

Target Market Determination Guaranteed Income Account



Product: legalsuper Guaranteed Income Account

Issuer: Legal Super Pty Ltd, ABN 37 004 455 789, AFSL 246315

Fund: legalsuper ABN 60 346 078 879, Unique Superannuation Identifier L0002585

Effective Date:

13 July 2023

Version: 3.0

1. About this document

This target market determination (TMD) is made by legalsuper under section 994B of the Corporations Act 2001 (Cth).

This TMD:

- a) describes the class of prospective members that comprise the target market for the legalsuper Guaranteed Income Account product;
- b) specifies distribution conditions that apply to the distribution of the legalsuper Guaranteed Income Account product;
- c) specifies review triggers that would reasonably suggest that the TMD is no longer appropriate;
- d) specifies review periods in which the TMD must be reviewed; and
- e) specifies the kinds of information and the timing of any reporting needed to enable Legal Super Pty Ltd to promptly identify whether a review trigger or any other circumstance would reasonably suggest that the TMD is no longer appropriate.

This document is not a product disclosure statement and is not a summary of the product's features, terms or conditions. This document does not constitute any form of financial advice and the information does not take into account a person's individual objectives, financial situation or needs.

Product to which this target market determination applies

This TMD applies to the legalsuper Guaranteed Income Account which provides members access to either a Lifetime Guaranteed Income or a Fixed Term Guaranteed Income account.

When an investment is made in the GIA, the money is invested by the Trustee in a life policy issued to the Trustee by Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) (Challenger Life), a life insurance company regulated under the Life Insurance Act 1995 (Cth) (Life Act).

Challenger Life is authorised by the Australian Prudential Regulation Authority (APRA) to operate a life insurance business in Australia. The benefits provided by the Guaranteed Income Accounts are supported by the policy issued by Challenger Life, and the Trustee will only pay members their income payments, withdrawal value or residual capital value to the extent that the Trustee receives payment from Challenger Life.

The TMD is based upon the product's key attributes and the Target Market's likely objectives, financial situations and needs. These are detailed in the Schedule to this TMD.

2. Class of consumers that fall within this target market

Target Market/class of retail clients that the product may be distributed to

The Target Market for legalsuper Guaranteed Income Account product can be described as follows:

Target Market/class of retail client	
Individual/family/entity	<ul style="list-style-type: none"> Individuals, only, can apply to open an account This product is not suitable to persons who may wish to solely become a member of a self-managed superannuation fund (SMSF) or small APRA fund The product is not suitable to persons who want investment choice in the retirement phase and are not happy to wear any investment risk.
Age	<ul style="list-style-type: none"> Have reached the legislated preservation age and are either retired from the workforce or do not intend to work more than 10 hours a week ever again, or Are over age 65, or Are aged 60 to 64 and leave or change employment, or Have satisfied a condition of release with a nil cashing restriction (ie retirement, terminal illness medical condition or permanent incapacity) ie have unrestricted non preserved super monies.
Minimum investment	<ul style="list-style-type: none"> \$20,000
Industry/occupation	<ul style="list-style-type: none"> Open to any industry/occupation
Phase	<ul style="list-style-type: none"> Retirement phase and those who want a guaranteed income product for their chosen investment.

The legalsuper Guaranteed Income Account is not designed for consumers who:

- Are still working and are below preservation age and are accumulating superannuation for retirement
- Need insurance coverage (death, TPD, salary continuance)
- Intend to transfer an amount in excess of the legislated Transfer Balance Cap limit
- Only have preserved superannuation monies
- Need to claim a personal deduction for super contribution made to super during the current financial year (i.e. if the member needs to claim a personal deduction for super contributions paid into super, the notice of intention to claim needs to be lodged and acknowledged by Legal Super before the member moves their money into the GIA product).
- Have less than \$20,000 to invest, and
- Are currently not legalsuper members (i.e., can only commence an account from existing legalsuper accounts that are not invested in MySuper Balanced option).

3. Distribution conditions

Distribution channels

This product may only be distributed through the following means:

- Distributed via the Issuer, via website, or via paper copies of the PDS
- Distributed to members via the legalsuper website access and paper copies of the Product Disclosure Statement (PDS)
- Distribution of PDS by Client Service Managers
- Dependent upon the circumstances, rating agencies as agreed to with Legal Super.

(Note: the Fund's Administrator's client contact centre may provide members with copies of the PDS on behalf of the Trustee but this does not make them a distributor).

Distribution conditions

This product should only be distributed to the Target Market.

4. Reviewing this target market determination

We will review this target market determination in accordance with the below:

Last review	July 2023
Next periodic review	By 31 July 2024
Maximum periodic review period	18 months (the aim being every 12 months)
Specific review triggers	<p>The following review triggers apply to this product:</p> <ul style="list-style-type: none"> • Identification of a significant dealing by the Issuer • Notification of a significant dealing by a distributor • 10 retail clients who are issued the product subsequently request release/ early access within 6 months of issue • 5 complaints about the product's suitability where the complaints correctly identify a difference between the statements as contained in a PDS or significant event notice and the product's reality (measured over a quarter) • 10 retail clients who are issued the product access the product via a distribution channel not identified in this TMD (measured over a quarter) • a material change to the design of the product • 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 (eg material change in tax treatment of the product), and • any ruling, order, direction or requirement of a regulator or court requiring the TMD to be reviewed. Further, any ruling, order, direction or requirement of a regulator or court, but not directly related to the TMD will require Legal Super to consider whether a review of the TMD should be commenced.
Significant Dealing	<p>The following are considered significant dealings:</p> <ul style="list-style-type: none"> • 15 retail clients who are issued the product subsequently request release within 6 months of issue • 10 complaints about the product's suitability where the complaints correctly identify a difference between the statements as contained in a PDS or significant event notice and the product's reality (measured over a quarter), and • 15 retail clients who are issued the product access the product via a distribution channel not identified in this TMD (measured over a quarter).

Where a review trigger has occurred, the Issuer and distributors must cease distribution conduct and any party (including the administrator) must cease giving a retail client a product disclosure statement as soon as is practicable and no later than 10 business days.

Distributors must report any significant dealings they become aware of as soon as practicable, and in any case within 10 business days, to Legal Super.

5. Reporting and monitoring this target market determination

We will collect the following information from any or each of our distributors, Administrator and Trustee office:

Data type	Likely data source
Member joining data including: <ul style="list-style-type: none"> • Date joined • Distribution channel utilised • Basic demographic data • Preservation status of monies 	<ul style="list-style-type: none"> • Call centre • Member portal • Distributors • Administrator
Complaints data including: <ul style="list-style-type: none"> • Product complaints 	Complaints must be made via the formal complaints process and identify the member and the complaint relating to a specific product attribute, distribution behaviour or standard of service. Distributors will report the number of complaints in relation this TMD on quarterly basis. Reporting is still required if the number of complaints is zero. The Administrator who handles internal dispute resolution complaints will report the number of complaints in relation to this TMD on at least a quarterly basis. Reporting is still required if the number of complaints is zero.

This information is of a general nature and does not take into account your specific needs. You should consider your own financial position, objectives and requirements before making any decision. You should also obtain and read the legalsuper Product Disclosure Statement (PDS) before making any decision in relation to legalsuper. The PDS can be obtained at legalsuper.com.au. Past performance is not necessarily an indicator of future performance. Issued by Legal Super Pty Ltd, Level 9, 627 Chapel Street, South Yarra, VIC, 3141 ABN 37 004 455 789 AFSL 246315 as the Trustee for legalsuper ABN 60 346 078 879.

Schedule

Product description and key attributes

The legal super Guaranteed Income Account product is a retirement income stream product for members who have retired and desire a guaranteed income stream in retirement.

- Minimum term for Lifetime GIA – member's lifetime or the lifetime of the member and their spouse.
- Minimum term for Fixed Term GIA – 1 to 40 years

The Target Market's likely objectives, financial situations and needs

This TMD has taken into consideration the likely objectives, financial situations and needs of the target market for this particular product as follows:

Objectives:

To establish a capital guarantee income stream for any or all of the following purposes:

- for the purpose of providing retirement benefits as a guaranteed income stream for living expenses in retirement while bearing no investment risk
- for the purpose of taking advantage of concessional tax treatment of savings in the retirement phase
- Payment frequency chosen by the member, and
- Payments can revert to a surviving spouse as a "reversionary" on the member's death.

Financial situation:

- The person must have retired after reaching their preservation age or have retired and do not intend to work more than 10 hours a week ever again, or are aged over 65, or are aged 60 to 64 and leave employment.

Needs:

- Want their retirement lump sum super managed on their behalf to provide a regular guaranteed income stream
- Require no investment risk to be borne by the member
- Not suitable for persons seeking to manage their own superannuation, in a manner similar to a self-managed superannuation fund
- Not suitable for persons wanting to invest their retirement savings in growth oriented investment to take advantage of rising investment markets
- Indexation can apply to the GIA to protect against inflation
- The Lifetime GIA provides regular income that lasts a member's lifetime or a surviving reversionary spouse's lifetime, and
- If a member's circumstances change it is possible to withdraw early from a Fixed Term GIA or from a Lifetime GIA during the nominated withdrawal period and receive a lump sum, a member may receive less than was invested however.

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