

Retirement Income Strategy Summary

1 July 2022



Supporting our retired members and members
who are approaching retirement

A summary of the Retirement Income Strategy (Strategy) for the benefit of members of Avanteos Investments Limited ABN 20 096 259 979, AFSL 245531 (AIL) also referred to as Colonial First State (CFS).



Our vision and purpose

For over 30 years, we've been helping Australians work towards a better financial future. Supporting them through their working lives and into a secure, enjoyable retirement.

Our vision is to be Australia's first choice for retirement and investment savings. Our purpose is to help Australians achieve financial freedom. We believe that everyone is entitled to a dignified retirement and having access to quality, affordable advice is an important part of this.

Our strategic objectives are to:

- Provide outstanding products and services to our customers and the advisers who support them,
- Help make advice affordable and accessible for Australians, and
- Be the most efficient provider of super and investment products and services.

About our Retirement Income Strategy

Everything we do revolves around one thing – helping our members achieve financial freedom in retirement.

Avanteos Investments Limited (AIL) is one of the subsidiaries of CFS, and is the Trustee for seven super funds (see the end of this document for details). The Strategy covers all members across these funds. As at 30 June 2022, AIL's membership base comprises more than 850,000 member accounts, totalling \$102.1 billion in funds under administration (FUA).

This large membership base means outside of the Government, AIL is one of the largest payers of retirement pensions in Australia.

The Strategy has been designed to support our members approaching and in retirement to meet their retirement goals by providing appropriate products, guidance, support and access to financial advice. We aim to make the retirement process personalised, clear and simple, all supported by digital enhancements and different levels of advice offerings.

We recognise members' needs are unique and our Strategy aims to balance the following objectives to support our members in achieving their retirement goals:

- Maximising expected retirement income,
- Managing expected risks to the sustainability and stability of members expected retirement income, and
- Having flexible access to expected funds during retirement.

What is retirement income?

We have defined retirement income as the after-tax sum of:

- income received from a pension from CFS, and
- income received from the Age Pension.

The period of retirement is defined, for each retirement member group, as the difference between the average age that members meet retirement and the average age at life expectancy.



Supporting members at different stages

To help target our strategy we have defined three primary groups:

- Pre-retirement,
- Early retirement, and
- Later retirement.

Within each of these three primary groups we have further considered members' demographics and defined cohorts of members with likely similar needs before and into retirement. For example, we have considered how to best support both those members currently working with an adviser and those who are tailoring their own retirement journey.

We have also considered how different account balances impact a member's needs at different stages of their retirement. This analysis recognises that members have different circumstances, and allows our Strategy and specific strategic goals to be more tailored to each cohort's needs.

Continuous improvement

In formulating the Strategy we conducted research, including a retirement survey with members, interviews, and analysis of AIL pre-retiree and retiree member data to better understand the makeup of our members. We will monitor the effectiveness of our strategy in supporting members before and into retirement and make appropriate adjustments if and when needed to ensure we are delivering the best outcomes to our members.



Pre-retirement

Members who are still working and have a superannuation or Transition To Retirement (TTR) product and are between the ages of 50 and 67.



Early retirement

Members who are retired and have a retirement product and are between the ages of 65 and 74.



Later retirement

Members who are retired and have a retirement product and are over the age of 74.

Focus areas of our Strategy

Through in-depth analysis of internally and externally available data and research to better understand how members plan and prepare for retirement, we have considered the different needs of our members and the role we can play in helping to meet these now and in the future.

We have identified the following three key areas we will focus on to help our members successfully navigate their retirement journey:

- 1 Retirement products and features,
- 2 Member engagement, and
- 3 Member experience.

We appreciate that it's often a combination of these focus areas at different stages that will help our members to fulfil their goals. Our Strategy spans these areas as needed to help meet different members' needs as they evolve over time.



Retirement Products & Features:

- Access to Account Based Pension (ABP) and Transition to Retirement (TTR) products to allow members to draw down their retirement savings and retain flexible access to their funds,
- Access to higher return options that members can select to help maximise funds in the lead up to and throughout retirement,
- Access to lower volatility options to help members manage risks to the sustainability and stability of their retirement income, and
- Access to annuity style products provided by AIA and Challenger to help our members to manage their longevity risks.

Planned enhancements:

- Expanding the suite of retirement focused investment options available for account based pensions helping to manage sequencing and investment risk,
- Improved access to solutions to assist members with managing longevity risk such as an expanded offering of annuity products and retirement income focused member reporting, and
- Enhancements to our pension offerings to better support non – advised members to both maximise and manage risks to the sustainability and reliability of retirement income.



Engagement:

- Access to a large selection of online information including articles and videos to help our members to better understand their choices before and into retirement.

Planned enhancements:

- Supporting members through access to high quality advice with tools such as Find an Adviser, and
- Targeted communications strategy to provide members with the right information at the right time so they can make more informed decisions about their retirement journey.



Experience:

- Access to a range of online tools and calculators such as the CFS retirement calculator and Budget Tool to assist members to better plan their likely income and capital needs in retirement, and
- Provision of phone based support and guidance on how our retirement products work to members.

Planned enhancements:

- Developing an expanded flexible advice offering to meet the varying level of support needs of members, and
- Digital uplift to integrate with tools and calculators to increase accessibility and enhance member experience.



Managing Risks

In developing the Strategy and identifying future enhancements to our retirement offering, we have considered these key risks and how we best assist members to mitigate these.



Longevity risk

A risk associated with members outliving their retirement savings.



Inflation risk

A risk that inflation may erode the value of retirement income.



Investment risk

A risk that includes market risk, which is the risk of variable or negative investment returns and sequencing risk, which is the risk loss due to converting assets to income at a disadvantageous time.

Funds included in the Strategy

AIL has developed the Strategy for the following superannuation funds:

- **Colonial First State FirstChoice Superannuation Trust** (ABN 26 458 298 557, RSE number R1056150)
- **Commonwealth Essential Super** (ABN 56 601 925 435, RSE Number R1075199)
- **Avanteos Superannuation Trust** (ABN 38 876 896 681, RSE number R1056594)
- **Star Portfolio Superannuation Fund** (ABN 24 276 733 959, RSE number R1073898)
- **Symetry Personal Retirement Fund** (ABN 24 685 968 122, RSE number R1056600)
- **Ultimate Superannuation Fund** (ABN 97 900 294 767, RSE number R1075236)
- **encircle Superannuation Fund** (ABN 68 486 630 403, RSE number R1073331)

Colonial First State (CFS) is Superannuation and Investments HoldCo Pty Limited ABN 64 644 660 882 and its subsidiaries which include Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232468 (CFSIL) and Avanteos Investments Limited ABN 20 096 259 979, AFSL 245531 (AIL). AIL is the Trustee and issuer of products for the following funds: Commonwealth Essential Super, Colonial First State FirstChoice Superannuation Trust, Avanteos Superannuation Trust, encircle Superannuation Fund, Star Portfolio Superannuation Fund, Symetry Personal Retirement Fund and the Ultimate Superannuation Fund.

Information on this page does not take into account your individual objectives, financial situation or needs. You can find the target market determinations (TMD) for our financial products at www.cfs.com.au/tmd, which include a description of who a financial product might suit. Before making any financial investment decision or a decision about whether to acquire a product offered by AIL, please obtain and consider the Financial Services Guides (FSG), applicable Product Disclosure Statement (PDS), and/or relevant offer documents relating to AIL products. You can get the FirstChoice PDSs and the FSG from www.cfs.com.au or by calling 13 13 36, FirstWrap PDSs and FSGs from www.firstwrap.com.au or your adviser, download the Essential Super PDS and Reference Guides at commbank.com.au/essentialinfo or call us on 13 40 74 for a copy. Originally published 1 July 2022, revised 6 Feb 2023.

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