

ACTIVE SUPER ACCUMULATION SCHEME

Target market determination

1. About this document

This target market determination (**TMD**) seeks to provide consumers, distributors and Active Super staff with an understanding of the class of consumers for which this product has been designed, having regard to the objectives, financial situation and needs of the target market.

This document is not to be treated as an exhaustive summary of the product's terms and conditions and is not intended to provide financial advice. Consumers must refer to the Product Disclosure Statement (**PDS**) and any supplementary documents when making a decision about this product.

Product Disclosure Statement to which this target market determination applies

This TMD applies to the Active Super Accumulation Scheme (the Scheme) referred to in the following Product Disclosure Statement:

- [Active Super Accumulation Scheme](#)

Other documents to which this target market determination applies

This TMD applies to the Active Super Accumulation Scheme referred to in the following documents:

- [About the Active Super Accumulation Scheme](#)
- [Fees and costs](#)
- [How super works](#)
- [How super is taxed](#)
- [Benefits of investing with the Active Super Accumulation Scheme](#)
- [Insurance in your super](#)
- [Risks of super](#)
- [How to open an account](#)
- [How we invest your money](#)

2. Important dates

Date from which this target market determination is effective	5 October 2022
Date when this target market determination was last reviewed	October 2022
Date when this target market determination will next be reviewed	October 2023

3. Class of consumers that fall within this target market

The information below summarises the overall class of consumers that fall within the target market for the Active Super Accumulation Scheme.

This product **is** designed for consumers who:

- Require a superannuation account to:
 - Receive personal or employer remitted superannuation contributions; and/or
 - Receive the transfer of existing superannuation benefits.
- Want the ability to make an active investment choice from a range of risk-adjusted investment options.
- Want automatic insurance cover without having to be underwritten, whilst having the option to apply for additional insurance cover.
- Want customisable voluntary insurance cover that suits their needs.

This product **is not** designed for consumers who:

- Are aged 70 and over and who want insurance through their superannuation.
- Want to invest directly in listed or unlisted equities, or sector specific asset classes such as international equities or Australian equities.
- Want access to passively invested index-based investment options.
- Want automatic insurance cover to cover a pre-existing medical condition within five years of joining.

Product description and key attributes

The key eligibility requirements and product attributes of the Active Super Accumulation Scheme are:

ELIGIBILITY

- Consumers who are eligible to make or receive superannuation contributions.
- Consumers who have an existing superannuation or pension account who wish to transfer all or a portion of that account into another account.

PRODUCT ATTRIBUTES

- A profit to members superannuation fund.
- The ability to continue to maintain and contribute to the account as members change jobs.
- A choice of five investment options, all of which are actively managed with a focus on strong long-term investment performance whilst having a positive ESG impact on the world through our Sustainable and Responsible Investment Policy.
- Automatic basic insurance cover (subject to legislated eligibility requirements), with the option to apply for additional insurance cover.

Objectives, financial situation and needs

The table below sets out the class of consumers that each investment option within the Active Super Accumulation Scheme has been designed for.

INVESTMENT OPTION	THIS OPTION IS DESIGNED FOR MEMBERS WHO
High Growth	<ul style="list-style-type: none"> • Want an option which invests approximately 85–95% of funds in growth assets, such as Australian and international shares and property. • Are seeking to earn high real-investment growth above the Consumer Price Index (CPI) over a 10 year period (the target investment return being 3.5% p.a. net above CPI over a rolling 10 year period). • Are comfortable with the value of their investment fluctuating over the shorter term (the option’s risk band¹ is 6 and risk label¹ is HIGH, based on an estimate of 4.8 negative annual returns in any 20-year period). • Have an investment time horizon of at least 10 years.
Balanced	<ul style="list-style-type: none"> • Want an option which invests approximately 60–80% of funds in growth assets, such as Australian and international shares and property. • Are seeking to earn real investment growth above the CPI over a 10 year period (the target investment return being 3.0% p.a. net above CPI over a rolling 10 year period). • Are comfortable with the value of their investment fluctuating over the shorter term (the option’s risk band¹ is 6 and risk label¹ is HIGH, based on an estimate of 4.2 negative annual returns in any 20-year period). • Have an investment time horizon of at least 7 years.
Conservative Balanced	<ul style="list-style-type: none"> • Want an option which invests approximately 44–64% of funds in growth assets, such as Australian and international shares and property, semi liquids and private equity and the balance in income-producing assets such as interest-bearing securities. • Are seeking to earn real investment growth above the CPI over a 10 year period (the target investment return being 2.0% p.a. net above CPI over a rolling 10 year period). • Are comfortable with the value of their investment fluctuating over the shorter term (the option’s risk band¹ is 5 and risk label¹ is MEDIUM TO HIGH, based on an estimate of 3.2 negative annual returns in any 20-year period). • Have an investment time horizon of at least 7 years.
Conservative	<ul style="list-style-type: none"> • Want an option which invests approximately 24–44% of funds in growth assets and the balance in income-producing assets such as interest-bearing securities.

	<ul style="list-style-type: none"> • Are seeking an option more suitable for shorter-term investing with good security and some potential for growth (the target investment return being 1.5% p.a. net above CPI over a rolling 10 year period). • Are comfortable with the value of their investment fluctuating, albeit to a lesser extent than the High Growth, Balanced and Conservative Balanced options (the option's risk band¹ is 3 and risk label¹ is LOW TO MEDIUM, based on an estimate of 1.3 negative annual returns in any 20-year period). • Have an investment time horizon of at least 5 years.
Managed Cash	<ul style="list-style-type: none"> • Want an option which invests 100% of funds in defensive assets such as cash, term deposits and money market securities. • Are seeking an option with exposure to investments in money market securities with a very low risk of capital loss (the target investment return being 0.2% p.a. net above the cash rate (as measured by the Bloomberg AusBond Bank Bill Index) over a rolling 10 year period). • Are short term investors or seeking exposure to investments in money market securities with a very low risk of capital loss (the option's risk band¹ is 1 and risk label¹ is VERY LOW, based on there being no negative annual returns in any 20-year period). • Have an investment time horizon of at least 3 years.
Active Super Lifestage Product	<ul style="list-style-type: none"> • Do not make an investment choice, or otherwise actively choose to invest in part, or in full, in an option which: <ul style="list-style-type: none"> ○ is invested in a particular pre-mixed investment according to the member's age; and ○ is automatically de-risked and switched to another investment as the member ages and reaches the next age group. • The lifecycle stages of the Active Super Lifestage Product are: <ul style="list-style-type: none"> ○ Age up to 49 – Accelerator (High Growth) ○ Age 50 to 54 – Accumulator (Balanced) ○ Age 55 and over – Appreciator (Conservative Balanced)

¹The risk band and risk label are determined using the Standard Risk Measure (SRM) methodology which focuses on the number of negative returns each investment option would be expected to achieve over the course of a 20-year period. Further information can be found in the [Risks of super](#) factsheet.

The table below sets out the class of consumers that each insurance option within the Active Accumulation Scheme has been designed for, as well as those for which each option has not been designed for.

INSURANCE OPTION

Default

Basic Insurance Cover
–Death and Total and
Permanent
Disablement Cover

- This option **is** designed for members who:
 - Are aged 15 to 70 and wish to opt in to receive automatic Death insurance cover to meet basic needs throughout their lifetime, or are at least 25 years of age and have a super account balance of at least \$6,000.
 - Want a stable insurance premium and are comfortable with their level of insurance cover reducing as they get older.
- This option is **not** designed for members who:
 - Do not have a need or desire to hold insurance cover.
 - Are not comfortable with Basic Death and Total and Permanent Disablement (TPD) insurance cover amounts changing over their lifecycle.
 - Wish to obtain voluntary insurance cover only which is tailored to their specific needs.
 - Are aged over 70.
 - Are public offer members who have a pre-existing condition (PEC) and anticipate making a claim for an insurance benefit based on that PEC within 5 years of joining.
 - Serve in the armed forces of any national or international organisation other than the Australian Armed Forces Reserve and want to receive insurance automatically.

Voluntary Insurance
Cover – Lump Sum
Death Only Cover

- This option **is** designed for members who:
 - Are aged between 15 and 70.
 - Wish to obtain Death insurance cover of \$50,000 or greater that is tailored to their specific needs.
 - Are seeking market competitive insurance premiums.
- This option is **not** designed for members who:
 - Do not have a need or desire to hold insurance cover.
 - Wish to hold Basic Death and TPD insurance cover only.
 - Are aged over 70.
 - Serve in the armed forces of any national or international organisation other than the Australian Armed Forces Reserve.

Voluntary Insurance –
Lump Sum Death and
Total and Permanent
Cover

- This option **is** designed for members who:
 - Are aged between 15 and 70.
 - Wish to obtain Death and TPD insurance cover of an amount between \$50,000 to \$3 Million that is tailored to their specific needs.
 - Are seeking market competitive insurance premiums.
- This option is **not** designed for members who:
 - Do not have a need or desire to hold insurance cover.

- Wish to hold Basic Death and TPD insurance cover only.
- Are aged over 70.
- Serve in the armed forces of any national or international organisation other than the Australian Armed Forces Reserve.

Voluntary Insurance – Salary Continuance Insurance (SCI) Cover

- This option **is** designed for members who:
 - Are aged between 15 and 64 and who are working more than 15 hours per week on either a part-time or full-time basis (i.e. not a casual basis).
 - Wish to obtain SCI cover tailored to their specific needs that is underwritten by the insurer on an individual member basis.
 - Are seeking market competitive insurance premiums.
- This option is **not** designed for members who:
 - Do not have a need or desire to hold insurance cover.
 - Wish to hold Basic and/or Voluntary Death or Death and TPD insurance cover only.
 - Wish to insure for either 75% of income or 85% (a total benefit, including 10% Superannuation Contributions Benefit), of more than \$300,000 p.a.

Consistency between target market and the product

This product is likely to be consistent with the objectives, financial situation and needs of the class of consumers in the target market. This is based on our analysis of the key terms, features and attributes of the product and our finding that these are consistent with the identified class of consumers.

The Active Super Accumulation Scheme:

- Fulfils a need for consumers in the target market;
- Includes features/attributes that are consistent with the objectives, financial situation and needs of the target market;
- Benefits the consumers in the target market;
- Delivers on what was promised; and
- Has benefited target market consumers in the past.

The Active Super Accumulation Scheme will be next reviewed in October 2023, unless a review trigger occurs before that time (see section 5 below for an outline of review triggers). During the review LGSS Pty Limited will carefully consider whether the Active Super Accumulation Scheme continues to be suitable for consumers in the target market.

4. How this product is to be distributed

Distribution channels

The Active Super Accumulation Scheme is designed to be distributed via the following channels:

- Directly: By applying for membership online or by completing our application for membership
- Employers: Who have nominated the Active Super Accumulation Scheme as their default superannuation provider (subject to the superannuation 'stapling' rules)
- Authorised Representatives of the Scheme; and
- Active Super financial advisers.

Distribution conditions

The Active Super Accumulation Scheme should only be distributed under the following circumstances:

- Where the prospective member is an Australian resident and is eligible to contribute to or consolidate their superannuation account; and
- Where a member is applying for insurance cover they must meet the age, employment and other requirements outlined in this TMD.

Adequacy of distribution conditions and restrictions

We have determined that the distribution conditions and restrictions will make it likely that consumers who purchase the product are in the class of consumers for which it has been designed. We consider that the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

5. Reviewing the target market determination

This target market determination will be reviewed in line with the following:

REVIEW	
Initial review	1 April 2022
Next periodic review	October 2023 and annually thereafter
Review triggers or events	<ul style="list-style-type: none">• A material change to the design or distribution of the product• Legislative change that comes into effect that significantly impacts the design and distribution of the product and results in this TMD no longer being appropriate• Significant dealings not in line with this TMD occurring, which results in this TMD no longer being appropriate

- The trustee makes a determination for the purposes of s52(9) of the Superannuation Industry (Supervision) Act 1993 (Member Outcomes Assessment) that the financial interests of the customers who hold this product are not being met
- Failure to meet the performance test benchmarks stipulated under the Your Future Your Super legislation
- Adverse findings by a regulator
- Adverse media coverage that identifies an issue substantiated by LGSS Pty Limited as resulting with the product no longer meeting the needs of the target market
- Unexpected and significant increase in member withdrawals, measured as an increase in volume of more than 25% when compared to the annualised reference period volume
- High volumes of unexpected investment switching activity, measured as an increase of more than 25% when compared to the annualised reference period volume
- High volumes of insurance cancellations or requests to reduce cover, measured as an increase of more than 25% when compared to the annualised reference period volume
- High rates of declined insurance claims, measured as an increase of more than 25% when compared to the annualised reference period volume
- Excessive substantiated member complaints over a prolonged period in relation to the design of the product, its features, its availability and/or its distribution, measured as more than 10 substantiated complaints in each of the four quarters within each annual review period.

The reference period is the previous three financial years 2018/19, 2019/20 and 2020/21. The annualised reference period volume is the average of these three financial years.

6. Reporting and monitoring this target market determination

LGSS Pty Limited will seek the following information from the distributors of this product. For convenience, we have developed a template report which you can download [here](#).

INFORMATION

Complaints

- Unless the number of complaints received is nil, all distributors will report the complaints received in relation to the Active Super Accumulation Scheme on a quarterly basis.
- Complaints reported should be complaints made in relation to:
 - The design of the product
 - The features of the product
 - The availability of the product
 - The distribution of the product.

- Information to be provided should include:
 - The volume of complaints received
 - The date each complaint was received
 - Details of each complaint received.
- As well as providing details of complaints, distributors will be encouraged to provide general feedback in relation to the product and their views on its performance.

Significant dealings

- If a distributor becomes aware of a significant dealing not in accordance with the target market (includes distributing the product outside the target market or distributing the product inconsistently with this target market determination), they will advise LGSS Pty Limited as soon as possible and no later than 10 business days of becoming aware of the significant dealing.
- The distributor must:
 - Provide details of the significant dealing
 - Advise when the significant dealing occurred
 - Advise why the significant dealing occurred
 - Advise how many consumers were impacted
 - Advise if consumers were adversely affected by the significant dealing.

This Target Market Determination (TMD) is issued by LGSS Pty Limited (ABN 68 078 033 497) as Trustee for Local Government Super (ABN 28 901 371 321) ('Active Super') in accordance with section 994B of the Corporations Act 2001 (Cth). This TMD is not a product disclosure statement and is not a summary of the product features or terms of the product.

This TMD does not take into account any person's individual objectives, financial situation or needs. Before making a decision about the Active Super Accumulation Scheme, you should consider whether or not this product is appropriate for you by reading the Product Disclosure Statement available from Active Super at activesuper.com.au or by calling 1300 547 873.