

# Target Market Determination Pension



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**Product:** legalsuper Pension

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

**Fund:** legalsuper ABN 60 346 078 879, Unique Superannuation Identifier and SPIN LIS0100AU

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 Pension product;
- b) specifies distribution conditions that apply to the distribution of the legalsuper Pension 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;
- 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 Pension product which comprises a transition to retirement pension and an account based pension for those in the retirement phase.

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 Pension product can be described as follows:

Target Market/class of retail client	
<b>Individual/family/entity</b>	<ul style="list-style-type: none"> <li>Individuals in the retirement phase, can apply to open an account with monies up to the legislated Transfer Balance Cap</li> <li>Individuals who have not reached the retirement phase can commence a Transition to Retirement pension with funds that do not count towards a person's legislated Transfer Balance Cap</li> <li>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.</li> </ul>
<b>Age</b>	<p>Transition to retirement (accumulation phase)</p> <ul style="list-style-type: none"> <li>Have reached the legislated preservation age and are still working but wish to generate a regular income from their accumulated super</li> </ul> <p>Pension (retirement phase)</p> <ul style="list-style-type: none"> <li>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</li> <li>Are over age 65, or</li> <li>Are aged 60 to 64 and leave or change employment, or</li> </ul> <p>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.</p>
<b>Industry/occupation</b>	<ul style="list-style-type: none"> <li>Open to any industry/occupation</li> <li>Aimed at those nearing retirement and at retirement stage.</li> </ul>
<b>Phase</b>	<p>Transition to Retirement (accumulation phase)</p> <p>Pension (retirement phase)</p>

The legalsuper Pension product 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) as part of their superannuation offering
- Intend to transfer an amount in excess of the legislated Transfer Balance Cap limit into a pension income stream product
- Only have preserved superannuation monies
- Are seeking a guaranteed income stream for a fixed amount or a fixed term.

## 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 pension PDS
- Distributed to pension applicants via the legalsuper website access and paper copies of the pension Product Disclosure Statement (PDS)
- Distribution of pension 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 Pension 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:

<b>Last review</b>	<b>July 2023</b>
<b>Next periodic review</b>	<b>By 31 July 2024</b>
<b>Maximum periodic review period</b>	<b>18 months (the aim being every 12 months)</b>
<b>Specific review triggers</b>	<p>The following review triggers apply to this product:</p> <ul style="list-style-type: none"> <li>• Identification of a significant dealing by the Issuer</li> <li>• Notification of a significant dealing by a distributor</li> <li>• 15% of retail clients who are issued the product subsequently exit within 6 months of issue of the pension product</li> <li>• 50 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 six-month period)</li> <li>• 10% of clients who are issued the product access the product via a distribution channel not identified in this TMD other than via personal financial advice (measured over a quarter)</li> <li>• a material change to the design of the product that would reasonably suggest that this TMD is no longer appropriate, including material changes to investment options, objectives, terms and conditions resulting in, for example, a narrowing of the range of investment options available to members to choose from;</li> <li>• a change to the distribution of the product where a new distribution channel is introduced</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 (eg material change in tax treatment of the product), and</li> <li>• 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.</li> </ul>
<b>Significant Dealing</b>	<p>The following are considered significant dealings:</p> <ul style="list-style-type: none"> <li>• 25% of clients who are issued the product subsequently exit within 6 months of issue</li> <li>• 65 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 six-month period), and</li> <li>• 15% of clients who are issued the product access the product via a distribution channel not identified in this TMD other than via personal financial advice (measured over a quarter).</li> </ul>

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"> <li>• Date joined</li> <li>• Distribution channel utilised</li> <li>• Basic demographic data</li> <li>• Preservation status of monies</li> </ul>	<ul style="list-style-type: none"> <li>• Call centre</li> <li>• Member portal</li> <li>• Distributors</li> <li>• Administrator</li> </ul>
Complaints data including: <ul style="list-style-type: none"> <li>• Product complaints</li> <li>• Service complaints</li> </ul>	<p>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.</p> <p>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.</p> <p>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.</p>

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](http://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 legalsuper Pension (retirement phase) is designed for those who:

- Have reached 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).

The legalsuper Transition to Retirement (accumulation phase) is designed for those who:

- Have reached preservation age and are still working (maybe part time) but wish to generate a regular income from their accumulated super to supplement their employment income
- Do not need to access more than 10% of the account balance over a one year period while holding the TTR product.

The legalsuper Pension product is issued in the context of a retirement product either for those who are nearing retirement and want to supplement their employment income or for those who have retired and need a regular income stream in retirement.

The legalsuper Pension product offers 12 investment options including a direct investment option to allow members to choose a broad range of investment objectives, strategic asset allocations and risk/return portfolios.

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

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

### Objectives:

To provide a regular income stream in retirement or for those who have retired or for those who are nearing retirement and want to supplement their employment income for any or all of the following purposes:

- for the purpose of providing retirement benefits (regular income stream and/or access to lump sum payment if needed for retirement phase income stream)
- for the purpose of taking advantage of concessional tax treatment of savings in the retirement phase
- for the purposes of making lump sum withdrawals for the retirement phase income stream
- payments can revert to a surviving spouse as a "reversionary" on the member's death.

### Financial situation:

- The person must have reached their preservation age (or have unrestricted non preserved monies) and are still working but wish to generate a regular income from their accumulated super (for the TTR product) or for the retirement phase income stream 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 income managed on their behalf
- Provide an income stream product that provides a regular income stream covering a period closely matched to life expectancy and also allows access to capital at anytime up to the current account balance for the retirement phase income stream
- Require simplicity and flexibility but with limited degree of control and a balance of risk vs return
- Do not intend to make superannuation contributions.

### Want to:

- select from a limited selection of investment options, including combinations of options to construct a portfolio based on their unique risk appetite and investment timeframe; or
- invest directly into direct shares, Exchange Traded Funds, Listed Investment Companies and Term Deposits.

Not suitable for persons seeking to manage their own superannuation, in a manner similar to a self-managed superannuation fund.

# Key product attributes

## Investments

This product gives members access to a range of investment options with different investment objectives, levels of risk and expected return. Different investment options have different levels of potential return and volatility. Generally, investment options with higher long-term returns are accompanied by a greater potential for volatility in the short term and may be more suitable for members saving for their retirement over the medium to longer term. However, investment options with a lower allocation to growth assets may be more suitable for members approaching or in retirement, who may be seeking capital stability or access to their money in the medium term.

Under this product, members can invest in one or more of the following investment options:

Investment option	Detail
<b>Cash</b>	<p><b>Return objective:</b> To at least match Bloomberg Ausbond Bank Bill Index over rolling 5-year periods (before administration fees but after investment fees and costs).</p> <p><b>Risk profile:</b> Likely to produce the lowest long-term investment returns with the fewest fluctuations from year to year, out of all of the investment options. Capital invested in this option is not guaranteed. This option is likely to produce a negative return less than 6 months in every 20 years.</p> <p><b>Risk Level:</b> Very low</p> <p><b>Investor profile:</b> Will suit investors looking for stability, but long-term investment returns are likely to be the lowest of all investment options.</p>
<b>Enhanced Cash</b>	<p><b>Return objective:</b> To outperform Bloomberg Ausbond Bank Bill Index over rolling 5-year periods (before administration fees but after investment fees and costs).</p> <p><b>Risk profile:</b> This option seeks to outperform the benchmark through taking on a number of risks, principally credit risk, in a process of active management. Capital invested in this option is not guaranteed. This option is likely to produce a negative return in 6 months to one year in every 20 years.</p> <p><b>Risk Level:</b> Low</p> <p><b>Investor profile:</b> Will suit investors looking for stability, but long-term investment returns are likely to be among the lowest of all investment options.</p> <p>NOTE: Enhanced Cash will close to new member investments from 15 August 2023. From this day, no new applications will be accepted into the option. The option will cease on 31 August 2023.</p>
<b>Conservative</b>	<p><b>Return objective:</b> To outperform an average annual return (*) of CPI + 2.5% pa over rolling 10-year periods.</p> <p><b>Risk profile:</b> Offers the likelihood of higher long-term investment returns than the cash investment options with greater fluctuations from year to year. Capital invested in this option is not guaranteed. This option is likely to produce a negative return in 1 to 2 years in every 20 years.</p> <p><b>Risk Level:</b> Low to Medium</p> <p><b>Investor profile:</b> Will suit investors looking for lower volatility in returns, but who are prepared to accept some exposure to growth assets.</p>
<b>Conservative Balanced</b>	<p><b>Return objective:</b> To outperform an average annual return (*) of CPI + 3.0% pa over rolling 10-year periods.</p> <p><b>Risk profile:</b> Invests in a mix of assets to achieve higher returns, while reducing short-term risks. This option is likely to produce a negative return in 2 to 3 years in every 20 years.</p> <p><b>Risk Level:</b> Medium</p> <p><b>Investor profile:</b> Will suit investors looking for moderate returns over the medium to long-term but who are prepared to accept some fluctuations in investment performance over shorter periods.</p>
<b>Balanced Index</b>	<p><b>Return objective:</b> To outperform an average annual return (*) of CPI + 3.5% pa over rolling 10-year periods. Risk profile: Offers an emphasis on shares and property to achieve higher returns, but includes some lower-risk assets to reduce short-term risks. The strategy is passively invested but provides diversified exposures to selected listed asset classes like Australian Shares, International shares, Australian Property Securities and Australian Cash. This option is likely to produce a negative return in 4 to 6 years in every 20 years.</p> <p><b>Risk Level:</b> High</p> <p><b>Investor profile:</b> Will suit investors looking for moderate to high returns over the long term, but who are prepared to accept fluctuations in investment performance over shorter periods. The strategy is suited to investors seeking to minimise costs, although without utilising active managers seeking to achieve outperformance above market benchmarks.</p>
<b>Balanced</b>	<p><b>Return objective:</b> To outperform an average annual return (*) of CPI + 3.5% pa over rolling 10-year periods.</p> <p><b>Risk profile:</b> Offers a greater emphasis on shares and property to achieve higher returns, but includes some lower-risk assets to reduce short-term risks. This option is likely to produce a negative return in 3 to 4 years in every 20 years.</p> <p><b>Risk Level:</b> Medium to High</p> <p><b>Investor profile:</b> Will suit investors looking for moderate to high returns over the medium to long-term, but who are prepared to accept fluctuations in investment performance over shorter periods.</p>
<b>Growth</b>	<p><b>Return objective:</b> To outperform an average annual return (*) of CPI + 4.0% pa over rolling 10-year periods.</p> <p><b>Risk profile:</b> Offers a greater emphasis on shares and property, and therefore carries a higher level of investment risk. Short-term fluctuations will occur, but higher investment returns are expected over longer periods. This option is likely to produce a negative return in 4 to 6 years in every 20 years.</p> <p><b>Risk Level:</b> High</p> <p><b>Investor profile:</b> Will suit investors looking for higher returns over the long-term, but who are prepared to accept large fluctuations in investment performance.</p>

(\*) the annual return is net of all fees and tax except the weekly \$1.30 administration fee. The Trustee may adjust the asset mix or vary the investment strategy from time to time.

All options investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns. For more information on Investments, visit [legalsuper.com.au/investments](https://legalsuper.com.au/investments)



Investment option	Detail
<b>High Growth</b>	<p><b>Return objective:</b> To outperform an average annual return (*) of CPI + 4.5% over rolling 10-year periods.</p> <p><b>Risk profile:</b> Offers the strongest emphasis on shares and property and therefore carries the highest level of investment risk out of all the diversified portfolios. Short-term fluctuations will occur, but higher investment returns are expected over longer periods. This option is likely to produce a negative return in 4 to 6 years in every 20 years.</p> <p><b>Risk Level:</b> High</p> <p><b>Investor profile:</b> Will suit investors looking for the highest investment returns over the long-term, out of all of the investment options, but who are prepared to accept very large fluctuations in investment performance.</p>
<b>Australian Shares</b>	<p><b>Return objective:</b> To outperform the return of the S&amp;P/ASX300 Accumulation index, net of fees, over rolling 10-year periods.</p> <p><b>Risk profile:</b> 100% invested in Australian Shares, and therefore carries very high investment risk. Short-term fluctuations will occur, but the highest investment returns, out of all of the investment options, are expected over longer periods. This option is likely to produce a negative return approximately 6 years in every 20 years.</p> <p><b>Risk Level:</b> Very high</p> <p><b>Investor profile:</b> Will suit investors looking for the highest investment returns, out of all of the investment options, over the long-term, but who are prepared to accept very large fluctuations in investment performance.</p>
<b>Overseas Shares</b>	<p><b>Return objective:</b> To outperform the MSCI All Country World (ACWI) ex-Australia Index, 50% unhedged and 50% hedged into Australian dollars, net of fees, over rolling 10-year periods.</p> <p><b>Risk profile:</b> 100% invested in overseas shares and therefore carries a high level of investment risk. Short-term fluctuations will occur, but the highest investment returns, out of all of the investment options, are expected over longer periods. This option is likely to produce a negative return approximately 5 years in every 20 years.</p> <p><b>Risk Level:</b> High</p> <p><b>Investor profile:</b> Will suit investors looking for the highest investment returns, out of all of the investment options, over the long-term, but who are prepared to accept extreme fluctuations in investment performance. Exposure includes emerging market equities and currency hedging will be applied to part of the portfolio.</p>
<b>Balanced Socially Responsible</b>	<p><b>Return objective:</b> To outperform an average annual return of CPI + 3.5% pa over rolling 10-year periods (*).</p> <p><b>Risk profile:</b> Offers greater emphasis on shares and property to achieve higher returns, but includes some lower-risk assets to moderate short-term risks. Investments are made with a focus on managing sustainability and environmental, social, and governance (ESG) risks via exposure to companies and issuers that demonstrate leading environmental, social and corporate governance and ethical practices while avoiding exposure to companies and issuers with activities that are considered to negatively impact the environment or society. Further information about what ESG factors and exclusionary screens are applied when making investment decisions can be found below in the 'Investment Strategy' section. This option is likely to produce a negative return in 4 to 6 years in every 20 years.</p> <p><b>Risk level:</b> High</p> <p><b>Investor profile:</b> This is an option suitable for super fund members who want to invest in a more socially responsible investment option. The Balanced Socially responsible option currently invests in the Pandal Sustainable Balanced Fund (SB Fund). The SB Fund is an actively managed diversified portfolio that invests in Australian and international shares, Australian and international property securities, Australian and international fixed interest, cash and alternative investments. Various sustainable and ethical investment practices are incorporated into the Australian and international shares, Australian and international fixed interest and part of the Alternative investments components of the SB Fund (refer to the 'Investment Strategy' section in the PDS for more information about how sustainable and ethical investment practices are incorporated into investment decisions).</p> <p><b>Note to Distributors:</b> Ensure you are aware of the exclusionary screens and associated disclosure in pages 20 to 23 of the Pension Product Disclosure Statement.</p>
<b>Direct Investment Option</b>	<p><b>Return objective:</b> Various.</p> <p><b>Risk profile:</b> Australian shares, Exchange Traded Funds (ETFs) and Listed Investment Companies (LICs) carry very high investment risk. Short-term fluctuations will occur, but the highest investment returns are expected over longer periods. This option is likely to produce a negative return approximately 6 years in every 20 years.</p> <p>Term deposits and the Cash account are likely to produce a negative return less than 6 months in every 20 years.</p> <p><b>Risk Level:</b> Australian shares, ETFs and LICs: Very high</p> <p><b>Term deposits:</b> Very low</p> <p><b>Cash:</b> Low</p> <p><b>Investor profile:</b> It is designed for members who seek control, flexibility and active involvement in managing their investments, and want access to a range of specific investments including Shares, ETFs, LICs, Term Deposits and Cash, and have a minimum ongoing account balance of \$10,000.</p> <p>For further information, see the Direct investment option guide at <a href="http://australiansuper.com/MemberDirect">australiansuper.com/MemberDirect</a></p> <p>Members need to be aware of the risks involved, such as: short-term price volatility, the consequences of trading too often, too little diversification, and investing in response to emotions.</p>

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