

# Target market determination – Managed Pension

Effective from 30 September 2023



## 1. About this document

This target market determination (TMD) is for the Spirit Super Managed Pension. Its purpose is to describe the class of members who make up the target market for this product, having regard to their objectives, financial situation and needs. This TMD also provides distribution conditions for our Managed Pension, together with reporting requirements and information about when the TMD will be reviewed.

This document isn't a summary of our terms and conditions and isn't intended to provide financial advice. This is general information only and doesn't take into account your objectives, financial situation or needs. Before making a decision about Spirit Super, you should consider if this information is right for you and read our *Product disclosure statement* (known as the *Pension guide*) and *Financial services guide*. These are available at [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) or by calling 1800 005 166.

## 2. Who's the Managed Pension designed for?

Our Managed Pension is designed for those who:

- are 60 years or over and have satisfied one of the following conditions of release to access their super, such as:
  - permanently retired

- changed jobs after turning 60
- turned 65 (even if still working)
- have at least \$20,000 in super available to invest in a Managed Pension
- want stable, regular income payments over the longer-term
- want investment decisions made for them, with the goal of ensuring the sustainability of their retirement savings
- want to be able to make lump-sum withdrawals
- want tax-free investment earnings
- need easy and convenient ways to manage their account
- want the ability to nominate beneficiaries to receive death benefits.

The target market must understand that:

- pension payments are subject to minimum drawdown rates specified by the government
- income payments aren't guaranteed. They may cease or reduce in the future depending on drawdown rates and investment returns
- amounts transferred into super retirement phase products will be subject to the transfer balance cap

- drawing down an income stream may impact their eligibility for the Age Pension.

Our Managed Pension isn't designed for members who:

- have less than \$20,000 in super to invest in a Managed Pension
- are under age 60 and haven't satisfied a condition of release to access their super
- want to choose the frequency and timing of their income payments
- want to receive guaranteed income payments for a fixed amount or term
- want to make choices about their investment options
- want to directly invest into assets or trade on stock exchanges. This includes the ability to direct investments towards specific shares or particular investment vehicles including exchange traded funds, term deposits and other investments
- need an account that can accept super contributions or transfers from other super funds
- need insurance cover within this product
- want a self-managed super fund
- want to be able to make a non-lapsing binding death benefit nomination.

**For Spirit Super:** ABN 74 559 365 913, USI MTA0100AU. | Issuer is Motor Trades Association of Australia Superannuation Fund Pty Ltd (ABN 14 008 650 628, AFSL 238718), the trustee of Spirit Super (ABN 74 559 365 913). Any advice is provided by Quadrant First Pty Ltd (ABN 78 102 167 877, AFSL 284443) (Spirit Super Advice), which is wholly owned by the trustee. A copy of the *Financial services guide* for Spirit Super Advice is available at [spiritsuper.com.au/financial-services-guide](https://spiritsuper.com.au/financial-services-guide) or by calling us on 1800 005 166.

## Product features and key attributes

Our Managed Pension is designed to help provide retirement savings that last through retirement (targeting regular income payments until age 90). It's not guaranteed that savings will last until age 90. However, we manage investments in, and future income payments from, the Managed Pension to reduce this risk.

Our Managed Pension has the following key attributes:

- we manage the investments, with the goal of supporting income payments until age 90
- members receive a set income each year, which is generally indexed annually in line with the consumer price index.

Our Managed Pension also has the following features:

- the ability to make lump-sum withdrawals
- investment earnings are generally tax free
- income payments and withdrawals are generally tax free
- a retirement bonus when first starting a Managed Pension, subject to eligibility criteria
- the ability to transact online, over the phone and in writing
- online access to keep track and manage super at any time through **Member Online** and the Spirit Super app
- access to general information, education, and personal (intra-fund) advice on Spirit Super accounts at no extra cost. Go to [spiritsuper.com.au/get-advice](https://spiritsuper.com.au/get-advice) for more details
- the ability to nominate beneficiaries to receive all or part of their super payout if they pass away, including through the payment of income to a reversionary beneficiary
- competitive fees and charges, with a cap on administration fees.

## Our investment options

The Managed Pension is constructed from the two investment strategies shown below.

	Long-term	Cash
<b>Description</b>	Aims to achieve moderate to high investment returns, while accepting a medium to high level of investment risk.	Aims to ensure security of capital and to limit year-to-year variability through investment in cash.
<b>Risk tolerance<sup>1</sup></b>	Medium to high. 3-4 negative annual returns may be expected in a 20-year period.	Very low. Less than 0.5 negative annual returns may be expected in a 20-year period.
<b>Objectives<sup>2</sup></b>	CPI + 3% a year over rolling 5-year periods.	To deliver the return to the Bloomberg AusBond Bank Bill Index before fees, costs and investment-related and taxes.
<b>Investment time frame</b>	5+ years	0 years

<sup>1</sup>Read our *Pension guide* available at [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) for more details about risk. | <sup>2</sup>The investment return objectives are after investment fees and taxes. Investment return objectives aren't guaranteed. Past performance isn't a reliable indicator of future returns.

## Consistency between target market and the product

The Managed Pension is likely to be consistent with the objectives, financial situation and needs of the target market, as it's designed to provide the security and simplicity of receiving an income from super that's targeted to last until age 90.

## 3. How will this product be distributed?

### Distribution channels

Consumers can open a Managed Pension:

- using the *Join Spirit Super pension* form at the back of the *Pension guide*
- with assistance from a financial adviser
- with support from Spirit Super representatives such as Contact Centre staff, Superannuation Advisers, Education Specialists and/or Employer Relationship Managers.

### Distribution conditions

The product should only be distributed to the target market identified in this document.

Spirit Super's representatives have received training about the product.

Where the product is distributed by a financial adviser, the adviser must be appropriately authorised under an Australian financial services licence and must supply a copy of the *Pension guide* to the consumer. A financial adviser may recommend the product to clients outside the target market if personal advice complies with the best interest duty.

Consumers who don't have capacity to make financial decisions may have an account opened (through the above distribution channels) on their behalf by an authorised attorney, guardian or trustee. Where an account is established by an authorised attorney, guardian or trustee on behalf of a consumer who doesn't have capacity to make financial decisions, suitable evidence of the authorisation must be provided at the time of application.

### Distribution conditions that apply to key attributes of the product:

- The Managed Pension should only be distributed to members who meet the eligibility criteria as outlined in the *Pension guide*.
- Investment switching may be restricted or suspended in the event of unfavourable market conditions or extreme volatility, or where members engage in frequent switching activities.

### Adequacy of distribution conditions and restrictions

Spirit Super has determined that, if distribution occurs in accordance with the distribution conditions, it's likely that members who purchase the product will be within the class of members for which the product has been designed, for the following reasons:

- Compliance with the distribution conditions will ensure that members who purchase this product are both eligible and aware of its objectives, in which case it's likely that the decision to purchase means the member falls within the target market.
- By focusing on the constraints of the Managed Pension, distribution will be directed to consumers within the target market, whose likely objectives, financial situation and needs are consistent with the product.

The product may be distributed to a consumer outside the target market where a financial adviser has provided personal advice that complies with the best interest duty and considers the consumer's personal objectives, financial situation and needs.

## 4. Reviewing this target market determination

This TMD will be reviewed by **30 September 2024**.

We'll review this TMD at least annually, with a maximum review period being 12 months from the current effective date.

### Review triggers or events

We'll review this TMD sooner if we believe it may no longer be appropriate. A review may be triggered by any of the following (but isn't limited to):

- a material change to the design or distribution of the product, including changes to the product's investment options or fees and costs
- changes in member-initiated activities which result in a severe impact<sup>3</sup> to members, including (but not limited to):
  - increase in members exiting the product
  - increase in investment option switching
  - increase or persistent member complaints about the product
- different returns from those expected from the market which result in a severe impact<sup>3</sup> to members
- a major change in the market resulting in a significant number of investment options becoming illiquid and not being able to offer withdrawals or pension payments, resulting in a severe impact<sup>3</sup> to members
- occurrence of a known significant dealing outside the target market
- significant breach event that relates to the design or distribution of the product
- receipt of an order or notification from the Australian Securities and Investments Commission (ASIC) about concerns relating to the design and/or distribution of the product
- the trustee makes a determination for the purposes of s52(9) of *Superannuation Industry (Supervision) Act 1993* (Member Outcomes Assessment) that the financial interests of members holding the product aren't being promoted.

Where a review trigger has occurred, this TMD will be reviewed within 10 business days.

<sup>3</sup>'Severe impact' is defined in Spirit Super's *Risk framework* and refers to the following: (i) more than 10% of membership materially impacted or (ii) more than 40% of membership immaterially impacted or (iii) more than 15% loss of members.

## 5. Reporting and monitoring this target market determination

Distributors are required to provide the following information to [ddo@spiritsuper.com.au](mailto:ddo@spiritsuper.com.au).

### Complaints

Distributors must report all complaints received in relation to the product covered by this TMD within 10 business days after the end of the relevant quarter (March, June, September and December).

This will include both the number of the complaints received, as well as reasonable details of each complaint including resolution activities if applicable. General feedback relating to the product and its performance may also be provided.

Reporting isn't required if the number of complaints is zero.

### Significant dealings

Distributors must report if they become aware of a significant dealing outside the target market in relation to this TMD within 10 business days.

When determining if a significant dealing has occurred, distributors should consider factors such as:

- Of those who acquired the product, are a significant proportion of consumers outside the target market?
- Is there any actual or potential harm (including financial loss) to consumers outside the target market that acquired the product?
- What's the nature and extent of the inconsistency of the product distribution with this TMD?
- Has there been a significant amount of funds transferred to the product from consumers outside the target market?
- What's the time period in which acquisitions outside the target market occurred?

This list isn't intended to be exhaustive, other considerations may be relevant.

The distributor must provide details of the nature and extent of the significant dealing, including whether there has been any actual or perceived harm to consumers as a result of the dealing.

### More information

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