

Target market determination – Super product

Effective from 30 September 2023



1. About this document

This target market determination (TMD) is for the Spirit Super super product. 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 super product, 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 *Member guide*) and *Financial services guide*. These are available at spiritsuper.com.au/pds or by calling 1800 005 166.

2. Who we're designed for

Spirit Super is designed to meet the needs of a wide range of members. Our super product is designed for those who want or need:

- a super account that can receive contributions and/or transfers from other super funds
- their retirement savings to grow over time in a tax-effective environment
- flexible investment options that suit their changing needs
- easy and convenient ways to manage their account
- the ability to nominate beneficiaries to receive death benefits
- to be able to access their super if they satisfy a condition of release.

Our super product isn't designed for people who:

- need access to their funds before they've satisfied a condition of release to access their super, such as retirement
- wish to draw a regular income from their super to support their income needs in retirement
- want to directly invest in specific 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
- want a self-managed super fund
- wish to transfer retirement savings from international super or pension funds
- want to establish 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 or by calling us on 1800 005 166.

Our super product includes insurance cover, which is designed for those who:

- are employed and want a reasonable level of affordable default insurance cover that doesn't erode retirement savings for those eligible
- want the option to tailor death, total and permanent disablement (TPD) and/or income protection insurance cover to suit specific needs.

Our insurance options aren't suitable for members who:

- are under 15 or over 70 years old and want death cover and/or TPD cover
- are under 15 or over 65 years old and want income protection cover
- want access to default income protection but aren't employed by an eligible employer. Eligible employers include Tasmanian state government employers, Tasmanian local councils, Tasmanian non-government schools, Tasmanian private hospitals, and other approved employers
- need cover for an injury or illness that is subject to an exclusion or limitation, as outlined in our *Insurance guide*
- previously received or were eligible for a terminal illness or TPD benefit from any insurer or super fund
- have been diagnosed with a terminal illness that's likely to result in their death within 24 months
- require cover that isn't death cover, TPD cover, or income protection cover
- require an insurance policy with terms and conditions customised to their personal circumstances.

Product features and key attributes

Our super product has the following key attributes:

- a range of pre-mixed and sector specific investment options with different levels of expected risk and return, to allow members the flexibility to choose investments that suit their changing needs, including:
 - a sound default investment option that is MySuper authorised
 - the ability to change investment options any time as their requirements change
- default and fixed death, TPD and income protection insurance for eligible members.

It also has the following features:

- the ability to accept contributions from any Australian employer, as well as voluntary contributions and government contributions
- it's a complying super fund, authorised to manage members' funds in the concessional-tax super environment
- 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
- the ability to nominate beneficiaries to receive super and any insurance payout upon a member's death
- 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 for more details
- members are able to access their super once a condition of release has been satisfied
- competitive fees and charges, with a cap on administration fees.



Our investment options

Our investment options are a key attribute of our super product. Their suitability will depend on the member's risk tolerance, objectives, investment time frame and asset allocation preferences. Our options invest in a wide range of asset classes and assets with varying levels of expected risk, return and investment time frames to suit our broad target market.

	Growth	Sustainable	Balanced (MySuper)	Moderate	Conservative
Description	Aims to achieve strong returns by investing in a portfolio of mainly shares and other growth assets.	Aims to achieve strong returns by investing in a diversified mix of mainly growth assets with heightened consideration given to environmental, social and governance risks.	Aims to achieve strong returns by investing in a diversified mix of mainly growth assets as well as cash and fixed interest instruments.	Aims to achieve moderate returns by investing in a diversified mix of growth and defensive assets.	Aims to achieve returns in excess of price inflation with low to medium risk.
Type of member	Seeking high capital growth over the long term and don't mind substantial risk and volatility.	Seeking moderate to high-level capital growth over the long term using environmentally and socially responsible investments and can tolerate medium to high risk and volatility.	Seeking moderate to high-level capital growth over the long term and can tolerate medium to high risk and volatility.	Seeking a moderate level of capital growth in the medium to long term and a moderate level of risk and volatility.	Seeking some capital growth over the short to medium term with low to medium level of risk and volatility.
Risk tolerance¹	High. 4-6 negative annual returns may be expected in a 20-year period.	Medium to high. 3-4 negative annual returns may be expected in a 20-year period.	Medium to high. 3-4 negative annual returns may be expected in a 20-year period.	Medium. 2-3 negative annual returns may be expected in a 20-year period.	Low to medium. 1-2 negative annual returns may be expected in a 20-year period.
Objectives²	CPI + 4% a year over rolling 10-year periods.	CPI + 3% a year over rolling 7-year periods.	CPI +3% a year over rolling 7-year periods.	CPI + 2% a year over rolling 5-year periods.	CPI + 1% a year over rolling 4-year periods.
Investment time frame	10+ years	7+ years	7+ years	5+ years	4+ years

¹Read our *Investment guide* available at spiritsuper.com.au/pds for more details about risk. | ²The 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.



	Australian shares	International shares	Diversified fixed interest	Cash
Description	Aims to generate high long-term investment returns through diversified investments in Australian shares. Returns are likely to be very volatile.	Aims to generate high long-term investment returns through diversified investments in global shares. Returns are likely to be very volatile.	Aims to deliver moderate returns over the medium term by investing in a diversified portfolio of Australian and global fixed interest instruments.	Aims to ensure security of capital and to limit year-to-year variability through investment in cash.
Type of member	Seeking a high level of capital growth over the long term by investing in a diversified portfolio of Australian shares with substantial risk and volatility.	Seeking a high level of capital growth over the long term by investing in a diversified portfolio of global shares with substantial risk and volatility.	Seeking moderate returns with some capital growth over the medium term by investing in a range of fixed interest investments and wanting a lower level of risk and volatility than shares.	Wanting a high level of capital security and to maintain the purchasing power of your investment over the short term with very low risk and fairly consistent but low returns.
Risk tolerance³	High. 4-6 negative annual returns may be expected in a 20-year period.	High. 4-6 negative annual returns may be expected in a 20-year period.	Low to medium. 1-2 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.
Objectives⁴	To meet or exceed the return to S&P/ASX300 Accumulation Index, including franking credits but before fees, costs and investment-related taxes.	To meet or exceed the return to the MSCI All Countries World Index (ex-Australia), partially hedged to Australian dollars before fees, costs and investment-related taxes.	To meet or exceed the return to a weighted average of Australian and international fixed interest indices, hedged to Australian dollars before fees, costs and investment-related taxes.	To deliver the return to the Bloomberg AusBond Bank Bill Index before fees, costs and investment-related taxes.
Investment time frame	10+ years	10+ years	5+ years	0 years

³Read our *Investment guide* available at spiritsuper.com.au/pds for more details about risk. | ⁴The 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.

Our insurance options

We provide default and fixed death, TPD and income protection cover.

- Default cover is automatically provided to eligible members. The amount and type of cover provided depends on the member's age and employer. Cover commences when eligibility conditions are satisfied. Our default cover is designed to provide an affordable basic amount of cover.
- Fixed cover enables members to tailor their cover to suit their needs. This may suit members not eligible for default cover or those that want to have more cover than our default cover provides.

Death cover

Our death cover is designed for members who:

- are aged 15 and over and under age 70
- want a lump sum benefit to provide financial help to themselves or their dependents if they become terminally ill or pass away
- want the ability to increase cover up to a maximum of \$5 million
- want the option of default cover (variable cover amounts and insurance fees based on age) automatically provided when eligibility conditions are met, or fixed cover they can tailor to suit their needs (a fixed amount of cover with insurance fees that vary with age).

Eligibility:

For default cover to automatically commence:

- the member must be aged 25 or over and under age 70 with an account balance of \$6,000 or more, otherwise an opt-in election is required and
- a super guarantee (SG) contribution has been received no earlier than 90 days before the member is age 25 and has at least \$6,000 in their account
- the member hasn't previously asked us to cancel default cover in their account.

For fixed cover to commence, the member must:

- be aged between 15 and over and under age 70
- apply and be accepted by the insurer
- have sufficient funds in their account to pay insurance fees.

TPD cover

Our TPD cover is designed for members who:

- are aged 15 and over and under age 70
- want a lump sum benefit to provide financial help if they become totally and permanently disabled and can no longer work
- want the ability to increase cover up to a maximum of \$3 million
- want the option of default cover (variable cover amounts and insurance fees based on age) automatically provided when eligibility conditions are met, or fixed cover they can tailor to suit their needs (a fixed amount of cover with insurance fees that vary with age).

Eligibility:

For default cover to automatically commence:

- the member must be aged 25 or over and under age 65 with an account balance of \$6,000 or more, otherwise an opt-in election is required and
- an SG contribution has been received no earlier than 90 days before the member is age 25 and has at least \$6,000 in their account
- the member hasn't previously asked us to cancel default cover in their account.

For fixed cover to commence, the member must:

- be aged between 15 and over and under age 70
- apply and be accepted by the insurer
- have sufficient funds in their account to pay insurance fees.

Default income protection cover

Our default income protection cover is designed for members who:

- want to receive monthly benefit payments if they're unable to work temporarily due to illness or injury
- want a monthly cover amount of up to 75% of their monthly income (if aged under 56) or up to 50% of their monthly income (if aged 56 and over) plus a super contribution of up to 10% (with a maximum monthly cover amount of \$16,000)
- want a two-year benefit period and 90-day waiting period
- want their monthly cover amount to be reviewed and updated twice-yearly based on the SG contributions they've received
- want options to tailor their cover such as converting to fixed income protection cover with indexation,

increasing the benefit period to 5 years or to age 65 and decreasing the waiting period to 30 or 60 days

- will regularly contribute SG contributions to their Spirit Super account.⁵

Members are eligible for cover if they:

- are aged 15 years and over and under age 60
- are employed by an eligible employer. Eligible employers include Tasmanian state government employers, Tasmanian local councils, Tasmanian non-government schools, Tasmanian private hospitals, and other approved employers.

For default income protection to commence:

- the member must be aged 25 or over and under 65 with an account balance of \$6,000 or more, otherwise an opt-in election has been made
- at least \$650 of SG contributions has been received no earlier than 90 days before they're aged 25 and account balance is \$6,000 or more and
- at least one SG contribution is from an eligible employer
- the member hasn't previously asked us to cancel default cover in their account.

⁵The monthly cover amount is calculated based on SG contributions received. During the twice-yearly review, if the monthly cover amount falls below \$1,000, cover automatically ends.

Fixed income protection cover

Our fixed income protection cover is designed for members who:

- aren't eligible for default income protection cover
- want to receive monthly benefit payments if they're unable to work temporarily due to illness or injury
- want a monthly cover amount of up to 75% of their monthly income plus a super contribution of up to 10%, indexed annually to keep pace with inflation (with a maximum monthly cover amount of \$30,000)
- want a fixed amount of monthly cover, indexed annually, with a choice of benefit periods – 2 years, 5 years or to age 65 and a choice of waiting periods – 30, 60 or 90 days.

Members are eligible for cover if they:

- are aged 15 years and over and under 65
- apply and are accepted by the insurer
- have sufficient funds in their account to pay insurance fees.

If a member is over age 65 or unemployed for 24 months before becoming disabled any TPD claim may be assessed under more restrictive definitions.

A member's continued eligibility for insurance cover depends on whether their account is active and receiving contributions.

Limitations and exclusions

While the above sets out information on our default and fixed cover arrangements and eligibility requirements, certain conditions, limitations, and exclusions may apply. These are set out in our *Member guide* and *Insurance guide* available from spiritsuper.com.au/pds.

Consistency between target market and the product

This super product is expected to be consistent with the likely objectives, financial situation and needs of members falling within the target market, as the product provides:

- the ability to accept a wide range of super contributions
- investment options that cater for a range of risk tolerances, ability to bear losses, objectives and needs to suit varying member requirements, including a change in objectives over time
- affordable or tailored insurance, if desired, and subject to meeting eligibility criteria
- simple, accessible ways to manage super
- access to super savings when a condition of release is satisfied.

The flexibility offered by our super product in terms of both investment and insurance options means that the product is suitable for a wide range of members.

3. How will this product be distributed?

Distribution channels

Consumers can open a Spirit Super super account:

- by joining through the Spirit Super website
- using the *Join Spirit Super* form at the back of the *Member guide*
- using a digital onboarding service to nominate Spirit Super as their chosen super fund for their employer
- 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.

Employers may create accounts for employees, where Spirit Super is the employer's default fund.

A consumer may become a member of Spirit Super as a result of transfers from other super funds or the Australian Taxation Office, or as a result of a successor fund transfer. An account may also be issued directly from Spirit Super to non-member former spouses as a result of a family law split.

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 *Member 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.

Employers are generally required to offer their employees the ability to choose their super fund. Employers can only pay contributions to their nominated default fund if their employee hasn't chosen a super fund and their search of ATO online services shows they don't have an existing super fund that's eligible to receive super contributions.

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. Parents and/or guardians may open accounts for members under 15 years of age. 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:

- Members must meet the relevant eligibility criteria outlined in the *Insurance guide* if applying for insurance cover.
- Applications for fixed cover must be accepted by the insurer, and members must accept any special terms, conditions, loadings and/or exclusions before fixed cover will commence.
- Members should regularly review their insurance cover to ensure that it continues to meet their needs, and to ensure that they remain eligible to claim on the cover if required.
- 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 broad class of members for which the product has been designed, for the following reasons:

- the target market for our super product is necessarily broad, as the inclusion of differing investment options means that the product is suitable for a wide range of members
- the distribution channels and conditions make it likely that the product will be distributed to the target market for which the product is designed
- the distribution conditions relevant to the key attributes of the product make it likely that the key attributes are consistent with the likely objectives, financial situation and needs of consumers in the target market. This reduces the risk of the product being distributed to consumers outside the target market.

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 key attributes such as investment options, insurance offering, fees and costs, or insurance premiums
- changes in member-initiated activities which result in a severe impact⁶ to members, including (but not limited to):
 - increase in members exiting the product
 - increase in investment option switching
 - increased proportion of insurance cancellation rates
 - increase or persistent member complaints about the product
- changes in the claim loss ratio/s, claim decline rates, claim decline reasons and/or claims withdrawn which result in a severe impact⁶ to members
- different returns from those expected from the market which result in a severe impact⁶ to members
- a major change in the market involving a number of investment options becoming illiquid and not being able to offer withdrawals, resulting in a severe impact⁶ 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
- failure of the APRA performance test
- 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.

⁶'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.

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 is the nature and extent of the inconsistency of the product distribution with this TMD?
- Has there been a significant amount of super contributions paid, or funds transferred to the product from consumers outside the target market?
- What is 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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spiritsuper.com.au

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