



# TARGET MARKET DETERMINATION (TMD)

FOR LGIASUPER - ENERGY SUPER  
DEFINED CONTRIBUTION ACCOUNT



## About this document

A Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001 (Cth). It sets out the target market for the product, triggers to review the target market and certain other information. It forms part of LGIASuper's 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. Members interested in acquiring this product should carefully read the Product Disclosure Statement (PDS) and any supplementary documentation before making a decision whether to buy this product.

This TMD applies to the **Defined Contribution Account** referred to in the **Energy Super Member Guide** Product Disclosure Statement.

- [Member Guide](#) – PDS - Defined Contribution members - Issued 30 September 2021
- [Insurance Guide](#) – Issued 30 September 2021
- [Investment Guide](#) – Issued 30 September 2021

**Date from which this Target Market Determination is effective**  
**5 October 2021**

## Class of members that fall within the target market

The information below summarises the overall class of members that fall within the target market based on the product key attributes and the objectives, financial situation and needs that it has been designed to meet. Key eligibility requirements and attributes for both the investment options and insurance options are aligned to the target market.

### Product description

The Energy Super Defined Contribution Account has been designed for members whose likely objectives, financial situation and needs (as listed below) are aligned with the product (including the key attributes).

The Energy Super Defined Contribution product is for members needing capital growth with the objective of accumulating savings for retirement, and those who want a choice of investment options. This product is not a self-managed superannuation fund.

### Objectives, financial situation and needs of members in the target market

The below table outlines the likely objectives, financial situation and needs of members who are part of the target market for the Defined Contribution product:

Type of Members	Individual members
Financial Situation of the Member	Members of all ages and stages with the objective of growing savings for retirement.
Members Desired Investments	<ul style="list-style-type: none"><li>• The need to choose how superannuation is invested across a range of investment options, with administration by the fund.</li><li>• The ability to switch between investment options at any time.</li></ul>
Members Desired Types of Products	<ul style="list-style-type: none"><li>• Ready-made diversified portfolio options.</li><li>• Sector specific options.</li><li>• Sub-sector specific options.</li></ul>
Members Desired Insurance Options	Access to a range of flexible insurance options including the following types of cover: <ul style="list-style-type: none"><li>• Death Only Cover.</li><li>• Death and TPD cover available together.</li><li>• Income Protection (IP) - Short and Extended.</li></ul> As well as the ability to opt-out of automatic insurance cover, and/or choose no insurance.

### Key product attributes

The Defined Contribution product investment and insurance options provide members with the following key attributes:

- Access to any one of 11 investment options for members to choose how superannuation is invested.
- Access to different types of insurances to protect members and families from the unexpected.
- Tax benefits with savings in superannuation products, generally taxed at lower rates than other investments outside superannuation.

## Investment options alignment to target market

The Defined Contribution account provides members with several investment options which aim to grow retirement savings. The investment options provide our members with a wide range of wealth generating portfolios so they can make a choice that suits their needs. Each investment option has a specific purpose and objective that will appeal to the objectives and needs of our members depending on their situation. If a member's situation changes, they have the flexibility to select a different option (or combination of options) and can switch investments at any time. Additional key attributes include:

- The retirement benefit which is available on permanent retirement after the member reaches the preservation age. Except in certain permitted scenarios, amounts saved into superannuation cannot be withdrawn ensuring optimal savings until retirement when Pension accounts can be opened, or the option of a lump sum is available.
- Member Portal online, which enables members to adjust their selection of key attributes (for both investment options and insurance) of the Defined Contribution product.

### Key attribute (investment options) alignment with the target market:

Investment Option	Member Need	Investment Objectives	Member Risk Tolerance	Minimum Suggested Investment Timeframe
<b>Cash Enhanced</b>	Those risk-averse investors who would like to be assured of a consistent return on their money in the short term, even if that return is low and doesn't keep pace with inflation.	Return target is to outperform the Bloomberg AusBond Bank Bill Index over rolling 2-year periods.	Very Low Risk - Estimated number of negative annual returns is 0.1 over any 20-year period.	Willing to invest in the option for a minimum of 1 year.
<b>Stable</b>	Those risk-averse investors who would like some diversification and would like the opportunity to achieve a better return than the Cash Enhanced investment option.	To achieve returns (after tax and other costs) over rolling 10-year periods of 1.5% above the Consumer Price Index (CPI).	Low to Medium Risk - Estimated number of negative annual returns is 1.8 over any 20 year period.	Willing to invest in the option for a minimum of 3 years.
<b>Fixed Interest</b>	Those risk-averse investors who want capital stability and higher returns than the Cash Enhanced option over the medium term.	To outperform the weighted average return from the Bloomberg AusBond Composite Bond Index (50%) and the Barclays Capital Global Aggregate Index (Hedged into Australian dollars) (50%) after tax and fees over 3-year periods.	Low to Medium Risk - Estimated number of negative annual returns is 1.9 over any 20 year period.	Willing to invest in the option for a minimum of 3 years.
<b>Capital Managed</b>	For cautious risk-takers who are willing to take some risk with their money but would like some investment in Cash Enhanced and Fixed Interest to stabilise their Share investment.	To achieve returns (after tax and other costs) over rolling 10-year periods of 2% above CPI.	Medium Risk Estimated number of negative annual returns is 2.9 over any 20-year period.	Willing to invest in the option for a minimum of 3 years.
<b>Balanced</b>	For return-seeking investors who are willing to take moderate risks but still like the stability of a proportion of Cash Enhanced and Fixed Interest in their investment.	To achieve returns (after tax and other costs) over rolling 10-year periods of 3% above CPI.	Medium to High Risk - Estimated number of negative annual returns of 3.7 over any 20-year period.	Willing to invest in the option for a minimum of 5 years.

<b>MySuper (Default)</b> <i>also available as an option</i>	Return-seeking investors who are willing to take moderate risks but would still like the advantages of a proportion of cash enhanced and fixed interest in their investment.	To achieve returns (after tax and other costs) over rolling 10-year periods of 3% above CPI.	Medium to High Risk - Estimated number of negative annual returns is 3.7 over any 20 year period.	Willing to invest in the option for a minimum of 10 years.
<b>SRI Balanced</b>	For investors who are willing to take moderate risks and seeking an investment return from socially responsible sources.	To achieve returns (after tax and other costs) over rolling 10-year periods of 3% above CPI.	Medium to High Risk – Estimated number of negative annual returns 3.7 over any 20-year period.	Willing to invest in the option for a minimum of 5 years.
<b>Growth</b>	For investors who are looking to increase the underlying value of their assets from returns from capital growth.	To achieve returns (after tax and other costs) over rolling 10-year periods of 3.5% above CPI.	High Risk Estimated number of negative annual returns of 4.3 over any 20-year period.	Willing to invest in the option for a minimum of 7 years.
<b>Indexed Balanced</b>	For return-seeking investors who are willing to take moderate risk, but would still like the stability of a proportion of cash enhanced and fixed interest in their investment.	To achieve returns (after tax and other costs) over rolling 10-year periods of 2.75% above CPI.	High Risk Estimated number of negative annual returns of 4.4 over any 20-year period.	Willing to invest in the option for a minimum of 5 years.
<b>International Shares</b>	For return-seeking share market investors who want to capitalise on the long-term growth of the international share markets.	To outperform the weighted average return from the MSCI All Countries World Index in \$A hedged (50%) and the MSCI All Countries World Index in \$A unhedged (50%) over rolling 5-year periods.	High Risk Estimated number of negative annual returns of 5.3 over any 20-year period.	Willing to invest in the option for a minimum of 10 years.
<b>Australian Shares</b>	For return-seeking share market investors who want to capitalise on the long-term growth of the Australian Share market.	To outperform the S&P/ASX 300 Accumulation Index over rolling 5 year periods.	High Risk Estimated number of negative annual returns of 5.6 over any 20-year period.	Willing to invest in the option for a minimum of 10 years.

## Insurance features alignment to target market

The Defined Contribution Account provides insurance options that supports the financial stability of our members when an unexpected event occurs. A member's insurance needs are driven by their lifestyle and financial commitments and may change over time. The Defined Contribution product offers members the ability to adjust their cover to suit their needs.

Key attributes include varied costs and cover tailored to member needs within submarkets across different ages and occupational risk ratings. The cost of Death only, or Death & Total and Permanent Disablement (TPD) insurance cover depends on the amount of cover chosen, and whether it is unit-based or fixed-dollar cover. Members may also be eligible for a discounted rate for insurance if their occupation is within the definition of "White Collar/Professional".

### Insurance attribute (Insurance Options) alignment with the target market:

Insurance Option	Option purpose aligned to member need	Eligibility criteria for target market
<b>Death and Total and Permanent Disability (TPD)</b>	A lump sum to family or estate if you die before age 70 (in some cases at age 65). or on the diagnosis of a terminal illness or if you're disabled to such an extent that you will no longer be able to work.	At least 15 years old and not older than 60 (in some exceptions 65). Working at least 15 hour per week
<b>Death Only</b>	A lump sum payment to family or estate if you die before age 70 (in some exceptions 65) or are diagnosed with a terminal illness.	
<b>Income Protection (IP)</b>	Provides you with an income replacement payment of the lesser of either 80 % of pre-disability salary or level of cover applied for, in the event that a temporary disablement prevents you from working or if you're suddenly incapacitated and need time to recover. In the case of Extended IP cover up to age 65 benefit, in the case of Short-Term IP up to 104 weeks benefit.	Working at least 14 hours per week Under 65
<b>DEFAULT Cover Death &amp; TPD and Short term IP</b>	Fully employer funded Death and TPD and /or IP. Short term IP enables up to 104 weeks income replacement, and lump sum to family and estate in the event of death or total and permanent disability.	Under 60 for Death and TPD Under 65 for IP



## Target market consistency

The Defined Contribution product and its key attributes have been designed to deliver members superannuation that accumulates wealth with low fees and high flexibility providing investment and insurance options.

### Investment and insurance option consistency with the objectives, financial situation and needs of the target member:

Product Attribute	Target Market Needs, Objectives and Financial Situation	Product Consistency and Adequacy for Target Market
<b>Investment Options</b>	<ul style="list-style-type: none"> <li>Typically, at different life stages members may have different risk tolerances, however this is still a personal choice.</li> <li>Members who are more risk averse, or who are closer to retirement, may choose investments with more stable returns over shorter investment timeframes. Younger members, those who are less risk averse or have the ability to invest longer term, may choose more aggressive investment portfolios.</li> <li>Member investment experience may range from little or basic knowledge to the more informed or experienced investor.</li> </ul>	<ul style="list-style-type: none"> <li>Depending on risk appetite at any time in life there is a wide range of investment options.</li> <li>The freely available opt-in opt-out choice for each investment type, means the product allows members to tailor their investment choice to suit their individual needs at any stage in life.</li> <li>Investment option choices include diversified asset combinations (including the default fund) as well as single class asset options (e.g. shares). Catering to the diverse range of potential investment experience, our members can allocate the portion of funds invested across any combination of investment options.</li> </ul>
<b>Insurances</b>	<ul style="list-style-type: none"> <li>The insurance requirements of a member change throughout their lifetime.</li> <li>A member's debt levels and loss of income due to death, injury, or illness e.g. mortgage and the future liabilities in relation to any dependents are the primary drivers of insurance need.</li> <li>Member professional status may also create a need for different requirements for cover.</li> <li>Some members will place a high value on ensuring that they take out adequate insurance cover due to their risk appetite and personal circumstances. Other members place a low value on insurance as being important to them. These members can self-insure or they may have a higher appetite for risk.</li> </ul>	<ul style="list-style-type: none"> <li>The insurance opt-in opt-out options for members and ability to change the level of cover over a lifetime provide consistency with the target market needs.</li> <li>Cover alignment to professional status tailors the product fit to member needs. e.g. members can be eligible for a "white collar/professional" discount.</li> <li>While cost of cover depends on age, member's options including cover in units or fixed dollars (in the case of Death only &amp; TPD/Death cover) with flexibility to switch between the two options ensure the products aligns to needs at different life stages.</li> </ul>

## How this product is to be distributed

### Distribution channel and conditions

Distribution of the Defined Contribution product is directed towards target market via active distribution channels and must meet the distribution conditions outlined (below). The Defined Contribution product must only be distributed when there is a compliant Target Market Determination that has been published.

Active Distribution Channels	Distribution Conditions
Online directly through LGIA website by submitting a completed online application form	Members who meet the eligibility requirements
Paper application form	Members who meet the eligibility requirements
Telephone by Contact Centre	Members who meet the eligibility requirements
Through authorised representatives by general advice	Members who meet the eligibility requirements and have been enrolled by distributors authorised by us to distribute the products
Default enrolled via employers	Members who have been enrolled via default through their employer that meet the eligibility requirements. Where members are an Australian citizen, New Zealand citizen or permanent resident

### Adequacy of distribution conditions and restrictions

For the Defined Contribution product, the target market is anyone who is aiming to accumulate wealth with low fees and high flexibility (requiring investment options and insurance cover).

Superannuation is compulsory for employers to pay into an eligible fund. Appropriate product distribution conditions are in place to direct distribution towards the target market and ensure reasonable steps have been taken to make it likely that members in the target market acquire the product. This includes:

- Product eligibility requirement criteria to prevent members outside the defined target market from acquiring the product.
- Restricted distribution channels to ensure equitable product access to both default employer members and public offer members within the broad target market of any employee saving for retirement.
- A 14 day 'cooling off' period which enables any newly opened account to be cancelled, and funds transferred back to the member or another superannuation fund (depending on timing and circumstances)



## Reviewing this Target Market Determination

LGIAsuper (as issuer of Energy Super products) will review this TMD in accordance with the below:

Review Type	Review Details
Initial Review	Within 12 months of the effective date. The TMD will initially be reviewed by <b>October 2022</b> .
Periodic Reviews	At least annually from the initial review. The TMD will subsequently be reviewed by <b>October 2023</b> . With periodic reviews resulting in a determination that result in one of the below outcomes: a) no change to the product or the way it is distributed, b) changing the product's design, target market or distribution, or c) ceasing to offer the product.
Review Triggers or Events	Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but not limited to): <ul style="list-style-type: none"> <li>• A material change to the design or distribution of the product, including documentation.</li> <li>• Occurrence of a significant dealing outside the TMD.</li> <li>• Distribution conditions found to be inadequate, with indications that the distribution conditions do not make it likely that the members who acquire the product are in the target market.</li> <li>• The nature, number and outcomes of product related complaints.</li> <li>• A significant increase in fund outflows and /or members exiting the product.</li> <li>• A significant increase in investment option switching.</li> <li>• Material changes in investment performance: <ul style="list-style-type: none"> <li>○ Results of member outcomes monitoring/reviews.</li> <li>○ The performance of the product relative to its investment objective, appropriate benchmarks (if any) and similar products (e.g. a change in expected performance in light of significant changes in market conditions such as an economic downturn).</li> <li>○ Significant losses suffered by members and whether the product is still likely to achieve its investment objective over time.</li> <li>○ Whether the liquidity of the product has changed and whether the product is able to continue to offer regular withdrawals.</li> <li>○ The fees of the product compared to similar types of products.</li> <li>○ The taxation implications of the product compared to similar products.</li> </ul> </li> <li>• Material changes in insurance product performance: <ul style="list-style-type: none"> <li>○ Insurance cancellation rates.</li> <li>○ Rates of paid, denied and withdrawn insurance claims.</li> </ul> </li> <li>• Whether the product remains on approved product lists and menus for key distributors.</li> <li>• External events such as adverse media coverage, regulatory attention or change in legislation.</li> </ul>

Where a review trigger has occurred, this Target Market Determination will be reviewed within **10 business days**. If a significant dealing that is not consistent with the Target Market Determination is identified ASIC will be notified. Distributors can report significant dealings and/or review triggers to [info@lgiasuper.com.au](mailto:info@lgiasuper.com.au). The information that is required to be included in the report is:

- the date of the occurrence/event,
- the date they became aware of the significant dealing or review trigger,
- description of the occurrence/event,
- how the occurrence/event was identified, and
- any steps taken to resolve the significant dealing/review trigger.

## Reporting and monitoring this Target Market Determination

### Distributor information reporting periods

LGIAsuper (as issuer of Energy Super products) may collect the following information from our distributors in relation to this TMD:

Requirements and Reporting Deadlines	
<b>Complaints</b>	Distributors will report all complaints in relation to the product(s) covered by this TMD <b>on a monthly basis</b> .  This will include written details of the complaints including: <ul style="list-style-type: none"><li>• the nature of the complaints including whether they relate to product design, insurance claims, product availability and distribution conditions.</li><li>• periods where there were no complaints.</li></ul>
<b>Significant Dealing</b>	Distributors will report if they become aware of a significant dealing in relation to this TMD <b>within 10 business days</b> .