

Retirement Income Strategy Summary

Macquarie Superannuation Plan

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What is a retirement income strategy?

The trustee of the Macquarie Superannuation Plan (MSP or the Fund), Macquarie Investment Management Limited (the Trustee) has prepared a retirement income strategy that outlines how it will assist Fund members, who are retired or approaching retirement, achieve and balance three broad retirement objectives:

1. Maximising expected retirement income
2. Managing expected risks to the sustainability and stability of retirement income over the period of retirement
3. Having flexible access to expected funds over the period of retirement.

In preparing its retirement income strategy, the Trustee has considered the likely retirement income needs of its membership base and how it can assist members in meeting those needs, whilst continuing to provide members with choice and flexibility in how they manage and invest their retirement savings.

About the Macquarie Superannuation Plan

Products within the Macquarie Superannuation Plan are available only for members who choose them. There are no MySuper members or members who default into the Fund and members are required to have a professional financial adviser on application into the Fund.

In developing its retirement income strategy, the Trustee has considered the profile of the Fund and its members. Some key insights into the Fund include:

- >101,000 member accounts (64% accumulation/36% pension)*
- Approximately \$33.3 billion funds invested*
- 52% Males/48% Females*
- 91% of members have a financial adviser/9% of members are currently unadvised*
- Average account balance for members**
 - aged 55 to 64 is \$364,000 for females and \$436,000 for males
 - aged 65 to 74 is \$420,000 for females and \$434,000 for males.

* Data is as at 31 March 2022.

** KPMG Super Insights 2022.

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The Trustee strongly encourages members to engage a professional financial adviser to assist with their retirement planning needs. A financial adviser can be well placed to ascertain members' income and capital needs in retirement and can assist in developing a holistic financial plan.

Supporting this view, the Trustee does not make investment decisions or choices for members – all investment decisions and choices are made by the member, usually in conjunction with their financial adviser.

The Trustee considers its role is to support members and their advisers to build a strong financial future for members, by providing a platform that gives members the choice and flexibility to build a superannuation investment portfolio that is suited to their retirement needs and objectives.

This document is a summary of the Trustee's retirement income strategy, which applies from 1 July 2022.

Industry insights

In developing its retirement income strategy, the Trustee has considered key industry wide superannuation and retirement statistics. Some key industry insights include:

- Average retirement age is 62 to 65, with females retiring one to three years earlier than males*
- Average account balance for those**
 - aged 55 to 64 is \$153,000 for females and \$191,000 for males
 - aged 65 to 74 is \$214,000 for females and \$228,000 for males
- Approximately 80% of income for those aged 65 or more who retire voluntarily is sourced from a government pension/allowance (comprises about 50% of income) and superannuation/private pension (comprises about 30% of income)*

* Retirement Income Review Final Report.

** KMPG Super Insights 2022.

Determinations

The Trustee has made the following determinations for the purposes of its retirement income strategy.

Class of beneficiaries covered by the strategy

Approaching retirement	Members typically start actively reviewing their retirement plans from age 52.
Retired	Members typically retire from age 64.

Sub-class of beneficiaries

Advised members	Members who currently have a financial adviser linked to their account.
Currently unadvised members	Members who do not currently have a financial adviser linked to their account.
Members with a low balance	Members with an account balance of less than \$350,000.

Retirement

Retirement income	Net income after tax from: <ul style="list-style-type: none">• the member's interest in the Fund, and• the Age Pension.
Period of retirement	Starts at age 64 and ends at life expectancy.

The Trustee's retirement income strategy

The Trustee's retirement income strategy aims to provide members, who are retired or approaching retirement, with products, tools and resources to assist them in achieving their targeted outcome in retirement. This section summarises the initiatives the Trustee has in place, or intends to implement, to assist members achieve and balance the retirement objectives as outlined on page 1.

Any new initiatives that the Trustee has identified as part of its retirement income strategy will be implemented progressively from 1 July 2022. The Trustee will regularly review its retirement income strategy and the effectiveness of each of the measures below.

1. Maximising retirement income






The Trustee considers the concept of 'maximising retirement income' to be analogous with assisting members to achieve a level of income that meets their after-tax financial objectives and needs in retirement.

The Government's *Retirement Income Review Final Report* observed that approximately 65 to 75 per cent of working-life income will allow most retirees to maintain their standard of living in retirement. However, this figure varies depending on whether the individual rents or owns their own home or is a low or high-income earner.¹

¹ Treasury, *Retirement Income Review Final Report* (2020). 167-168.

To assist members in maximising their retirement income, the Trustee has, or is proposing to implement, the assistance measures outlined below.

Member assistance

	Retirement income products	The Trustee offers both transition to retirement and standard account-based pensions that provide members with significant flexibility to meet their income needs in retirement.
	Financial advice	The Trustee's superannuation and pension products are designed for members who have a financial adviser to assist them in managing their superannuation prior to, and during, their retirement. The Trustee will continue to promote to its members the benefits of engaging the services of a financial adviser.
	Calculators	Provide access to calculators to assist members in understanding their likely income and capital needs in retirement.
	Educational materials	Expand resources to help members understand more about their superannuation and key retirement topics by providing access to articles and/or fact sheets.
	Member communications	Ensure members are aware of the assistance measures available to them as they approach retirement and during retirement.





2. Managing expected risks

The Trustee will assist members to manage expected risks to the sustainability and stability of retirement income over the period of retirement. The risks to be addressed as part of MIML's retirement income strategy are:

- **Longevity risk** – this is the risk that a member will outlive their retirement savings
- **Investment risk** – this includes:
 - market risk, which is the risk of variable or negative investment returns, and
 - sequencing risk, which is the risk of negative returns whilst drawing down retirement savings, particularly in the early stages of retirement, impacting the ability to achieve the desired level of retirement income
- **Inflation risk** – this is the risk that a member's income does not maintain its purchasing power over time.

To assist members in managing these risks, the Trustee has, or is proposing to implement, the assistance measures outlined below.






Member assistance

	Financial advice	<p>A financial adviser can assist members to manage risks to the sustainability and stability of their retirement income by:</p> <ul style="list-style-type: none"> • providing modelling on the impact of income and capital drawdowns on retirement savings • tailoring the member's asset allocation and investment selection to suit the member's risk tolerance and investment objectives • ensuring the level of income drawn by the member adequately meets their needs. <p>As noted above, the Trustee will continue to promote to its members the benefits of engaging the services of a financial adviser.</p>
	Investment choice	The Trustee provides members (and their advisers) with access to a wide range of investment options from which they can build a diversified portfolio that meets their individual needs. Having an appropriately diversified portfolio can assist in mitigating risks such as investment and longevity risk and ensures the value of the member's investments keep pace with inflation.
	Investment limits	The investment options available to Fund members are subject to investment limits. These limits are applied to each option, following analysis of underlying risks, to encourage risk specific diversification and to mitigate the potential risk of larger losses.
	Portfolio risk analysis	The Trustee undertakes a portfolio risk analysis program on each member's account within the Fund on a regular basis. The program is a market risk 'stress test' which aims to identify portfolios that could be impacted the most by adverse market conditions and assists with monitoring of diversification in member portfolios.

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Member assistance





	Annual performance review	The Trustee conducts regular performance monitoring programs, including assessing each investment option's returns against various thresholds and benchmarks and highlights investment options that have experienced a negative return over various time periods regardless of market movement and conditions.
	Retirement income products	Members have the flexibility to specify the level of pension payments they require each year, subject to minimum drawdown requirements. If a fixed dollar amount is specified, members can select the level of indexation to apply to the payments each year to ensure payments maintain their purchasing power.
	Calculators	Provide calculators to assist members in understanding the impact of various decisions, such as investment selection and income and capital drawdowns, on their retirement savings.
	Educational materials	Expand resources to help members understand more about how to manage some of the key risks associated with the investment of their superannuation savings.
	Member communications	To ensure members are aware of the potential risks to the sustainability and stability of their retirement income, the Trustee may communicate with advisers and/or members if: <ul style="list-style-type: none">• their portfolio mix is showing greater risk properties than the benchmark in accordance with the portfolio risk analysis results• their account is solely invested in cash for an extended period of time.

3. Having flexible access to funds

The retirement products that the Trustee offers to new members, being account-based pensions, provide members with full access to their superannuation capital once they have met a condition of release with a nil cashing restriction.

To assist members in having access to funds, the Trustee has, or is proposing to implement, the assistance measures outlined below.

Member assistance

	Financial advice	A financial adviser can assist members in withdrawing lump sums from their superannuation or pension account and help members to understand the impact that the withdrawal will have on their retirement savings over the period of retirement. As noted previously, the Trustee will continue to promote to its members the benefits of engaging the services of a financial adviser.
	Accumulation and retirement income products	Fund members who hold accumulation and account-based pension products have unrestricted access to funds within their account once a condition of release, such as retirement or attaining age 65, is met.
	Calculators	Provide calculators to assist members in understanding the effect of a lump sum withdrawal on their retirement savings and subsequent pension payments.
	Educational materials	Information on how to withdraw a lump sum from an accumulation or pension account is available from Macquarie Help Centre and in the product disclosure statement for the relevant product. The Trustee will also develop further resources to help members understand more about alternative sources of funds in retirement.

Further information

If you have any questions, please speak to your adviser or visit Help Centre at help.macquarie.com.au. To contact Macquarie, visit macquarie.com.au/yourwrap.

Disclaimer

This information doesn't take into account your personal objectives, financial situation or needs. Consider the Product Disclosure Statement and other applicable offer document(s) available on the Macquarie website to decide if our products are right for you and whether you should acquire or continue to hold a product. Target Market Determinations are available at macquarie.com.au/TMD.