



Retirement Income Strategy

30 December 2023

This is a summary of the Trustee's Retirement Income Strategy ('the Strategy') for WealthSolutions Superannuation and Retirement Income and WealthFoundations Super and Pension which are part of the Clearview Retirement Plan ('the Plan').

Equity Trustees Superannuation Limited ABN 50 055 641 757 (ETSL) is the Trustee ('Trustee') of the Plan, and it has developed this Strategy.

Key Objectives of this Strategy

All superannuation funds are required to formulate, regularly review, and implement a Retirement Income Strategy. This strategy needs to be for the benefit of the Members of the Plan who are retired or who are approaching retirement. This Strategy addresses how the Trustee will assist these Members to achieve and balance the following Objectives:

1. To maximise expected retirement income over the period of retirement;
2. To manage expected risks to the sustainability and stability of expected retirement income over the period of retirement, as detailed below; and
3. To have flexible access to expected funds over the period of retirement.



Risks to expected retirement income

Specific risks that the Trustee has considered include longevity risks, investment risks and inflation risks to the sustainability and stability of Members' retirement income. The Trustee defines these risks as follows:

- **Longevity risk** – is the risk that a Member's retirement savings and other available retirement income sources will not extend for their lifetime or be sufficient to meet their needs;
- **Investment risk** – includes market risk and sequencing risk:
 - market risk is the risk of variable, negative or lower than expected investment returns; and
 - sequencing risk is the risk that the order and timing of a Member's investment returns are unfavourable, as the Member periodically draws down on those savings, resulting in less retirement income for the period of their retirement; and
- **Inflation risk** – a key risk to the value of retirement incomes in real terms. It is the risk that a person's income does not maintain its purchasing power over time.



Certain terms used in this Strategy

Retired Members: are those that have commenced an account-based pension within the Plan.

Members approaching retirement: are those aged fifty and over, who have not commenced an account-based pension within the Plan. This may include Members who are utilising the Transition to Retirement (TTR) Strategy as they approach retirement.

Period of retirement: is the period when a Member's account-based pension begins and when it ceases due to either the account value reaching zero or the death of the Member.

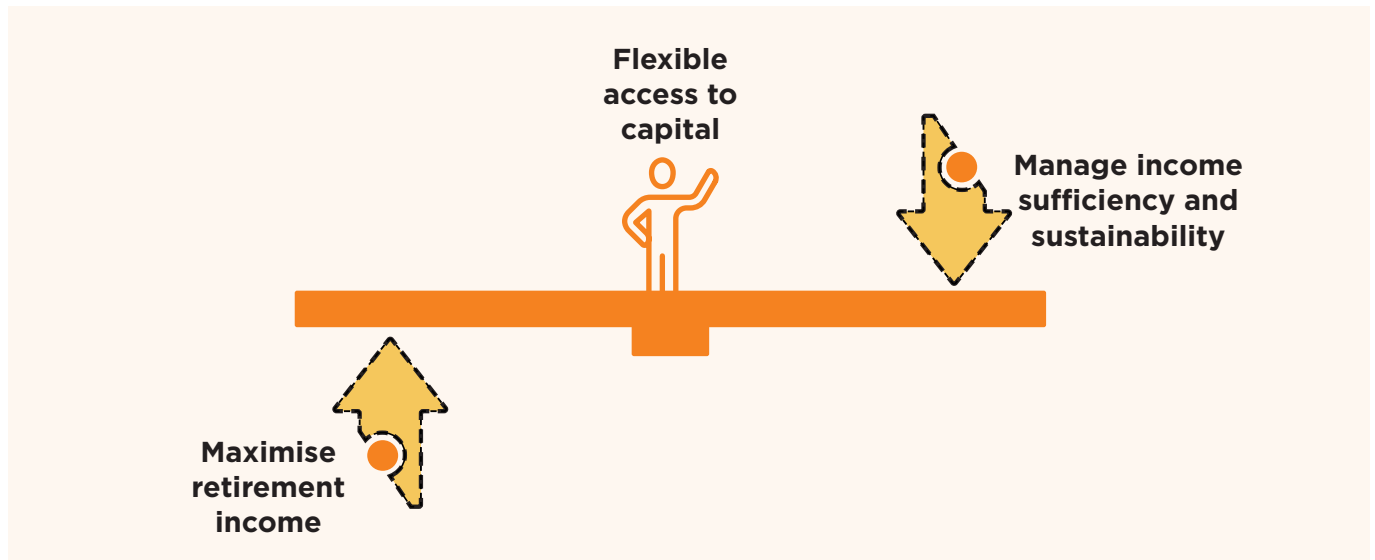
Retirement income: is the sum of the account-based pension received during the Period of Retirement from the Plan, together with any Age Pension payment entitlements under the *Social Security Act 1991*.

For the purposes of this strategy the Trustee has not considered any other forms of income a Member may have.

Transition to Retirement (TTR): a TTR strategy allows an eligible person to access some of their super once they've reached preservation age but are still working. For more information about a TTR strategy refer to moneysmart.gov.au/retirement-income/transition-to-retirement.

Preservation age: how old a person has to be to access their super (if they retire between age 55 and 60, depending on when they were born, or when they reach age 65, even if they are still working).

Assisting Members to balance the three key Objectives



1. Maximising expected retirement income

The Trustee considers that the objective of maximising expected retirement income should be considered over the whole period of retirement.

The Trustee considers that there are three main sources of retirement income, and the mix is different for everyone:

- Your superannuation (an account-based pension);
- The Government Age Pension; and
- Your personal savings and assets.

The Account-Based Pension component will be mainly determined by the Member's age, super account balance, total returns over time on the assets in which the account balance is invested, the amount of the pension payment (which will influence the remaining account balance on which total returns are earned), and the Member's longevity (where living longer increases the risk of the account balance reaching zero during the Member's lifetime).

The Government Age Pension component (if any) of the expected retirement income will be determined mainly by the Member's age, assets, income, and the Member's longevity (living longer increases the likelihood that a Member will deplete other assets and then qualify for and receive Age Pension income for the rest of their life).

Personal savings and assets, such as bank accounts, property, and shares, can also make up part of your income in retirement. How a Member manages their assets is based on many factors, including what they are, what they are worth and what income they provide.



2. Risks to sufficiency and sustainability of retirement income

It is the Trustee's view that retirement income should last for a Member's entire period of retirement. This may be achieved by a combination of some or all of the three main sources of retirement income, listed above.

The Trustee considers that the main risk for many retirees is that they may not have sufficient income to meet their ongoing needs during their entire period of retirement, due to a combination of longevity risk, investment market risk (impacting their superannuation account balance) and the size of their accumulated superannuation account balance when commencing retirement.

In order to assist retirees to better understand these key risks, the Trustee will provide Members with a range of investment options that suit different risk and return profiles, along with educational information and assistance with accessing the Government's Moneysmart Retirement Planner (a calculator).



3. Flexible access to funds

In order to meet the objective of having flexible access to retirement income, the Plan must hold assets that can be readily converted to cash without a negative impact on value. The criteria used to select investment options that are available to Members, which will be determined by the Trustee, ensures that this objective is met.



Assisting Members to balance the Objectives

There is a trade-off required mainly between maximising the retirement income, sustaining it for as long as possible and achieving stability of the retirement income. Members often turn to a financial adviser to assist them balancing these competing Objectives.

As every Member has unique personal circumstances, financial, needs and objectives, the Trustee encourages Members to use the Moneysmart Retirement Planner or refer to their financial adviser. Utilising these options, Members may take into account the following important factors:

- Personal data relating to the Member, such as age, gender, superannuation account balance;
- Whether a TTR strategy is suitable and appropriate for a Member;
- the impact of different investment returns upon the Member's investment portfolio that the Member can select for an Account-Based Pension; and
- the impact of taxation upon Member returns and retirement income.

The outputs from the Moneysmart Retirement Planner calculator provide useful and clear information that can assist Members to balance the Objectives and make choices about:

- When to start an Account-Based Pension;
- A target age, up to which the Account-Based Pension will be payable;
- The level of the Account-Based Pension; and
- The impact of different investment returns (selected by Members using the calculator) upon their Account-based pension.

In addition to the use of these advice options, the Trustee will supply education to Members that enable Members to understand relevant retirement issues and gather information regarding retirement income alternatives.

The Trustee considers that offering Members a pension product with access to both an account-based pension and a TTR strategy assists Members to balance their retirement objectives by:

- providing a range of investment choices, suited to a range of investment timeframes;
- The provision of factual, educational information to Members including information relating to investment selection, and the provision of investment options considered appropriate for a range of situations where Members may require monies in a specific timeframe to meet identified lump sum needs;
- Information about accessing the Moneysmart Retirement Planner for Members, which supports their selection of a personal, retirement income strategy, with a higher degree of confidence that they will have sustainable income for their entire life; and
- supporting Members to allow for identifiable lump sum payments the Member wants and/or requires in retirement and that meets their overall retirement financial objectives.

Offering a TTR pension option allows eligible Members access to their super once they have reached their preservation age, whilst they are still working. This may assist members to reduce their working hours whilst balancing their income needs, as they approach retirement.

Assisting Members regarding their retirement income

The Trustee will provide:

- factual information for Members approaching retirement and for Members who are retired about retirement topics such as eligibility for the Age Pension, the concept of drawing down capital to supplement expenditure requirements, and
- instructions to assist members with accessing the Government's Moneysmart Retirement Planner, which enables a Member to input additional personal information, if they so choose, in order to create projections that are more specific to themselves, without receiving personal advice.

The Trustee has taken into consideration that Members may take a conservative approach to using their accumulated superannuation balance during retirement and will provide factual information for Members to assist them when making their retirement income decisions.

This Strategy does not consider the specific circumstances of individual Members and recognises that collecting information about Members, in and of itself, does not result in the provision of financial product advice.

Steps taken to gather Member information

The Trustee has gathered general information about the membership necessary to inform the formulation and review of the Strategy. These steps have involved gathering information to the extent necessary to form a broad understanding of the membership as a group and also within the cohorts of Members approaching retirement and Members who are retired, to identify the types of assistance that could be offered to them to achieve and balance the three Objectives.

Investment options for Members

In addition to the investment options currently available to Members, the Trustee is considering the development or sourcing of specific retirement income products, having regard to:

- The needs of Members approaching retirement and Members who are retired concerning the three key retirement income Objectives;
- The adequacy of current investment options for Members; and
- Enabling Members and / or their advisers, to combine different types of products to achieve their desired retirement income.

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Information current as at 30 December 2023.

Prepared by Equity Trustees Superannuation Limited (ETSL) ABN 50 055 641 757 RSE Licence L0001458 AFSL 229757 as Trustee for the ClearView Retirement Plan ABN 45 828 721 007, RSE Registration No R1001624, USI: CVW0001AU. ETSL is the issuer of ClearView WealthFoundations Super and Pension and Clearview WealthSolutions Superannuation and Retirement Income.

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