

Retirement Income Strategy Summary

Australian Ethical - July 2022

When you are ready to retire you can use your super to start an account-based pension.

Retirement objectives are often competing, and each member has their own preferences about what is best for them. Australian Ethical's strategy has been designed to help our members who are retired, or approaching retirement, to achieve their retirement goals.

Achieving retirement goals involves managing three objectives:

- 1) Maximising retirement income
- 2) Managing risks to retirement savings
- 3) Having flexible access to funds when you need them

Our strategy aims to help you achieve the above objectives, including management of the following retirement risks:

- Longevity risk – The risk that retirement income does not last for your entire life.
- Investment risk – The risk of your retirement savings falling in value or not performing as expected.
- Inflation risk – The risk that the level of goods and services your retirement income can purchase is reduced by inflation over time.

How we assist you to reach your retirement goals

We provide an account-based pension product with customisable features that you can use to manage your retirement savings and complement other sources of retirement income (including the Government Age Pension and other savings).

Australian Ethical's current retirement product and services are summarised below, along with our member education services and the initiatives that we are planning.

Australian Ethical's retirement products

When you retire you can use your super to commence an account-based income stream (pension). A pension offers many benefits including regular income payments and tax-free investment earnings. If you're receiving a pension from your super, you may also be eligible to claim the Government Age Pension (To be eligible for Age Pension you need to meet age, residence rules, income and assets test). Further information about the Government Age Pension can be found [here](#).

If you are planning retirement but have not yet retired, you may be able to supplement your income through a transition to retirement pension. By commencing a transition to retirement pension, you could receive an income stream from your super to supplement your employment income.

Our account-based pension product offers the following features to help you control the amount of money you receive from your pension savings:

- Pension payments or lump sum withdrawals available throughout retirement period
- Choice of pension payments frequency (monthly, quarterly, six-monthly or annually) and the amount you receive (subject to minimum legislated levels).
- A range of investment options with varying risk profiles.

Our transition to retirement product offers a similar range of investment options and allows you to access an income stream from super once you reach preservation age, but before you fully retire. Unlike an ordinary account-based pension, the rules applying to transition to retirement pensions restricts access to capital during the period before full retirement.

Government Age Pension considerations

The table below illustrates how we consider that the combination of Australian Ethical's account-based pension (ABP) and the various levels of the Age Pension (if any) can enable you to maximise your retirement income and balance your retirement risks.

Member types

Pension members under the Age Pension eligibility age	Member choice of drawdown strategy and investment option	No in-built longevity protection until Age Pension commences	No in-built investment protection in ABP but wide range of investment options	No in-built inflation protection in ABP	High flexibility with ABP
Pension members with full Age Pension	Member choice of drawdown strategy and investment option	In-built longevity protection via Age Pension	In-built investment protection in Age Pension plus ability to tailor to own risk profile via investment choices in ABP	In-built inflation protection via Age Pension	High flexibility with ABP
Pension members with partial Age Pension	Member choice of drawdown strategy and investment option	In-built longevity protection via Age Pension	In-built investment protection in Age Pension plus ability to tailor to own risk profile via investment choices in ABP	In-built inflation protection via Age Pension	High flexibility with ABP
Self-funded pension members who will not qualify for Age Pension	Member choice of drawdown strategy and investment option	No protection	No investment protection but wide range of investment options	No inflation protection	High flexibility with ABP

For more information on the class of members for which this product has been designed, having regard to the objectives, financial situation and needs to the target market, please visit our Target Market Determination (TMD) available online [here](#).

Member education services

Australian Ethical's website

The Pension section on Australian Ethical's website provides members who are approaching retirement with information and tools to help understand the pension options available.

Ongoing communications

We are developing and implementing ongoing communications to support you as you move through starting to think about and prepare for retirement, to opening a pension account and continuing into retirement.

Financial advice

Australian Ethical does not currently provide personal financial advice. However, the website can assist you with finding an ethical adviser via the 'Find an Adviser' tool through Responsible Investment Association Australasia (RIAA).

Australian Ethical provides a member helpline which provides general information on investment options, salary sacrifice and insurance options.

What are we doing next?

Over the next year Australian Ethical intends to undertake the following initiatives:

- Continue the transition to digital forms to enhance the member experience and provide additional information about the retirement product. Other online tools such as identity verification and digital signatures will also be reviewed to ensure flexibility when accessing your retirement savings
- A review of the types of calculators and other tools based on the needs of pre-retirees and retirees
- A review of the provision of advice to pre-retirees and those who have retired
- The inclusion of retirement projections in super statements which will allow members to click through to a portal where they can see what their retirement benefit will look like depending on a range of variables (salary sacrifice, one off contributions)

- A review of the member engagement program to include education, communication, relationship management and experience
- A review of the investment options available to ensure that they meet members' needs and risk profiles which ensures the appropriate options are available for all members to maximise their retirement incomes.

Australian Ethical's retirement income strategy and resulting retirement outcomes will also be monitored and reviewed in line with the fund's existing strategic planning.