

Target Market Determination

For the Retirement Income account

Product issuer: QSuper Board (ABN 32 125 059 006, AFSL 489650)
as trustee for QSuper (ABN 60 905 115 063)

USI: 60905115063001

5 October 2021



Contents

1. About this document	1
2. Target market for the QSuper Retirement Income account	1
3. Product description and key attributes	1
Investment options	2
4. Consistency between target market and the product	4
5. How this product is to be distributed.....	5
6. Reporting and monitoring this target market determination	5
7. Reviewing this target market determination	7
8. Important dates	7

1. About this document

This target market determination (TMD) describes the class of consumers that the QSuper Retirement Income account (the product) has been designed for, having regard to the objectives, financial situation and needs of the product's target market.

This document only contains a brief summary of the product's features and any information does not take into account your objectives, financial situation or needs. Please consider the [QSuper Product Disclosure Statement for Income Account and Lifetime Pension](#) and supplementary documents before making a decision about this product.

2. Target market for the QSuper Retirement Income account

This section summarises the overall class of consumers who are likely to fall within the target market for the QSuper Retirement Income account.

This Retirement Income account is designed for consumers who:

- Have a goal/need for a superannuation income account that enables the consumer to:
 - Receive a regular or flexible income stream during retirement, which is tax-free from age 60 or has a tax offset when under age 60
 - Access to lump sum capital withdrawals
 - Earn tax free investment earnings
 - Select from a range of investment options to suit personal risk/return profile and investment objectives.
- Also meet the following conditions:
 - Have a superannuation balance of at least \$30,000 to acquire the product
 - Are an Australian citizen or resident
 - Have reached the age you can access your super (known as your preservation age) and have permanently retired, or
 - Have completely ceased an employment arrangement on or after age 60, or
 - Are aged 65 or older, or
 - Have met another condition of release which was previously approved by QSuper (e.g. totally and permanently disabled), or
 - Are an eligible recipient of a superannuation death benefit.

This product is not designed for consumers who:

- Have not met preservation age, or a condition of release
- Require insurance cover through a superannuation account
- Have or will exceed their transfer balance cap by acquiring this product.

3. Product description and key attributes

The key product attributes of the Retirement Income account are:

- **A default investment option** (QSuper Balanced)
- **A range of other investment options** to suit different investment needs and risk preferences:
 - Diversified options: Moderate, Socially Responsible and Aggressive
 - Single Sector options: Cash, Diversified Bonds, International Shares and Australian Shares
 - Direct investments (via Self Invest): Shares, Exchange Traded Funds (ETFs) and Term Deposits.

Target market likely objective: to have access to their superannuation savings while receiving a regular stream of income during retirement.

You can find more information about these investment options below.

- **Other features:**
 - Tax-free investment earnings
 - Flexibility to vary payment amounts and frequency
 - The ability to make withdrawals from this product
 - The convenience of managing the product online. This allows members to view their account balance, change their investment and payment preferences including withdrawals.

Target market likely financial situation and need: at least \$30,000 in superannuation and seeking a tax-free retirement income stream over the age of 60.

Investment options

Class of consumers: Members looking to create an income from their superannuation balance during retirement. They may be willing to accept additional risk (and potentially incur investment losses) to achieve retirement income objectives or they may be seeking to trade off capital growth for reduced investment volatility.

Life stage is retired.

The tables below set out the investment options that have been designed and are available to this class of consumer.

Diversified options

QSuper's diversified investment options (including the default option) are designed to meet the risk/return needs of most consumers who want to invest in a diversified portfolio of asset classes based on an investment strategy determined by QSuper. These options are for members who prefer QSuper to set, manage, and monitor the investments according to stated objectives, investment horizons and risk levels.

Investment option	Risk level ¹	Investment horizon	Option investment characteristics
Moderate	Low	More than 3 years	If you want short to medium-term stability but want some exposure to assets that will potentially give you higher returns, Moderate may be suitable for you. You should be aware that in return for shorter-term stability you may be sacrificing the potential for higher long-term returns.
Balanced	Medium	More than 5 years	If you are a medium to long-term investor and want exposure to assets that will potentially give you higher returns, Balanced may be suitable for you. You need to be prepared to accept that this option could experience negative returns over the short term.
Aggressive	Medium to high	More than 10 years	If you are a long-term investor and want exposure to assets that will potentially give you higher returns, Aggressive may be suitable for you. You need to be prepared to accept that this option could experience negative returns over the short to medium-term.
Socially Responsible	Medium to high	More than 5 years	If you are a medium to long-term investor and want your investments to also target a positive impact on environmental and social considerations, Socially Responsible may be suitable for you. You should be aware that this option has exposure to assets that will potentially give you higher returns, so you need to be prepared to accept that you could experience negative returns over the short term.

¹ Based on probability of negative annual returns over any 20-year period. For more information refer to qsUPER.qld.gov.au/srm

Single Sector

QSuper's single asset class options are designed for consumers who want to build their own investment portfolio to suit their personal risk/return objectives from a range of asset classes with various investment styles. These options are not suitable for members who are not comfortable with taking on responsibility for developing and managing their own individual investment strategy.

QSuper recommends that consumers seek financial advice when making any investment decision.

You can find more information on investment options, risk, fees and costs, and asset allocations in the [QSuper Product Disclosure Statement for Income Account and Lifetime Pension - Part B](#).

Self Invest (member-directed option)

The Self Invest option is designed to provide members with more control over how their Income account balance is invested and managed.

Investment option	Risk level ¹	Investment horizon	Option investment characteristics
Cash	Very low	Less than 1 year	If you are a short-term investor who wants a very low risk investment, the Cash option may be suitable for you. However, you should also be aware that there will be little capital growth, so if you have a long-term investment horizon, you should consider whether this investment option will meet your objectives. It is important to note that in a low interest rate environment, returns from this asset class could be slightly negative after fees are deducted. Cash is often used in combination with other investments to provide liquidity, reduce risk, and provide diversification.
International Shares	Very high	More than 10 years	If you are a long-term investor and want exposure to assets that will potentially give you higher returns, the International Shares option may be suitable for you. You need to be prepared to accept that this option could experience negative returns over the short to medium term.
Australian Shares	Very high	More than 10 years	If you are a long-term investor and want exposure to assets that will potentially give you higher returns, the Australian Shares option may be suitable for you. You need to be prepared to accept that this option could experience negative returns over the short to medium term.
Diversified Bonds	Medium	More than 3 years	If you are a short to medium-term investor who wants steady returns, the Diversified Bonds option may be suitable for you. However, you should be prepared for the value of your investment to have some small movements over the short term. It is important to note that while bonds generally offer some diversification benefits from equity risk, they can experience both gains and losses, which means that investment returns may be positive or negative. This option may be less appropriate for investors who have a longer investment horizon.

¹ Based on probability of negative annual returns over any 20-year period. For more information refer to qsuper.qld.gov.au/srm

The performance of Self Invest will depend on your management skills, the investments you choose, and the decisions you make.

This option is an online-only option and is not suitable for members who prefer phone, in-person, or paper-based forms to manage their superannuation.

Overall target market: Consumers who have a higher-level knowledge of investments, and the time and resources to manage their investments. Depending on their risk profile, a member may be willing to accept additional risk (and potentially incur investment losses) to achieve retirement income objectives or they may be seeking to trade off capital growth for reduced investment volatility.

Life stage is retired.

Eligibility rules

For access to Self Invest, members must hold an Income account, be registered for Member Online, and:

1. Have a minimum account balance of \$20,000
2. Make a minimum initial transfer of \$5,000 to the Self Invest transaction account
3. Accept the Self Invest terms and conditions
4. Have a valid email address to receive all Self Invest correspondence.

Investment type	Risk level	Investment horizon	Investment characteristics
Shares listed on the S&P/ASX300	Very high	More than 10 years	If you are seeking to invest in shares listed on the S&P/ASX 300.
Exchange Traded Funds (ETFs)	Varies depending on ETF	More than 10 years	If you are seeking Australian and international companies through a selection of pre-mixed portfolios of shares.
Term deposits	Low	Less than 1 year	If you are seeking a term deposits from some of Australia's major banks. Investment terms range from 30 to 365 days.

QSuper recommends that consumers seek financial advice when making any investment decision. Refer to the [QSuper Product Disclosure Statement for Income Account and Lifetime Pension - Part B](#) for further information.

4. Consistency between target market and the product

- This product is consistent with the consumers' likely objectives, financial situation and needs to provide retirees with an income in their retirement. It provides flexibility to select an investment option to match their investment strategy.
- The distribution conditions are reasonable for this product offering due to the nature of the target market and the low level of risk/complexity of the product.
- For investments, we monitor investment activity and may communicate to members, as appropriate.

5. How this product is to be distributed

Distribution conditions

The QSuper Retirement Income account is designed to be distributed by licensed financial advisers, or directly to members by QSuper representatives (online, in person or by telephone). It should not be distributed in circumstances where a person is ineligible to hold an account or requires insurance cover under the product.

The product should not be distributed to a consumer who is not in the target market outlined above unless there is a personal financial product advice arrangement where the consumer's personal objectives, financial situation and needs have been considered, and where the best interest duty applies.

Adequacy of distribution conditions and restrictions

QSuper has determined that the distribution conditions and restrictions outlined above are appropriate, will assist the product being distributed to the target market, and help ensure that consumers who acquire a QSuper Retirement Income account are in the target market for which it has been designed. This is due to:

- The product's eligibility criteria and permitted distribution channels restricting access to the product and making it likely that the product will be distributed to consumers in the target market for which this product is designed.
- The distribution conditions and restrictions reduce the risk of the product being distributed to consumers outside the target market.
- Permitting distribution of the product to a consumer outside the target market for this product under a personal financial product advice arrangement where the financial adviser has determined the product is appropriate for the consumer after taking into consideration the personal objectives, financial situation and needs of the consumer.

6. Reporting and monitoring this target market determination

All distributors who are regulated people must report complaints and significant dealings to us in accordance with the following information:

- Distributor reporting entity name
- ABN
- AFSL number
- Contact details
- Report date
- Report period start/end date.

Information should be sent to: DDOReporting@QSuper.com

Distribution means 'retail product distribution conduct' in relation to a consumer. Distribution includes:

- Dealing in the financial product
- Giving a disclosure document in relation to offering a financial product
- Providing a Product Disclosure Statement (PDS)
- Providing financial product advice.

A distributor is a regulated person who issues or sells a product, as an AFS licensee or their authorised representative.

Complaints	<p>Distributors must report the number of complaints in relation to the product(s) covered by this TMD on a quarterly basis.</p> <p>This will include the substance of complaints and general feedback relating to the product and its performance.</p> <p>The type of data required for a complaint:</p> <ul style="list-style-type: none">• Product• Complaint ID• Date complaint received• Complaint issue• Complaint content• Complaint status• Compensation• Who made the complaint• AFCA status• AFCA reference.
-------------------	---

Significant dealings	<p>Distributors must report if they become aware of a significant dealing in relation to this TMD within 10 business days.</p> <p>A significant dealing includes:</p> <ul style="list-style-type: none">• High proportion of consumers who have acquired the product but are not in the target market. This includes those consumers who are specifically excluded from the target market• Identifying potential/actual harm to consumers outside of the target market acquiring the product• Distribution which is inconsistent with this TMD which is significant in nature and extent• High proportion of transfers into the product from consumers outside the target market• A significant number of consumers outside the target market acquiring the product over an extended time-period. <p>The type of data required for a significant dealing:</p> <ul style="list-style-type: none">• Product• Date of significant dealing• Client• Description• Why it is significant• How it was identified• Financial impact to member (if any)• Steps to rectify.
-----------------------------	--

7. Reviewing this target market determination

We will review this target market determination in accordance with the below:

Initial review	5 October 2021
Periodic reviews	Within 24 months of the last review
Review triggers or events	<p>Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but is not limited to):</p> <ol style="list-style-type: none">1. A material change to the design or distribution of the product, including related documentation2. Occurrence of a significant dealing3. Distribution conditions do not make it likely that consumers who acquire the product are in the target market4. Identification of significant detriment to consumers if TMD was not reviewed5. External events such as adverse media coverage or regulatory attention6. Significant changes in metrics, including, but not limited to:<ol style="list-style-type: none">a. significant increase or significant repeated occurrence of complaintsb. significant increase in investment option switchingc. significant increase in members exiting the product7. Significant losses suffered by members and events and circumstances occur to suggest that the product is unlikely to achieve its investment objective over time8. A change has occurred that suggests the product is no longer consistent with the likely goals and needs of the target market9. Liquidity restrictions or the inability to continue to offer income payments and withdrawals.

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

8. Important dates

Date from which this target market determination is **effective** – 5 October 2021

Date when this target market determination was **last reviewed** – 5 October 2021

Date when this target market determination will be **next reviewed** – 5 October 2023