

Target market determination

Virgin Money Super



Legal disclaimer

A Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001. It sets out the target market for the product, triggers to review the target market and certain other information. It forms part of the Mercer Superannuation (Australia) Limited design and distribution framework for the product.

This document is not a product disclosure statement, and is not a summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Customers interested in acquiring this product should carefully read the Product Disclosure Statement for Virgin Money Super before making a decision whether to buy this product. The Product Disclosure Statement can be obtained from virginmoney.com.au/super

Important terms in this TMD are defined at the end of the document.

1. Product summary

Target market determination

1.1	Name of product	Virgin Money Super
	Issuer name	Mercer Superannuation (Australia) Limited (MSAL)
	Issuer AFSL	235906
	Fund ABN	19 905 422 981
	USI code	19 905 422 981 701
1.2	TMD date	21 April 2023
	TMD date last reviewed	1 April 2023
	TMD version	4
	Product description	<p>This is a product for individuals to accumulate savings for retirement through superannuation.</p> <p>This product is not a self-managed super fund.</p> <p>This Target Market Determination only relates to the non-MySuper options in this product.</p>
	Key product attributes	<ul style="list-style-type: none">• This Superannuation Plan is an accumulation account• The customer can make investment choices in this product• This product is subject to superannuation preservation legislation• Insurance cover generally available for eligible customers, is:<ul style="list-style-type: none">– Death (including Terminal Illness) cover– Total and Permanent Disablement (TPD) cover– Income Protection (Benefit payment period conditions apply)

Target market

The Target Market is the class of persons who are the type of customer set out below, who have the needs and objectives set out below and are in the financial situation set out below.

2. Needs and objectives of customer

2.1 TMD indicator key

The Customer Attributes for which the product is likely to be appropriate have been assessed using a red/amber/green rating methodology with appropriate colour coding:

In target market	Potentially in target market	Not considered in target market
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Instructions

Generally, a customer is unlikely to be in the target market for the product if:

- **one or more** of their Customer Attributes correspond to a **red** rating, or
- **three or more** of their Customer Attributes correspond to an **amber** rating.

2.2 Customer objectives

A customer with **any one or more** of the following short term and long term objectives:

- to accumulate capital/wealth for retirement
- to hold capital/wealth during retirement
- to provide a source of income during retirement
- to provide an environment for concessional taxation of savings
- to obtain protection through having insurance.

2.3 Level of decision making

Customer's desired level of decision making	Product consistency with target market
Fully self-managed, including fund administration (SMSF)	Not considered in target market
Investment options chosen by customer from extensive investment menu	Not considered in target market
Investment options chosen by customer from limited investment menu	In target market
Default investment options applied where no investments selected	In target Market
A range of death and disability insurance arrangements able to be applied for and subject to underwriting	In target market
Default death and disability insurance arrangements to be automatically applied upon joining the fund	In target market

2.4 Product investment menu

Looking to invest in one, or a combination of, investment options that sit within the following categories of investment:

Customer's desired type of strategy on investment menu	Product consistency with target market
Cash	In target market
Indexed Australian Shares	In target market
Indexed International Shares	In target market
Indexed Real Assets	In target market
Indexed Alternative Assets	In target market
Indexed Fixed Interest	In target market
Indexed Fixed Interest and Cash	In target market

2.5 Insurance options available

Customers in the accumulation phase are the target market for the insurance options within each product of the MST – Virgin Money Super.

- Customers receive automatic insurance cover upon meeting the eligibility criteria of the product (see section 2.6 below for further details including the eligibility criteria).
- Insurance designs are based on factors such as age and salary that provide the type and amount of cover that reflects customers' likely needs.
- Typically, the amount of cover is highest when customers' needs (e.g. to cover debt and dependants) are highest with the amount of cover then reducing as customers approach retirement.

Customers have the flexibility to either opt-in or opt-out of automatic insurance cover, change or cancel cover at any time depending on their needs.

Cover available and likely needs	Product consistency with target market
Death (including Terminal Illness) cover Provides a lump sum benefit to those who depend on the customer for financial security if the customer is diagnosed with a terminal illness or passes away.	In target market
Total and Permanent Disablement (TPD) cover Protects a customer if it leaves them no longer able to work permanently as a result of sickness or injury. TPD cover cannot be held separately and must be held jointly with Death cover.	In target market
Income Protection (IP) cover (Benefit payment period conditions apply) Provides a monthly benefit while a customer recovers from a temporary illness or injury.	In target market

2.6 Information and eligibility criteria for insurance cover

Cover available	Type of customer – Virgin Money Personal Super customer			Product consistency with target market
Death (including Terminal Illness) and TPD cover TPD cover cannot be held without death cover.	This option is designed for customers seeking Death only, or Death and TPD cover through their personal superannuation plan. Subject to meeting certain eligibility criteria, this option provides customers with access to:			In target market
		Death	TPD	
	Automatic cover without underwriting	Yes	Yes	
	Additional Tailored cover through underwriting, subject to insurer approval	Yes	Yes	
	Maximum cover amount	Automatic cover Up to \$270,400 depending on the customer's age		
		Tailored cover	\$5M (Terminal Illness benefit is limited to \$2.5M, any balance is paid on death, subject to continued eligibility)	
			\$2M, subject to insurer approval	
	Apply for cover between the ages	15 to 64	15 to 64	
	Cover expiry age	65	65	
	Customer characteristics A customer must meet the following criteria to be eligible to access Death and TPD cover:			
	<ul style="list-style-type: none">• have a Virgin Money Super account and roll-over funds and/or make super contributions into the account,• be an Australian resident or temporary Australian resident who holds a visa,• be aged 25 years or older and their super balance must have reached \$6,000 in the product in order to receive automatic insurance cover, alternatively they may opt-in sooner, and• aged between 15 and 64.			

Cover available	Type of customer – Virgin Money Personal Super customer	Product consistency with target market
Income Protection (IP) cover	This option is designed for customers seeking income protection insurance through their personal superannuation plan. Subject to meeting certain eligibility criteria, this option provides customers with access to:	
	Cover through underwriting, subject to insurer approval	Yes
	Cover when the customer is working	At least 15 hours per week.
	Maximum cover amount	Lesser of 1/12 of 75% of salary and \$30,000 per month. Important: Customers eligible to receive a benefit payment(s) may have the benefit amount reduced if income or other benefits are received from other sources during the benefit payment period.
	Applying for cover between ages	15 to 64
	Cover expiry age	65
	Benefit payment and waiting period	2-year benefit period 90 day waiting period
	Customer characteristics	
	A customer must meet the following criteria to be eligible to access income protection insurance:	
	<ul style="list-style-type: none">• have a Virgin Money Super account and roll-over funds and/or make super contributions into the account,• be working at least 15 hours per week,• be an Australian resident, and• be aged between 15 and 64.	

Customers not in the target market for insurance include those who:

- do not meet the criteria outlined above,
- want to apply for or hold TPD cover separately, or
- are actively serving in the armed forces (policy exclusions for injury, disability and illness caused by war or participation in active service in the armed forces limit the ability to claim for these customers).

3. Financial situation of customer

3.1 Life stage of customer

Life stage of customer	Product consistency with target market
Child (under 18)	In target market
Accumulation phase (over 18)	In target market
Pension draw down phase (any age)	Not in target market

3.2 Intended size of investment

Customer's intended account balance	Product consistency with target market
Below \$500	Potentially in target market
Over \$500	In target market

3.3 Customer selected investment options

This section of the TMD is relevant to customers who choose one or more investment options when entering the product (that is, customers who do not rely on the default investment option).

The investment menu, is designed to provide a range of choices across the risk/return spectrum and with a corresponding suggested minimum time for holding the investment option. It is therefore encouraged that customers utilise the Risk Attitude Questionnaire found in the Customers' Dashboard (available once joined the plan), and/or the free limited financial advice service through the Helpline, or seek their own financial advice.

Each of the sections in the table below should be taken into account individually.

Investment Option Standard Risk Measure	Very High Risk	High Risk	Medium- High Risk	Medium Risk	Low- Medium Risk	Low Risk	Very Low Risk
Customer's Risk Appetite							
Very Confident							
Confident							
Slightly Confident							
Slightly Cautious							
Cautious							
Very Cautious							
Customer's investment timeframe							
Short (< 3 years)							
Medium (3 ≤ 7 years)							
Long (> 7 years)							
Customer's intended option use							
Solution/Standalone (75-100%)							
Core Component (25-75%)							
Satellite/small allocation (<25%)							
Customer's need to switch investments							
Any timeframe							

4. Other elements of TMD

4.1 Appropriateness requirements

Explanation of consistency of key attributes with TMD

Mercer Superannuation (Australia) Limited has reviewed the manner in which existing customers are using the product as at the date of this TMD. This review of customer data and behaviour confirms that the key product attributes (as listed in section 1) are consistent with customer needs and objectives.

4.2 Distribution conditions/restrictions

Distribution channel	Permitted channel?	Distribution conditions/Restrictions
Direct retail where permitted	Yes	
Personal advice	Yes	An adviser can only recommend the product not establish an account on behalf of the customer
Through authorised representatives by general advice/intrafund advice	Yes	
Customers enrolled through their employer	Yes	
Robo Advice	Yes	

4.3 Review triggers

- Any event or circumstance that would suggest the TMD is no longer appropriate. This may include (but is not limited to):
 - The occurrence of a significant dealing.
 - A material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) regarding product design, product availability or any distribution condition.
 - Material change to key product attributes, terms and/or conditions.
 - An unexpected change in:
 - The number, duration, nature and amount of death, income protection, TPD or terminal illness claims paid, declined or withdrawn, or
 - Insurance cancellation rates.
 - The use of Product Intervention Powers, regulator orders or directions in relation to the distribution of this product.
 - External events such as adverse media coverage or regulatory attention;
- The trustee (MSAL) of this product makes a determination for purposes of s52(9) of Superannuation Industry (Supervision) Act 1993 that the financial interests of the customers who hold this product are not being promoted.

4.4 Mandatory review periods

Review periods	Maximum period for review
Initial review	NA - initial review has already occurred
Subsequent review	3 years and 3 months

4.5 Distributor information reporting requirements

Regulated person(s)	Requirement	Reporting deadline
All distributors	To the extent a distributor is aware of dealings outside the target market these should be reported to the issuer, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.	Quarterly *
All distributors	Complaints (as defined in section 994A(1) of the Corporations Act 2001) relating to the master trust and options offered on the master trust, where the nature of the complaints relate to product design, insurance claims, product availability and distribution conditions. The distributor should provide all the content of the complaint, having regard to privacy.	Quarterly *
All distributors	Significant dealing outside of target market under s994F(6) of the Act.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.

* Quarterly reporting is due 10 business days after the end of the March, June, September and December quarters. Distributors must report to Mercer Superannuation (Australia) Limited.

4.6 Important terms within this TMD document

Term	Definition
Income Protection	The term Income Protection includes Total but Temporary Disablement (TTD), and Salary Continuance Insurance (SCI).
Material Change	A material change is a change to the product attributes, fees, charges, terms and conditions or the manner of distribution that may cause the TMD to no longer be appropriate.
Product Disclosure Statement	The Product Disclosure Statement is a summary of the features of Virgin Money Super, a plan in the Retail Division of the Mercer Super Trust. It includes references to important information in a series of booklets that are part of this PDS. These booklets are the Virgin Money Super Product Guide and the Insurance Guide.
Extensive Investment Menu	More than 10 investment options
Limited Investment Menu	Less than 10 investment options

Customer's intended product use

Standalone (75-100%)	The customer intends to hold the investment as either a part or the majority (up to 100%) of their total investable assets (see definition below).
Core Component (25-75%)	The customer intends to hold the investment as a major component, up to 75%, of their total investable assets (see definition below).
Satellite/Small allocation (<25%)	The customer intends to hold the investment as a smaller part of their total portfolio, as an indication it would be suitable for up to 25% of the total investable assets (see definition below).

Customer's Risk (ability to bear loss) and Return profile

Very high	<p>The customer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7) and possibly other risk factors, such as leverage).</p> <p>Customer typically prefers growth assets such as shares, property and alternative assets.</p>
High	<p>The customer is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6)) in order to target a higher target return profile.</p> <p>Customer typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.</p>
Medium	<p>The customer is moderate or medium risk in nature, seeking to minimise potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)) and comfortable with a moderate target return profile.</p> <p>Customer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.</p>
Low	<p>The customer is conservative or low risk in nature, seeks to minimise potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)) and is comfortable with a low target return profile.</p> <p>Customer typically prefers defensive assets such as cash and fixed income.</p>

Customer's Risk (ability to bear loss) and Return profile

Significant dealings

Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.

The issuer will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.

Dealings outside this TMD may be significant because:

- they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or
- they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the customer (or class of customer).

In each case, the distributor should have regard to:

- the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes),
- the actual or potential harm to a customer (which may be indicated by the value of the customer's investment, their intended product use or their ability to bear loss), and
- the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red or amber ratings attributed to the customer).

Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:

- it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the reporting period,
 - the customer's intended product use is Solution / Standalone, or
 - the customer's intended product use is Core component and the customer's risk (ability to bear loss) and return profile is Low.
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