

HUB²⁴

HUB24 Super Fund Retirement Income Strategy

5 December 2024



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Purpose

This document is a summary of the Trustee's Retirement Income Strategy ('RIS' or 'Strategy') for the HUB24 Super Fund ('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.

This document is not a Product Disclosure Statement ('PDS'), it does not consider an individual's financial objectives, situation and needs and is not financial advice.

A consumer should refer to the relevant PDS (including any incorporated information and the Target Market Determination) when deciding if any product is suitable for them.

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 advisers to innovative financial solutions within the superannuation environment that promote better retirement outcomes. The overall strategy for the Fund is focused on continued growth and investment in product and technology solutions that can help members better engage with and grow, as well as drawdown on, their retirement funds.

Membership into the Fund is typically only possible through an approved adviser and, before a member is accepted into the Fund, a declaration is made by the member confirming that they have received professional advice which includes the formulation of an investment strategy that has taken into account their personal objectives, financial situation and needs. 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 provides members with accumulation and retirement income solutions with access to a broad range of investment options including managed funds, Australian and international listed securities, managed portfolios (managed by professional portfolio managers), term deposits, foreign currency, longevity products as well as access to externally supported annuity products.

Membership profile

As at 31 March 2024, approximately 26% of members were aged over 65 and 48% of members fell within the class of beneficiaries of the Fund who are either retired or are approaching retirement (i.e. aged 55 years or more):

Age Group	Number of members	Account balances (\$M)
Under age 55	71,055	\$8,386
Aged 55 – 64	29,530	\$9,402
Over age 65	35,675	\$14,345
Total	136,260	\$32,133

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 should consider 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 and 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 years¹.

The Trustee has determined the “period of retirement” for a member to be the period from when a member chooses 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.

Having regard to the above timeframes, the aim of the Strategy is to assist members to achieve and balance three key objectives over the above timeframes:

- **maximise expected retirement income** 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 Strategy provides a summary of how we intend to support the Fund’s membership base to achieve and balance these objectives.

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.

¹Australian Bureau of Statistics (Retirement and Retirement Intentions, Australia; 2020-21; released 29 Aug 2023)

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

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.

The Fund offers a Retirement Pension product, a Transition to Retirement Pension product, access to a broad range of investment products as well as access to retirement income solutions including longevity products and externally supported annuities.

Retirement Support

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

Maximise expected retirement income

The Trustee notes that a large majority of members in the Fund have an adviser and considers that personal advice will assist in maximising expected retirement income.

Non-advised members

To assist non-advised members in understanding how to maximise their retirement income, or to achieve a level of income that meets their income needs in retirement, the Trustee will provide, or implement solutions to provide:

- **Calculators** – Provide access to calculators to assist non-advised members in understanding their likely income and capital needs in retirement.
- **Educational materials** – Provide resources to help non-advised members understand more about their superannuation and key retirement topics by providing access to articles.
- **Member communications** – Provide targeted communications to non-advised members to assist with understanding the availability of assistance measures available to them as they approach retirement and during retirement.

Manage the expected risks

The Trustee notes that a large majority of members in the Fund have an adviser and considers that personal advice will assist in managing expected risks.

The Trustee will assist non-advised 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 are underperforming their investment objectives or benchmarks. This information is available to members through various publications such as Fund Report, Annual Statement and member online access (where available).
- **Calculators** – Provide calculators to assist non-advised members in understanding the impact of various decisions, such as investment selection and income and capital drawdowns, on their retirement savings.
- **Educational materials** – Expand resources to help non-advised members understand more about how to manage some of the key risks associated with the investment of their superannuation savings.
- **Member communications** – To ensure non-advised 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.

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. The Trustee notes that a large majority of members in the Fund have an adviser and considers that personal advice will assist in accessing their funds.

The Trustee will or is proposing to implement, the following assistance measures for non-advised members:

- **Calculators** – Provide access to calculators to assist members in understanding the effect of a lump sum withdrawal on their retirement savings and subsequent pension payments.
- **Educational materials** – Provide access to resources to help members understand retirement solutions and alternative sources of funds in retirement.

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.

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