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Super

# Target Market Determination

*NGS Income account*



# About this document

**This target market determination (TMD) seeks to provide consumers, distributors and staff with an understanding of the group of consumers which this product has been designed for, having considered the objectives, financial situation and needs of the target market.**

This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. Consumers must refer to the **NGS Retirement Product Disclosure Statement (PDS)** and other relevant material when deciding about this product.

## Product Disclosure Statement for this target market determination

- **NGS Retirement PDS**

## Other relevant documents

**The NGS Income account is mentioned in the following document and the TMD applies accordingly:**

- **NGS Self-Managed Direct Investment Option guide**

# Important dates

This target market determination is effective from	<b>01 November 2023</b>
This target market determination will next be reviewed on	<b>05 October 2024</b>

# Target market for the NGS Income account

The NGS Income account is an account-based pension product for consumers who have met a condition of release for their super savings.

The table below describes the classes of consumers that the product is designed for.

<b>Consumer class</b>	Consumers who have permanently retired or are aged 65 and over with a minimum opening balance of \$20,000.
<b>Typical age range</b>	65 +
<b>Typical employment status</b>	Retired. Employed. Not employed.
<b>Likely objectives</b>	To receive a regular income stream in retirement from their retirement savings with flexibility of payment frequency and amount. To receive lump sum payments to meet ad-hoc expenditure requirements. To grow retirement savings in a tax-effective investment, with investment earnings taxed at 0% with a selection of investments and risks.
<b>Likely financial situation</b>	Continue to hold retirement savings in a tax-effective investment. Regular income stream from a tax-effective retirement product to fund living expenses in retirement. May receive income from part-time employment. May receive Age Pension payment.
<b>Likely needs</b>	Ability to choose how their retirement savings are invested from a range of investment options with short-term and long-term investment time horizons and different risk profiles. Ability to access to general or personal financial advice related to retirement planning. Ability to fund ad-hoc expenses as they arise Ability to fund ongoing cost of retirement living.

## This product is not designed for consumers who:

- have not met a superannuation condition of release
- have less than \$20,000 in superannuation
- do not want to draw income from their retirement savings
- are looking for a guaranteed income stream.

## The most common superannuation conditions of release to access superannuation monies include:

- reaching preservation age and retiring permanently
- changing jobs on or after reaching age 60
- turning 65 years of age (even if not retired)
- becoming permanently incapacitated or having an entitlement to a death benefit which is preferred to be received as a regular income payment.

## Preservation age

Consumers born before 1 July 1964	<b>Preservation age has been reached</b>
Consumers born after 1 July 1964	<b>Preservation age is 60</b>

## Product description and key attributes

**NGS Super designs its products and services to ensure our members get the most out of their retirement savings. We do this by ensuring easy access to the information they need, at the right time and through the channel that suits them (digital, phone, virtual or face-to-face). We believe financial advice empowers members to make decisions that lead to better retirement outcomes.**

### The key attributes of the *NGS Income account* include:

- access to a flexible and tax-effective means of converting retirement savings into a regular income stream, with flexibility around the frequency and value of income payments
- access to a self-managed direct investment option (DIO) which provides access to shares, exchange-traded funds (ETFs) and term deposits, catering for all risk appetites from very low to very high
- access to personal financial advice through NGS Financial Planning for an additional fee
- access to a range of investment options including pre-mixed and sector-specific options
- access to education and online account self-service, including:
  - 24/7 online access to view and update account details
  - free webinars, seminars and online financial education.

# Objectives, financial situation and needs

## Investments

### Investment options with a higher focus on growth

The options with a higher allocation to growth assets are likely to have higher risks associated with market volatility but are more likely to have higher returns over the medium to long term.

They are designed to be invested for the medium to long term and are more likely to be suitable for consumers saving for retirement. They are also suitable for consumers with a medium to long-term investment horizon, depending on the option.

These options are unlikely to be suitable for consumers who are not willing to accept an increased level of volatility in returns, including a risk that returns may be negative at times.

There are more details in the table below.

Investment option	Consumer investment aim aligned with	Consumer minimum investment timeframe	Consumer risk tolerance based on the expected frequency of a negative return over a 20-year period
<b>Diversified</b>	Achieving a net investment return 3% above the Consumer Price Index (CPI) p.a. over rolling 10-year periods.	Consumers should be prepared to stay invested in this option for at least 7 years.	3.5 years in 20
<b>High Growth</b>	Achieving a net investment return 4% above CPI p.a. over rolling 10-year periods.	Consumers should be prepared to stay invested in this option for at least 7 years.	3.7 years in 20
<b>Balanced</b>	Achieving a net investment return 2% above CPI p.a. over rolling 10-year periods.	Consumers should be prepared to stay invested in this option for at least 5 years.	2.6 years in 20
<b>Indexed Growth</b>	Achieving a net investment return 3% above CPI p.a. over rolling 10-year periods.	Consumers should be prepared to stay invested in this option for at least 10 years.	5.2 years in 20
<b>Retire Plus</b>	Achieving a net return 4% above CPI p.a. over rolling 10-year periods.	Consumers should be prepared to stay invested in this option for at least 5 years.	2.7 years in 20
<b>Australian Shares</b>	Outperforming the S&P/ASX300 Total Return Index (adjusted for implied superannuation tax and/or franking credits, where applicable) over the medium to long term.	Consumers should be prepared to stay invested in this option for at least 12 years.	6 years in 20
<b>International Shares</b>	Outperforming the MSCI ACWI ex Aust Index (in AUD, adjusted for implied superannuation tax and/or franking credits, where applicable) over the medium to long term.	Consumers should be prepared to stay invested in this option for at least 12 years.	6.4 years in 20
<b>Infrastructure</b>	Achieving the equivalent return of the FTSE Developed Core Infrastructure 50/50 Net Total Return Index (Hedged to AUD, adjusted for implied superannuation tax and/or franking credits, where applicable) over the medium to long term.	Consumers should be prepared to stay invested in this option for at least 12 years.	7.2 years in 20

Investment option	Consumer investment aim aligned with	Consumer minimum investment timeframe	Consumer risk tolerance based on the expected frequency of a negative return over a 20-year period
<b>Property</b>	Outperforming the equivalent return of the FTSE EPRA/NAREIT Developed Net Total Return Index (Hedged to AUD, adjusted for implied superannuation tax and/or franking credits, where applicable) over the medium to long term.	Consumers should be prepared to stay invested in this option for at least 12 years.	7.4 years in 20
<b>Self-Managed Direct Investment Option (DIO)</b>	Investing directly into shares from the S&P/ASX 300 Index and a selection of exchange traded funds and term deposits.	Consumers should be prepared to stay invested in for at least 10 years for ASX listed securities / exchange traded funds and for the full term of any term deposit selected.	Not applicable as member chooses investments.

**Note: Investments in the Self-Managed DIO:**

- must have a minimum account balance of \$7,000
- must keep at least the higher of \$2,000 or 20% of the total balance in other investment options for each relevant NGS account
- minimum amount in the cash hub is \$500
- the maximum invested is 80% of account balance
- minimum amount transferred is \$500 at any time
- will have a lower focus on growth assets if the consumer only invests in term-deposits.

## Investment options with a lower focus on growth

The options with a lower allocation to growth assets are likely to have a lower risk that retirement savings are going to be eroded by investment performance and therefore provide better capital preservation. These options are also more likely to have lower returns over the medium to long term.

These options are likely to be suitable for consumers seeking to preserve their capital within retirement. They will not likely be suitable for consumers seeking higher growth in retirement and/or who are willing to accept higher market volatility.

Investment option	Consumer investment aim aligned with	Consumer minimum investment timeframe	Consumer risk tolerance based on the expected frequency of a negative return over a 20-year period
<b>Defensive</b>	Achieving a net investment return 1% above CPI p.a. over rolling 10-year periods.	Consumers should be prepared to stay invested in this option for at least 3 years.	1.5 years in 20
<b>Diversified Bonds</b>	Outperforming a weighted index of 50% Australian - Bloomberg AusBond Composite Bond 0+YR and 50% International - Bloomberg Barclays Global Aggregate Index (hedged to AUD, adjusted for implied superannuation tax and/or franking credits, where applicable) over the medium to long term.	Consumers should be prepared to stay invested in this option for at least 5 years.	2.2 years in 20
<b>Cash and Term Deposits</b>	Achieving a net return that matches or exceeds the RBA cash rate (adjusted for implied superannuation tax and/or franking credits, where applicable).	Consumers should be prepared to stay invested in this option for at least 1 year.	Negligible

Read the **NGS Retirement PDS** for more information.

## Regular payments

Flexibility of regular income payments as follows:

Payment frequency available: fortnightly, monthly, quarterly, six-monthly, annually

Payment amount: can be chosen but the legislated minimum amount must be received for the financial year.

Read the **NGS Retirement PDS** for more information.

## Consistency between target market and the product

The **NGS Income account** product is regularly reviewed to ensure it provides the investment options, product features and service to meet its target market member needs.

The key **NGS Income account** features supporting the target market member needs includes:

Consumer target market	NGS Income account offer
To receive a regular income stream in retirement from their retirement savings with flexibility of payment frequency, and amount.	Eligible members can access their super upon meeting a condition of release and in accordance with superannuation law.
Ability to receive lump sum payments.	Lump sum withdrawals can be received on request.
To continue to grow their retirement savings in a tax-effective investment.	Competitive fees and investment returns, with investment earnings taxed at 0%.
The ability to choose how their retirement savings are invested from a range of investment options with short-term and long-term investment time horizons and different risk profiles.	A range of investment options with varying investment objectives, asset class exposure, investment risk and timeframes, to meet target members' investment objectives.
Access to general or personal financial advice.	A range of education and advice services supporting members understanding of and engagement with the product offer and features available.

Based on our assessment, we believe that the **NGS Income account** is likely to be consistent with the objectives, financial situation and needs for consumers in the target market.

# How this product is to be distributed

## Distribution channels

This product is designed to be distributed through the following direct-to-public channels:

- NGS website **[www.ngssuper.com.au](http://www.ngssuper.com.au)** (via Member Join Online or the application form located in the PDS)
- NGS Customer Relationship Managers
- NGS Helpline
- NGS Financial Advice Helpline
- Financial advisers.

## Distribution conditions

This product should only be distributed under the following circumstances:

- The consumer is an individual who is resident in Australia
- The consumer joins through a stated distribution channel
- Financial advisers must be acting in reliance on an appropriate authorisation under an Australian financial services licence and in accordance with code of ethics and legislative requirements
- The consumer is considered within the target market outlined in this document unless personal advice has been provided
- The product application eligibility terms and conditions stated in the **NGS Retirement PDS**, and other related material have been met.

## Adequacy of distribution conditions and restrictions

The above distribution conditions and restrictions have been determined as appropriate as they will control the distribution of the product to consumers likely to be in the target market aligned to the *NGS Income account* offer.

# Reviewing this target market determination

We will review this target market determination as follows:

<b>Next periodic review</b>	5 October 2024
<b>Review period</b>	This target market determination will be reviewed at least every 12 months.
<b>Review triggers or events</b>	<p>There are several events or circumstances that could arise which may trigger a TMD review or update prior to the next periodic review. This may include the following events/ review triggers:</p> <ul style="list-style-type: none"> <li>• material changes to the design or distribution of the product</li> <li>• the occurrence of a significant dealing outside the target market, including sub-markets</li> <li>• distribution conditions found to be inadequate</li> <li>• external events such as adverse media coverage or regulatory attention on the product, and</li> <li>• significant changes in metrics which may indicate a material change to the product’s usage. These metrics include, but are not limited to, complaints, investment performance relative to benchmarks and number of members exiting the product.</li> </ul>

When NGS Super becomes aware that a review trigger has occurred, or an event/circumstance has occurred that would reasonably suggest that the TMD is no longer appropriate, we will review this target market determination within 10 business days.

# Reporting and monitoring this target market determination

We will collect the following information from our distributors in relation to this TMD.

<p><b>Complaints</b></p>	<p>Distributors must report all complaints in relation to the product(s) covered by this TMD on a quarterly basis. This will include written details of the complaints and general feedback relating to the product and its performance.</p> <p>All product related complaints and feedback will be received from all distribution channels within 10 business days after the end of every quarter.</p>
<p><b>Significant dealings</b></p>	<p>A significant dealing is an event which has occurred which has resulted in a financial product being sold to consumers who are outside of the product’s target market and has impacted a material number of members over an extended time period, causing actual financial harm to the affected members.</p> <p>Distributors will report if they become aware of a significant dealing in relation to this TMD within 10 business days.</p>

## Need more information? Contact us

You can contact us at [ngssuper.com.au/contact-us](https://ngssuper.com.au/contact-us)

call us on **1300 133 177**, Monday to Friday, 8am–8pm (AEST/AEDT)

Postal address: **GPO Box 4303 Melbourne VIC 3001**

[ngssuper.com.au](https://ngssuper.com.au)