

Centric



Retirement income strategy

Centric Super Fund

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Centric Super Fund (Centric Super or Fund) ABN 91 593 544 166AFSL 246 744 issued by Equity Trustees Superannuation Limited (ETSL or Trustee)
ABN 50 055 641 757 AFSL 229757.

Purpose

This document is a summary of the Trustee's Retirement Income Strategy (RIS or Strategy) for the Fund and seeks to provide key principles and set minimum requirements which apply to ensure that the Fund continues to meet the retirement income needs of its members, both in and approaching retirement.

The Trustee will review this RIS each year and update the strategy at least every 3 years.

Fund Overview

Fund strategy

The Trustee's overall objective for the Fund is to make a difference in members' lives by connecting them and their financial advisers to innovative financial solutions within the superannuation environment that promote better retirement outcomes.

Although the Fund is designed with a focus on members with the assistance of an adviser, the Trustee also implements policies and procedures designed to support those members who do not have an approved adviser for any reason.

Fund Offer

The Fund is accessed under advice via a member's nominated financial adviser and provides members with a highly competitive and value for money superannuation offer, that includes an account based pension product and a Transition to Retirement (TTR) Strategy.

The Fund offers two investment menus for all Members, the Centric Choice menu of ASX listed securities, managed funds and term deposits; and the Centric One menu that offers a range of models (including Trustee Directed Portfolios) with defined objectives.

The retirement income product for the Fund maintains the same breadth of investment choices as the accumulation offer, ensuring that members continue to have a broad range of appropriate investment choices, as recommended by their financial adviser.

Membership profile

As of 31 March 2024, approximately 70% of members were aged over 65 and 90% fell within the class of beneficiaries of the Fund who are either retired or are approaching retirement (i.e. aged 55 years or more): The current¹ Member profile of the Fund is shown below:

Age Group	Number of Members	Fund member %
Aged below 55	907	10%
Aged 55 – 64	1,842	20.3%
Aged over 65	6,365	69.9%
Total	9,114	100%

Retirement Income Strategy

The Retirement Income Covenant requires trustees of superannuation funds to have a strategy for members approaching and in retirement. Overall, the strategy considers the income needs of members and identifies the services and products that the fund is able to offer to its members.

For the purpose of the RIS, the Trustee has determined that age 50 is typically the age that members should start planning for retirement by both taking into account ABS research and recognising that the earliest members can start their account-based pension is when they reach preservation age (currently 55 years of age). Further, the Trustee’s determination extends to members who have attained age 55 fall within the class of beneficiaries of the Fund who are either retired or are approaching retirement. The Trustee has made this determination on the basis that the average age people intend to retire is 65.5 years, whilst the average age of all retirees is 56.3 years².

The Trustee has determined the “period of retirement” for a member to be the period from when a member selects to invest in a retirement income product, such as an account-based pension, until death. Life expectancy for a 65 year old is 85 for males and 87.7 for females. Hence this will typically be a period of at least 20 years.

Therefore, the aim of the strategy is to assist members to achieve and balance three key objectives over the above timeframes:

- **maximise expected retirement income** prior to and over the period of retirement;
- **manage the expected risks** to the sustainability and stability of retirement income over the period of retirement, including longevity risks, investment risks, inflation risks and any other relevant risks; and
- **have flexible access** to expected funds over the period of retirement.

This document provides a summary of how we intend to support the Fund’s membership base to achieve and balance these objectives.

¹ As at June 2024

² Australian Bureau of Statistics (Retirement and Retirement Intentions, Australia; 2020-21; released 29 Aug 2023)

Who is Covered by Our Strategy

The Trustee is required to determine the class of members who are retired or approaching retirement for the purposes of the Strategy.

ACCUMULATION	PRE-RETIREMENT	TRANSITION TO RETIREMENT	IN RETIREMENT
<ul style="list-style-type: none"> • Under preservation age, not met a condition of release • Growing their superannuation balance. 	<ul style="list-style-type: none"> • 50 – 60 years • Members in accumulation phase and still contributing to superannuation. • Have commenced planning for retirement or are thinking about it. 	<ul style="list-style-type: none"> • 60 to 75 years • Recently retired or transitioning to retirement. • Members in accumulation phase and may still be contributing to superannuation but potentially with reduced work hours and drawing a transition to retirement pension. 	<ul style="list-style-type: none"> • Members who have reached preservation age or met a condition of release • Members in an account-based pension product

Retirement Income

The Trustee recognises that everyone’s retirement journey is unique and so their income needs may differ depending on their circumstances. Consequently, the Trustee has determined “retirement income” comprises:

Income received by a member from the member’s superannuation assets within the Fund whether received in the form of a pension or lump sum withdrawals;

- Age Pension payments received by the member; and
- All other income that the member may receive in retirement including:
 - Income from other superannuation funds;
 - Non-superannuation income; or
 - All other income earned by a spouse or partner.

The Age Pension eligibility may be a key consideration of members’ retirement strategy. The table below provides an illustration for potential income sources in retirement based on members’ current financial position, including any age pension entitlements.

ASFA Retirement projections	Low projected account balance	Medium projected account balance	High projected account balance
Projected Superannuation Assets	Under \$200,000	\$200,000 to \$690,000	Over \$690,000
Potential Age Pension Entitlements	Full	Full / Part	Part / None
Other incomes	Superannuation savings	Superannuation savings and some savings & investments	Superannuation savings and other savings & investments

Retirement Products

The purpose of the Trustee RIS is to provide members with products, tools and resources to assist them in achieving their targeted outcome in retirement.

This section summarises a range of products that may be suitable for members seeking to grow their superannuation savings and an income solution in retirement.

Key features of Centric Super – Pension	
Who can invest	Individuals who: <ul style="list-style-type: none"> • have reached age 65 • have reached their preservation age and ceased employment • have reached their preservation age and are still employed (for transition to retirement pensions) • are eligible to receive a pension (pension or transition to retirement)
Choice of accounts	Through a nominated financial adviser: <ul style="list-style-type: none"> • Statement of Advice (SOA) Account, and • Managed Discretionary Account (MDA) Account (if your nominated financial adviser is licensed to provide services in respect of MDAs and you enter into an MDA Agreement)
Choice of investment menus	<ul style="list-style-type: none"> • Select from the following investment menu options: • Centric Choice Menu • Centric One Menu
Withdrawal management	Lump sum payments <ul style="list-style-type: none"> • Ability to withdraw lump sums if you have satisfied a condition of release Withdrawal strategy <ul style="list-style-type: none"> • If you have multiple Accounts under one Centric Super Portfolio, a withdrawal strategy can be set up to fund any outgoing payments.
Minimum withdrawal amount	Subject to statutory minimums

Pension payments	<p>You can receive your pension payments on one of the following options:</p> <ul style="list-style-type: none"> • twice monthly • monthly • quarterly • twice yearly, • or annually.
Death benefit beneficiary nominations	<ul style="list-style-type: none"> • Binding • Binding non-lapsing • Non-binding • Reversionary

Retirement Support

The purpose of the Trustee RIS is to provide members with products, tools and resources to assist them in achieving their targeted outcome in retirement.

This section summarises the support the Trustee has in place, or intends to implement, to assist members achieve and balance the retirement objectives.

Maximise expected retirement income

Together with their nominated adviser, the Fund supports members to achieve a level of income that meets their income needs in retirement through the provision of a digital first, online super platform with broad investment choice, comprehensive portfolio reporting and flexibility to establish an appropriate income stream.

In addition to the support provided to members by their nominated financial adviser, the Trustee and Fund makes the following support solutions available (centricwealth.com.au/retirement-income-strategy)

- **Calculators** – provide access to calculators to assist members in understanding their likely income and capital needs in retirement; and
- **Educational materials** – provide resources to help members understand more about their superannuation and key retirement topics.

Manage the expected risks

The Trustee will assist members with understanding key risks to the sustainability and stability of their retirement savings and income. Common risks include:

- **Longevity risk** – the risk that a member will outlive their retirement savings;
- **Investment risk** – spanning several risks that may impact a member’s ability to achieve the desired level of retirement income; and
- **Inflation risk** – the risk that a member’s income does not maintain its purchasing power over time.

To assist members in managing these risks, the Trustee has implemented the following assistance measures:

- **Investment choice** – The Trustee provides members with a range of investment options across various asset classes and different risk profiles to support a member’s retirement assets over varying horizons.
- **Annual performance review** – The Trustee conducts overall regular performance monitoring programs, including assessing each investment option’s returns against various thresholds and benchmarks. The

review highlights investment options that may have experienced a negative return over various time periods regardless of market movement and conditions. This information is available to members through various publications such as Fund Report, Annual Statement and member online access (where available).

- **Member communications** – To ensure members are aware of the potential risks to the sustainability and stability of their retirement income, the Trustee provides information through the following:
 - Mandated disclosures, such as Product Disclosure Statements, Target Market Determinations and Fund Reports;

Refer above to the additional support solutions that are available.

Have flexible access to expected funds

The retirement products that the Trustee offers to members provide them with full access to their superannuation capital once they have met a condition of release.

Refer above to the additional support solutions that are available.

DISCLAIMER

The information contained in this document is general information only and is not intended to be construed as either personal advice or a product recommendation.

You should make your own enquiries as to the suitability of a product for your personal financial needs and circumstances and obtain and read a copy of the relevant PDS (including any incorporated information and the Target Market Determination) for further information on its suitability before making an investment and/or insurance decision.

Equity Trustees Superannuation Limited (ETSL or Trustee) ABN 50 055 641 757 AFSL 229757, Trustee of the Centric Super Fund ABN 91 593 544 166 AFSL 246 744.