



# TARGET MARKET DETERMINATION (TMD)

FOR LGIASUPER - ENERGY SUPER  
INCOME STREAM 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 consider 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 deciding whether to buy this product.

This TMD applies to the **Income Stream account** referred to in the Energy Super **Income Stream PDS**.

- [Income Stream PDS](#) – Issued 30 September 2021
- [Insurance 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 Income Stream 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 Income Stream Account is for members who are seeking a regular income with flexibility to make lump-sum withdrawals during retirement. 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 of this Income Stream product:

Type of Members	Individual members (who have full access to some or all of their superannuation).
Financial Situation of the Member	<ul style="list-style-type: none"> <li>Members who have reached their preservation age and retired, or have full access to their superannuation (for example over the age of 65).</li> <li>Members with the objective of generating tax effective returns from their investment of retirement savings for a regular income (with the option of lump sum withdrawals).</li> <li>Comfortable to invest more than \$10,000 (subject to the Transfer Balance Cap).</li> </ul>
Members Desired Investments	<ul style="list-style-type: none"> <li>Investments chosen by the member from an investment menu, with administration provided 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> <li>Longevity product options.</li> </ul>
Members Desired Insurance Options	Death Only cover which is not dependent on employment up to age 70.

An Income Stream Account is not available to members who:

- have not reached their preservation age and have not permanently retired.
- do not have full access to some or all of their superannuation.

This account excludes members who fall within the above negative target market except for certain circumstances e.g. a member may be eligible to open a Pension account if they are totally and permanently disabled.

## Key product attributes

The Income Stream product provides members with key attributes including:

- Lump sum withdrawals (minimum withdrawal of \$1000).
- 5 regular income payment frequency options (fortnightly, monthly, quarterly, half-yearly or annually). Minimum of 1 payment per financial year.
- Retirement Reward if you open an Energy Super Income Stream Account from an Energy Super accumulation (Defined Contribution) account.
- Ability to adjust the selection of investment options at any time without cost.
- Ability to adjust insurance at any time.
- Option to have automatic payment increased in line with CPI increases each year.
- The potential for members to generate tax free income from their investment when returns are positive.
- Options to have a superannuation accumulation account at the same time.
- Upon the member's death – option of any remaining balance in a lump sum or revisionary income stream to nominated beneficiaries (plus any Death insurance).

## Investment options alignment to target market

The Income Stream Account provides members with several investment options aiming to generate tax effective returns from the investment of retirement savings for a regular income or lump sum withdrawals. 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.

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

Investment Option	Member Need	Investment Objectives	Member Risk Tolerance	Minimum Suggest 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 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	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.

		the Barclays Capital Global Aggregate Index (Hedged into Australian dollars) (50%) after tax and fees over 3 year periods.		
<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>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.
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### Insurance features alignment to target market

The Income Stream Account provides insurance options that supports the financial stability of our members' beneficiaries in the event of death. A member's insurance needs are driven by their lifestyle and financial commitments and may change over time. This product offers members flexible options to the tailor cover to their needs. Additional key attributes include:

- Option of unit-based or fixed-dollar cover.
- Option to change cover (including reduce or increase within maximum allowable limits).
- Option to apply to transfer any existing Death cover with the Fund to their Energy Super Income Stream at the time an Income Stream account is opened (subject to eligibility requirements).

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

Insurance Option	Option purpose aligned to member need	Eligibility criteria for target market
<b>Death Only -Unit based cover</b>	A one-off lump-sum payment of the money in your superannuation account, plus any insurance cover upon your death or diagnosis of a terminal illness.	Less than 70 years old
<b>Death Only - Fixed-dollar cover</b>	A one-off lump-sum payment of the money in your superannuation account, plus any insurance cover upon your death or diagnosis of a terminal illness.	Less than 70 years old

### Retirement Reward features

The Retirement Reward is a tax benefit that is passed onto members when retiring. Basically, it's a dollar reward that pays the member the portion of tax the Fund has set aside for when growth assets (like shares) are sold. When a member moves their Energy Super accumulation (Defined Contribution) account or Energy Super TTR Income Stream to an Energy Super Income Stream Account, the balance is transferred to a tax free environment meaning the portion of tax that has been set aside can be passed onto the member when an Income Stream account is open. The Retirement Reward is paid into the member's Energy Super Income Stream account, if applicable.



## Target market consistency

The Energy Super Income Stream product and its key attributes have been designed to deliver members tax effective returns from the investment of retirement savings for a regular income or lump sum withdrawals. The investment options provide members with the flexibility to choose an investment strategy that best suits their risk profile.

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

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 may need a complete or partial annual income supplement from their superannuation savings in retirement and will likely seek to optimise their investment returns.</li> <li>Risk averse members may seek investment choices with more stable returns over shorter investment timeframes. Less risk averse members hoping to benefit from higher growth rates over longer-term investment timeframes may want to 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 range investment options which can be tailored by the member to align with their investment strategy.</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.</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 future liabilities in relation to any dependants are the primary drivers of insurance need.</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>While cost of cover depends on age, member's options include cover in units or fixed dollars with the ability to switch between the two options. This flexibility along with options for no insurance cover, ensure the product aligns to member needs across this retirement life stage to age 70.</li> </ul>

## How this product is to be distributed

### Distribution channel and conditions

Distribution of this Income Stream product is directed towards the target market via active distribution channels and must meet the distribution conditions outlined. The Income Stream product must only be distributed when there is a compliant target market determination that has been published.

Eligibility criteria as distribution condition across all channels apply. Members can open an Income Stream Account when they:

- reach their preservation age and have permanently retired,
- have full access to some or all of their superannuation (for example over the age of 65).

Active Distribution Channels	Distribution Conditions
Online directly through Energy website by submitting a completed online application form	Members who meet the eligibility requirements
Paper application	Members who meet the eligibility requirements
Telephone via 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

### Adequacy of distribution conditions and restrictions

For the Income Stream product, the target market is anyone eligible who is aiming to drawdown on their superannuation. Members generate tax effective returns from the investment of retirement savings for a regular income with the option of lump sum withdrawals.

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:

- Strict 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 members within the defined target market.
- 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 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>Oct 2022</b> .
Periodic Reviews	At least annually from the initial review. The TMD will subsequently be reviewed by <b>Oct 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	<p>Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but not limited to):</p> <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>
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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 may collect the following information from our distributors in relation to this TMD:

Requirements and Reporting Deadlines	
<b>Complaints</b>	<p>Distributors will report all complaints in relation to the product(s) covered by this TMD <b>on a monthly basis</b>.</p> <p>This will include written details of the complaints including:</p> <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>	<p>Distributors will report if they become aware of a significant dealing in relation to this TMD <b>within 10 business days</b>.</p>