

# Target Market Determination For the Lifetime Pension



Product issuer: Australian Retirement Trust Pty Ltd (ABN 88 010 720 840, AFSL 228975) as trustee for Australian Retirement Trust (ABN 60 905 115 063).

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Effective – 1 October 2024

## 1. About this document

This Target Market Determination (TMD) seeks to provide consumers, Australian Retirement Trust staff and distributors with an understanding of the class of consumers for which this product has been designed (the target market), having regard to their likely objectives, financial situation and needs.

This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. Consumers must refer to the Product Disclosure Statement (PDS) and any supplementary documents when making a decision about this product, and should consider seeking financial advice if appropriate.

### Product Disclosure Statement to which this Target Market Determination applies

This TMD applies to the Lifetime Pension product; referred to in the:

- [Super Savings Product Disclosure Statement for Income Account and Lifetime Pension](#)
- [QSuper Product Disclosure Statement for Income Account and Lifetime Pension](#) (for existing QSuper account holders)

## 2. Target market for the Lifetime Pension

The following table describes the overall class of consumers this product is designed for.

Consumer class	Retired or working past retirement age
Age range	Are between their 60th and 80th birthday at commencement.
Employment status	<ul style="list-style-type: none"><li>• Retired - from age 60.</li><li>• Not employed - aged 65 or older or in one of the other circumstances below.</li><li>• Employed - aged 65 or older or in one of the other circumstances below.</li><li>• Other - irrespective of current employment status, have ceased an employment arrangement on or after age 60, or are an eligible recipient of a superannuation death benefit; or have met another condition of release which was previously approved by the Trustee.</li></ul>
Likely objectives	<ul style="list-style-type: none"><li>• Obtain a secure tax-free regular income stream for life with superannuation money.</li><li>• Have the option for the income stream to continue to provide income for life for their spouse (if applicable) in the event of their death.</li></ul>
Likely financial situation (one or more may apply)	<ul style="list-style-type: none"><li>• Have at least \$10,000 in superannuation, and will not be requiring access to lump sum withdrawals or access to the capital used to purchase the product.</li><li>• Seeking regular, tax-free income to replace and/or supplement other income sources.</li></ul>
Likely needs (one or more may apply)	<ul style="list-style-type: none"><li>• Regular tax-free income payments for life, and the option for their spouse (if applicable) to continue to receive income payments for life if they live longer.</li><li>• Minimise the risk that they will not receive the value of their initial investment or purchase price back as income payments and/or a death benefit to their estate.</li></ul>
Excluded consumers	<p><b>This product is not designed for consumers who:</b></p> <ul style="list-style-type: none"><li>• Are not between their 60<sup>th</sup> and 80<sup>th</sup> birthday at commencement and have not met a condition of release to access their super.</li><li>• Require access to lump sum withdrawals or access to the capital used to purchase the product: After the cooling-off period, purchasers cannot access the money they used to purchase a Lifetime Pension. They will also not be able to transfer their Lifetime Pension to another superannuation fund.</li><li>• Cannot accept annual adjustment in income payments: Lifetime Pension payments will vary annually, as they are adjusted in line with the financial performance of the Lifetime Pension pool. While the product is designed for payments to generally increase over time, Lifetime Pension payments may go up or down from year to year.</li><li>• Want the ability to make investment decisions on how their Lifetime Pension is invested.</li></ul>

### 3. Product description

A Lifetime Pension provides a regular tax-free fortnightly income for life, and the life of an eligible spouse if the spouse protection option has been chosen.

The product is designed for payments to generally increase over time to assist with rising costs of living, but fluctuations in financial results of the Lifetime Pension pool will mean that annual adjustments to the payment amount may go up or down.

#### Product eligibility criteria

To be eligible for this product the consumer must meet the following eligibility criteria:

- Have a superannuation balance of at least \$10,000.
- Be aged between their 60<sup>th</sup> and 80<sup>th</sup> birthday at commencement.
- Have met one of the following conditions of release to access their super:
  - aged 65 or older;
  - have ceased an employment arrangement on or after age 60;
  - have reached preservation age and have permanently retired;
  - are an eligible recipient of a superannuation death benefit; or
  - have met another condition of release which was previously approved by the Trustee (e.g. totally and permanently disabled).

This product is designed for consumers within Australia in accordance with Australian laws and regulations. Applications from outside Australia may not be accepted. Eligibility for certain product features could be impacted if residing overseas. This product is not available to current or former temporary residents (who are not now a citizen or permanent resident of Australia or a citizen of New Zealand).

#### Product key features and attributes

This product offers the following key features and attributes:

- Regular tax-free income payments for life.
- Optional spouse protection, which allows the Lifetime Pension purchaser to nominate a valid spouse aged over 60 to receive income payments for the rest of their life in the event of the product purchaser's death.

- Purchase amounts of Lifetime Pension members are combined (pooled) with the money of other Lifetime Pension members, and invested in the Retirement Income account Balanced Risk-Adjusted investment option (no investment choice is available).
- Lifetime Pension payment amounts are adjusted annually based on the financial performance of the Lifetime Pension pool less the 5% benchmark.
- The financial performance of the Lifetime Pension pool is determined by several factors, which include:
  - the investment performance of the Retirement Income account Balanced Risk-Adjusted option (in which the Lifetime Pension pool is invested);
  - fees and costs of the Lifetime Pension product;
  - timing of Lifetime Pension purchases and payments; and
  - the mortality experience of members in the Lifetime Pension pool.
- The product is designed for payments to generally increase over time to assist with rising costs of living, but fluctuations in financial results of the Lifetime Pension pool will mean that annual adjustments to the payment amount may go up or down.
- Money-back protection, which is designed so that the Lifetime Pension purchaser (or beneficiaries) receive at least the purchase price back as either pension payments or as a death benefit (subject to a legislative maximum known as the capital access schedule).
- Ability to exit the product during the six-month cooling-off period, after which the Lifetime Pension is a permanent purchase and cannot be voluntarily exited, except in the case of a terminal medical condition (subject to a legislative maximum known as the capital access schedule, or an adjustment for negative returns may apply).
- The purchase of a Lifetime Pension may result in an increased Age Pension entitlement (where eligible and not already receiving the full Age Pension) as only 60% of the purchase price and income payments count towards Centrelink's income and assets tests. However, in circumstances where the income test primarily determines Age Pension eligibility, a reduction in Age Pension is possible depending on government deeming rates.

## 4. Consistency between target market and the product

Australian Retirement Trust regularly monitors the consumers acquiring the product for consistency with the target market, and has assessed whether the product is likely to be suitable for the target market. We consider that the product is likely to be consistent with the likely objectives, financial situation or needs of the target market, on the basis that the product offers the following key features and attributes:

Product features or attributes	Target Markets' likely objectives, financial situation or needs
Provides a regular tax-free fortnightly income for life.	This is consistent with the likely needs and objectives of the target market to seek a secure tax-free regular income stream for life with superannuation money.
Provides the ability to choose the spouse protection option which enables the fortnightly income stream to be provided for the life for the purchaser's spouse (if eligible), in the event of the purchaser's death.	This is consistent with the likely needs and objectives of the target market to have the option to continue to provide income for life for their spouse (if applicable) in the event of their death.
Includes money back protection, so that the consumer receives at least their Lifetime Pension purchase price back as income payments or as a death benefit to their estate (subject to a legislated maximum in limited circumstances).	This is consistent with the likely needs of the target market who are seeking to minimise the risk that they will not receive value of their initial investment or purchase price back income payments or as a death benefit to their estate.

## 5. How this product is to be distributed

Distribution means 'retail product distribution conduct' in relation to a consumer. Distribution includes:

- Dealing in the financial product;
- Giving a disclosure document in relation to offering a financial product;
- Providing a Product Disclosure Statement (PDS); or
- Providing financial product advice.

A distributor is a regulated person who issues or sells a product, as an AFS licensee or their authorised representative.

### Product distribution channels, conditions and restrictions

Product distribution channel	Product distribution condition	Product distribution restriction
<b>Direct</b> Applying via the online application or paper application form at the back of the PDS.	<ul style="list-style-type: none"> <li>• Consumers are provided with a Product Disclosure Statement.</li> <li>• Lifetime Pension applications must only be completed by an individual who has met the eligibility criteria and has read and accepts the conditions set out in the relevant PDS.</li> </ul>	<ul style="list-style-type: none"> <li>• This product is restricted to individuals who meet the eligibility requirements set out in the section 3 (product description) of this TMD.</li> <li>• Consumer eligibility criteria is validated via the paper-based and online application channels.</li> </ul>
<b>Financial Adviser</b> Applying through a licensed Financial Adviser	<ul style="list-style-type: none"> <li>• Consumers are provided with a Product Disclosure Statement by the licensed Financial Adviser.</li> <li>• Lifetime Pension applications must be completed with the eligible consumer consent via a licensed Financial Adviser under a personal financial product advice arrangement.</li> </ul>	<ul style="list-style-type: none"> <li>• The product should not be distributed to a consumer who is not in the target market unless there is a personal financial product advice arrangement where the consumer's personal objectives, financial situation and needs have been considered by the Financial Adviser, and where the best interest duty applies.</li> <li>• Consumer eligibility criteria is validated via the paper-based and online application channels.</li> </ul>

## Product distribution controls

Controls supporting product distribution to the product's target market include:

- System and process checks to ensure product eligibility is met when applications for the product are received, including checks relating to proof of identity, age, minimum balance, eligibility to access super, and acceptance of application form declarations.
- Marketing and promotional activities in respect to the distribution of the Lifetime Pension by Australian Retirement Trust (ART) are designed having regard to the target market and suitability for the audience. This includes an assessment of all marketing, promotional and educational material and its audience before being published.
- Targeted training is provided to consumer facing ART representatives in respect to the product, including the product's key features, eligibility to hold the product and things to consider when applying for the product.
- ART undertakes ongoing call monitoring of interactions with consumers (subject to call recording consent received) via wholly owned AFSL monitoring and supervision arrangements to help ensure correct product information is communicated, including but not limited to eligibility and important product considerations.
- Consumers purchasing a Lifetime Pension have access to a six-month cooling-off period, which is longer than the statutory 14-day cooling-off period. This allows consumers in the Target Market an extended period of time to experience the product before it becomes a permanent purchase.
- Financial advisers providing client advice on the product have access to training materials and support provided by ART. External financial advisers registered with ART providing advice on ART products are also subject to monitoring and regular ASIC Financial Adviser Register checks. ART also does not pay or receive commissions from financial advisers in respect to the product, which minimises the risk of conflicts of interest that could result in distribution that is inconsistent with the TMD.

## Adequacy of distribution conditions, restrictions and controls

The Trustee has determined the distribution conditions, restrictions and controls for this product to be appropriate and are designed to ensure that consumers who acquire the product are likely to be in the target market for this product. This is due to:

- An application form (either paper-based or online) is to be completed for all members from both direct and Financial Adviser channels. Consumer eligibility criteria (such as age and account balance) is validated by Australian Retirement Trust for all applications received before a consumer can acquire a Lifetime Pension. This includes validation of the applicant's (and spouse if applicable) personal identification in adherence to our compliance requirements (such as know your customer, anti-money-laundering and counter terrorism funding).
- The product's eligibility criteria are aligned to target market characteristics, this makes it likely that the product will be distributed to consumers in the target market for which this product is designed. All consumers are provided with a Product Disclosure Statement, enabling them to also assess and determine whether a product is suitable for their requirements and situation.
- Distribution of the product to a consumer outside the target market for this product under a personal financial product advice arrangement is permitted as the Financial Adviser is required to take into account the personal objectives, financial situation and needs of the consumer.
- Distribution controls are designed to ensure ART's systems and processes prevent consumers from acquiring the product outside of the target market, representatives of ART are appropriately trained on the product, and product marketing and promotional activities have regard to the target market and suitability for the audience.

## 6. Reporting and monitoring this Target Market Determination

All distributors who are regulated people must report complaints and significant dealings to us. A significant dealing includes:

- A significant number of consumers outside the target market acquiring the product over an extended time-period. This includes those consumers who are specifically excluded from the target market.
- Identifying potential/actual harm to consumers outside of the target market acquiring the product.
- Distribution which is inconsistent with this TMD, which is significant in nature and extent.
- High proportion of transfers into the product from consumers outside the target market.

Complaints and significant dealings information outlined the table below should be sent to us at

[DDOReporting@ART.com.au](mailto:DDOReporting@ART.com.au)

<b>Complaints</b>	Distributors must report the number of complaints in relation to the product(s) covered by this TMD on a quarterly basis. Reporting is required as soon as practicable, but within 10 business days of the end of a calendar quarter. The type of data required for a complaint: <ul style="list-style-type: none"><li>• Product</li><li>• Complaint ID</li><li>• Date complaint received</li><li>• Complaint issue</li><li>• Complaint content</li><li>• Complaint status</li><li>• Compensation</li><li>• Who made the complaint</li><li>• AFCA status and reference</li></ul>
<b>Significant dealings</b>	Distributors must report if they become aware of a significant dealing in relation to this TMD within 10 business days. The type of data required for a significant dealing: <ul style="list-style-type: none"><li>• Product</li><li>• Date of significant dealing</li><li>• Client</li><li>• Description</li><li>• Why it is significant</li><li>• How it was identified</li><li>• Financial impact to member (if any)</li><li>• Steps to rectify.</li></ul>

## 7. Reviewing this Target Market Determination

This Target Market Determination is effective from 1 October 2024. We will review this Target Market Determination in accordance with the periods or events below:

<b>Last review</b>	<b>1 October 2024</b>
<b>Periodic reviews</b>	Within 12 months of the last review
<b>Review trigger or events</b>	<p>There are several events/circumstances that could arise and would suggest that the TMD is no longer appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none"> <li>• Significant changes to the product design and/or assumptions that would reasonably suggest that the TMD is no longer appropriate, including changes to: <ul style="list-style-type: none"> <li>○ the investment option the Lifetime Pension pool is invested in;</li> <li>○ the insurer arrangement for the money-back protection feature; and</li> <li>○ changes in population life expectancies that are materially outside of our actuarial assumptions and calculations prompting a review of the product.</li> </ul> </li> <li>• Changes in market conditions, legislation, regulations, or other factors that result in no new Lifetime Pension purchases for a significant period (3 months).</li> <li>• Findings from the annual Member Outcomes Assessment and/or Business Performance Review indicating that a review of the TMD is necessary.</li> <li>• A change to the superannuation law that would materially alter the nature of the product or for whom or how the product could be distributed and issued to (e.g. material change in tax applicable to the product or how the capital access schedule is applied).</li> <li>• Distribution conditions do not make it likely that consumers who acquire the product are in the target market.</li> <li>• Three consecutive years of negative annual Lifetime Pension adjustments.</li> <li>• Identification of a significant dealing by the Issuer.</li> <li>• Notification of a significant dealing by a distributor.</li> <li>• Identification of significant detriment to consumers if TMD was not reviewed.</li> <li>• External events such as adverse media coverage or regulatory attention indicating that a review of the TMD is necessary.</li> <li>• Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Corporations Act 2001) about the product or distribution of the product, amounting to 5% of the active Lifetime Pensions in a given quarter.</li> <li>• Material or unexpectedly high number of members exiting the product during the cooling-off period, amounting to 10% of Lifetime Pension purchases over a six-month period with a complaint about the product.</li> <li>• Repeated underperformance of the underlying investment for the Lifetime Pension (Balanced Risk-Adjusted investment option for Retirement Income accounts) relative to its investment objectives of CPI +4.0% after investment fees and costs and transaction costs measured over rolling 10-year periods. Investment tax generally doesn't apply to Retirement Income accounts.</li> <li>• Events and circumstances occur to suggest that the underlying investments of the product are unlikely to achieve their investment objective over time.</li> <li>• A change has occurred that suggests the product is no longer consistent with the likely goals and needs of the target market.</li> </ul>

**Where a review trigger has occurred, this Target Market Determination will be reviewed within 10 business days.**

**Review triggers are subject to ongoing monitoring and quarterly assessment unless required earlier.**

### Important Dates

Date from which this target market determination is <b>effective</b>	<b>1 October 2024</b>
Date when this target market determination <b>was last reviewed</b>	<b>1 October 2024</b>
Date when this target market determination will be <b>next reviewed</b>	<b>1 July 2025</b>