

ACTIVE SUPER ACCUMULATION SCHEME

Target market determination

1. About this document

This target market determination (**TMD**) applies to membership of the Active Super Accumulation Scheme (**product**) referred to in the Product Disclosure Statement and incorporated fact sheets outlined below (**PDS**).

This 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 their likely objectives, financial situation and needs. It also sets out the steps taken to ensure that the product is issued only to consumers who are likely to be in the target market, and how and when this TMD will be reviewed to ensure it remains up to date.

This document is not an exhaustive summary of the product's terms and conditions. It is not intended to provide financial advice, nor take anyone's individual circumstances into account. It does not compare this product to other products, including other products that a consumer may already hold. Consumers must refer to the PDS before deciding whether this product is suitable, and if necessary, obtain advice tailored to their personal circumstances.

Product Disclosure Statement to which this target market determination applies

This TMD applies to the Active Super Accumulation 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. Effective date

Date from which this target market determination is effective and replaces previous TMDs for the product (**effective date**):

31 October 2023

3. Class of consumers that fall within this target market

The product has two basic components – investment and insurance. This section describes the overall target market for those two components. Specific investment and insurance options have additional target market requirements, which are described later in this TMD.

The product is consistent with the likely needs, objectives and financial situation of most consumers within the relevant target market. However, consumers who meet the target market definition may also have current or future personal circumstances that may make the product unsuitable for them. Some examples appear below.

Investment

The overall target market for the investment component is consumers who:

- require a superannuation account to:
 - receive personal or employer remitted superannuation contributions; and/or
 - receive the transfer of existing superannuation benefits.
- are any age, however note that insurance is provided from age 15 and cuts off at age 70.
- are in any occupation and industry.

Consumers for whom this product **may not** be suitable include individuals who:

- can and want to be able to access their money prior to meeting a condition of release;
- are retired and need a product that can pay a retirement income stream; or
- want to be able to choose or invest or trade in:
 - particular listed or unlisted investments;
 - sector specific investment options such as international equities or Australian equities; and/or
 - passive index-based investment options.

Insurance

The overall target market for the insurance component is consumers who:

- are aged between 15 and 70 years
- could face financial risks to themselves, their spouse or their dependents in the event of their death, terminal illness or total and permanent disability
- need a simple way to provide a basic level of coverage for these risks, which they can cancel, reduce or apply to increase if they wish.

Consumers for whom the insurance component **may not** be suitable include individuals who:

- wish to transfer insurance from another insurer or fund into the product and are engaged in a Hazardous occupation (which includes unskilled workers, and/or workers involved in heavy manual work);
- are already totally disabled, or have previously claimed or been paid an insurance benefit from any insurer for total and permanent disablement; and or
- are replacing existing cover in another product and have a medical condition that is not a pre-existing condition for the existing cover but would be a pre-existing condition in this product.

Applications for voluntary insurance cover will also be assessed against other underwriting criteria which can affect whether the application will be accepted, the terms on which cover is offered and/or the premium that will be payable.

Product description and key attributes

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

ELIGIBILITY

- Australian residents 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 a superannuation 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 plus a Lifestage option.
- Automatic basic insurance cover (subject to legislated eligibility requirements and policy conditions), with the option to apply for additional insurance cover.
- Members can open an account with zero dollars.
- Insurance will not be turned on until members are eligible when they turn 25 and have \$6,000 in their account, or, when they opt in to receive insurance early and have enough money in their account to pay for one or more month's premiums.
- Online account access.

INVESTMENT OPTIONS

The table below sets out the target market for each investment option. The target market for each option assumes that the consumer is in the overall target market for the investment component.

INVESTMENT OPTION	THE TARGET MARKET IS CONSUMERS WHO:
<p>Active Super Lifestage Product</p> <ul style="list-style-type: none"> • Invests in a particular pre-mixed investment according to the member's age. • Automatically adjusts the investments as the member reaches the next lifecycle stage. • The lifecycle stages 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) 	<ul style="list-style-type: none"> • Do not make an investment choice, or want a low-touch way for their investments to be adjusted as they age to suit the overall risk profile of investors in that age group.
<p>High Growth</p> <ul style="list-style-type: none"> • Invests approximately 85-95% of funds in growth assets, such as Australian and international shares and property. • Target investment return is 3.5% p.a. net¹ above Consumer Price Index (CPI) over a rolling 10 year period. • Risk band² is 6 and risk label² is HIGH, based on an estimate of 4.7 negative annual returns in any 20-year period. 	<ul style="list-style-type: none"> • Are seeking to earn high real-investment growth above the Consumer Price Index (CPI) over a 10 year period. • Are comfortable with the value of their investment fluctuating over the shorter term. • Are comfortable with a suggested investment timeframe of 10 years.
<p>Balanced</p> <ul style="list-style-type: none"> • Invests approximately 60-80% of funds in growth assets, such as Australian and international shares and property. • Target investment return is 3.0% p.a. net¹ above CPI over a rolling 10 year period. • Risk band² is 6 and risk label² is HIGH, based on an estimate of 4.1 negative annual returns in any 20-year period. 	<ul style="list-style-type: none"> • Are seeking to earn real investment growth above the CPI over a 10 year period. • Are comfortable with the value of their investment fluctuating over the shorter term. • Are comfortable with a suggested investment timeframe of 7 years.
<p>Conservative Balanced</p> <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Are seeking to earn real investment growth above the CPI over a 10 year period. • Are comfortable with the value of their investment fluctuating over the shorter term. • Are comfortable with a suggested investment timeframe of 7 years.

in income-producing assets such as interest-bearing securities.

- Target investment return is 2.0% p.a. net¹ above CPI over a rolling 10 year period.
- Risk band² is 5 and risk label² is MEDIUM TO HIGH, based on an estimate of 3.2 negative annual returns in any 20-year period.

Conservative

- Invests approximately 24-44% of funds in growth assets and the balance in income-producing assets such as interest-bearing securities.
- Target investment return is 1.5% p.a. net¹ above CPI over a rolling 10 year period.
- Risk band² is 3 and risk label² is LOW TO MEDIUM, based on an estimate of 1.6 negative annual returns in any 20-year period.

- Are seeking an option more suitable for shorter-term investing with good security and some potential for growth.
- Are comfortable with the value of their investment fluctuating, albeit to a lesser extent than the High Growth, Balanced and Conservative Balanced options.
- Are comfortable with an investment timeframe of 5 years.

Managed Cash

- Invests 100% of funds in defensive assets such as cash, term deposits and money market securities.
- Target investment return is 0.20% p.a. net¹ above the cash rate (as measured by the Bloomberg AusBond Bank Bill Index) over a rolling 10 year period.
- Risk band² is 1 and risk label² is VERY LOW, based on there being no negative annual returns in any 20-year period.

- Are seeking an option with exposure to investments in money market securities with a very low risk of capital loss.
- Are comfortable with a suggested investment timeframe of 3 years.

¹ Net of Fees and Taxes.

² The 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.

Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

For more information on Investments, download the PDS Factsheet [How we invest your money](#).

INSURANCE OPTIONS

The table below sets out the target market for each insurance option, and examples of consumers for whom the product may not be suitable.

INSURANCE EXCEPTIONS OPTION

Default Basic Insurance Cover – Death and Total and Permanent Disablement Cover

- The target market for this cover is consumers who are in the overall target market for the insurance component and who:
 - Need coverage for death that automatically reduces as they age.
 - Need coverage for total and permanent disablement that automatically reduces as they age.
 - Are 25 years of age or older and have a super account balance of at least \$6,000 and are seeking automatic insurance cover. Members outside automatic eligibility can opt in to receive insurance earlier than eligibility.
- Want a stable insurance premium and are comfortable with their level of insurance cover reducing as they get older.
- Consumers for whom this may not be suitable include individuals who:
 - (for TPD cover) want cover that pays a benefit if they are unable to perform the duties of their own occupation, even if there are other occupations they can perform (for example, because they are in a skilled or semi-skilled occupation).
 - 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 under 15 or over 70.
 - Have a pre-existing condition (PEC) and anticipate making a claim for an insurance benefit based on that PEC within 1 year of joining.
 - Serve in the armed forces of any national or international organisation other than the Australian Armed Forces Reserve.

Voluntary Insurance Cover – Lump Sum Death Only Cover

- The target market for this cover is consumers who are in the overall target market for the insurance component and who:
 - Wish to obtain Death insurance cover of \$50,000 or greater that is tailored to their specific needs.
 - Are seeking market competitive insurance premiums.
- Consumers for whom this option may not be suitable include individuals who:
 - Do not have a need or desire to hold insurance cover.
 - Wish to hold Basic Death and TPD insurance cover only.
 - Are aged under 15 and 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

- The target market for this cover is consumers who are in the overall target market for the insurance component and who:
 - Wish to obtain Death and TPD insurance cover of an amount between \$50,000 to \$3 Million that is tailored to their specific needs.

Total and Permanent Disablement Cover

- Are seeking market competitive insurance premiums.
- Consumers for whom this option may not be suitable include individuals who:
 - (for TPD cover) want cover that pays a benefit if they are unable to perform the duties of their own occupation, even if there are other occupations they can perform (for example, because they are in a skilled or semi-skilled occupation).
 - Do not have a need or desire to hold insurance cover.
 - Wish to hold Basic Death and TPD insurance cover only.
 - Are aged under 15 and 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

- The target market for this cover is consumers who are in the overall target market for the insurance component and 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.
- Consumers for whom this option may not be suitable include individuals 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 likely objectives, financial situation and needs of the class of consumers in the target market. This is based on our analysis of the rules, 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 most consumers in the target market;
- Includes features/attributes that are consistent with the likely objectives, financial situation and needs of the target market;
- Is likely to benefit the consumers in the target market; and
- Has benefited target market consumers in the past.

4. How this product is to be distributed

Distribution channels

The Active Super Accumulation Scheme may 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)
- Active Super financial advisers
- Other financial services licensees (or their representatives).

Distribution conditions

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

- Where the prospective member is an Australian resident for taxation purposes, or working in Australia and receiving a wage and superannuation contributions, 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 and in the PDS.

When consumers apply for the product, choose an option or undertake certain other actions, they must complete the relevant form approved by Active Super that includes questions and declarations that help us determine whether the consumer is in the target market.

Financial advisers and others who deal in the product must be appropriately authorised by or under an Australian Financial Services Licence.

We provide access to financial advisers who are representatives of Industry Fund Services Limited (AFSL 232514) for consumers who want personal advice to assist them in making decisions and arranging transactions. These financial advisers receive training from Active Super in relation to the product features and benefits and the types of consumers who are likely to benefit from the product.

We refer consumers to the PDS and relevant fact sheets, and provide general advice and factual information on our website, in our consumer communications and through authorised and trained staff who are available through our call centre, workplace visits and face to face.

Adequacy of distribution conditions

We consider that these distribution channels and distribution conditions will make it likely that consumers who purchase the product are in the relevant target market.

5. Reviewing the target market determination

We will review this TMD to ensure it remains appropriate. The TMD is **appropriate** if it would be reasonable to conclude that if the product were to be issued or sold:

- to a consumer in accordance with the distribution conditions, it would be likely that the consumer is in the target market; and

- to a consumer in the target market, it would likely be consistent with the likely objectives, financial situation and needs of the consumer.

We will review the TMDs at the times set out in the table below.

REVIEW	TIMING
First review	To be completed no later than one year after the effective date.
Subsequent reviews	To be completed no later than one year after the previous review.
Review triggers	<p>We become aware that one or more of the following events or circumstances has occurred, and as a result, we reasonably conclude that the TMD is no longer appropriate:</p> <ul style="list-style-type: none"> • A material change to the design or distribution of the product • Legislative change comes into effect that significantly impacts the design and distribution of the product • A significant dealing that is not consistent with this TMD • 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 promoted • Failure to meet the performance test stipulated under the Your Future Your Super legislation • Adverse findings by a regulator in relation to the product • Adverse media coverage that identifies an issue that is substantiated by LGSS Pty Limited • 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. <p>The reference period is the previous three financial years. The annualised reference period volume is the average of these three financial years.</p>

6. Reporting and monitoring this target market determination

LGSS Pty Limited will require the following information from the distributors of this product. Distributors should use the template report available for download [here](#).

INFORMATION

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| Complaints | <ul style="list-style-type: none">• 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:<ul style="list-style-type: none">○ 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:<ul style="list-style-type: none">○ 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 | <ul style="list-style-type: none">• If a distributor becomes aware of a significant dealing not in accordance with this TMD, 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:<ul style="list-style-type: none">○ 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.