

Retirement Income Strategy

July 2022



Retirement Income Strategy for Brighter Super

1 July 2022

Brighter Super is committed to helping members improve your retirement outcomes. We have formulated a Retirement Income Strategy for members who are retired or approaching retirement.



Purpose of this strategy

Our strategy is designed to assist you in having your best retirement by:

- maximising your expected retirement income over the period of retirement
- managing expected risks to the sustainability and stability of your retirement income over the period of retirement
- providing flexible access to your funds over the period of retirement.

This strategy outlines the retirement products and services Brighter Super can offer to help you maximise your retirement income.

We will periodically review and update the strategy to continue improving our proposition for you.

Who does the strategy apply to?

The strategy applies to members of Brighter Super who are retired or are approaching retirement.

Generally, we define:

- members aged 48 to 55 as 'nearing retirement'
- members who are still working and aged over 56 as 'approaching retirement'
- members aged over 56 who ceased working and have opened an income stream account as 'in retirement'.

We have applied each element of the strategy to these three classes of members.

What is the retirement outcome?

In this strategy we define retirement income as the sum of the following two incomes over the period of retirement (net of tax):

- Income paid from a member's Brighter Super account.
- Income from the Age Pension (if applicable).

What is the period of your retirement?

In this strategy, we define the period of retirement as between when a member first satisfies the 'retirement' condition of release (generally age 65) and current life expectancies based on the Government's latest [Australian Life Tables](#) plus five years.

These life expectancies are currently age 85 for males, and age 88 for females.



Our commitment to members

To help you achieve your best retirement, we aspire to deliver:

- A range of investment options so you can change your risk allocation as you age.
- A range of advice services, including personal advice, to help you navigate the complexities of super, delivered cost-effectively through various convenient channels.
- Relevant information about industry changes to superannuation and investments, transitioning to retirement with Brighter Super and how to access advice.
- Tools and education to support retirement planning and enable you to make informed decisions.
- A community of colleagues with whom you can discuss your questions or worries about superannuation and retirement.
- A retirement product that reflects your needs in retirement – balancing growth over your lifetime, protecting against longevity and providing access to ready capital.
- A bonus on retirement commencement that represents the tax you are not paying.
- Above-median returns on an absolute and relative basis, which consider both short-term and long-term risks.
- Value-for-money products where your total fees and costs are below the industry median and below 1%.
- Simplicity and transparency in our offering so you can understand, compare and be comfortable with your experiences with us relative to expectations and our competitors.
- Trusted and reliable service- simple and transparent information and answers to your questions, administration of your needs consistent with current legislation and advice on insurance.

These commitments guide our strategies and initiatives and help us make our decisions every day. They influence our priorities and show us what more we need to do to deliver on them and our purpose, for the benefit of you, as a Brighter Super member.



How we will deliver on our commitment to members

Brighter Super provides the following products and services to deliver on our aspirations and commitments to members, and to meet the objectives of our strategy.

For members in retirement

Brighter Super currently offers two account-based pension-style products and two-closed term allocated pension (TAP) products under the Brighter Super and Energy Super brands. These products will be consolidated as one account-based pension product and one closed TAP product in September 2022 under the Brighter Super brand.

Both the account-based and TAP pension products provide you with a range of investment options for various levels of risk tolerance and potential return.

The investment options available to members consist of liquid listed investments with some allocation to unlisted asset classes. We consider the liquidity of the investment portfolio as part of the investment strategy, so that it can provide you with flexible access to your funds.

From September 2022, our Brighter Super pension products will enable members to access a new auto rebalancing feature, which will annually rebalance your chosen investment portfolio to your chosen investment strategy.

Members can actively choose their investment strategy from 13 investment options, depending on their level of risk tolerance.

For members that do not actively choose an investment strategy specific to their needs, we have a default investment strategy which is applied. This default strategy is for members under age 75 and invests 100% of their account balance in the Diversified Growth investment option (renamed Balanced from September 2022).

Upon turning age 75, the lower risk Balanced (renamed Moderate from September 2022) investment option is applied.

Brighter Super's pension products provide members with income flexibility to choose the level of income payments and the frequency of income payments – from fortnightly to annual payments.

We recognise that some members want to increase their income payments in line with inflation. Brighter Super will be launching a new feature in September 2022 that members can select to automatically adjust their income payments to inflation as measured by the Consumer Price Index (CPI).

In 2023, Brighter Super will be launching a new Retirement Reward. The Retirement Reward is a bonus amount paid to members, subject to eligibility, on acquiring an eligible pension product. It represents the tax saving made by Brighter Super from the member moving their assets from a taxable accumulation product to a tax-free pension product.

Brighter Super also links spouse accounts for the purpose of calculating fee caps, which helps female spouse members who generally have lower superannuation balances.

For members nearing or approaching retirement

Brighter Super currently offers two Transition to Retirement (TTR) account-based pension-style products under the LGIASuper and Energy Super brands.

These products will be consolidated as one TTR product in September 2022 under the Brighter Super brand.

Our TTR products will provide flexibility in planning for your retirement while still working.

They can be used to begin working less and top up your income, or as a strategy to build your retirement savings by taking advantage of the tax benefits of saving within superannuation.

In addition to the TTR products, the Brighter Super accumulation product allows members to continue to save for retirement in a favourable tax environment.

Like our pension and TAP products, the TTR and accumulation products provide members with a range of investment options for various levels of risk tolerance and potential return.

From September 2022, our Brighter Super accumulation and TTR products will enable members to access a new auto rebalancing feature.

Each year, this will rebalance a member's chosen investment portfolio to their chosen investment strategy. Members can actively choose their investment strategy from 14 investment options, depending on their level of risk tolerance.

A default investment strategy is applied for members that do not actively choose an investment strategy specific to their needs. The default strategy is the growth-oriented MySuper investment option.

Insurance can be an important part of your retirement planning. While insurance has premiums which can impact your balance, the Brighter Super insurance products provide financial security should adverse events happen.





Education, tools and servicing

We deliver tailored face-to-face and digital engagement program that provides simplified and easy-to-access information for members. This helps members engage with their superannuation through education on how to improve their retirement outcomes, keep up to date with legislative changes and receive the latest information on products.

We also provide a range of communications so members can access information in a way that suits them. These include newsletters, annual statements, online information and fact sheets, an annual member meeting and campaigns prompting members to maximise their super for retirement.

We have two retirement calculators available online for members approaching or in retirement. The calculators show how changes in pension income and investment mix can impact the age at which retirement income runs out.

Members not in retirement can see how changes in their (and their spouse's) level of regular contributions, lump-sum contributions, change in work patterns, and investment mix can impact the retirement income they may receive and the age at which their retirement income could run out.

In addition to our retirement calculators, the Brighter Super Let's Learn program provides retirement education videos to assist members in preparing for retirement.

We also host regular member events designed to help members understand the options available to them and how to maximise their incomes.

Importance of financial advice

Financial advice can deliver significant value to members to increase retirement outcomes. As a result, Brighter Super has a financial advice strategy that centres around improving efficiency to deliver advice to more members.

Brighter Super provides a range of free advice services to members. For example, all members can receive general advice by telephoning the Contact Centre or have a Super Health Check face-to-face by booking an appointment with a specialist team member at home or in the workplace (where applicable).

We also offer single-issue personal advice about your Brighter Super account by telephone, which you can access via our Contact Centre.

We understand that some of our members have more complex financial needs. They may want to take a wider view of their family's financial situation as they near retirement (including access to Centrelink benefits). We can provide Comprehensive Advice to members and their families for an additional fee, including on assets outside superannuation.

Helping members manage risks

We recognise several risks impact the ability of members to maximise retirement incomes while balancing sustainability and stability of income in retirement. These include:

- Investment risk: risks from market declines, legislative risk, liquidity risk, timing risk and counterparty risk.
- Inflation risk: the loss of purchasing power as a result of income not keeping up with inflation.
- Longevity risk: the risk of a member outliving the income they need to continue a dignified retirement.





We assist members in managing these risks as follows:

- The Brighter Super investment options consider all components of investment risks in the investment strategy.
- Our diversified investment option menu gives members the flexibility to manage the level of investment risk taken by selecting the investment options suitable to their needs.
- We publish each investment option's objectives, benchmarked to inflation and performance, to show how well the option is delivering on that objective.

This enables members to manage inflation risk on the purchasing power of their retirement accounts and ultimately the level of income they draw down.

- From September 2022, the account-based pension product will enable members to opt into automatically indexing their income payments to inflation as measured by the Consumer Price Index.
- Members have some level of ability to self-administer longevity risk by how they draw down their retirement income. To assist members, we currently provide an online Retirement Calculator, enabling members to understand the trade-offs between the level of income drawn down and their investment mix, together with the Age Pension and the impact of these on their retirement income over time.

What are we looking to do in the future?

We recognise the needs of our members are continuing to evolve. We are committed to continuing to enhance and develop our products and services for you and help maximise your retirement.

We are adding several features in 2022 and 2023, as outlined in this summary, and we will be exploring future opportunities to enhance our digital calculators and explore new pension product offers in the near future.

Brighter Super is committed to helping you maximise your retirement outcomes. Our strategy outlines how we will meet our commitment to give you a brighter retirement.

This summary of our Retirement Income Strategy has been produced by LGIASuper Trustee ABN 94 085 088 484 AFS Licence No. 230511 as trustee for LGIASuper ABN 23 053 121 564 trading as Brighter Super and provides general information. Any questions can be referred to Brighter Super by calling us on 1800 444 396 or by emailing us at info@brightersuper.com.au. References to Brighter Super may refer to the Trustee or LGIASuper as the context requires. Brighter Super products are issued by the Trustee on behalf of LGIASuper.