

RETIREMENT INCOME STRATEGY

Products and services available to members to prepare for and manage your retirement

POLICY DOCUMENT

23 JUNE 2022

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1. ABOUT THE STRATEGY

Working out how much income you need to live comfortably in retirement requires you to answer questions about the lifestyle you want to have, how much money you think you'll need to support that lifestyle and how you'll manage and maintain your income. NGS Super has developed this retirement income strategy (Strategy) to help our members understand the support, guidance and assistance that is available to you, when preparing for and managing your retirement. The Strategy is designed so that members can tailor its content for their individual needs.

2. WHO IS COVERED BY THE STRATEGY

The Strategy covers all members of NGS Super who are aged 50 or older. This includes:

- Members in retirement who hold an account-based pension with NGS Super and receive a pension.
- Members approaching retirement who receive a Transition to Retirement (TTR) pension.
- Members aged 50 or older accumulating savings through super, and those on a defined benefit.

3. DEFINING RETIREMENT INCOME AND THE PERIOD OF RETIREMENT

For the purposes of this Strategy, NGS Super has defined retirement income and the period of retirement in the following way:

- **Retirement income** includes the drawdowns a member receives from their account-based pension or super account balance; and the age pension where a member is eligible to receive it.
- **The period of retirement** starts from the date a member retires from the workforce until their date of death. For the practical purpose of this Strategy, NGS Super has defined the period of retirement for members approaching retirement is from age 65 and the end of retirement for all members is 95.

4. UNDERSTANDING THE RETIREMENT NEEDS OF MEMBERS

4.1 Balancing retirement income objectives

Retiring from the workforce and working out how much income you will need in retirement, involves many decisions and some trade-offs which can make it difficult for you to figure out the right retirement strategy. Sometimes you will need to balance conflicting objectives. These include:

- **Maximising your expected income** over the period of your retirement.
- **Managing risks to ensure the sustainability and stability of your retirement income.**
- Having **flexible access to your funds** during retirement.

Meeting each of these objectives may require a trade-off against another objective. For example, maximising flexible access to funds could diminish your overall retirement income. Through the support, guidance and assistance provided to members, NGS Super can help you understand and balance these 3 objectives to meet your personal situation and retirement income goals.

4.2 Reflecting the needs of different member groups

Because it is difficult to develop a strategy to suit the individual needs of each member, NGS Super has identified broad groups of members with different retirement income needs as they relate to the 3 retirement income objectives noted above.

In dividing members into different groups, the following factors were taken into consideration:

- retirement age
- superannuation account balances
- expected eligibility for the age pension
- whether a member is partnered or single
- home ownership (with or without a mortgage)/rental status, and
- financial assets held outside superannuation.

Behavioural biases were also factored into creating the groups with particular attention given to:

- Desired levels of support. This recognises that some members are disengaged with their superannuation, some members are open to receiving information and support about retirement and income decisions, while others are proactive about seeking financial advice.
- Attitudes to retirement income risks such as investment, inflation and longevity.

The membership groups identified include:

- Self-funded retirees
- Part age pension (Medium dependency on age pension)
- Part age pension (High dependency on age pension)
- Full age pension.

4.3 Recognising members need different levels of support

NGS Super recognises that different members seek different levels of support when planning for and managing their retirement income. Some members want to make their own decisions with no assistance, some want help (which may include limited or comprehensive financial advice), whilst others would like NGS Super to make decisions for them.

5. OUR RETIREMENT INCOME STRATEGY

To help members identify their retirement income objectives, including the right balance that meets their needs and access to the support that best suits them, our Strategy includes the following elements:

- support, guidance, and assistance for members as they approach and enter retirement
- appropriate retirement income products and services
- ongoing support and assistance for members in retirement
- access to advice (including personal advice) to help members with their retirement income decisions.

Each of these elements are discussed in more detail below.

6. SUPPORT, GUIDANCE AND ASSISTANCE FOR MEMBERS APPROACHING RETIREMENT

NGS Super recognises the importance of helping members prepare for their retirement. Rather than just focusing on their final super balance, members need information to help them make informed decisions about the income they'll need to support the sort of life they want to have in retirement. With this in mind NGS Super has a range of information, services and tools available to help members make these important decisions in this pre-retirement phase.

Support currently available to members

The **Preparing for retirement** section of our website includes:

- An online "Retirement Quiz", designed to help members understand how much money they will need in retirement to meet both comfortable and modest living standards.
- The NGS Super Retirement Calculator which helps members work out their expected account balance at their planned retirement date, and what level of income this will provide in retirement, expressed in real terms. This helps members understand when their super income may run out and how it interacts with the age pension. The Calculator also allows members to see the impact of different investment options on their account balance.
- Education delivered through the *NGS MoneyCoach* learning modules on retirement topics such as eligibility for the age pension, aged care needs and drawing down capital as a form of income.
- Access to NGS Super's Financial Advice Helpline, Customer Relationship Managers, and NGS Financial Planners to help them to work out and plan for their retirement income needs.
- Services available through the **Member Online** Portal include:
 - An interactive projection tool to help members plan their retirement income.
 - A Risk Attitude Quiz.
 - E-advice functionality supporting decisions about investment selections and retirement income adequacy.

NGS Super also sends members regular communications including quarterly newsletters, email and call campaigns, as well as webinars covering with content relevant to when approaching retirement.

Possible future improvements

An example of possible improvements to guidance and support for members approaching retirement includes additional educational content and improved tools offered to assist them with their retirement journey.

7. SUPPORT, GUIDANCE AND ASSISTANCE FOR MEMBERS ENTERING RETIREMENT

NGS Super understands that members need to balance the objectives of maximising their retirement income, with access to funds and income stability as they enter retirement. We also recognise that members will have different needs and place different priorities on each of these objectives. The following information, support and tools are currently available to help members with these decisions as they enter retirement.

Support currently available to members

The **Start my retirement** section of our website includes:

- Information regarding how to access super in retirement, as well as account-based pensions, transition to retirement arrangements and eligibility for the age pension.
- Education delivered through the *NGS MoneyCoach* learning modules on retirement topics such as eligibility for the age pension, aged care needs, drawing down capital as a form of income.
- Access to NGS Super's Financial Advice Helpline, Customer Relationship Managers, and NGS Financial Planners to help members consider their retirement income needs.

NGS Super also sends regular communications including quarterly newsletters, email and call campaigns and webinars covering content relevant to members entering retirement.

Possible future improvements

An example of possible improvements to guidance and support for members entering retirement includes new targeted campaigns and streamlining processes for transitioning between Accumulation and Retirement.

8. RETIREMENT INCOME PRODUCTS

NGS Super offers members retirement income products that are appropriate to their needs and complement their other sources of retirement income (e.g. the age pension and other savings).

Current products and features

Our current retirement income products include:

- An account-based pension product.
- A TTR account-based pension product tailored for pre-retirees.

We offer a comprehensive suite of investment options as part of our account-based pension and TTR product offerings to address members' different investment risk preferences. They include pre-mixed and sector-specific options as well as a direct investment platform.

Our disclosure material provides detailed information on the investment strategy, the targeted long-term returns and expected volatility of each investment option.

NGS Super continuously evaluates our product offerings to ensure that the investment menu appropriately manages expected risks for members. In accordance with our product governance policies, we monitor whether our retirement income products:

- are distributed in accordance with our product design and distribution obligations, and
- promote the financial interests of beneficiaries under our framework of obligations to members.

Possible future improvements

An example of possible improvements to the retirement products currently offered includes reviewing the solutions for dealing with risks in retirement.

9. ONGOING SUPPORT, GUIDANCE AND ASSISTANCE FOR FUND MEMBERS IN RETIREMENT

For members living in retirement it is important that they have access to the support, guidance and assistance they need to balance: maximising their income over retirement, managing risks to make sure their income is sustainable and stable, and flexible access to their funds. NGS Super has a range of information, services and tools available to support members in retirement.

Support currently available to members

The **Manage my retirement** section of our website includes:

- Information about the tax-free benefits of an account-based pension and eligibility requirements for accessing super in retirement.
- Information about account payment options, (including minimum drawdowns) and beneficiary nominations.
- Education delivered through the *NGS MoneyCoach* learning modules on retirement topics such as eligibility for the age pension, aged care needs, and how to draw down capital as a form of income.
- Access to NGS Super's Financial Advice Helpline, Customer Relationship Managers, and NGS Financial Planners to help members consider their retirement income needs.

NGS Super also sends members regular communications including quarterly newsletters, campaigns and webinars covering relevant retirement topics and content.

Possible future improvements

An example of possible improvements to guidance and support for members in retirement includes additional educational content on managing risks in retirement.

10. ACCESS TO ADVICE

Planning for and managing income in retirement involves multiple decisions which can be difficult for many members. NGS Super makes information and education available to members through a range of channels, and understands that some members will benefit from professional support and financial advice.

We make tailored personal financial advice available to all members in addition to the information and general advice available via our Customer Relationship Managers, our website, our campaigns and regular communications.

Advice services currently available to members

NGS Super currently offers members:

- intrafund advice (at no additional member cost) on a range of topics via our Customer Relationship Managers (Super Specialists) either face-to-face or over the phone
- intrafund advice via e-Advice on investment selection
- and full comprehensive financial advice to all members (at member's cost) via NGS Super Financial Planners.

Possible future improvements

An example of possible improvements to advice for members includes expanded online eAdvice modules.

More information?

Contact us

You can contact us at ngssuper.com.au/contact-us or call us on **1300 133 177** Monday to Friday 8am–8pm (AEST or AEDT).

Phone number for callers outside Australia **+61 3 8687 1818**

Fax: **(03) 9245 5827**

Postal address:

**GPO Box 4303
MELBOURNE VIC 3001**

Need help?

We offer single-issue advice limited to your NGS Super account at no cost:

- over the phone through our Financial Advice Helpline or
- through our **Customer Relationship Managers** who may be able to meet face-to-face.

Further, we offer low-cost tailored advice through NGS Financial Planning on all your financial needs — not just your super.

To make an appointment phone us on **1300 133 177** or complete the **Financial planning enquiry form** on our website at ngssuper.com.au/advice

Important information

The information provided in this policy document is general information only and does not take into account your objectives, financial situation or needs. Before making a financial decision, please assess the appropriateness of the information to your individual circumstances and consider seeking professional advice.

NGS Financial Planning Pty Ltd, ABN 89 134 620 518, is a corporate authorised representative #394909 of Guideway Financial Services Pty Ltd, ABN 46 156 498 538, AFSL #420367 and offers financial planning services on behalf of NGS Super ABN 73 549 180 515.

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