

# Target market determination – Transition Pension

Effective from 30 September 2023



## 1. About this document

This target market determination (TMD) is for the Spirit Super Transition 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 Transition 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 Transition Pension designed for?

Our Transition Pension is designed for those who:

- are aged between their preservation age<sup>1</sup> and 65 and still working
- wish to access some of their super savings to either:
  - work less and supplement their reduced employment income

- increase their overall income to support additional spending needs
- enable them to take advantage of concessional salary sacrifice contributions (paid into their super account) to grow their super
- want a regular income payment from their super savings, with flexibility as to the frequency and amount (subject to annual minimum and maximum requirements)
- have at least \$20,000 in super to invest in a Transition Pension
- want flexible investment options that suit their changing needs
- wish to invest their retirement savings in a concessional environment
- need easy and convenient ways to manage their account
- want the ability to nominate beneficiaries to receive death benefits.

<sup>1</sup>Your preservation age varies between 55 and 60, depending on when you were born.

The target market must understand that:

- pension payments are subject to minimum and maximum 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.

Our Transition Pension isn't designed for members who:

- have less than \$20,000 in super to invest in a Transition Pension
- haven't reached their preservation age
- have satisfied another condition of release to access their super, such as retirement after reaching their preservation age or turning 65
- don't want to draw an income from their retirement savings
- want to be able to make lump-sum withdrawals from their pension
- need an account that can accept super contributions or transfers from other super funds
- need insurance cover within this product
- want a guaranteed income stream that will last their lifetime
- 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
- want a self-managed super fund
- want to be able to make a non-lapsing binding death benefit nomination.

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## Product features and key attributes

Our Transition Pension has the following key attributes:

- a range of pre-mixed and sector specific investment options with different levels of expected risk and return, with flexibility to change investments to suit our member's changing needs.

Our Transition Pension also has the following features:

- flexible income payment options
  - members can choose how much income to draw each year, within the prescribed minimum and maximum amounts
  - payments are available on a fortnightly, monthly, quarterly, twice-yearly or yearly basis
- income payments are concessional tax for those under 60, and are generally tax free from 60 onwards
- investment returns are concessional tax
- it automatically converts to a Control Pension account when the member turns 65
- 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

Our investment options are a key attribute of our Transition Pension. 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	Moderate	Conservative
<b>Description</b>	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.
<b>Type of member</b>	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.
<b>Risk tolerance<sup>2</sup></b>	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.
<b>Objectives<sup>3</sup></b>	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.
<b>Investment time frame</b>	10+ years	7+ years	7+ years	5+ years	4+ years

<sup>2</sup>Read our *Pension guide* available at [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) for more details about risk. | <sup>3</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.



	Australian shares	International shares	Diversified fixed interest	Cash
<b>Description</b>	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.
<b>Type of member</b>	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.
<b>Risk tolerance<sup>4</sup></b>	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.
<b>Objectives<sup>5</sup></b>	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.
<b>Investment time frame</b>	10+ years	10+ years	5+ years	0 years

<sup>4</sup>Read our *Pension guide* available at [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) for more details about risk. | <sup>5</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 Transition Pension provides members with the ability to access some of their super while under 65 years of age and still working, in order to achieve different objectives, such as reducing working hours, contributing to super in a tax-effective manner or paying off debt. In addition, the flexibility of the investment options means members can find an investment option that suits their financial objectives.

This is likely to be consistent with the objectives, financial situation and needs of the product's target market.

## 3. How will this product be distributed?

### Distribution channels

Consumers can open a Transition 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.

A consumer may also become a member of Spirit Super as a result of a successor fund transfer.

### 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 Transition 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

Distribution in accordance with the distribution conditions and restrictions will ensure that only eligible members will purchase this product. It's likely that these members will fall within the target market for the Transition Pension, as distribution will be directed towards those seeking a regular income stream from super.

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:

- the inclusion of differing investment options means that the product is suitable for a wide range of members
- the product eligibility criteria, 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 investment options or fees and costs
- changes in member-initiated activities which result in a severe impact<sup>6</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>6</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>6</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>6</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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