

Retirement Income Strategy

When it comes to retirement, and income in retirement, multiple decisions and trade-offs may be involved. We recognise that it may be difficult for our members to choose an optimal strategy that will both meet and balance their retirement income needs.

Three important retirement income objectives members need to achieve, as well as balance, are:

1. **Maximising expected retirement income over their period of retirement**
2. **Managing expected risks to the sustainability and stability of their retirement income.** These risks include longevity risks, investment risks, inflation risks and other risks such as cognitive decline
3. **Having flexible access to expected funds over their period of retirement.**

We have formulated a strategy to help support and empower our members to make informed decisions when it comes to their retirement. As we don't know our members' individual circumstances or objectives, our strategy takes into account the general income needs of our members.

Who does this strategy cover?

This strategy is designed for existing Bendigo Superannuation Plan members who are aged 50 years or over.

Understanding our definition of 'Retirement income' and 'Period of retirement'

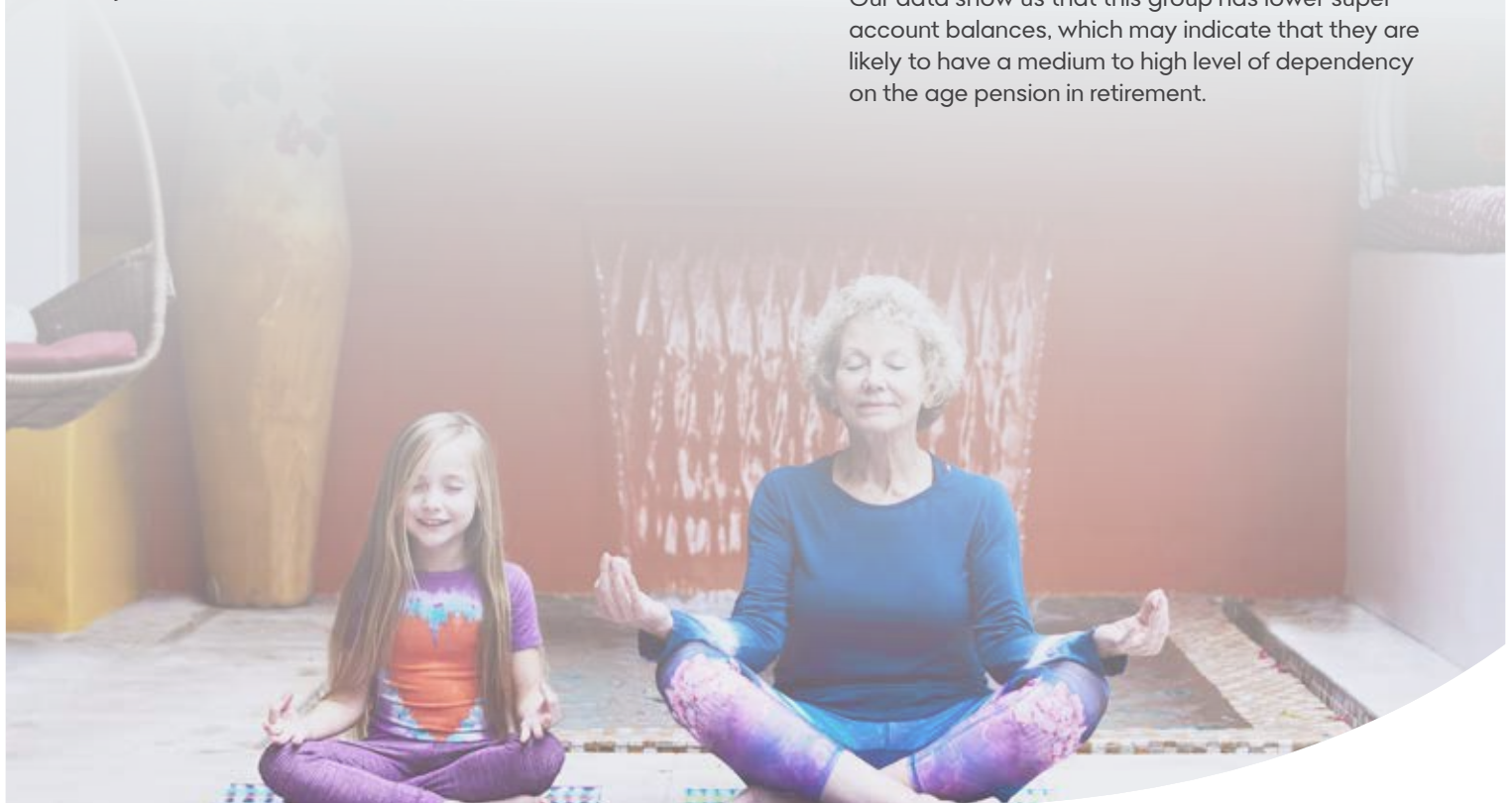
For the purposes of this strategy:

- **Retirement income** includes any payments a member receives from their account-based pension or accumulation account balance, as well as any receipts of the age pension (subject to eligibility).
- **Period of retirement** is from when the member retires from the workforce (or age 67 if earlier) to the date of death of the member.

Reflecting different needs for different groups of members

We have identified two groups of members who are likely to have different retirement income needs as they balance the above three retirement income objectives. These are:

- **Advised members:** this group of members have a financial adviser linked to their account. Based on our data, this group has higher super account balances, which may indicate that they are likely to have a low level of dependency on the age pension in retirement.
- **Non-advised members:** this group of members do not have a financial adviser linked to their account. Our data show us that this group has lower super account balances, which may indicate that they are likely to have a medium to high level of dependency on the age pension in retirement.



Overview of Strategy

Advised members:

We recognise that a member's financial adviser is best placed to offer them tailored retirement advice which considers their personal circumstances and objectives. Therefore, our strategy for this group is to provide support and tools to supplement the member's relationship with their adviser.

These tools are the same as those provided in the strategy for non-advised members and are detailed below.

Non-advised members:

As this group does not have the support of a personal financial adviser, we recognise they may be more likely to rely on their super fund for support and guidance to plan for retirement. We are able to provide this in the following ways:

a) Support and guidance to members entering and approaching retirement

We recognise that members have different retirement income needs, and will place different prioritisation on each of the retirement income objectives.

In particular, we recognise the importance of assisting members approaching retirement to consider their retirement income holistically rather than solely focusing on the size of their superannuation account balance.

We will continue to provide:

- Access to a retirement tool which allows members to project their retirement income. The retirement tool incorporates the following factors:
 - » Current age, balance, contributions (personal and employer) salary,
 - » Target income, intended retirement age.
 - » Investment strategy, personal contributions both regular and one off.
 - » Fees, including insurance premiums and applicable advice fees.
 - » Ability to include partner information including all details above.
 - » Centrelink Age Pension assessment including assets outside of super.
 - » Career break/part time work.
- Access to educational articles that will empower members to make informed decisions when it comes to retirement.

b) Access to appropriate super and retirement income products

As members approach retirement, they have the option to stay with their Bendigo SmartStart Super® account, or set up a Bendigo Smartstart Pension® account.

Bendigo SmartStart Pension is our retirement income product and offers members the option to commence two types of pensions:

- **A standard pension** for members who have permanently retired and have reached preservation age
- **A Transitions to Retirement Pension** for members who have reached preservation age but are still working.

Bendigo SmartStart Pension offers a suitable mix of investment options to address members' different investment risk preferences. The default investment option for Bendigo SmartStart Pension is the Bendigo Conservative Index Fund.

These investment options are the same for both super and pension accounts. Members have the option to choose from the following:

Defensive, Conservative, Balanced, Growth and High Growth index options;

Defensive, Conservative and Balanced wholesale (active) options;

An Income Fund; and

A Cash Account.

In Bendigo SmartStart Super, the default investment option is Bendigo MySuper, an age-based lifecycle investment strategy. This means a member's super balance will be automatically invested in one of three age-based life stages, as follows:

Under age 55: Bendigo Growth Index Fund

Age 55 to 59: Bendigo Balanced Index Fund

Age 60 and over: Bendigo Conservative Index Fund

We will regularly review these products to ensure the investment menu continues to allow members to appropriately manage expected risks.

In addition, we will also monitor whether our super and retirement income products:

- Are distributed in accordance with our product design and distribution obligations;
- Promote the financial interests of beneficiaries as part of our member outcomes framework obligations.

c) Support for members in retirement

Members in retirement can continue to access the retirement tool and educational material on our website.