



Retirement Income Strategy Summary

1 July 2022

1. About the strategy

AMIST Super's Retirement Income Strategy (the Strategy) addresses how we will help our members achieve and balance the three strategic objectives:

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

2. Data relied upon to develop the strategy

In developing the Strategy the Trustee has taken into account:

- internal research based on our existing members and their behaviours
- ABS data such as the Survey of Income and Housing
- Information from the Australian Institute of Health and Welfare with particular focus on data regarding rural and remote communities
- Data from Services Australia
- MoneySmart calculators from moneysmart.gov.au
- Assumptions around house ownership, age pension rates, and salary

3. Who does the strategy apply to?

This Retirement Income Strategy applies to members of the fund who are retired and those who are approaching retirement.

The AMIST Super Trustee ('Trustee') has determined three separate cohorts of members, who together comprise this group. Each cohort is expected to have different objectives, financial circumstances, and needs, and requires a different approach from the Trustee in achieving and balancing strategy objectives.

In determining these cohorts, we referred to our business planning and member outcomes assessment.

It is important to note that these cohorts are set at a strategic level. They are established only to enable us to address how we will help our members achieve and balance the strategy objectives. They are not intended to be commensurate with any particular member's experience or constitute a recommended pathway for any individual.

Late accumulators

These are members who are over 50 and under their preservation age. AMIST Super's overarching objective for these members is to help them accumulate as much wealth as possible to ensure a comfortable retirement.

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Transition to retirement ready

These are members who have reached their preservation age and are still receiving employer contributions. AMIST Super's overarching objective for these members is to ensure they have awareness of and access to products and services to allow them an optimal transition from the accumulation to the drawdown phase, striking the right balance between wealth and lifestyle.

Retired

These are members who have finished working and are no longer receiving SG contributions. They may hold either our super product or pension product (or both). They rely on income from their super and other sources (including the age pension) to fund their lifestyles. AMIST Super's overarching objective for these members is to help them enjoy and maintain the best possible lifestyle in retirement, including through a superannuation pension if this meets their needs.

4. What is retirement income?

For the purposes of its Strategy, the Trustee has determined that retirement income means net income received by a member from superannuation and from the age pension. These are the primary sources of income that we expect most AMIST Super members will use to fund their retirement.

5. What is the period of retirement?

For the purposes of its Strategy, the Trustee has determined that the period of retirement is the time from a member's retirement to their death. While every member is different, to allow us to consider how we will meet the strategy objectives, we have calculated an indicative period of retirement of 25 years – this is based on the average retirement age for AMIST Super members of 65 and the adjusted average life expectancy of 90.

6. Achieving and balancing the strategy objectives

6.1 Achieving Objective 1 – Maximising Retirement Income over the period of retirement

Late accumulators:

The Trustee has determined that the key to maximising retirement income for this group is boosting the super balance up to the point of transition to the next cohort. This is because in increasing the balance, potential retirement income is also maximised. The most important factors in achieving this are additional contributions and investment returns.

AMIST Super has planned campaign education pieces aligned with this cohort to increase their awareness of the potential long-term benefits of making additional contributions.

To help members aligned with this cohort to maximise their retirement income AMIST Super will continue to expand its education campaigns around investment options to ensure members are making an informed decision and are aware of the help they can get to make this decision as part of their membership (intra fund advice).

These campaigns will draw on available research to optimise their effectiveness, and we will monitor member behaviour so that effectiveness can be observed and ultimately improved over subsequent years.

Transition to retirement ready

The trustee has determined that the key to maximising retirement income for these members is by ensuring members are aware of the potential lifestyle and tax benefits of setting up a transition to retirement (TTR) pension. Investment returns are also important for this cohort.

The most important factors in maximising retirement income for this group are education on how TTR can benefit and investment option information.

AMIST Super has a focus on member services and our team of Client Service Managers are talking to members on worksites we visit on a regular basis. We also offer workshops and seminars for members around transition to retirement and approaching retirement.

Retired

The trustee has determined that the best methods to maximise retirement income for these members are via the AMIST pension (if it meets their needs); by maximising their age pension entitlements; and through choosing investment options that best meet their needs, risk tolerance and time horizon.

AMIST Super will investigate methods of increasing our communication to these members to seek further engagement, as we can't reach them via the usual channels of our Client Service Managers via worksites. We will look to expand our digital interactions with this cohort and investigate updating the AMIST Super website with more content for our retiree's and approaching retirees via a Retirement Information Kiosk that will focus on:

- the product and its attributes and benefits,
- the investments,
- the availability of advice (including assistance on maximising the Government pension),
- links to MoneySmart calculators
- links to eligibility for the aged pension and links to a service to assist with application,
- links to 'Services Australia' for other government benefits
- other relevant content

6.2 Achieving objective 2 - Managing expected risks to sustainability and stability of retirement income

All cohorts

AMIST Super seeks to assist members to manage expected risks to the sustainability and stability of retirement income of the following kinds:

1. Longevity risk
2. Investment risk
3. Inflation risk

Investment education

The factor that AMIST Super has the greatest ability to influence relates to how members' super is invested, and in doing our best to ensure members are invested in an option that suits their objectives, financial situation and needs, no matter their stage in life. AMIST Super will continue to enhance member education to create awareness of the investment options available, the associated risks, and the means by which members can get help in making a choice through the simple advice services included in their membership fee or via more personal advice under a fee for service model.

AMIST Super is also considering the benefits of robo-advice and investment option choice calculators, as the majority of our members live rurally/regionally and face to face advice is difficult for many. We intend to begin by investigating if it would be well received by our membership.

We consider that the MySuper/Balanced options remain appropriate for disengaged members, and appropriately balances the relevant risks.

Age pension

We acknowledge the safety net provided by the government age pension with regard to managing these risks. For most AMIST Super members the prospect of relying solely on their super in retirement is unlikely. We will look at how we can better provide relevant information about the government pension to our members.

6.3 Achieving Objective 3 – Flexible access

AMIST Super enables flexible access by having a full featured, flexible pension product, that allows a broad range of payment frequency options, ability to draw amounts less than \$10,000 via an online request and the option to draw down from specific investments.

Late accumulators

Late accumulators, planning for the future, are expected to value flexible access to their super when they are ready to start drawing down such as when they are 'Transition to retirement ready' or reach the 'Retired' stage.

Transition to retirement ready

The most critical factor in addressing this element for this cohort is the availability of a transition to retirement pension. This gives members the flexibility to begin drawing down on their super earlier and offers a range of potential lifestyle and tax benefits depending on an individual's circumstances. AMIST Super offers such a product. However, the next important step in helping this cohort achieve greater flexibility is ensuring awareness of the benefits. Key to this will be a continuation of AMIST Super's education and marketing strategy to individuals who may be at this stage or approaching it.

Retired

Similar to the Transition to retirement ready cohort, the key to assisting this group is availability and awareness of a pension product. A continuation of existing education and marketing programs will be used to assist members to achieve this particular objective.

We will continue to consider the needs of our members as they evolve and seek to meet any desire for greater flexibility of access through enhanced products.

Balancing the three strategy objectives

AMIST Super recognises that the three objectives can be in conflict, and that a balanced approach is needed. In particular, in relation to objectives 1 and 2, we acknowledge the need to help members understand the trade-off between risk and return, and to ensure they have access to help in making a decision that strikes the right balance for them. Also, in meeting objectives 2 and 3, wanting to encourage longevity of the product but also allow flexible access. This will inform the relevant AMIST Super communications. As we continue to monitor and review the outcomes of the strategy, and the strategy itself, new insights regarding balancing the different objectives are expected to emerge.

Review and update

This strategy, including its appropriateness, effectiveness, underlying assumptions and data, and adequacy, will be reviewed every three years. Outcomes against the strategy will be reviewed each year.