



# Retirement Income Strategy.

As at 1 July 2023

Super. Advice. Pension.



Catholic  
Super

**Important information:**

Issued by Togethr Trustees Pty Ltd ABN 64 006 964 049, AFSL 246383 (“Togethr”), the trustee of Equipsuper ABN 33 813 823 017 (“Equip Super”). Catholic Super is a division of Equip Super.

The information contained herein is general information only and does not take into account your personal financial situation or needs. You should consider whether this information is appropriate to your personal circumstances before acting on it and, if necessary, you should also seek professional financial advice tailored to your personal circumstances. Where tax information is included, you should consider obtaining personal taxation advice. Before making a decision to invest in Catholic Super, you should read the appropriate Product Disclosure Statement (PDS) and Target Market Determination (TMD) for the product which are available at [csf.com.au](https://www.csf.com.au)

Financial advice services may be provided to members by Togethr’s related entity, Togethr Financial Planning Pty Ltd (ABN 84 124 491 078; AFSL 455010).

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# Background.

This document provides an overview of our Retirement Income Strategy ('the Strategy') which has been developed in response to the Retirement Income Covenant ('the covenant'), an important measure designed to ensure that the superannuation industry is focused on improving outcomes for members who are approaching retirement or who have retired.

The covenant requires Togethr Trustees Pty Ltd ('the Trustee'), the Trustee of Equip Super ('the Fund') to formulate, review regularly, and give effect to a retirement income strategy that meets the requirements introduced by the government from 1 July 2022.

The Strategy outlines in generality the Trustee's plan to assist members covered by the strategy, to achieve and balance the following retirement income objectives:



To maximise a member's expected retirement income for the period of their retirement



To manage risk to ensure the sustainability and security of a member's retirement income, including longevity risks, investment risks and inflation risks



To provide flexible access to funds over the period of a member's retirement

In formulating this Strategy, the Trustee has sought to find a balance between its position on the legislative objectives and the different needs of our members approaching retirement or those who have already retired.

The Trustee recognises that individual circumstances will need to be balanced against the objectives outlined in order for members to maximise their retirement income while using these strategies.

**At Catholic Super, our retirement income strategy is an opportunity to build on what we do every day to help our members have the best retirement outcome possible.**



## Approaching the Retirement Income Strategy.

**The Trustee's Strategy considers many factors to meet the needs of our members. These factors include:**

- member demographics, characteristics and objectives of our members (in so far as it is reasonably possible to determine);
- the Trustee's position on retirement income and period of retirement;
- the Trustee's position on balancing the legislative objectives noted above;
- the products and services offered by the Trustee; and
- external products and services which members may reasonably have access to.

The Trustee has considered members within its Accumulation and Retirement Income products in line with the legislative requirements.

A published summary of the Strategy (this document) is freely available and easily accessible on the Fund's website, even when the detailed strategy document is under periodical review.

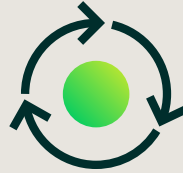
# Trustee's Position.

The Trustee's position on key elements of the Strategy's objectives is outlined below.



## Retirement income

The Trustee has chosen to set the income target for the Strategy as the ASFA Comfortable Standard for singles, currently at \$48,266<sup>1</sup>. The income target is met using a mix of the Government Age Pension and superannuation savings.



## Period of retirement

By analysing the demographics of the Fund a period of retirement of 22 years has been determined, beginning at age 65<sup>2</sup> and ending at age 88.



## Maximisation of income

The Trustee defines the maximising of retirement income as meeting the income target for as long as is sustainable within retirement, whereby the member reverts to a sole reliance on the Age Pension.



## Risk management

When preparing the Strategy, the Trustee has identified and considered the impact of longevity, inflation, investment and sequencing risks to the sustainability and stability of expected retirement income. The Trustee has determined a Strategy that seeks to balance these risks.



## Flexible access

The Trustee has taken a position that full access to superannuation funds held by the Trustee is in the best interest of members when providing generic strategies for member consumption.

<sup>1</sup> As at September quarter 2022

<sup>2</sup> Beginning at age 67 and ending at age 88 for the Retirement Modest sub-class

# Approach to defining member classes and sub classes.

To design this Strategy for our members, the Trustee has taken steps to determine and group members into two classes and then six sub-classes with similar characteristics. These exist for the purpose of formulating a distinct strategy for each sub-class.

## Classes

The Trustee defines the two distinct classes of member as follows:

- **Pre-retirement** – members aged 50 and older but not yet consider themselves to be retired.
- **Retirement** – members who are at the point of retirement and have met a condition of release for superannuation. 'At the point of retirement' is defined as being within the first two years of retiring.

## Sub-classes

The Trustee has taken a two-tier approach to defining and grouping the sub-classes (and the supporting strategies) and has based its position on a members-first perspective, whereby members must be able to easily identify themselves within a sub-class and therefore find value in the strategy provided.

The defining and grouping of sub-classes is informed by internal data analysis and member insights gathered from the Trustee's extensive qualitative and quantitative research program.




The first tier defines and separates members at a characteristics and objectives level. Whereby:

- Characteristics refer to a feature or quality typically belonging to the member such as relationship status, control over retirement outcomes, engagement with superannuation and financial literacy; and
- Objectives refer to what a member may be seeking in the context of retirement outcomes, such as security of income, access to capital or provision of inheritance.

The second tier is based on the financial and socio-economic position of the member. This is predominantly defined by superannuation balance, home ownership, age pension eligibility and level of investment assets outside the family home. The Trustee has used research and insights to determine assumed positions with regards to the financial status of members and correlated these with the sub-classes.

It is the Trustee's view that the sub-classes outlined below are applicable across the Catholic Super membership.

# Overview of Catholic Super's sub-classes.

	Pre-retirement Modest	Pre-retirement Comfortable	Retirement Modest	Retirement Comfortable	Retirement Choices	Retirement Freedom
 <p><b>Objectives</b></p>	To protect super balance and maximise contributions to attain largest balance possible	To maximise tax efficiency and contributions to attain largest balance possible	To achieve security and longevity of income and have flexible access to capital	To achieve longevity of income and have flexible access to capital	To achieve longevity of income, have flexible access to capital and minimise tax	To have flexible access to capital and sustainability of capital
 <p><b>Typical sub-class characteristics</b></p>	<ul style="list-style-type: none"> <li>Age 50+</li> <li>Expect to supplement super with Aged Pension and/or other investments in retirement</li> <li>Renter or homeowner</li> </ul>	<ul style="list-style-type: none"> <li>Age 50+</li> <li>Additional investments</li> <li>Expect to rely solely on their super-annuation and/or other investments in retirement</li> <li>Homeowner</li> </ul>	<ul style="list-style-type: none"> <li>Expect to supplement super with Aged Pension and/or other investments in retirement</li> <li>Renter or homeowner</li> <li>Low control over retirement timing</li> </ul>	<ul style="list-style-type: none"> <li>Minor to moderate additional investments</li> <li>Relying primarily on super and/or other investments</li> <li>Homeowner</li> <li>Low control over retirement timing</li> </ul>	<ul style="list-style-type: none"> <li>Additional investments</li> <li>Relying on many sources of income</li> <li>Not Age Pension eligible</li> <li>Homeowner</li> <li>Moderate control over retirement timing</li> </ul>	<ul style="list-style-type: none"> <li>Substantial additional investments</li> <li>Several sources of income but super is primary</li> <li>Not Age Pension eligible</li> <li>Homeowner</li> <li>Moderate control over retirement timing</li> </ul>
 <p><b>Current Super balance</b></p>	Less than \$500,000	Greater than \$500,000	\$20,000 - \$270,000	\$270,000 - \$900,000	\$900,000 - \$1,700,000	Greater than \$1,700,000

**Important note:** It is critical to note that based on Catholic Super member demographics, the Trustee assumes that members are within a couple, however for ease of interpretation by members, the sub-classes and their accompanying strategies are based on the members being single. Any assets that a member's spouse may hold (e.g. superannuation) and their individual or joint entitlement to the age pension have not been considered.

## Approach to determining strategies.

The Trustee is required to formulate a retirement income strategy for classes or sub-classes of members who are retired or approaching retirement and has discretion to differentiate the strategy for those classes.

The following assumptions have been used when constructing the strategies and are applied over the period of retirement:

- The government age pension and superannuation are the only sources of retirement income utilised.
- Members are single.
- Members are homeowners.
- Member life expectancy aligns with the full period of retirement.
- All member superannuation money is held within Catholic Super.
- The temporary reduction of the minimum drawdown rate has not been applied.

- The government Age Pension entitlement is from age 67 onwards.
- Inflation is calculated at a 3% increase per year.

However, the strategies do not consider personal circumstances such as risk tolerance, health, financial dependents, lifestyle expectations etc. as they are unable to be reliability determined at the individual member level.

The Trustee believes in the value of financial planning, is conscious of the advice regulations, and is therefore conservative in its approach to providing generic strategies for member consumption.

Personal tailored advice is offered by a related company of the Trustee; Togethr Financial Planning (TFP) and the Trustee considers that it may be in a member's best interest to utilise this service.



# Overview of sub-class strategies.

	Pre-retirement Modest	Pre-retirement Comfortable
<b>Aim</b>	Attain highest superannuation balance possible through maximising contribution caps	Attain highest superannuation balance possible through maximising contribution caps
<b>Options available</b>	<p>The following are some options that can be used to maximise superannuation balance at retirement:</p> <ul style="list-style-type: none"> <li>• Salary sacrifice</li> <li>• Additional concessional contributions to maximise cap, including carry forward rule</li> <li>• Utilise government co-contribution</li> <li>• Non-concessional contribution</li> <li>• Personal deductible contribution</li> <li>• Commence a transition to retirement income and implement transition to retirement strategy (TTR)</li> </ul>	<p>The following are some options that can be used to maximise superannuation balance at retirement:</p> <ul style="list-style-type: none"> <li>• Salary sacrifice</li> <li>• Additional concessional contribution to maximise contribution caps</li> <li>• Commence a super splitting strategy</li> <li>• Complete a re-contribution strategy within contribution caps</li> <li>• Utilise government co-contribution</li> <li>• In-specie contribution to super</li> <li>• Non-concessional contribution</li> <li>• Personal deductible contribution</li> <li>• Sell down investment assets and contribute to super</li> <li>• Commence a transition to retirement income and implement transition to retirement strategy (TTR)</li> </ul>
<b>Products</b>	Catholic Super	Catholic Super
<b>Investment strategy</b>	MySuper <sup>1</sup>	MySuper
<b>Age</b>	age 50+	age 50+
<b>Expected retirement age</b>	age 65+	age 65+
<b>Current Superannuation balance</b>	Less than \$500,000	Greater than \$500,000
<b>Transition to Retirement strategy (TTR)</b>	<p>A Transition to Retirement strategy can be used by members to reduce working hours and maximise tax efficiency.</p> <p>A TTR should be used in conjunction with the strategy noted above.</p> <p>Catholic Super recommends members seek financial advice to determine if a TTR strategy is right for them.</p>	<p>A Transition to Retirement strategy can be used by members to reduce working hours and maximise tax efficiency.</p> <p>A TTR should be used in conjunction with the strategy noted above.</p> <p>Catholic Super recommends members seek financial advice to determine if a TTR strategy is right for them.</p>
<b>TTR Product</b>	Catholic Super Transition to Retirement Income	Catholic Super Transition to Retirement Income
<b>TTR Investment strategy</b>	Match investment selection across the two products. For example, if using MySuper option then use Balanced Growth option within the Transition to Retirement Income account.	Match investment selection across the two products. For example, if using MySuper option then use Balanced Growth option within the Transition to Retirement Income account.
<b>TTR Drawdown</b>	At members discretion	At members discretion

<sup>1</sup> MySuper is the default investment option for Catholic Super

# Overview of sub-class strategies.

	Retirement Modest	Retirement Comfortable	Retirement Choices	Retirement Freedom
<b>Aim</b>	Meet income target by drawing down from superannuation to top up government age pension, while retaining full access to cover unforeseen expenses (e.g. health)	Meet income target by drawing down from superannuation to top up government age pension, while retaining full access to cover unforeseen expenses (e.g. maintain desired lifestyle, health)	Meet income target by drawing down from superannuation, while retaining full access for ad-hoc lump sum requirements (e.g. maintain desired lifestyle, health, inheritance)	Meet income target by drawing down from superannuation, while retaining full access for ad-hoc lump sum requirements (e.g. maintain desired lifestyle, health, inheritance)
<b>Income target</b>	ASFA Modest Standard for Singles \$30,582 <sup>1</sup>	ASFA Comfortable Standard for Singles \$48,266	ASFA Comfortable Standard for Singles \$48,266 (or minimum drawdown rate, whichever is the highest)	ASFA Comfortable Standard for Singles \$48,266 (or minimum drawdown rate, whichever is the highest)
<b>Income source</b>	Full Age Pension topped up by drawing down from superannuation savings to meet income target	Partial Age Pension topped up by drawing down from superannuation savings to meet income target	Drawdown from superannuation savings to meet income target	Drawdown the minimum annual payment amount from superannuation savings
<b>Product</b>	Catholic Super Retirement Income	Catholic Super Retirement Income	Catholic Super Retirement Income	<ul style="list-style-type: none"> <li>Catholic Super Retirement Income (up to transfer balance cap of \$1.9m)</li> <li>Catholic Super (for remaining balance in excess of \$1.9m)</li> </ul>
<b>Investment strategy</b>	Catholic Super MyPension <sup>2</sup>	Catholic Super MyPension	Catholic Super MyPension	<ul style="list-style-type: none"> <li>Catholic Super MyPension (in Catholic Super Retirement Income)</li> <li>MySuper (in Catholic Super)</li> </ul>
<b>Expected retirement age</b>	age 67	age 65	age 65	age 65
<b>Period of Retirement</b>	20 years	22 years	22 years	22 years
<b>Balance range for which calculations are provided</b>	Low = \$20,000 High = \$270,000	Low = \$270,000 Mid = \$585,000 High = \$900,000	Low = \$900,000 Mid = \$1,300,000 High = \$1,700,000	\$1,700,000+
<b>Expected age that balance will be exhausted</b>	Low – age 72 High – over age 95	Low – age 76 Mid – age 93 High – over age 95	Over age 95	Over age 95
<b>Probability of exhausting balance before end of retirement</b>	Low – 100% High – 0%	Low – 100% Mid – 9% High – 0%	Low – 0% Mid – 1% High – 4%	4%

<sup>1</sup> As at September quarter 2022

<sup>2</sup> Catholic Super MyPension is the default investment strategy for the Catholic Super Retirement Income product

## Additional assistance.

The Trustee has identified a range of additional assistance that might enable members to optimise their retirement outcomes:



Seeking financial advice to determine and implement personal financial strategies;



Increasing financial knowledge and literacy through education; and



Conducting self-assessments, goal setting and tracking progress.

The Trustee aids members with these items through the provision of benefits and facilities, such as an online member portal, financial planning services, seminars and workplace education sessions, educational content, online tools and calculators, regular communications, inbound and outbound call centre services.

## Ongoing monitoring and review.

Trustees are required to regularly review the appropriateness, effectiveness and adequacy of their retirement income strategy including the assumptions underpinning it.

This Strategy must be formally reviewed and approved at least every three years by the Trustee Board following review and recommendation by Management.

On an annual basis Management will review the outcomes of the Strategy.



## Help when you need it

We're ready to help you over the phone, via email and, of course, in person – so it's your call. Or email. Or meeting.

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**1300 655 002**

8:30am to 6:00pm EST/EDT  
(Monday to Friday)

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