Retirement Income Optimiser

More retirement options later. No action needed today.

Keep more options open for your future retirement decisions, without changing how your super works today.

Keep future retirement options open

Retirement Income Optimiser helps keep more retirement options available to you in the future, without requiring you to make retirement decisions today.

The feature works in the background of your eligible FirstChoice super account. Your investments, contributions and account settings continue as normal, with no money set aside or locked away. When the time comes, you, with the support of your financial adviser, can consider whether a CFS lifetime pension may fit your broader retirement strategy.

What is a CFS lifetime pension?

The CFS lifetime pension is designed to pay you a regular income for life. It is an Innovative Retirement Income Stream, sometimes called an IRIS, which is a specific type of lifetime income solution.

Think of this product as one piece of your retirement picture. It can work alongside:

- an account-based pension (which gives you flexible access to your money)
- the Age Pension, if you're eligible.

A benefit at Age Pension time

When Centrelink works out your Age Pension, it looks at both your income and your assets. Generally, the lower the amount assessed under the assets test, the higher your Age Pension may be.

If you commence a CFS lifetime pension in the future, because it is classified as an IRIS, not all of your money is counted. Only part of what you put in is assessed.

Centrelink will assess:

- **60% of the Purchase Amount** when the lifetime pension starts
- **30% of the Purchase Amount** later in life (typically from around age 85)

Because less of your money is counted, a lifetime pension may help you qualify for a higher Age Pension. Whether it actually does will depend on your personal situation, the product rules, and the government rules at the time.

You don't have to choose just one

A lifetime pension doesn't have to replace your account-based pension. When you retire, you can put some of your super into a lifetime pension and keep the rest in an account-based pension.

Together, this can give you the best of:

- income for life, from the lifetime pension
- flexible access and growth, from the account-based pension
- possible Age Pension support, if you're eligible.

What's right for you?

The right mix depends on things like your income needs, how much easy access to savings you want, your investment preferences, estate-planning wishes, and your Centrelink position. Your financial adviser can walk you through the options and help you decide what suits you best.

What is Retirement Income Optimiser?

Retirement Income Optimiser is a feature of eligible FirstChoice super accounts.

It keeps track of a separate value, called the Purchase Amount, while your money remains in super. If you later choose to use an eligible CFS lifetime pension, Centrelink may use this amount for the Age Pension assets test instead of the amount invested in the lifetime pension.

Because the Purchase Amount may be lower than your actual account balance, this could improve your Age Pension outcome and increase your overall retirement income, depending on your circumstances and the rules at the time.[1]

Centrelink then assess:

- **60% of the Purchase Amount** when the lifetime pension starts
- **30% of the Purchase Amount** later in life (typically from around age 85)

Eligible members in FirstChoice Wholesale Personal Super will have the feature automatically switched on, with the option to opt out at any time.

1 This feature allows your super balance to be assessed differently for social security purposes when you meet a specified condition of release and choose to start a CFS lifetime pension. This could impact social security benefits (if any) including potentially increasing your Age Pension

Your super continues to work as normal

Your investment choice stays in place

You can remain invested in your selected FirstChoice investment options. The feature does not require an investment switch.

There is no additional feature cost

There is no additional cost to keep Retirement Income Optimiser active. Existing account fees and insurance arrangements, where applicable, continue unchanged.

You keep contributing and accessing your super

You can continue making contributions, withdrawals, rollovers and transfers where permitted.[2]

The retirement decision remains yours

No money is locked away and no lifetime pension decision is required today. You can consider the option with your financial adviser when you meet a condition of release.

2 Transactions may affect the future Purchase Amount

How Retirement Income Optimiser works

While you are still in super

Works in the background

The feature keeps track of an estimated Purchase Amount using your starting balance, contributions and withdrawals, applying a rate linked to Centrelink deeming rules.

Keeps your account flexible

No money is carved out or locked away. You remain invested in your selected FirstChoice options.

Gives you time to consider your future

You do not need to decide today whether a lifetime pension will be right for you at retirement.

When you reach retirement

Choose whether to use the option

When you meet a condition of release, you can choose whether to commence an eligible CFS lifetime pension, when available, or decide not to use the option.

Choose how much to allocate

You can decide how much of your super to place in a lifetime pension and how much to transfer to an account-based pension.

Consider your whole retirement strategy

The value of the feature will depend on your balance, withdrawals, Age Pension position, chosen allocation and the rules applying at the time. Your financial adviser can help you assess these factors.

Case study: **Meet Alison**

Age: 47

Super balance: $200,000 in a FirstChoice Wholesale Personal Super account

Super Guarantee contributions: $12,000 p.a.

Retirement Income Optimiser? Yes, the feature is working in the background from age 47 until she retires at age 67

Alison's Super at 67

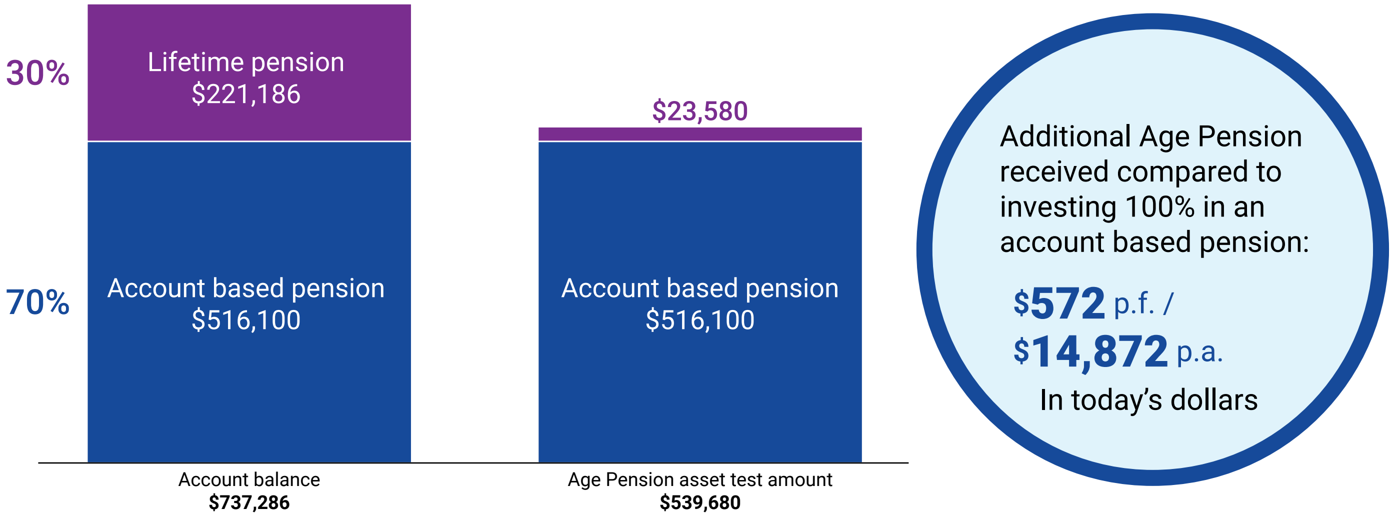
At retirement, Alison's super balance has grown to $737,286 (in today's dollars).

She decides to purchase an account-based pension with 70% of her super balance and allocates the remaining 30% to the lifetime pension.

Because of the Retirement Income Optimiser feature, when Centrelink calculate the assessable asset value of the lifetime pension, only $23,580 gets assessed.

The outcome: Alison receives an additional $572 per fortnight ($14,872 in the first year) in Age Pension (in today's dollars).

Alison's Super at age 67 = $737,286



Alison's retirement income projection

Retirement goal: $80,000 per year (in today's dollars)

Retirement income mix:

- Account-based pension
- Lifetime pension
- Age pension

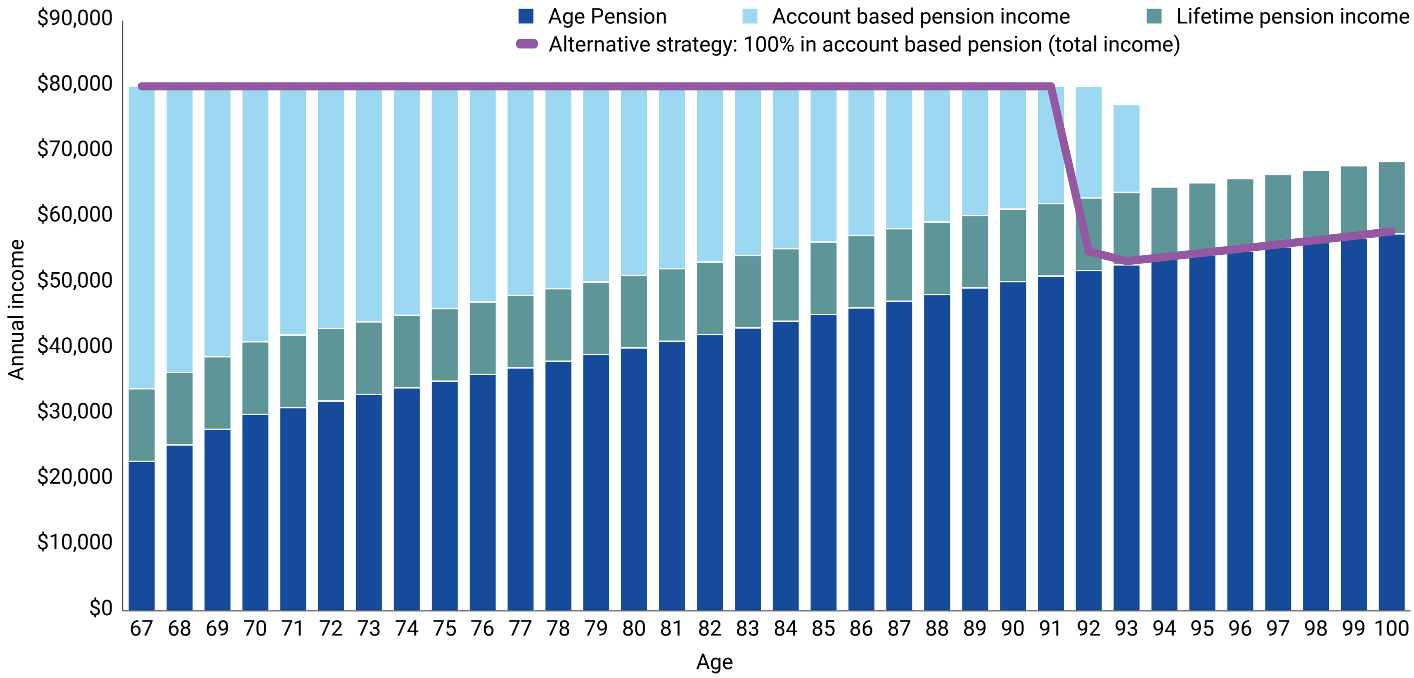
Will Alison achieve her retirement income goal?

Yes, Alison will meet her income goal until age 92. After that time, her account-based pension runs out but the lifetime pension continues providing an income for life.

Would Alison have achieved her retirement income goal for as long with a 100% account-based pension allocation?

No. If Alison had invested 100% in an account-based pension, her income in retirement reduces earlier as her account-based pension runs out sooner.

Under this strategy Alison receives a lower Age Pension and no payments from a lifetime pension, so she needs to draw higher payments from her account-based pension. Once the account-based pension runs out, she would rely on the Age Pension alone for her retirement income.



Assumptions

- All results in today's dollars (assuming CPI 2.5% p.a.).
- IRIS: 5% per annum annual payment indexed to CPI of 2.5%. As the lifetime pension product is not yet available in FirstChoice, this lifetime pension projection is for illustrative purposes only and does not represent the product features or recommendation on the annual payment rate.
- SG 12% on salary of $100,000 indexed at 3.7%
- Earning rate 6.2% (net of tax and fees) from age 47 to 65, and 6.7% p.a. (net of fees) from age 65 in accumulation super and account-based pension
- Assumed upper deeming rate 5% p.a. At age 67, deemed purchase amount $555,400 less account-based pension commutation $516,100 = $39,300. Centrelink assessable asset value = 60% × $39,300 = $23,580.
- Age pension calculation assumes $10,000 other assets and single homeowner
- Additional Age Pension of $572 per fortnight at age 67 compares Age Pension if superannuation 100% assessable in an account-based pension, compared to Age Pension if 30% invested in lifetime pension using the Retirement Income Optimiser feature and 70% in an account-based pension.
- Retirement income projection assumes Alison requires $80,000 p.a. (today's dollar) in retirement
- This image is for illustrative purposes only and does not constitute advice.

CFS Retirement Advantage™

Retirement Income Optimiser is one capability within CFS Retirement Advantage, a connected range of retirement solutions, expertise, tools and support, designed to help you prepare for and navigate retirement.

Frequently asked questions

Do I need to buy a lifetime pension now?

No. Retirement Income Optimiser preserves a future option. You do not need to make a lifetime pension decision until you meet a condition of release.

Does the feature change how my super is invested?

No. Your investment options, contribution strategy, account fees and insurance, where applicable, continue as normal.

Is any of my money locked away?

No. No money is set aside while you remain in super. Withdrawals, rollovers or transfers can still be made where permitted, although they may reduce the future Purchase Amount and any potential benefit.

If you choose to commence a lifetime pension at retirement, restrictions on accessing your money and death benefits may apply. These restrictions will be outlined in information on the lifetime pension product for you to consider.

Will everyone benefit?

Not necessarily. People who are already expected to receive the maximum Age Pension throughout retirement, or who are unlikely to qualify throughout retirement due to significant assets or income, may see no change. Any benefit will depend on your circumstances and the rules applying at the time.

Can I switch the feature off?

Yes. Eligible members can opt out. If you opt out, the separately tracked Purchase Amount will not be available for use with a future CFS lifetime pension.

What happens if I leave CFS?

The Purchase Amount is not portable to another super fund. If you roll your account away from CFS, the feature and its separately tracked Purchase Amount will not move to the receiving fund.

Is the CFS lifetime pension available now?

No. The CFS lifetime pension is in development, with launch currently targeted for FY28.