

retirement

income strategy

Mercer Super

July 2024



Introduction

Australia introduced compulsory superannuation more than 30 years ago, and it's been a great success.

As our super system matures, it's playing a bigger role as Australians are relying more on their super for their retirement income than ever before. To support this, the Federal Government introduced the Retirement Income Covenant (the covenant) in July 2022. The covenant requires all super funds to develop a Retirement Income Strategy aimed at assisting Australians who are either retired or approaching retirement achieve and balance three objectives:

1. Maximise retirement income
2. Manage risk to achieve income stability and sustainability
3. Provide flexible access to funds in retirement

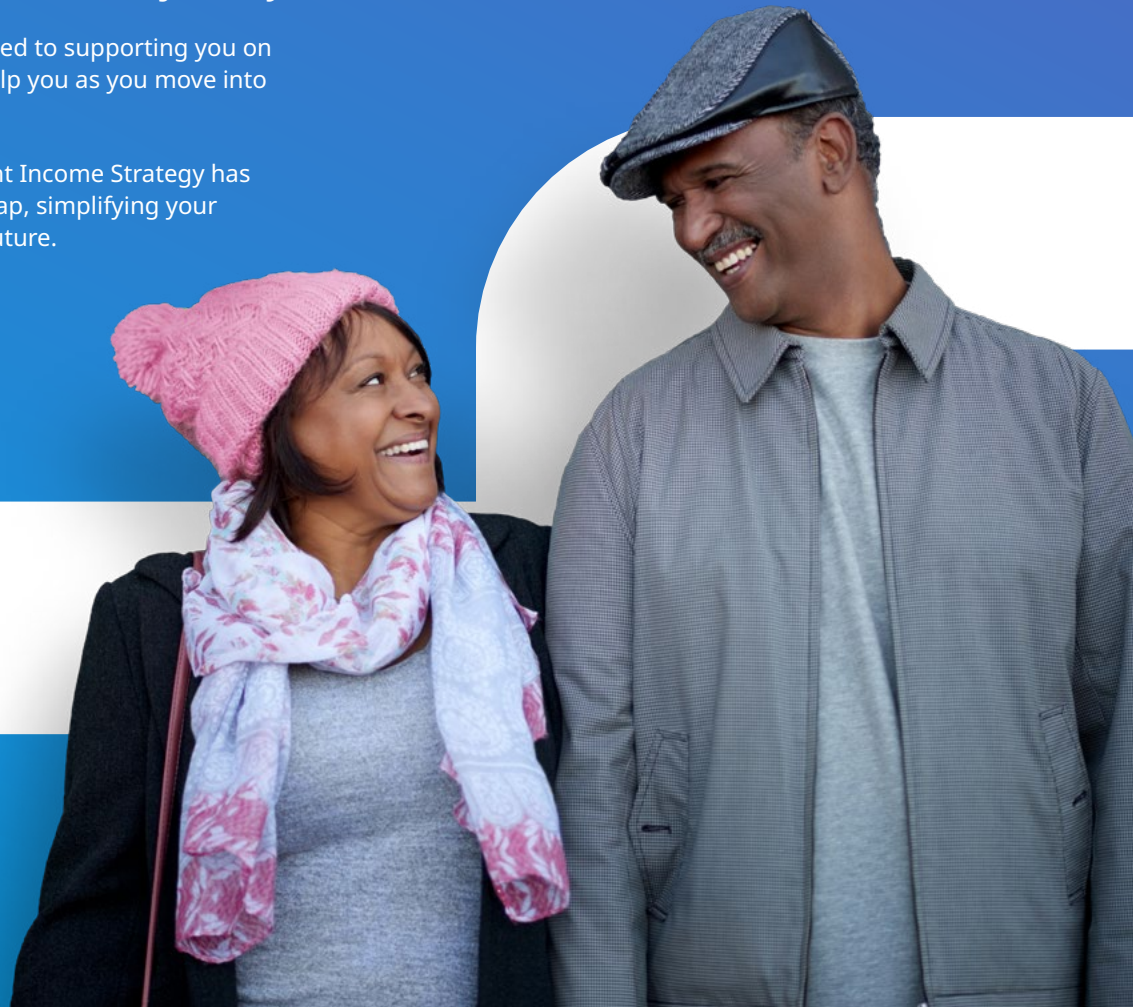
A roadmap for your retirement journey

At Mercer Super, we're dedicated to supporting you on your journey. Our goal is to help you as you move into this new phase of life.

Our comprehensive Retirement Income Strategy has been designed as your roadmap, simplifying your journey to a secure financial future.



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Retirement Income Strategy

Mercer Super

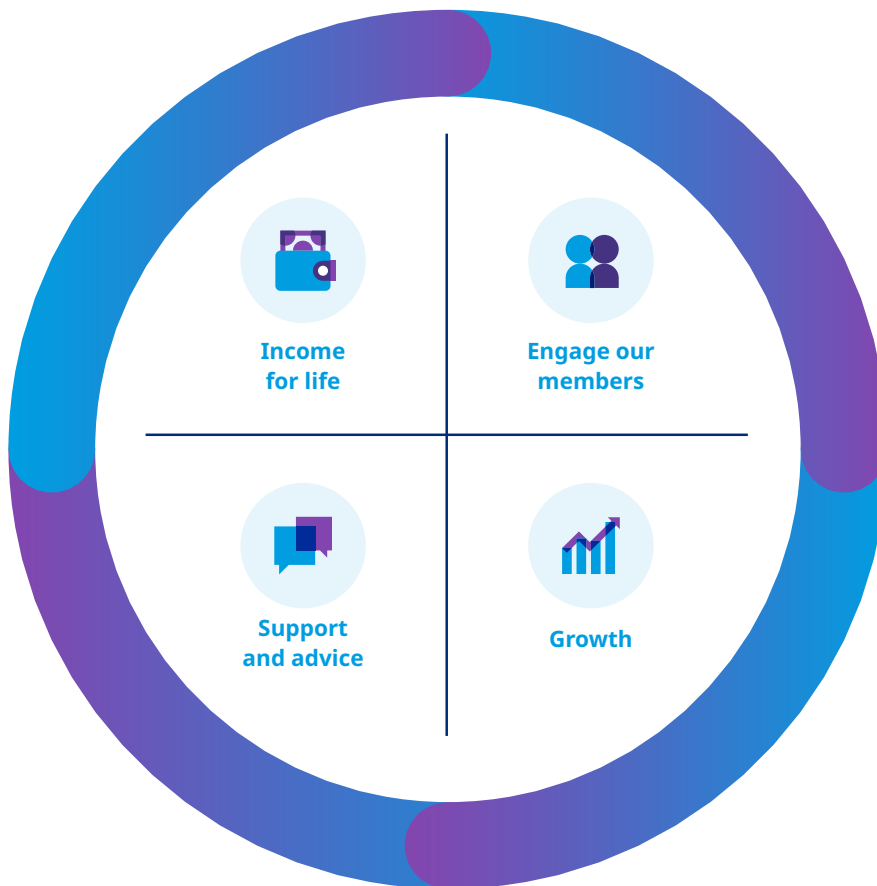
As a valued member of the Mercer Super Trust,¹ we want to ensure you have the support you need as you approach and enter retirement. That's why we've developed the Mercer Super Retirement Income Strategy.

Your journey towards retirement is more than just building up your retirement savings. It's about strategically planning for a stable and sustainable income with sufficient flexibility to support you throughout your retirement.

It's also about recognising that everyone has unique income needs. We're here to help you navigate through your personal retirement journey.

Our Retirement Income Strategy is designed with you in mind. Its purpose is to give you the confidence and peace of mind you need to thrive in retirement. We have incorporated key elements into our strategy to give you the support and resources necessary to make informed decisions and achieve your financial goals.

Mercer Super Retirement Income Strategy Overview



¹ Issued by Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533, Australian Financial Services Licence (AFSL) 235906. MSAL is the trustee of the Mercer Super Trust ABN 19 905 422 981.

How Mercer Super can assist you on your journey: a brief overview



1. Income for life

Offering flexible retirement income products and services to ensure that you have choices that meet your needs

Product solutions:

Mercer SmartRetirement Income

Approaching retirement

- Mercer Super account
- Mercer Super Transition to Retirement account

Retirement

- Mercer Super Allocated Pension account

Options for setting up your pension

- > Option 1: Smart Bundle
- > Option 2: Tailor your own pension



2. Support and advice

Providing you with personalised support, guidance, education and advice

Member education and support

- Retirement education webinars
- Retirement Income Simulator
- Mercer Super Member Online
- Mercer Super website
- Personalised communications
- Pension specialists
- Care & Living with Mercer
- Expected account balance
- Onsite 1:1s for members in employer plans

Advice at the right time

- Digital advice and support tools
- Simple Super Guidance
- Retirement Navigator
- Beyond Super financial advice



3. Listening and engaging with members

- Online surveys
- Member forums
- Australian-based Helpline team



Growing for our members

Growing Mercer Super is not just about numbers; it's about creating tangible benefits for our members.

- Economies of scale
- Expanded member services
- Stronger member advocacy



1. Income for life solutions

Planning for retirement can be overwhelming, but knowing your options can help you confidently navigate the process.

In this section, we'll cover how to access the government Age Pension, and how to convert your super into regular income with Mercer SmartRetirement Income solutions. We'll also guide you through setting up your Mercer SmartRetirement Income account effortlessly with Smart Bundle.



This section covers

What you need to know about the government Age Pension and super

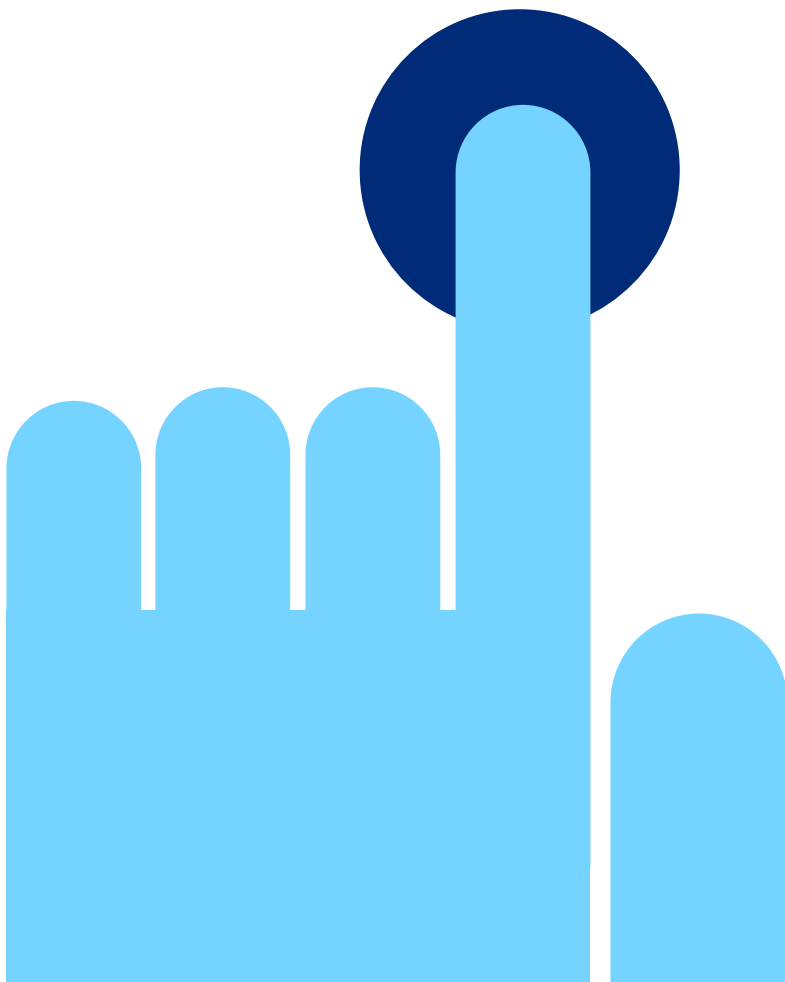
Retiring confidently with Mercer SmartRetirement Income solutions

- When you're close to retiring: Transition to Retirement account
 - Already retired: Allocated Pension account
-

Easy account set-up

- Option 1: Smart Bundle
 - Option 2: Tailor your own
-

Comparing super to Allocated Pension accounts



What you need to know about the government Age Pension and super

When it's time to step away from the workforce, many Australians rely on two main sources of income – *the government Age Pension and superannuation*.

- The government Age Pension provides a basic, reliable income for eligible retirees. Many Australians rely on the government Age Pension as a primary source of retirement income, or as a welcome boost to their superannuation.
- Superannuation is a compulsory retirement savings scheme designed to help you grow savings throughout your working life and provide income during retirement. It's flexible, allowing your savings to grow even post-retirement, with options for regular payments or lump-sum withdrawals.

Accessing the government Age Pension

To be eligible to receive the government Age Pension, you must be aged at least 67 years. You'll also need to meet other criteria such as residency requirements, an income test and an assets test.

To claim the Age Pension, follow the steps provided on the [Services Australia website](#).

You can also read our 'How to apply for the Age Pension fact sheet' available [here](#).



Apply early and avoid delays. You can submit your Age Pension application up to 13 weeks before your 67th birthday.



Turning your super into a regular income

To access your super, you generally need to have reached age 60 (known as your preservation age) or meet another condition of release.

At age 65, the rules are simple: you can access your super at any time, either as a lump sum or as an income stream without any restrictions.

If you're between 60 and 65, you can get unrestricted access to your super if you have stopped working permanently or intend to stop working permanently. You can start an allocated pension at this point - your withdrawals, pension payments, and investment returns are all tax-free. If you're still working, you can access up to 10% of your account balance each financial year by starting a Transition to Retirement account - your withdrawals, pension payments are tax-free. However investment returns are not.

There are less common conditions of early release for situations such as permanent incapacity, financial hardship, terminal medical condition or compassionate grounds. You can read more about these conditions of release and accessing your super early [here](#).



Retiring confidently with Mercer SmartRetirement Income solutions

Whether you're fully retired or transitioning to retirement, you can experience the simplicity and benefits of a Mercer SmartRetirement Income account.



With flexible solutions, low administration fees,² a history of positive long-term performance,³ and valuable features – it's not just easy to use; it's your smart path towards a financially secure future.



Your SmartRetirement Income account includes:

When you're close to retiring

Enjoy the best of both worlds with a Transition to Retirement account.

Starting your retirement doesn't have to be a hard line in the sand, there's another option that allows you to ease into it. A Transition to Retirement strategy allows you to access up to 10% of your super each financial year while you continue working, as long as you've reached age 60.

With a [Transition to Retirement account](#), you're able to enjoy the best of both worlds. Maintain your current work lifestyle (or work a bit less) and at the same time, receive a regular income stream from your super savings.

Already retired

Confidently retire with an Allocated Pension account.

An Allocated Pension account turns your super into a steady income stream. It's a flexible, tax-effective investment account that lets you decide how often you're paid - twice each month, monthly, quarterly, half-yearly, or yearly. You can set the payment amount as long as it meets the minimum requirements set by the Australian Government.

If unexpected costs pop up or you're planning a major purchase like a car or holiday, you can withdraw more. Plus, you can stop the payments at any time and take out your remaining super-pension as a lump sum.

[Discover more about an Allocated Pension account.](#)



Allocated Pensions (also known as 'account-based pensions') are the common way for people to use their super in retirement. In fact, they account for 84%⁴ of retirement savings.

What's 'income' anyway? In retirement, it's a combination of the Age Pension if you're entitled to it, as well as drawing down on your super and personal savings. Understanding how you can make the most of your assets and available options could result in maximising your entitlements and 'retirement funding'.

² Source: Chant West MySuper Default Fee Tables June 2023 – for \$50,000 and \$100,000 account balances. Fees are for Mercer SmartSuper - SmartPath® (our MySuper product) at 1 April 2023 and the total includes admin fees and costs, investment fees and costs and transaction costs. Chant West uses our 1964-1968 investment option for purposes of comparison with other MySuper funds – as this is the highest annual fee for our SmartPath options. You may pay less than this if you are in another SmartPath option or in an employer plan. For details on fees for each of our SmartPath options, or if you've chosen your own investment option/s, go to the ['How Your Super Works'](#) guide online.

³ Based on Mercer SmartPath membership data as at 31 March 2024 and for members invested for the full period. Mercer Super Trust's analysis of Mercer SmartPath (born 1974-1978), one of the largest cohorts, after investment fees and tax, compared to the median of all default funds reported in SuperRatings Fund Crediting Rate Survey – Default Options as at 31 March 2024.

⁴ <https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/articles/opinion-piece-super-must-deliver-retirement>

Set up your account the easy way

To help make your pension set-up as easy as possible, we offer two options – **Smart Bundle or tailor your own pension.**



Option 1: Smart Bundle

Whether you're ready to retire full-time with an Allocated Pension account or ease into retirement with a Transition to Retirement account, with Smart Bundle you can set up your pension account with ease and simplicity. With a preselected pension payment schedule and investment strategy, which is fine-tuned as you age, you can set up your account effortlessly. Plus you have the flexibility to change your investment options, payment amounts and frequency at any time.

Designed by our retirement experts to suit the average Australian retiree,⁵ Smart Bundle combines our Mercer SmartPath lifecycle investment option with a preselected payment amount and schedule to help you make the most of your retirement savings with a regular and reliable income. And it's automatically fine-tuned as you age to help keep pace with expected income and spending needs.

Smart Bundle is a simple solution for members who want to know their retirement is in good hands.

Learn more about the benefits of Smart Bundle [here](#).

Option 2: Tailor your own pension

You can tailor your pension to suit your needs if you prefer to be more hands-on with your retirement income.

Experience the freedom of choice with flexible investment and pension payment options (subject to minimum and maximum amounts set by the government). With tailor your own, you have the power to customise your account to align with your unique financial objectives.

Whether you choose Smart Bundle or tailor your own pension set-up when you open your account, you have the flexibility to change your payment amount or frequency, and/or your investment option(s), at any time.

Please consider the Product Disclosure Statement, Investments Booklet, Sustainable Investment Information Booklet and Mercer Direct Member Guide at mercersuper.com.au before making a decision about the product, or seek professional advice from a licensed, or appropriately authorised financial adviser if you are unsure of what action to take. The product Target Market Determination can be found at mercersuper.com.au/tmd.

⁵ Assumptions are based on the median retirement age and average balance at retirement for members of the Mercer Super Trust, life expectancy tables from the Australian Bureau of Statistics (abs.gov.au) and modest living expenses in retirement (ASFA Retirement Standard, moneysmart.gov.au). Modelling also assumes the retiree is a single homeowner with no other income who is eligible for full age pension.

Comparing super to Allocated Pension accounts

Superannuation accounts and Allocated Pension accounts are both important retirement savings vehicles, but they have some key distinctions. Superannuation accounts are all about growing your super savings during your working years, while pension accounts provide a regular income stream during retirement.

When comparing the two, it's important to consider your individual circumstances and goals. Remember, both superannuation and pension accounts play a crucial role in securing your financial future. When making decisions about your retirement savings, it's always a good idea to seek professional advice and consider your personal needs and preferences.

	Superannuation	Allocated Pension
Age requirement	No minimum age	60+ if you retire or leave a job 65 even if you haven't retired
Purpose	Accumulate retirement savings	Provide income in retirement
Access to funds	60+ if you retire or leave a job 65 even if you haven't retired You are able to access your super under special circumstances	Can access funds immediately upon starting the Allocated Pension account
Income payments	No regular income payments	Regular income payments
Lump sum	Applies only to members who meet a condition of release	Yes, withdrawals of up to 100% of the balance
Legislated minimum pension drawdown percentages	N/A	The minimum withdrawal amount is determined by your account balance and age. Read more about this and the percentages here .
Investment choice	Yes	Yes
Taxation	Contributions and investment earnings are generally taxed at a concessional rate (typically 15%). Withdrawals are tax-free if you're 60 or older	No tax applies to investment earnings and any payments after age 60 are tax-free
Government benefits	Eligible for government co-contributions and tax incentives	May impact eligibility for certain benefits, such as the government Age Pension
Additional contributions	Yes	No
Estate planning	Can nominate beneficiaries to receive superannuation benefits, including any insurance, if applicable, upon death	Can nominate beneficiaries to receive either your remaining pension balance or your regular pension payments until your account reaches zero upon death

2. Personalised support, guidance, education and advice

Everyone's story is unique, and our retirement should reflect that individuality.

Having a clear vision of what you want and mapping out a path to achieve it will go a long way in giving you the confidence to make great decisions.

As a Mercer Super member, you have access to a suite of supportive services. From guidance to education, and from advice to confidence-building tools, we've got you covered. Remember, it's not just about choosing when to step back. It's also about planning towards a financially secure future.



This section covers

Getting the right advice at the right time

Member education and support



Getting the right advice at the right time

General super guidance and support in a way that works for you. Our Advice Support team, e-Advice and financial advisers are here to ensure you get the right advice at the right time.

Resource	How it can help you
<p>Digital advice and support tools Available to all Mercer Super members at no extra cost.</p>	<p>With e-Advice you can access personalised advice on which investment options within your Mercer Super account may be right for you. Or discover how to give your super the best chance to grow.</p> <p>Get quick and easy access to super advice and support – anytime, anywhere.</p> <p>Learn more about e-Advice, including a step-by-step guide, here</p>
<p>Simple Super Guidance Available to all Mercer Super members at no extra cost.</p>	<p>With Simple Super Guidance, you can get limited personalised advice over the phone about your Mercer Super account from a financial adviser. Discover strategies to help grow your super in the lead-up to retirement, whether you have the right insurance cover and more.</p> <p>Learn more about Simple Super Guidance</p>
<p>Retirement Navigator Available to all Mercer Super members at no extra cost.</p>	<p>Making decisions about retirement can be confusing. Retirement Navigator allows you to chat with a qualified financial adviser on a range of retirement topics related to your Mercer Super account to help you understand your options and make important decisions with confidence. And it's at no extra cost – all you need is a Mercer Super account.</p> <p>We can also help connect you with personalised, no-additional-cost advice about aged care decisions through our Care & Living with Mercer program.</p> <p>Learn more about Retirement Navigator</p>
<p>Beyond Super financial advice Available to all Mercer Super members and their family members. Costs will vary based on the complexity of the advice.</p>	<p>To get the most out of financial advice, it's important to consider all aspects of your financial situation, not just your Mercer Super account.</p> <p>Beyond Super takes into account a wide range of other financial topics such as investments, estate planning and aged care.</p> <p>Be confident you're giving your ideal financial future the best chance to become a reality.</p> <p>Learn more about Beyond Super financial advice</p>

Member education and support

Resource	How it can help you
Retirement education webinars	<p>Sorting out your super and your finances is important. But it's not always easy to know what to do, or when to do it. You have access to webinars run by experienced professionals and experts, sharing simple tips and strategies to help you take control of your financial future. You can register for one of our upcoming webinars or look through the library of past webinars.</p> <p>Join or watch a webinar</p>
Retirement Income Simulator	<p>The Retirement Income Simulator is a powerful financial calculator that takes all Mercer's actuarial smarts and in-depth super knowledge to create projections of your future retirement income. You can also see the impact of extra super payments and try out different scenarios. View the results as part of an interactive online calculator or as a printable statement.</p> <p>The calculator also includes an Investment Attitude Risk Quiz to help you identify your investment risk tolerance based on certain characteristics.</p> <p>Try the Retirement Income Simulator</p>
Mercer Super Member Online	<p>Mercer Super Member Online allows you to manage your super with ease, anytime, anywhere. You can check your account balance, transaction history, see how your super is growing, update your details and more.</p> <p>If you're a member of Mercer Super, log in to Member Online</p> <p>First time accessing? Learn how to activate your account with our short step-by-step video here</p>
Mercer Super website and digital tools	<p>Visit the Mercer Super website to learn more about our products, solutions and services, as well as your options for retirement. The website also features fact sheets with key information to consider as you plan for your ideal retirement.</p> <p>Visit the Mercer Super website</p>
Personalised communications	<p>As a Mercer Super member, you'll receive regular communications to help you get the most out of your retirement journey. These include reminders about milestones, useful tips, tools, and services.</p> <p>Log in to view your member communications.</p>
Pension specialists	<p>Our team of Pension specialists also help you set up a Mercer SmartRetirement Income Transition to Retirement or Allocated Pension account.</p> <p>Speak with one of our consultants on 1800 682 525, Monday to Friday 8am-7pm (AEST/ AEDT).</p>
Care & Living with Mercer*	<p>Care & Living with Mercer gives Mercer Super members and their families access to personalised advice and support in their ageing care journey.</p> <p>Get clarity on the future with unlimited guidance from aged care experts for home care through to retirement living, residential aged care and end of life preparation – all at no additional cost.</p> <p>With our online Planner tool, you can create an action plan for future health, care and living needs, for you or a loved one. If you have any questions along the way or need a little extra support, our Care Consultants are on hand to chat.</p> <p>Mercer's Care Consultants are experienced healthcare professionals. They'll help you find care that meets your needs and enables you to live the life you want – at any age.</p> <p>Learn more about Care & Living with Mercer here</p>
Annual member statements	<p>Your annual member statement also includes an estimate of your expected account balance at retirement. It's an annual reminder to check on your super, see how you're tracking and take steps to boost your super.</p>

*Care & Living with Mercer is a service provided by Mercer Consulting (Australia) Pty Ltd ABN 55 153 168 140. Please read Care & Living with Mercer website Terms of Use when accessing the service.

3. Supporting you, our members

Engaging with you is key to understanding your needs and aspirations. It helps us provide you with the right products and services.



This section covers

Engagement and support

At Mercer Super, we believe in the power of listening and engaging with our members. We value your feedback and insights, as they help us shape our products and services to better meet your needs. By actively engaging with our members, we can continuously improve and deliver the exceptional experiences you deserve.

Member-centric approach Whether you're gearing up for retirement or already enjoying it, we've developed unique member profiles for different groups. We communicate with you based on these groups to help ensure that what we share is tailored and relevant to you.

Listening to you We actively seek your input through in-depth research, including interviews and online surveys, to better understand your needs and preferences. Using these insights, we can better tailor our products and services to meet your requirements.

Australian-based Helpline team At Mercer Super, our Helpline team plays a crucial role in listening and engaging with our members. They're dedicated to helping, answering questions, and addressing concerns, to ensure you feel supported and valued.

Mercer Super Trust members
General enquiries: **1800 682 525**
Calling from overseas: +61 3 8306 0900

Pension members
General enquiries: **1800 671 369**
Calling from overseas: +61 3 8306 0906

Annual Member Meetings This provides you with an opportunity to ask questions, share feedback, and voice concerns directly to the Mercer Super Board and Executive team.

What's next

As we deepen our understanding of your needs and preferences, our Retirement Income Strategy will dynamically adapt. This ongoing program of improvement allows us to continuously fine-tune our products, enrich educational resources, and refine our financial planning and advice solutions, ensuring that we provide the most effective and tailored retirement income solutions for our members.

Over the next 12 months we intend to:



Launch: Your Path

There are many paths to retirement. In September 2024, we'll be proudly launching 'Your Path', Mercer Super's comprehensive digital guide to retirement. Designed to help you navigate the various stages of retirement with ease. This invaluable resource provides quick and easy fact sheets, along with practical tips and checklists, to help you make the most of your retirement journey. Whether you're just starting to plan or already in the midst of retirement, 'Your Path' will empower you to make the most of your retirement and make informed decisions at the four major turning points: Laying the foundations, Planning for retirement, Moving into retirement, and Living in retirement.

Make your journey as smooth as it can be with Your Path.



Enhance the digital experience

We're committed to enhancing the digital experience for all our members. We understand the importance of convenience and accessibility, which is why we are continuously improving our app, Member online portal, and website. Our goal is to provide a seamless and user-friendly interface that allows you to easily manage your account, access important information, and make informed decisions about your retirement. With intuitive navigation, enhanced features, and personalised tools, we strive to ensure that your digital experience is efficient, informative, and tailored to your needs. Stay tuned for exciting updates as we continue to innovate and deliver an exceptional digital experience for our members.

Contact us

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A business of Marsh McLennan