

Retirement Income Strategy Summary

1 July 2024

Supporting our
retired members
and members who
are approaching
retirement



Our vision and purpose

For over 30 years, we've been helping Australians work towards a better financial future. Supporting them through their working lives and into a secure, enjoyable retirement.

Our vision is to be Australia's first choice for retirement and investment savings. Our purpose is to help Australians achieve financial freedom. We believe that everyone is entitled to a dignified retirement and having access to quality, affordable advice is an important part of this.

Our strategic objectives are to:

- Provide outstanding products and services to our members and the advisers who support them,
- Help make advice affordable and accessible for Australians, and
- Be the most efficient provider of super and investment products and services.

About our Retirement Income Strategy

Everything we do revolves around one thing – helping our members achieve financial freedom.

Avanteos Investments Limited (AIL) is one of the subsidiaries of Colonial First State (CFS), and the trustee for five super funds (see the end of this document for details). The Strategy covers all members across these funds. As at 31 March 2024, AIL's membership base comprises more than 805,000 member accounts, totaling over \$114 billion in funds under administration (FUA). Many of whom have chosen to retire with us.

This large membership base means, outside of the government, AIL is one of the largest payers of retirement pensions in Australia.

The Strategy has been designed to support our members approaching and in retirement to meet their retirement goals by providing appropriate products, guidance, support and access to financial advice. We aim to make the retirement process personalised, clear and simple, all supported by digital enhancements and future plans for different levels of advice offerings.

We recognise members' needs are unique and our Strategy aims to balance the following objectives to support our members in achieving their retirement goals:

- Maximising expected retirement income,
- Managing expected risks to the sustainability and stability of members' expected retirement income, and
- Having flexible access to expected funds during retirement.

What is retirement income?

We have defined retirement income as the after-tax sum of:

- income received from a pension from CFS, and
- income received from the Age Pension.

The period of retirement is defined, for each retirement member group, as the difference between the average age that members meet retirement and the average age at life expectancy.

Supporting members at different stages

To help target our Strategy we have defined three primary groups:

Pre-retirement

Members in accumulation phase aged between 50 and 64, or older than 65 and still contributing to superannuation. Members in a Transition to Retirement (TTR) product.

Early retirement

Members in an account-based pension product aged below 75. Members in accumulation phase aged between 65 and 74 and not contributing to superannuation.

Later retirement

Members in an account-based pension product aged above 75. Members in accumulation phase aged above 75 and not contributing to superannuation.

Within each of these three primary groups we have further considered members' demographics and defined cohorts of members with likely similar needs before and into retirement. For example, we have considered how to best support both those members currently working with an adviser and those who are tailoring their own retirement journey.

We have also considered how different account balances and gender impact a member's needs at different stages of their retirement. This analysis recognises that members have different circumstances and allows our Strategy and specific strategic goals to be more tailored to each group's needs.

Continuous improvement

In formulating the Strategy, we conducted research, including a retirement survey with members, interviews, and analysed AIL pre-retiree and retiree member data to better understand the makeup of our members. We monitor the effectiveness of our Strategy in supporting members before and into retirement and make appropriate adjustments if and when needed to ensure we are delivering the best outcomes to our members.

Focus areas of our Strategy

Through in-depth analysis of internally and externally available data and research to better understand how members plan and prepare for retirement, we have considered the different needs of our members and the role we can play in helping to meet these now and in the future.

We have identified the following three key areas that we are focusing on to help our members successfully navigate their retirement journey:

Retirement Products & Features:

- Access to Account Based Pension (ABP) and Transition to Retirement (TTR) products to allow members to draw down their retirement savings and retain flexible access to their funds,
- Access to growth-oriented investment options that members can select to help maximise funds in the lead up to and throughout retirement,
- Access to lower volatility options, including cash, to help members manage risks to the sustainability and stability of their retirement income,
- Simplified Account Based Pension offering enabling unadvised retiring members to begin drawing a retirement income, and
- Access to third party annuity style products to help our members to manage inflation and longevity risk.

Planned Enhancements:

- Improved education and access to solutions to assist members with managing longevity risk such as an expanded offering of annuity products, and
- Expanded range of real return funds to provide lower volatility options for post-retirement members.

Member engagement:

- Access to a large selection of online information including articles and videos to help our members to better understand their choices before and into retirement,
- Supporting members through access to high quality advice with tools such as Find an Adviser and assistance with Age Pension, and
- Segmented member newsletters and campaigns with messaging tailored to the appropriate cohort.

Planned enhancements:

- Improved targeted communications to provide members with the right information at the right time so they can make more informed decisions about their retirement journey, and
- Centralised and enhanced online retirement content to improve members' confidence in retirement.

Member experience:

- Access to a range of online tools and calculators such as the CFS Retirement Calculator and Budget Tool to assist members to better plan their likely income and capital needs in retirement, and
- Provision of phone-based educational support and guidance to members on how our retirement offerings and supported by limited digital advice.

Planned enhancements:

- An expanded flexible guidance and advice offering to meet the varying level of support needs of members, and
- Further partnership to provide relevant education, assistance and engagement (e.g. Aged Care)

We appreciate that it's often a combination of these focus areas at different stages that will help our members to fulfil their goals. Our Strategy spans these areas as needed to help meet different members' needs as they evolve over time.

Managing Risks

In developing the Strategy and identifying future enhancements to our retirement offering, we have considered these key risks and how we best assist members to mitigate these.

Longevity risk

A risk associated with members outliving their retirement savings.

Inflation risk

A risk that inflation may erode the value of retirement income.

Investment risk

A risk that includes market risk, which is the risk of variable or negative investment returns and sequencing risk, which is the risk of loss due to converting assets to income at a disadvantageous time.

Funds included in the Strategy

AIL has developed the Strategy for the following superannuation funds:

- **Colonial First State FirstChoice Superannuation Trust**
(ABN 26 458 298 557, RSE number R1056150)
- **Essential Super**
(ABN 56 601 925 435, RSE Number R1075199)
- **Avanteos Superannuation Trust**
(ABN 38 876 896 681, RSE number R1056594)
- **Star Portfolio Superannuation Fund**
(ABN 24 276 733 959, RSE number R1073898)
- **Ultimate Superannuation Fund**
(ABN 97 900 294 767, RSE number R1075236)

Information current as at 30 July 2024. Colonial First State (CFS) is Superannuation and Investments HoldCo Pty Limited ABN 64 644 660 882 and its subsidiaries which include Avanteos Investments Limited ABN 20 096 259 979, AFSL 245531 (AIL). AIL is the Trustee and issuer of products for the following funds: Colonial First State FirstChoice Superannuation Trust, Essential Super, Avanteos Superannuation Trust, Star Portfolio Superannuation Fund, and the Ultimate Superannuation Fund. Information on this page is general in nature and does not take into account your individual objectives, financial situation, needs or tax circumstances. You can find the target market determinations (TMD) for our financial products at www.cfs.com.au/tmd, which include a description of who a financial product might suit. Before making any financial investment decision or a decision about whether to acquire a product offered by AIL, please obtain and consider the Financial Services Guides (FSG), applicable Product Disclosure Statement (PDS), and/or relevant offer documents relating to AIL products. You can get the FirstChoice PDSs and the FSG from www.cfs.com.au or by calling 13 13 36, FirstWrap PDSs and FSGs from www.firstwrap.com.au or your adviser, download the Essential Super PDS and Reference Guides at commbank.com.au/essentialsuper-documents or call us on 13 4074 for a copy. Originally published 1 July 2022, revised 30 July 2024. 30316/FS8149/0824