



Retirement Income Strategy summary

ABN: 42 053 498 472

AFSL#: 223988

RSEL#: L0003049

RSER #: R1067385

Version:	1	Document number:	TBA
Approval date:	xx/xx/xx	Approved by:	Board
Review period:	3 years	Review date:	30 June 2025
Responsible Committee:	Admin & Marketing Committee	Classification:	Commercial in Confidence
Document owner:	Executive Manager Governance	Document Author:	Executive Manager - Financial Advice and Education, Executive Manager - Governance & Research Officer
Document posting:	<i>Website</i> x <i>Directors' website</i>		

Version History

Version	Prepared by & date	Reviewed by & date	Approved by & date
1	Executive Manager - Financial Advice and Education, Executive Manager - Governance 10 June 2022	Admin & Marketing Committee 20 June 2022	Board Date/ Month/ Year

Contents

- 1. About this Paper 3
- 2. Effect of this Paper 3
- 3. First Super Retirement Income Strategy – a summary 3
 - 3.1. Objective 3
 - 3.2. Beneficiaries 3
 - 3.3. Retirement income 4
 - 3.4. Period of Retirement 4
 - 3.5. Specific retirement income products on offer 5
 - 3.6. Providing Guidance 5

1. About this Paper

This is a summary of First Super Retirement Income Strategy and is to be read in conjunction with the Retirement Income Strategy paper which sets out the framework for the design and management of the retirement income strategy by the Fund. It is proposed that on the basis of both documents the Administration and Marketing Committee will recommend a Retirement Income Strategy to the Board for approval.

The Trustee Board is ultimately responsible for the Fund's retirement income strategy framework.

2. Effect of this Paper

This paper has been drafted on the basis that in formulating, reviewing, and effecting a retirement income strategy, the Trustee will:

- Make decisions that are in the best financial interests of the members and beneficiaries of the Fund; and
- Ensure all members and beneficiaries of the Fund are treated fairly, honestly, and efficiently in respect of any retirement income benefits they may hold or be entitled to receive through the Fund.

3. First Super Retirement Income Strategy – a summary

3.1. Objective

First Super's vision is to:

Enable our members to attain and maintain a dignified retirement.

In defining a dignified retirement, First Super's objective is to ensure that each beneficiary, upon retirement achieves an income that supports their desired lifestyle, which will differ for each beneficiary. For most of our beneficiaries this will mean a Modest¹ lifestyle, whilst Comfortable² is not out of reach for others.

3.2. Beneficiaries

First Super has determined that there are two classes of beneficiaries:

1. The first class of beneficiaries are members of First Super, who because of their financial situation, can choose when they will retire. These members will typically be

¹ ASFA Retirement Standard defines modest retirement lifestyle that is slightly above the Age Pension and allows retirees to afford basic health insurance and infrequent exercise, leisure and social activities with family and friends.

² ASFA Retirement Standard defines comfortable retirement standard as allowing retirees to maintain a good standard of living in their post work years. It accounts for daily essentials, such as groceries, transport, and home repairs, as well as private health insurance, a range of exercise and leisure activities and the occasional restaurant meal. Importantly it enables retirees to remain connected to family and friends virtually – through technology, and in person with an annual domestic trip and an international trip once every seven years.

Both budgets assume that the retirees own their own home outright and are relatively healthy.

aged 60 years old or aged 65 years old and older.

2. The second class of beneficiaries are members who are not able to make a choice but are forced into retirement because of health issues, or whose employment position has been made redundant and they have decided to retire due to being of preservation age*.

3.3. Retirement income

First Super applies the ASFA Retirement Standard in determining Modest* (\$41,929 p.a. for a couple/ \$29,139 p.a. for a single as at December 2021) and Comfortable* retirement income * (\$64,771 p.a. for a couple/ \$41,929 p.a. for a single as at December 2021), which is derived from a combination of superannuation pension payments, aged pension payments, and other income sources where applicable.

First Super acknowledges that an income between “Modest” and “Comfortable” could be both realistic and achievable for our beneficiaries.

First Super assumes beneficiaries will have met a condition of release, which will typically be aged 60 years old or older, with payment of superannuation benefits being tax free, as a lump sum or regular income for their life expectancy.

First Super assumes where beneficiaries are forced to retire because of health issues, such as recipients of Total and Permanent Disability payment, they will derive an income in the form of a disability pension and other income sources where applicable until the beneficiary reaches preservation age*. Where possible, the Total and Permanent Disability insurance payment will remain within the superannuation environment.

3.4. Period of Retirement

First Super recognises that Australians are living longer than ever, meaning their super and other savings may need to last 20 years or more. And the surprising truth that many retirees underspend due to the fear of running out of money when they could have lived more comfortably.

First Super recognises that a retirement lifestyle and income is different for every beneficiary.

First Super refers to the Association of Superannuation Funds of Australia (ASFA) Retirement Standard as a starting point to assist beneficiaries in working out how much super they will need in retirement.

The Standard is a budget which shows how much money it takes to live “Modestly” or “Comfortably” over a beneficiary’s entire life expectancy in retirement. It covers the basics, like food and utility bills, and then factors in additional costs for the desired lifestyle.

For example, an overseas holiday would require a “Comfortable” lifestyle budget, but if the retirement plan is to caravan around Australia, then this would probably be achieved on a “Modest” lifestyle budget.

First Super recognises that retirement income requirements are not consistent over a person’s entire expected lifetime, but will vary over that period with needs changing in the respective three phrases of retirement:

1. Active years

Within this phase, a beneficiary’s focus is on spending time with family and friends, picking up some hobbies and travelling with maybe the odd bit of work here and there. This is where beneficiaries are most likely to spend most of their financial assets during retirement.

2. Passive years

As beneficiary’s spend more time at home, their travel and leisure costs are likely to reduce. Beneficiaries may find themselves spending more on health insurance and related expenses.

3. Aged care years

During the later years of a beneficiary’s retirement, they may no longer live independently and are likely to need more help with daily activities. Beneficiaries are urged to consider this period early so they have the necessary funds set aside for care and support.

3.5. Specific retirement income products on offer

First Super currently offers an allocated pension account where the member has reached preservation age, which can provide a tax-free regular income upon retirement over the age of 60, even in conjunction with other sources of income such as the age pension.

First Super’s Pension Product Disclosure Statement (PDS) provides details on how the Fund offers two retirement options depending on a member’s life stage.

Transition to Retirement (Plan for retirement)	Allocated Pension (Start retirement)
<p>Once a member reaches Preservation Age and is still working, a First Super Transition to Retirement (TTR) Pension allows members to:</p> <ul style="list-style-type: none"> • Reduce working hours • Boost super • Pay less tax • Take care of beneficiaries. 	<p>If a member has reached the Preservation Age and are about to fully retire, a First Super Allocated Pension allows a member to:</p> <ul style="list-style-type: none"> • Receive a regular income • Draw lump sum payments • Pay less tax • Qualify for Centrelink • Take care of beneficiaries

Members are able to choose from the following retirement income products – which vary depending on their individual level of growth and defensive assets allocation – in accordance with their own personal financial goals and objectives:

1. Shares Plus
2. Growth
3. Balanced (default)
4. Conservative Balanced
5. Cash.

3.6. Providing Guidance

First Super’s strategy is to guide beneficiaries as they get ready for retirement or step into retirement, by providing information, education events, and financial advice, so beneficiaries

are better educated on their understanding of options so they can make an informed decision about their retirement and income needs.

First Super understands that beneficiaries are mainly seeking assistance in choosing a suitable solution or obtaining a recommendation of a suitable solution for their retirement from First Super, a solution that provides income and flexibility over their retirement years.

First Super offers an allocated pension account which provides a tax-free regular income upon retirement in conjunction with other sources of income, such as the age pension. These regular drawings can be varied to meet changes of income needs, as well as allow beneficiaries to make a lump sum withdrawal to meet significant expenses. First Super will review the need for additional product(s) as part of its review of the strategy.

First Super offers a broad range of options available to assist members in making decisions about how best to manage their superannuation funds upon retirement. This information, education, and advice is provided with the beneficiaries' best financial interests in mind.

The following provides an overview of the guidance available to beneficiaries:

Guidance	What we do	What we provide
<p>Information</p>	<p>The First Super website is an important, user-friendly resource that is available 24/7. Members and employers have immediate access to documents, including product disclosure statements (PDSs) – including the Pension PDS – Pension Target Market Determination, forms, fact sheets and calculators. Further, the website also provides members with the member booklets and fact sheets.</p>	<p>Product Disclosure Statement First Super's Pension Product Disclosure Statement (PDS) provides that the Fund offers two retirement options depending on a member's life stage.</p> <p>Transition to Retirement (TTR) Pension allows members to:</p> <ul style="list-style-type: none"> • Reduce working hours • Boost super • Pay less tax • Take care of nominated beneficiaries. <p>Allocated Pension allows a member to:</p> <ul style="list-style-type: none"> • Receive a regular income • Draw lump sum payments • Pay less tax • Qualify for Centrelink • Take care of nominated beneficiaries. <p>Annual Statements and Half Yearly Summary First Super provides an indication of the annual income a member may be able to draw based on projected accumulation account balance, where applicable.</p> <p>Calculators First Super's website provides the following calculators which are applicable to members planning for retirement:</p> <ul style="list-style-type: none"> • Account-based pension calculator • Retirement Planner • Transition to Retirement (TTR) calculator

		<p>Third Party webpage link</p> <ul style="list-style-type: none"> ASFA Retirement Standard Centrelink Age Pension
Education	<p>The First Super website is an important, user-friendly resource that is available 24/7. Beneficiaries have immediate access to booklets, short videos, register for upcoming events, and retirement focused webpages.</p>	<p>Retirement Health Check Provides a projection for beneficiaries and their partners who are wanting to find out whether their super is on track to support their desired lifestyle at a future retirement age. The projection not only takes into consideration the beneficiaries current superannuation, but also the partner's superannuation and other financial assets. The projection will include the Age Pension when applicable.</p> <p>Retirement seminars/webinars First Super host a range of webinar and face-to-face events which can be separated into two different key periods in a member's life: getting ready to retire and stepping into retirement. The objective of these events is to explain how members can build their superannuation funds before their preferred retirement age, and then maximise their income in retirement through drawings from the superannuation, in conjunction with the Age Pension where applicable.</p> <p>FIRSTtalk The educational short videos are available on the Fund's website for members to view at their convenience. Each episode explores a superannuation topic and provides member case studies of how and why they were implemented to the member's benefit.</p> <p>Publications</p> <ul style="list-style-type: none"> Getting Retirement Ready <p>First Super Webpages First Super's website provides the following webpages which are applicable to members planning for retirement:</p> <ul style="list-style-type: none"> Accessing Super Super and the Age Pension Redundancy Support for Members How much super is enough?
Advice	<p>First Super provide beneficiaries with:</p> <ul style="list-style-type: none"> General Advice – where an explanation is provided on what you 	<p>Retirement and Advice First Super provides personal services through an internal Financial Planning team, Contact Centre, and local Member and Employer Services Coordinators.</p>

	<p>need to know about superannuation concepts and strategies, without considering your personal and financial situation.</p> <ul style="list-style-type: none">• Personal advice - where an explanation is provided on what you need to know about superannuation concepts and strategies, without considering your personal and financial situation.	<ul style="list-style-type: none">• The Financial Planning team provide comprehensive and limited personal financial advice to a beneficiary on how best to manage their superannuation in retirement, by considering other sources of income and their personal financial situation. The service is provided on a national basis.• Member and Employer Services Coordinators who service all of NSW, Victoria, South Australia, Queensland, and Tasmania. Service is provided at workplaces and members' residences. They provide general advice and factual information, as well as financial education sessions at worksites, whether in groups or one-on-one, at metropolitan and regional locations.• The Administrator provides a national service via the Contact Centre. They provide general advice and factual information to members on an array of topics on members managing their superannuation accounts. They have a dedicated Account Based pension team which is supported by the contact centre staff.
--	---	---