

# Target Market Determination

FOR UNISUPER FLEXI PENSION

## About this document

This Target Market Determination (TMD) seeks to provide individuals who are current UniSuper members and considering acquiring the Flexi Pension product, and distributors of the Flexi Pension product, with an understanding of the types of individuals for whom this product has been designed.

The product design has considered the possible objectives, financial situations and needs of the individuals who fall within the determined target market.

This document is not to be treated as a summary of the product's terms and conditions and is not intended to provide financial advice. The information in this document is of a general nature only and doesn't take into account any person's individual objectives, financial situation or needs. Individuals must refer to the Product Disclosure Statement (PDS) and any supplementary documents and consider obtaining financial advice before making a decision about this product.

### PRODUCT TO WHICH THIS TMD APPLIES

This TMD applies to the Flexi Pension product which is explained in the [Flexi Pension PDS](#) and the following important information document (which forms part of the PDS):

- [How we invest your money.](#)

These documents are available at [unisuper.com.au/pds](https://unisuper.com.au/pds) or by calling **1800 331 685**.

#### IMPORTANT DATES

Date from which this TMD is <b>effective</b>	28 September 2023
Date when this TMD will be <b>next reviewed</b>	No later than 28 September 2026

## Individuals that fall within this target market

Flexi Pension has been designed for individuals who are looking to invest their superannuation (super) savings or a super death benefit in an account-based pension product that provides a regular income, while their funds continue to generate earnings.

Flexi Pension offers three income stream types: Retirement Phase, Transition to Retirement (TTR) and Beneficiary Income Stream (BIS).

Through these income stream types and the 16 investment options provided, the individuals within the Flexi Pension target market are those eligible to commence one of the income stream types and are seeking to draw a regular income (to provide them with an income source) and invest their money in a way suited to their circumstances (to meet their investment needs).

### PROVIDING A FLEXIBLE INCOME SOURCE

Flexi Pension provides the ability to choose an income payment amount (subject to government-imposed limits) and the frequency with which payments are made.

By considering their personal financial position, including any other income sources they may have, a member (possibly supported by a financial adviser) can select a payment amount to suit their requirements, and therefore **meet their income needs**. Except for the TTR option, Flexi Pension also provides the flexibility to withdraw extra money (at least \$2,000) at any time.

How long the member's Flexi Pension will last depends on the amount they initially invest, their annual income payments and lump sum withdrawals, and how their chosen investment options perform over time. There is a risk that income payments may cease (or reduce) if income is drawn down too fast or if investment returns are poor. Accordingly, members should consider both their income needs and investment needs when selecting the level of income to draw down.

## MEETING MEMBERS' INVESTMENT NEEDS

Flexi Pension also provides the ability to choose from one or a combination of 16 investment options, offering exposure to particular asset classes such as shares, property, infrastructure and private equity, fixed interest and cash.

By considering the characteristics of each option, a member (again, possibly supported by a financial adviser) can select the investment option(s) which best align to their financial goals in retirement, personal circumstances and attitude to investment risk, and therefore seek to **meet their investment needs**.

The level of investment returns that can reasonably be achieved is linked to the level of risk associated with the investment option(s) the member selects over the period of time they are invested through the Flexi Pension product.

Members who don't make an investment choice will have their account balance automatically invested in the default Balanced investment option.

## INDIVIDUALS THAT FALL OUTSIDE THIS TARGET MARKET

Flexi Pension has not been designed for individuals who:

- have already or may exceed the transfer balance cap by commencing a Flexi Pension
- want the certainty that their income payments will not cease (or reduce) if they drawdown their income too fast or investment returns are poor
- want access to their super savings but have not reached their preservation age or satisfied a relevant condition of release

- want a more active role in the investment and management of their retirement savings through direct investment in shares, exchange traded funds, listed investment companies and term deposits
- want to commence a beneficiary income stream but are not the spouse of the deceased.

## PRODUCT DESCRIPTION AND KEY ATTRIBUTES

The key product attributes and eligibility requirements of Flexi Pension are:

### Product attributes

- a concessional tax, regular income paid into your bank account
- flexible payment amounts and payment frequency options (subject to government limits)
- access to additional money whenever you need it (for Retirement Phase and BIS income streams only)
- transparent fees
- access to a range of Pre-Mixed and Sector investment options which can be selected based on a member's investment and retirement goals
- Investment returns which are tax-free inside the fund (Retirement Phase and BIS Flexi Pensions) or concessional tax (TTR Flexi Pensions)
- access to financial advice from highly qualified and experienced professionals
- online account access.

### Eligibility

To be eligible to open a Flexi Pension, the individual must:

- be a UniSuper member,
- satisfy the eligibility conditions to commence the relevant income stream type as set out in the PDS, and
- have a minimum of \$25,000 to start their account.

## OBJECTIVES, FINANCIAL SITUATION AND NEEDS

### Income

The table below sets out the types of members for whom each income stream type within Flexi Pension has been designed:

TYPE	SUITABILITY
<b>Retirement Phase</b>	Members who: <ul style="list-style-type: none"> <li>▪ have permanently retired, ceased an arrangement of employment after reaching age 60, turned 65 or stopped work due to permanent incapacity and want to use part or all of their super savings to draw a regular income to maintain their retirement lifestyle</li> <li>▪ want to complement their Age Pension entitlements (if applicable) and/or income from other sources</li> <li>▪ want access to additional money whenever they need it.</li> </ul>
<b>TTR</b>	Members who: <ul style="list-style-type: none"> <li>▪ want to wind down their work hours and use part of their super savings to draw a regular income to supplement the reduction in their take home pay</li> <li>▪ want to keep working full time and boost their super savings for when they eventually retire by salary sacrificing into super to reduce income tax and supplementing their lower take home pay with regular income payments</li> <li>▪ have an existing TTR income stream and wish to reset their TTR strategy by opening a new TTR income stream to combine their existing TTR balance with the balance they have accumulated in their super account.</li> </ul>
<b>BIS</b>	Members who: <ul style="list-style-type: none"> <li>▪ are the spouse of someone who has died, entitled to receive a death benefit and want to use the proceeds to draw regular income from within the super environment</li> <li>▪ want access to additional money whenever they need it.</li> </ul>

## Investment options

The tables which follow set out the types of members for whom each investment option within Flexi Pension has been designed:

### Pre-Mixed options

Pre-Mixed options are designed for members who, after considering the performance objective, suitability, suggested investment time frame and level of associated risk of the available investment options, prefer to have their investments across asset classes chosen and managed on their behalf. Pre-Mixed options are designed to be held as the single, or at least the largest, investment in a Flexi Pension portfolio.

	CONSERVATIVE	CONSERVATIVE BALANCED	BALANCED
<b>Performance objective<sup>1</sup></b>	Achieve returns <sup>2</sup> that outperform CPI by at least 1.0% p.a. over the suggested time frame.	Achieve returns <sup>2</sup> that outperform CPI by at least 2.0% p.a. over the suggested time frame.	Achieve returns <sup>2</sup> that outperform CPI by at least 3.0% p.a. over the suggested time frame.
<b>Suitability</b>	Members who: <ul style="list-style-type: none"> <li>want exposure to a range of asset classes</li> <li>are less comfortable with large fluctuations in the value of their investments.</li> </ul>	Members who: <ul style="list-style-type: none"> <li>want exposure to a range of asset classes</li> <li>are less comfortable with large fluctuations in the value of their investments.</li> </ul>	Members who: <ul style="list-style-type: none"> <li>want exposure to a range of mainly higher risk asset classes</li> <li>are comfortable with the value of their investments fluctuating.</li> </ul> <p>This is unlikely to be suitable for members who have a low risk tolerance and are seeking to preserve capital or are likely to need to access funds in the next few years.</p>
<b>Suggested investment time frame</b>	Minimum of 5 years	Minimum of 5 years	Minimum of 10 years
<b>Summary risk level<sup>3</sup></b>	Low to medium	Medium	Medium to high
<b>Expected frequency of negative annual return<sup>3</sup></b>	1 to less than 2 in 20 years	2 to less than 3 in 20 years	3 to less than 4 in 20 years

<sup>1</sup> Performance objectives are not promises or predictions of any particular rate of return.

<sup>2</sup> After taxes and investment expenses, before deducting account-based fees.

<sup>3</sup> Based on the Standard Risk Measure produced by the Association of Superannuation Funds of Australia (ASFA) and Financial Services Council (FSC) working group, supported by the Australian Securities and Investments Commission (ASIC) and Australian Prudential Regulation Authority (APRA). The Standard Risk Measure is a guide as to the likely number of negative annual returns expected over any 20-year period.

	SUSTAINABLE BALANCED	GROWTH	HIGH GROWTH	SUSTAINABLE HIGH GROWTH
<b>Performance objective<sup>1</sup></b>	Achieve returns <sup>2</sup> that outperform CPI by at least 3.0% p.a. over the suggested time frame.	Achieve returns <sup>2</sup> that outperform CPI by at least 3.5% p.a. over the suggested time frame.	Achieve returns <sup>2</sup> that outperform CPI by at least 4.0% p.a. over the suggested time frame.	Achieve returns <sup>2</sup> that outperform CPI by at least 4.0% p.a. over the suggested time frame.
<b>Suitability</b>	<p>Members who:</p> <ul style="list-style-type: none"> <li>want exposure to a range of mainly higher risk asset classes</li> <li>are comfortable with the value of their investments fluctuating and are comfortable with greater volatility because of sustainable screens<sup>3</sup></li> <li>are comfortable with returns from listed property exposures being different from (and more volatile than) returns from owning real property.</li> </ul> <p>This is unlikely to be suitable for members who have a low risk tolerance and are seeking to preserve capital or are likely to need to access funds in the next few years.</p>	<p>Members who:</p> <ul style="list-style-type: none"> <li>want exposure to a range of mainly higher risk asset classes</li> <li>are comfortable with the value of their investments fluctuating.</li> </ul> <p>This is unlikely to be suitable for members who have a low risk tolerance and are seeking to preserve capital or are likely to need to access funds in the next few years.</p>	<p>Members who:</p> <ul style="list-style-type: none"> <li>want exposure to a range of a mainly higher risk asset classes</li> <li>are comfortable with the value of their investments fluctuating.</li> </ul> <p>This is unlikely to be suitable for members who have a low risk tolerance and are seeking to preserve capital or are likely to need to access funds in the next few years.</p>	<p>Members who:</p> <ul style="list-style-type: none"> <li>want exposure to a range of mainly higher risk asset classes</li> <li>are comfortable with the value of their investments fluctuating and are comfortable with greater volatility because of sustainable screens<sup>3</sup></li> <li>are comfortable with returns from listed property exposures being different from (and more volatile than) returns from owning real property.</li> </ul> <p>This is unlikely to be suitable for members who have a low risk tolerance and are seeking to preserve capital or are likely to need to access funds in the next few years.</p>
<b>Suggested investment time frame</b>	Minimum of 6 years	Minimum of 7 years	Minimum of 7 years	Minimum of 7 years
<b>Summary risk level<sup>4</sup></b>	High	High	High	High
<b>Expected frequency of negative annual return<sup>4</sup></b>	4 to less than 6 in 20 years	4 to less than 6 in 20 years	4 to less than 6 in 20 years	4 to less than 6 in 20 years

<sup>1</sup> Performance objectives are not promises or predictions of any particular rate of return.

<sup>2</sup> After taxes and investment expenses, before deducting account-based fees.

<sup>3</sup> Read our website to find out what sustainable and environmental investing means to us and what our investment options can invest in. Different products have different approaches.

<sup>4</sup> Based on the Standard Risk Measure produced by the Association of Superannuation Funds of Australia (ASFA) and Financial Services Council (FSC) working group, supported by the Australian Securities and Investments Commission (ASIC) and Australian Prudential Regulation Authority (APRA). The Standard Risk Measure is a guide as to the likely number of negative annual returns expected over any 20-year period.

### Sector options

Sector options are designed for those who are more hands-on investors who have experience in selecting and monitoring their investments across assets classes. No individual Sector option is designed to make up 100% of a portfolio. Instead, they're intended to be used by members in combination with other Sector or Pre-Mixed options, or to complement a broader existing investment portfolio.

	CASH	AUSTRALIAN BOND	AUSTRALIAN INCOME	LISTED PROPERTY
<b>Performance objective<sup>1</sup></b>	Achieve the RBA cash rate <sup>2,3</sup> over the suggested time frame.	Achieve returns <sup>2</sup> that match the relevant government bond index over the suggested time frame.	Achieve returns <sup>2</sup> that exceed the RBA cash rate by 1.0% p.a. over the suggested time frame.	Achieve returns <sup>4</sup> that outperform CPI by at least 3.0% p.a. over the suggested time frame.
<b>Suitability</b>	Members who: <ul style="list-style-type: none"> <li>want to invest in a specific asset class</li> <li>are less comfortable with large fluctuations in the value of their investments.</li> </ul>	Members who: <ul style="list-style-type: none"> <li>want to invest in a specific asset class</li> <li>are less comfortable with large fluctuations in the value of their investments.</li> </ul>	Members who: <ul style="list-style-type: none"> <li>want to invest in a specific asset class</li> <li>are less comfortable with large fluctuations in the value of their investments.</li> </ul>	Members who: <ul style="list-style-type: none"> <li>want to invest in a specific asset class</li> <li>are comfortable with the value of their investments fluctuating</li> <li>are comfortable with returns from listed property exposures being different from (and more volatile than) returns from owning real property.</li> </ul>
<b>Suggested investment time frame</b>	Minimum of 1 year <sup>5</sup>	Minimum of 5 years	Minimum of 4 years	Minimum of 6 years
<b>Summary risk level<sup>6</sup></b>	Low	Medium to high	Medium to high	High
<b>Expected frequency of negative annual return<sup>6</sup></b>	0.5 to less than 1 in 20 years	3 to less than 4 in 20 years	3 to less than 4 in 20 years	4 to less than 6 in 20 years

<sup>1</sup> Performance objectives are not promises or predictions of any particular rate of return.

<sup>2</sup> Before fees and taxes.

<sup>3</sup> The RBA cash rate is the interest rate on unsecured overnight loans between banks. The overnight (interbank) cash rate can differ from the RBA's cash rate target.

<sup>4</sup> After taxes and investment expenses, before deducting account-based fees.

<sup>5</sup> Depending on circumstances, this investment option may also be suitable for a suggested time frame of less than one year.

<sup>6</sup> Based on the Standard Risk Measure produced by the Association of Superannuation Funds of Australia (ASFA) and Financial Services Council (FSC) working group, supported by the Australian Securities and Investments Commission (ASIC) and Australian Prudential Regulation Authority (APRA). The Standard Risk Measure is a guide as to the likely number of negative annual returns expected over any 20-year period.

	AUSTRALIAN SHARES	INTERNATIONAL SHARES	GLOBAL ENVIRONMENTAL OPPORTUNITIES	AUSTRALIAN DIVIDEND INCOME	GLOBAL COMPANIES IN ASIA
<b>Performance objective<sup>1</sup></b>	Achieve returns <sup>2</sup> that outperform CPI by at least 4.0% p.a. over the suggested time frame.	Achieve returns <sup>2</sup> that outperform CPI by at least 4.0% p.a. over the suggested time frame.	Achieve returns <sup>2</sup> that outperform CPI by at least 4.0% p.a. over the suggested time frame.	Achieve a gross yield which exceeds the dividend yield of the Australian equity market and provide potential for capital growth over the suggested time frame.	Achieve returns <sup>2</sup> that outperform CPI by at least 4.0% p.a. over the suggested time frame.
<b>Suitability</b>	Members who: <ul style="list-style-type: none"> <li>want to invest in a specific asset class</li> <li>are comfortable with the value of their investments fluctuating.</li> </ul>	Members who: <ul style="list-style-type: none"> <li>want to invest in a specific asset class</li> <li>are comfortable with the value of their investments fluctuating.</li> </ul>	Members who: <ul style="list-style-type: none"> <li>want to invest in a specific asset class</li> <li>are comfortable with the value of their investments fluctuating.</li> </ul>	Members who: <ul style="list-style-type: none"> <li>want to invest in a specific asset class</li> <li>are comfortable with the value of their investments fluctuating.</li> </ul>	Members who: <ul style="list-style-type: none"> <li>want to invest in a specific asset class</li> <li>are comfortable with the value of their investments fluctuating.</li> </ul>
<b>Suggested investment time frame</b>	Minimum of 7 years	Minimum of 7 years	Minimum of 7 years	Minimum of 7 years	Minimum of 7 years
<b>Summary risk level<sup>3</sup></b>	High	High	Very high	High	High
<b>Expected frequency of negative annual return<sup>3</sup></b>	4 to less than 6 in 20 years	4 to less than 6 in 20 years	4 to less than 6 in 20 years	4 to less than 6 in 20 years	4 to less than 6 in 20 years

<sup>1</sup> Performance objectives are not promises or predictions of any particular rate of return.

<sup>2</sup> After taxes and investment expenses, before deducting account-based fees.

<sup>3</sup> Based on the Standard Risk Measure produced by the Association of Superannuation Funds of Australia (ASFA) and Financial Services Council (FSC) working group, supported by the Australian Securities and Investments Commission (ASIC) and Australian Prudential Regulation Authority (APRA). The Standard Risk Measure is a guide as to the likely number of negative annual returns expected over any 20-year period.

## CONSISTENCY BETWEEN TARGET MARKET AND THE PRODUCT

We have determined that Flexi Pension is likely to be consistent with the likely objectives, financial situation and needs of the individuals in the target market. This is based on an analysis of the key terms, features and attributes of the product and a finding that these are consistent with the identified target market. This includes consideration of expected future pricing of the product and whether the target market is appropriate if product costs increase.

## How this product is to be distributed

### DISTRIBUTION CHANNELS

This product is designed to be distributed through the following means:

- Direct to current UniSuper members
- Financial advisers

through the Flexi Pension paper-based and online application forms.

### DISTRIBUTION CONDITIONS

This product should only be distributed to individuals that meet the eligibility requirements as outlined in the PDS or applicable important information documents (which form part of the PDS).

### ADEQUACY OF DISTRIBUTION CONDITIONS AND RESTRICTIONS

We have determined that the distribution conditions and restrictions will make it likely that individuals who purchase the product are in the target market for which it has been designed. This is based on an assessment of the distribution conditions and restrictions and that they are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

## Reviewing this TMD

We will review this TMD as follows:

<b>Last review</b>	28 September 2023
<b>Next review</b>	No later than 28 September 2026 (within three years from the initial review date) and each three years thereafter.
<b>Review triggers or events</b>	<p>The receipt of an order by a regulator or court, including an order from the Australian Securities and Investments Commission requiring UniSuper to cease retail distribution of this product will trigger a review. The following may (but will not necessarily) constitute a review trigger or event:</p> <ul style="list-style-type: none"> <li>▪ a material change to the design or distribution of the product, including related documentation</li> <li>▪ occurrence of a significant dealing(s), as defined below</li> <li>▪ distribution conditions found to be inadequate</li> <li>▪ identification of significant detriment to members if TMD was not reviewed</li> <li>▪ external events such as adverse media coverage or regulatory attention regarding the design or distribution of the product</li> <li>▪ significant changes in metrics, including, but not limited to: <ul style="list-style-type: none"> <li>- material increase in the rate of complaints lodged with the Australian Financial Complaints Authority (AFCA)</li> <li>- significant increase in the proportion of members exiting the product</li> <li>- material increase in the proportion of member accounts closed within the cooling off period</li> </ul> </li> <li>▪ persistent member complaints of a similar nature about investment options or the product</li> <li>▪ a change has occurred that affects the objectives of the target market</li> <li>▪ the trustee makes a determination for the purposes of s52(9) of <i>Superannuation Industry (Supervision) Act 1993</i> (Member Outcomes Assessment) that the financial interests of the members who hold the product are not being promoted.</li> </ul>

Where a review trigger has occurred, or an event or circumstance occurs that would reasonably suggest that the TMD is no longer appropriate, this TMD will be reviewed within 10 business days.

## Reporting and monitoring this TMD

We will collect the following information from our distributors in relation to this TMD:

<b>Complaints</b>	Distributors will report all complaints in relation to the product covered by this TMD within 10 business days after the end of each calendar quarter. This will include written details of the substance of complaints and general feedback received relating to the product and its performance.
<b>Significant dealings</b>	<p>Distributors will report if they become aware of a dealing in relation to the product that is inconsistent with this TMD within 10 business days. This will include written details of the substance of the dealing, the date range of when the dealing occurred, the number of members to whom the report relates and whether member harm or detriment has (or likely has) occurred as a result of the dealing.</p> <p>A significant dealing includes circumstances where an individual who has acquired the product falls outside of the target market and whose financial exposure outside of the target market is greater than 5% of their total investment in the product or \$10,000.</p>
<b>Acquisitions outside the target market</b>	Distributors will report all acquisitions that are known to be outside of the target market within 10 business days after the end of each calendar quarter. This will include written details of why the acquisition is outside the target market and whether it occurred under personal advice.

All information must be reported to [ddo@unisuper.com.au](mailto:ddo@unisuper.com.au).