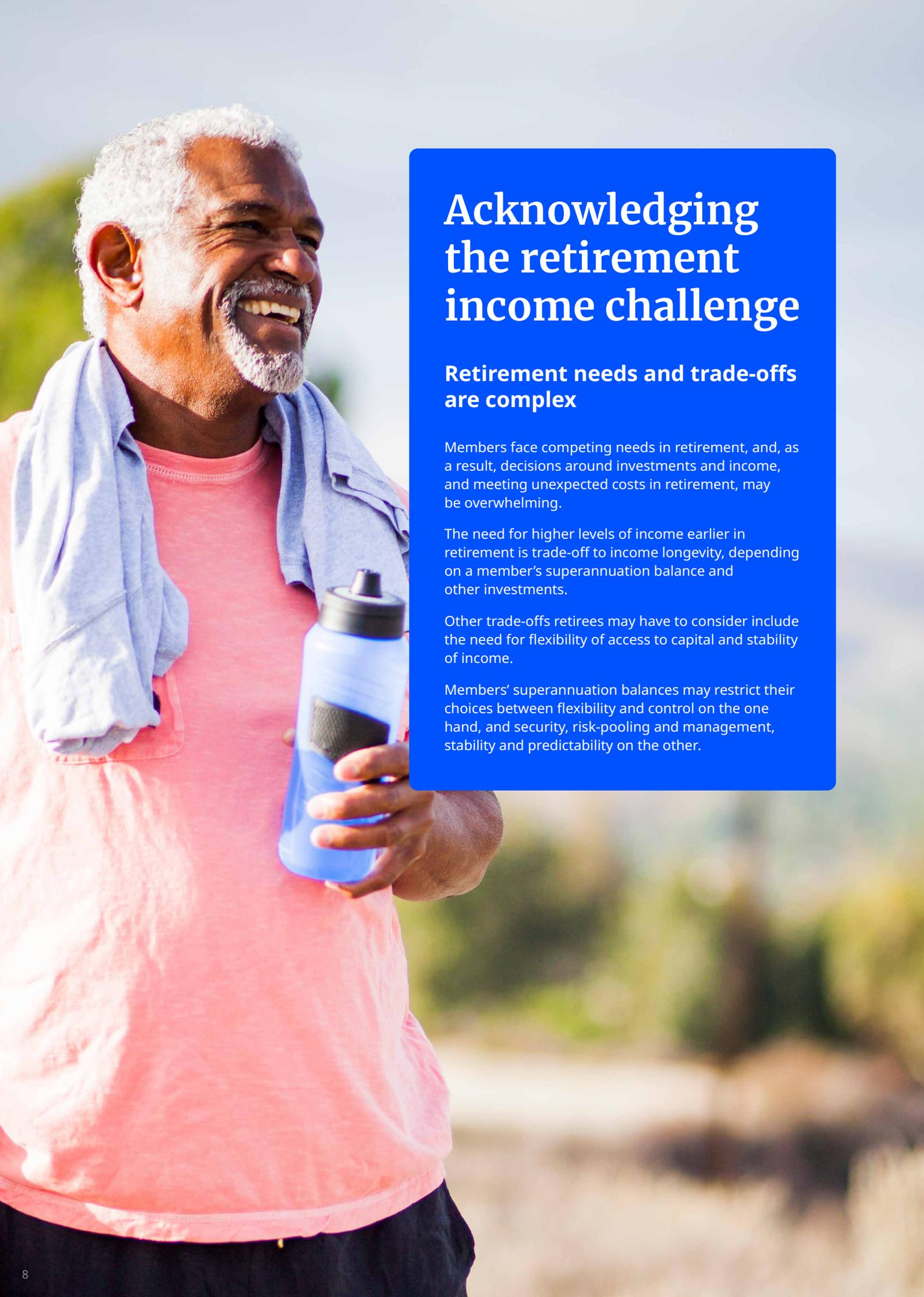
Maximise retirement income

Manage retirement income stability and sustainability

Help ensure flexible access to funds in retirement

Our aim is to help members balance these retirement income objectives so they can achieve their best retirement outcome.





Acknowledging the retirement income challenge

Retirement needs and trade-offs are complex

Members face competing needs in retirement, and, as a result, decisions around investments and income, and meeting unexpected costs in retirement, may be overwhelming.

The need for higher levels of income earlier in retirement is trade-off to income longevity, depending on a member's superannuation balance and other investments.

Other trade-offs retirees may have to consider include the need for flexibility of access to capital and stability of income.

Members' superannuation balances may restrict their choices between flexibility and control on the one hand, and security, risk-pooling and management, stability and predictability on the other.

Understanding members' needs

Each member's retirement journey is different

Retirement has traditionally been viewed as permanent, commencing at the end of continuous full-time employment.

Today, however, the work and retirement patterns of Australians reaching retirement age and accessing their super is often far more dynamic.

For example, it's not uncommon to see members:

- stop working and commence an account based pension, then receive employer contributions years later having gone back to work, or
- reach the age they can access their super, stop working (no employer contributions), but not access their super for several years (because they have other income sources).

As shown in the graph, member research further highlights this trend, with one in three respondents who said they were retired also said they intended to seek either paid or voluntary work in the next two years.

Thinking about the next two years, do you intend to remain retired?



Forethought research on behalf of QSuper, August 2021, n=2375 QSuper members

Members often retire when they did not plan to

As shown below, member research also highlights a gap between when members expect to retire and when they actually do.

While pre-retirees reported an intention to retire at age 67 on average, and to reduce working hours at age 65, the average retirement age was 62. Health reasons play a role in this discrepancy, with 26 per cent of respondents reporting they couldn't continue working due to their health.



Forethought research on behalf of QSuper, August 2021, n=2375 QSuper members

Reasons for retiring / semi-retiring

- I felt I had reached the right age to retire
- It was my plan to do so
- I couldn't continue working because of my health
- I could not find employment
- Other



IPSOS Retirement Journey Research, November 2019.

Base: n=243 QSuper members, n=489 non-QSuper members. Total sample n=277 | semi-retired n= 66 | fully retired n=211

Summary of observations informing the strategy

Following an holistic review of QSuper and Sunsuper member research, broader community data and industry reports, and a synthesis of the trends and insights, the following observations were distilled to inform the key determinations and commitments in our *Retirement income strategy*:

1. Retirement patterns of Australians reaching retirement age and accessing their super are dynamic and unique.
2. Members will often retire earlier than they plan to. This can be due to loss of employment, health, family or other reasons.
3. Drawdown patterns differ; however, members will often take lump sums when they can access their super, typically coinciding with other activities such as investment switches, consolidation, and commencement of an income stream.
4. Australian Retirement Trust has access to members' information (age, gender, account balance) as a part of our primary purpose to administer members' super accounts. Relying on this data alone to categorise members into segments for the purpose of the retirement income strategy is problematic and could lead to sub-optimal outcomes. Further insights on members' broader financial position, and their needs, preferences and goals for retirement is required to support meaningful segmentation.
5. Our current approach to equip members with tools and knowledge to make more informed retirement decisions provides a strong foundation for improved retirement outcomes.

Defining retirees, retirement and retirement income

The *Superannuation Industry Supervision Act 1993* (SIS Act) requires the Trustee to make three determinations for the purpose of the retirement income strategy.

1. Class of beneficiary who are retired or approaching retirement.
2. Period of retirement with reference to the membership.
3. Meaning of retirement income for the purpose of the strategy.

We have made the following determinations in alignment with the legislated obligations:

Areas requiring a determination	Our initial determinations (subject to ongoing review)
Class of beneficiary	Those members that are retired (in the decumulation phase), and those that are approaching retirement (i.e. all other members in the accumulation phase). Our longer-term view is to further investigate sub-classes and cohorts through the ongoing collection and maintenance of member insights.
Period of retirement	The lifespan of our members from the commencement of a retirement income stream.
Meaning of retirement income	Superannuation and the aged pension.

Supporting our members today

Today, Australian Retirement Trust offers members a suite of tools and services designed to help members understand and take charge of their retirement planning, and help ensure they feel secure, confident and protected.

Leading retirement seminars and retirement income calculators

We offer a comprehensive range of retirement seminars and investment updates (in person and online) covering both pre- and post-retirement considerations and strategies.

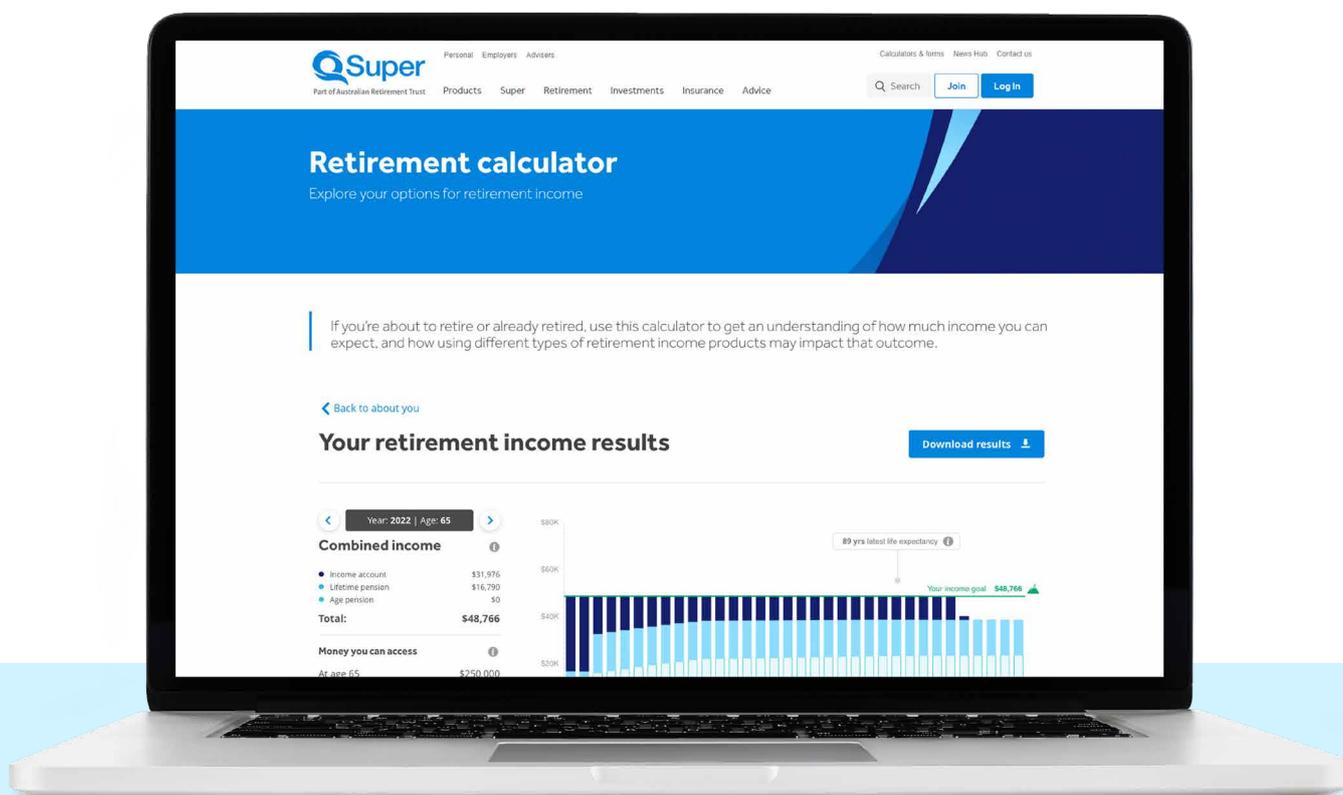
Our powerful retirement income modellers can help members understand possible retirement outcomes.

Information, personalised communications and advice

Our websites and newsletters contain educational articles covering a broad range of pre- and post-retirement topics to help members increase their super knowledge.

To help engage and nudge members towards positive actions for improved retirement outcomes, our tailored communications include timely and relevant prompts on things members can do to grow and protect their super, prepare for retirement, and help their retirement savings last.

Members can access phone-based general and personal financial advice about their super through our contact centres and qualified financial advisers as part of their membership.



Retirement income modeller on QSuper website, qsuper.qld.gov.au

Industry leading, innovative retirement income solution

Our innovative Lifetime Pension product won Chant West's Best Fund: Longevity Product 2022 and received global recognition at the 2021 Pension & Investments' (P&I) World Pension Summit Innovation Awards held at The Hague, Netherlands. Australian Retirement Trust's award-winning Lifetime Pension aims to help members achieve more income in retirement that's also sustainable across their lifetime.

For award information:
qsuper.qld.gov.au/about/awards

Improving our members' tomorrow

Our strategy for better retirement outcomes

Retirement income strategy objectives

Maximise retirement income

Manage retirement income stability and sustainability

Help ensure flexible access to funds in retirement

Retirement income vision

To be the leader in delivering better retirement outcomes for members through a lifetime of education, guidance, advice and intelligent product solutions.

Strategy direction

Partner with members to expertly manage their retirement savings



A retirement plan for every member

Partner with members to maintain a living retirement income plan to deliver better retirement outcomes.



Education, guidance and advice

Lead members towards a better retirement outcome through every interaction.



Intelligent product solutions

Offer intelligent product solutions and comprehensive investment choices.

Implementation approach

We will continuously operationalise and embed our long-term vision while extracting ongoing merger value for the benefit of members. This includes leveraging our scale advantage, combined investment capabilities, data and core competencies.

Our strategy for better retirement outcomes

By partnering with members, we can better understand their retirement needs, and can support them in making smarter choices for improved retirement outcomes.



A retirement income plan for every member

Australian Retirement Trust understands that each member's retirement journey is different.

Our vision is to continue to build on our innovative and award-winning product, service and advice solutions to partner with members in the development of their own retirement income plan that lasts to and through retirement. This will be central to our data strategy and member experience.



Education, guidance and advice

We will engage and inspire members to learn more about super and access advice, to help them make smart choices today for a better tomorrow.

We will:

- provide compelling and engaging education and guidance via a range of channels to make it accessible and easy for members to understand and act on,
- leverage data and technology to provide digital advice and assistance to help members understand retirement income needs, trade-offs and how they can maximise income over the period of retirement,
- embrace behavioural finance and goals-based advice principles utilising data, nudging and communicating at an individual member level,
- continue to invest in general advice training for member support teams, so our people can have high-value conversations with members, and
- aim to offer accessible and affordable personal advice to as many members as possible, and partner with members and leading service providers to assist with advice implementation.



Intelligent product solutions

Our product suite will support our strategy to provide help, guidance and advice to members over their lifetime.

We will aim to build on our current product suite, including our award-winning Lifetime Pension product, to continue to provide products that will help members with varying needs and financial positions to maximise retirement income, maintain access to capital, and manage the key risks to income in retirement, including:

- longevity risks (e.g. through our Lifetime Pension),
- investment risks (e.g. through our investment strategy), and
- inflation risks (e.g. through our product options).

Where a member does not engage with the Fund, we will offer intelligent default product solutions to help manage these risks in alignment with the retirement income objectives.

Committing to next steps

Operationalising and embedding our strategy

Maintain strong product governance and distribution practices

We will continue to use insights to inform our *Retirement income strategy*, business performance reviews, and policies in relation to our Design and Distribution Obligations and Target Market Determinations.

Continue member cohort/sub-class analysis and data quality

We will enhance our member insights, which will help us continue to investigate sub-classes (segments) of members for the purposes of the *Retirement income strategy*.

Commence the phased implementation of our long-term retirement income vision

We will progressively build towards our *Retirement income strategy* vision for the benefit of members.



Appendix: Insights and data used to help understand members

The retirement income system is complex, and more needs to be done to help members plan for retirement and navigate these complexities

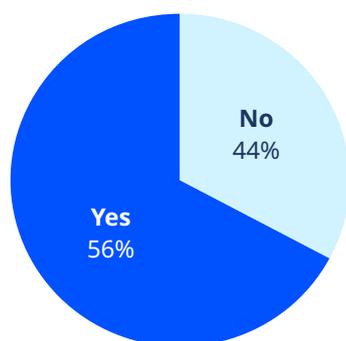
As pointed out in the Retirement Income Review, complexity, misconceptions and low financial literacy have resulted in people not adequately planning for their retirement or making the most of their assets when in retirement.¹

Adding to this complexity is the interactions between superannuation, the aged pension and the tax system.

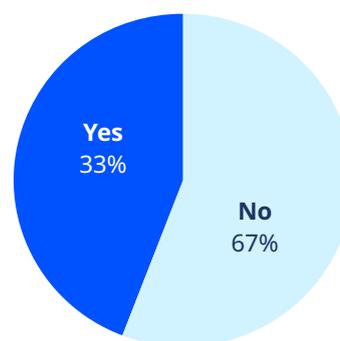
Concerningly, our research shows that there remains a significant proportion of pre- and post-retirees who are not confident that their savings will last through retirement.

There is an opportunity to further assist members with planning for their retirement and providing access to information, guidance and high-quality advice tailored to their needs.

Confident that finances would last through retirement



QSuper members



Non-members

IPSOS Retirement Journey Research, November 2019. Base: n=243 QSuper members, n=489 non-QSuper members

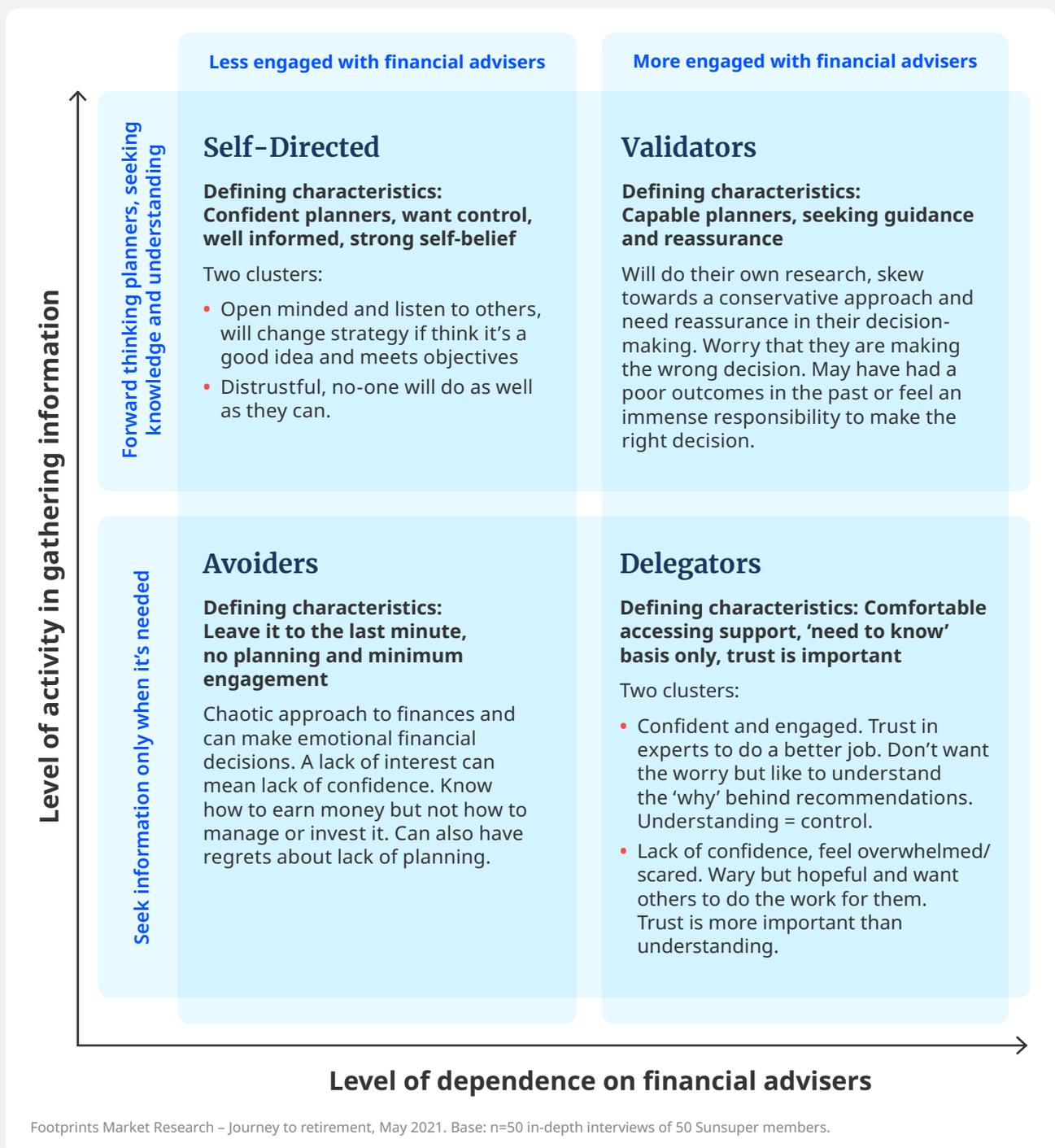
1. Retirement Income Review – Key observations, page 17

There are varying attitudes to retirement planning

Previous member research has highlighted significant attitudinal difference across members in the lead up to retirement.

Some members are self-directed (confident to plan on their own), while others seek to either validate or delegate their retirement planning, or (unfortunately) have a more chaotic and last minute approach to retirement.

There is an opportunity to provide assistance to the broad membership with the basics of a retirement plan (where they are now, their retirement goals, and steps to get there), which can provide a baseline level of support that can be adapted based on attitudinal preferences.



Past research highlights a low level of planning for retirement

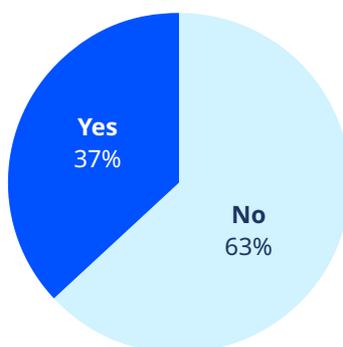
Previous research has highlighted only one third (37%) of Australians have a financial plan for how they'll live in retirement.

Even by retirement age only half of Australians have a financial plan for living in retirement (56% of 65-69 year olds have a plan).

Of those surveyed, one third (33%) are anxious or worried about their retirement (20% are anxious/nervous and 13% are scared/worried). A further 30% 'never think about it'.

There is a general lack of planning for retirement, and an opportunity to assist members with their retirement plans and engagement, helping to provide confidence in their financial future.

Do you have a financial plan for how you'll live in retirement?

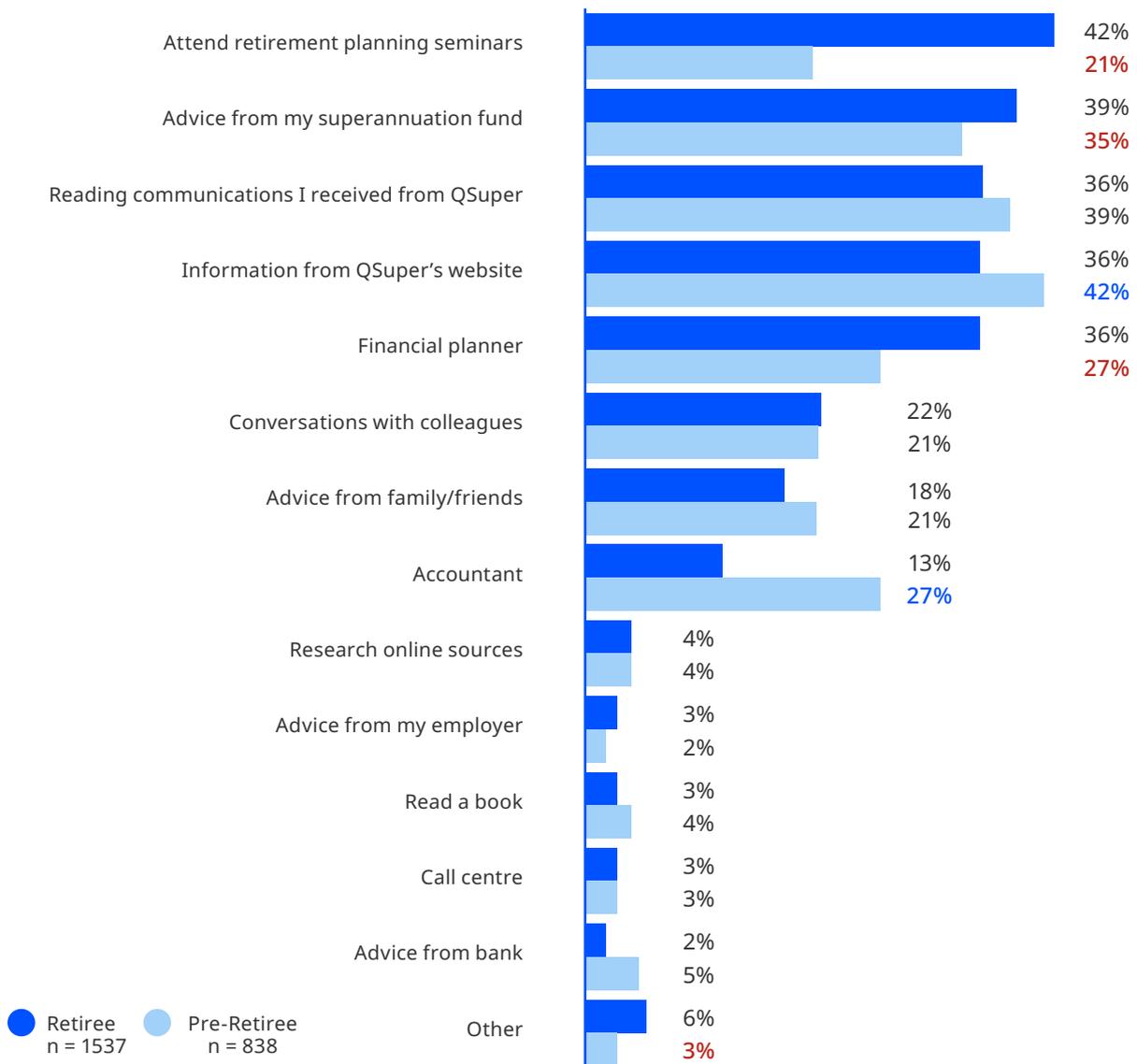


Galaxy Research - Retirement Dreams, July 2017 Base: n=1510 Australians aged over 18

Education, guidance and advice offered by super funds continues to play a key role for members both pre- and post-retirement

Members are seeking education, guidance and advice across a range of channels in both the pre- and post-retirement phase.

What sources of information did you use / will you go to when preparing for retirement?



Note: Significance testing was conducted between Retiree and Pre-retiree at the 5% level of significance. **Blue** indicates that the Pre-retiree result was significantly higher than the Retiree result. **Red** indicates that the Pre-retiree result was significantly lower than the Retiree result. Multiple responses were allowed for this question, so results may not sum to 100%.

Forethought research on behalf of QSuper, August 2021, n=2375 QSuper members.

Members are seeking flexible access to lump sums when needed, while also having peace of mind from a retirement income safety net

Our research into how members use their super highlights that members who access lump sums typically do so to reduce debt and achieve lifestyle goals in the earlier stages of retirement.

This suggests a need for higher levels of income at the outset of retirement.

When members are spending lump sums:

Preparing to retire

Early retirement

Late retirement



Debt

Paying off debt happened at or very early on in retirement, to reduce expenses

Lifestyle

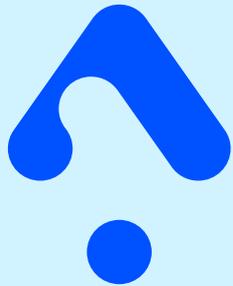
Typically focused in early retirement, before I lost the opportunity (e.g. because of health)

Safety Net

Can be needed at any stage, but I anticipate I will have higher health costs in late retirement

Approximately half of members aged 58+ had taken a lump sum. Of those who had, a little over two-thirds had withdrawn multiple lump sums. In more than half of these members, the total amount withdrawn was less than \$100k.

Forethought research on behalf of QSuper, August 2021, n=2375 QSuper members.



Australian Retirement Trust

☎ 13 11 84

australianretirementtrust.com.au

Our qualified financial advisers can give members advice about their Australian Retirement Trust *Super Savings* account over the phone as part of their membership. Australian Retirement Trust employees provide advice as representatives of Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818 AFSL No. 227867) (SFS), wholly owned by the Australian Retirement Trust Pty Ltd. QInvest Limited (ABN 35 063 511 580, AFSL 238274) is a separate legal entity responsible for the financial services it provides. Eligibility conditions apply. Refer to the QSuper Financial Services Guide for more information.

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