

# Target Market Determination

For the Transition to Retirement Income account

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

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## 1. About this document

This target market determination (TMD) describes the class of consumers that the QSuper Transition to 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 summary of the product's features and any information does not take into account 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 Transition to Retirement Income account

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

This Transition to Retirement Income account **is** designed for consumers who:

- Have a goal/need for a transition to retirement income account that enables them to:
  - Receive a regular or flexible income stream from their super while they continue to work
  - Vary payment amounts received within specified limits (up to 10% of their account balance)
  - Use regular income payments from their superannuation in addition to income from fewer hours at work to help transition to retirement
  - 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
  - Are an Australian citizen or resident
  - Have reached preservation age (generally between age 55 and 60)
  - Are not permanently retired from work
  - Are under age 65.

This Transition to Retirement Income account is **not** designed for consumers who:

- Are under preservation age
- Are permanently retired (including members who have turned age 65)
- Want to receive lump sum payments
- Want to preserve funds in superannuation as minimum annual income payments apply.

## 3. Product description and key attributes

The key product attributes of this Transition to 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, Balanced, Socially Responsible and Aggressive
  - Single sector options: Cash, Diversified Bonds, International Shares and Australian Shares

You can find more information about these investment options in this document.

**Target market likely objective:** reduce overall income tax position or reduce working hours by supplementing their take-home income by drawing down a portion of their super while still working.

Other features:

- The product is designed to enable an eligible member to draw a regular income from super, while continuing to make super contributions to an Accumulation account and receive investment returns on a range of investment options
- To receive concessional taxed regular income payments while continuing to work
- Flexibility to vary payment amounts within specified limits and frequency
- The convenience of managing the product online. This allows members to view their account balance and change their investment and payment preferences
- At age 65, it automatically converts to a Retirement Income account.

**Target market likely financial situation and need:** individuals who have at least \$30,000 in superannuation, and are seeking to transition to retirement by drawing down on income while still contributing to super.

## Investment options

**Class of consumers:** Members looking to create an income from their superannuation balance while they continue to work. 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** still working and transitioning to retirement.

The tables below set out the class of consumer that each investment option within this product has been designed for.

### Diversified options

QSuper's diversified investment options are designed to meet the risk/return needs of most consumers and those 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 <sup>1</sup>	Investment horizon	Option investment characteristics
<b>Moderate</b>	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.
<b>Balanced</b>	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.
<b>Aggressive</b>	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.
<b>Socially Responsible</b>	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.

<sup>1</sup> Based on probability of negative annual returns over any 20-year period. For more information refer to [qsuper.qld.gov.au/srm](https://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.

Investment option	Risk level <sup>1</sup>	Investment horizon	Option investment characteristics
<b>Cash</b>	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.
<b>International Shares</b>	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.
<b>Australian Shares</b>	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.
<b>Diversified Bonds</b>	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.

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

Refer to [QSuper Product Disclosure Statement for Income Account and Lifetime Pension – Part B](#) for further information on each investment option including risks, fees and costs, and asset allocations.

<sup>1</sup> Based on probability of negative annual returns over any 20-year period. For more information refer to [qsuper.qld.gov.au/srm](http://qsuper.qld.gov.au/srm)

## 4. Consistency between target market and the product

- This product is consistent with the consumer's likely objectives, financial situation and needs. There is a broad appeal for this product as the member can reduce their working hours and draw an income to offset any reduction in pay from employment. It provides flexibility to choose an investment option to match their investment needs.
- The distribution conditions are reasonable for this product offering, due to the nature of the target market and the level of risk/complexity of the product.
- For investments, we monitor investment activity and may communicate to members as considered appropriate.

## 5. How this product is to be distributed

### Distribution conditions

The QSuper Transition to 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 other circumstances or 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 product advice arrangement where the consumer's personal objectives, financial situation and needs have been considered and 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 in the product being distributed to the target market, and help ensure that consumers who acquire a QSuper Transition to 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 table below.

When distributors report, they should provide 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](mailto: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** Distributors must report the number of complaints in relation to the product(s) covered by this TMD on a quarterly basis. Reporting is required as soon as practicable, but within 10 business days of the end of a calendar quarter.

The type of data required for a complaint:

- Product
- Complaint ID
- Date complaint received
- Complaint issue
- Complaint content
- Complaint status
- Compensation
- Who made the complaint
- AFCA status
- AFCA reference.

**Significant dealings** Distributors must report if they become aware of a significant dealing in relation to this TMD within 10 business days.

A significant dealing includes:

- High proportion of consumers who have acquired the product but are not in the target market. This includes those proportion of 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.

The type of data required for a significant dealing:

- 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:

<b>Initial review</b>	5 October 2021
<b>Periodic reviews</b>	Within 24 months of the last review
<b>Review triggers or events</b>	<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"><li>1. A material change to the design or distribution of the product, including related documentation</li><li>2. Occurrence of a significant dealing</li><li>3. Distribution conditions do not make it likely that consumers who acquire the product are in the target market</li><li>4. Identification of significant detriment to consumers if TMD was not reviewed</li><li>5. External events such as adverse media coverage or regulatory attention</li><li>6. Significant changes in metrics, including, but not limited to:<ol style="list-style-type: none"><li>a. significant increase or significant repeated occurrence of complaints</li><li>b. significant increase in investment option switching</li><li>c. significant increase in members exiting the product</li></ol></li><li>7. Significant losses suffered by members and events and circumstances occur to suggest that the product is unlikely to achieve its investment objective over time</li><li>8. A change has occurred that suggests the product is no longer consistent with the likely goals and needs of the target market</li></ol> <p>Liquidity restrictions or the inability to continue to offer income payments and withdrawals.</p>

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