

Retirement Income Strategy

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Australian Retirement Trust acknowledges the Traditional Custodians of Country throughout Australia, and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Welcome to Australian Retirement Trust

We're committed to inspiring confidence and awakening futures, so our members can live their best retirement.

Australian Retirement Trust is one of the largest super funds in the country, trusted by over 2.4 million members to take care of over \$330 billion of their retirement savings.¹ As a profit-for-members fund, we don't pay shareholders, which means we can reinvest profits back to members as better value products and services.

Whether our members are just starting out their working life, already retired, or somewhere in between, we're here to help them feel secure, confident, and protected in retirement. We use our size and scale to make our members' world better, working with the community and seeking out investments to grow their savings and retirement income.



+



over 2.4 million
members

over \$330 billion
retirement savings

¹ Statistics as at February, 2025.

Our retirement income commitment to members

Helping every member achieve a secure and confident retirement by continually investing in the support and solutions they need.

Our commitment

Caring for our members' retirement comes with an important responsibility - to support them both leading up to and through retirement. We do this through a comprehensive approach that includes investment, protection, and quality advice services.

As one of Australia's largest super funds, we also have a broader responsibility to contribute to addressing the complex challenges our members face when planning for retirement – in turn, helping shape a retirement system designed to provide a more secure future for all Australians.

We understand our members have diverse retirement goals, financial situations and engagement preferences. Our *Retirement Income Strategy* (strategy) reflects this, outlining our commitment to helping members achieve and balance the objectives of:

- maximising their retirement income throughout their retirement,
- managing risks to the stability and sustainability of their retirement income, and
- ensuring they have flexible access to their funds throughout their retirement.

This document is a summary of our strategy on how we assist our members who are either retired or approaching retirement, to achieve and balance these objectives.

Our strategy for the next 3 years focuses on 6 core components to further improve retirement for our members. The core components focus on creating seamless transitions into retirement through products, guidance and advice.



Product solutions and financial advice

We support our members at every stage of their journey to retirement by offering the ability to transition from Accumulation accounts to Retirement Income accounts, along with access to expert superannuation advice. The representatives in our customer contact centres are trained to provide helpful information and general advice to members about their account. When personal advice about our members' super is needed, our qualified financial advisers can help. Members can speak with an adviser over the phone about strategies for investment choice, contributions, insurance cover, and our Transition to Retirement and Retirement Income accounts.



Communications, tools and online account management

We encourage members to engage with their super and retirement planning through the information, newsletters and tools on our websites, including our retirement income calculators, and our tailored direct communications. Members can also access and transact on their super account 24/7 through our secure Member Online portals and mobile apps.



Retirement planning seminars and updates

Retirement planning education is a fundamental part of our commitment to helping members take charge of their financial future. We offer a range of learning opportunities to suit different needs and preferences - from our podcast and recorded webcasts to our face-to-face seminars and events, held in workplaces and in public venues.








Acknowledging the retirement income challenge

Retirement needs and trade-offs are complex.

Members face competing needs in retirement, including complex decisions around investments and income, along with planning for unexpected costs and regulatory change.

The need for higher levels of income earlier in retirement could be a trade-off to income longevity, depending on a member's super balance and other investments.

Other trade-offs retirees should consider include the need for flexible access to capital and stability of income. However, members' superannuation balances may restrict their choices between flexibility and control on the one hand, with security, stability and predictability on the other.

Retirement income risks faced by members		
	Longevity risk	How many years will my retirement savings last?
	Retirement adequacy risk	Will I have enough income to live comfortably?
	Income volatility risk	How much will my income change from year to year?
	Liquidity risk	If needed, how much of my retirement savings can I access?
	Unexpected balance depletion risk	What is the risk of my retirement savings running out earlier than planned?
	Sequencing risk	What happens if there is a market crash just prior to or early in my retirement?
	Inflation risk	What happens if prices for goods and services go up significantly?

Understanding members' needs

Each member's retirement journey is different. There are 3 distinct approaches members take to retirement planning.*

Avoiders ('do it for me')

"I'm not that interested in my finances"

- Less engaged with financial decision making, usually in part because they tend to have limited means.
- Invest limited effort in making superannuation decisions and have low confidence in them.
- Require the support of default options and super funds to assist with their retirement.
- Generally low understanding of super and tend to 'react' to retirement.



~38% of Australians approaching retirement

Engaged delegators ('help me do it')

"My financial decisions are important, and I see the value in the expertise of professionals"

- Engaged with their finances but look to others to make decisions for them, including financial advisers or default options.
- Like to be kept up to date on changes to super and how their super is performing.
- Value expertise of professionals and comfortable accessing support.
- Trust/relationships are important.



~25% of Australians approaching retirement

Engaged self-directed ('leave me to it')

"My financial decisions are very important, and I am confident enough to do it myself"

- Highly engaged with their finances but want to make decisions themselves and sometimes have their decisions validated.
- Less likely to trust others to make decisions for them, including financial planners.
- Likely benefit from independent tools that help them understand their retirement needs.
- Will do their own research and planning and may need reassurance before implementing their self-determined strategies.



~37% of Australians approaching retirement

* Super Consumers Australia Consultative Report: Retirement Spending Levels and Savings Targets, March 2022.



Members often retire when they did not plan to

As shown below, member research also highlights a gap between when members expect to retire and when they actually do.

While pre-retirees reported an intention to retire at age 67 on average, and to reduce working hours at age 65, the average retirement age was 62. Health reasons play a role in this discrepancy, with respondents reporting they couldn't continue working due to their health.

Pre-retirees

Intend to retire at

67

years of age



Expect to start working reduced hours at

65

years of age

Retirees

Average retirement is at

62

years of age

Reasons for retiring

- ✓ Reached retirement age or was eligible for superannuation or pension
- ✓ Couldn't continue working due to ill-health, injury or disability
- ✓ Retrenched, dismissed or could not find employment
- ✓ Other

Source: Forethought research on behalf of QSuper, August 2021, n=2375.
Source: ABS Retirement and Retirement Intentions, Australia, 2022-23 financial year, released 22/05/2024.

Summary of observations informing the strategy

Aging population

We currently have about 778,000 members who are approaching retirement (ages 45-64), holding approximately \$161 billion in funds under management. Around 52% of our members aged 65+ with at least \$30,000 in super have commenced a retirement income stream.²

Increasing demand for assistance

As our population ages, more of our members are seeking support as they approach retirement. In the 2023-24 financial year, attendance at member seminars and webinars rose by 61%, applications for Income accounts increased by 38%, and visits to our Education Hub went up by 105% compared to the prior year.

Education and advice deliver better outcomes

Education and advice can assist in helping members balance the objectives of maximising retiring income, managing risks and maintaining flexible access to capital. This includes decisions around investment choice, contributions, withdrawals and retirement funding. Additionally, quality financial education and advice can offer key intangible benefits including peace of mind, confidence to commence a retirement income stream, and greater financial control.

Retirement complexity and risks

Members face competing needs in retirement, including complex decisions around investments and income drawdown, along with planning for potential unexpected costs, which can be overwhelming.



778,000 ART members aged 45 to 64 approaching retirement



156,000 in Advice and Guidance interactions in FY23-24, highlighting growing demand for assistance



\$7.2 billion in retirement product inflows in FY23-24, highlighting growth in retirement.

Better outcomes through better insights

We use the information we hold to provide tailored and targeted guidance via our members' preferred communication channels to support better retirement outcomes.

² Statistics as at April, 2025.



Defining retirees, retirement and retirement income

The *Superannuation Industry (Supervision) Act 1993* (SIS Act) requires the Trustee to make three determinations for the purpose of its retirement income strategy.

- 1. **Class of beneficiary who are retired or approaching retirement**
- 2. **Meaning of retirement income for the purposes of the strategy**
- 3. **Period of retirement for the purposes of the strategy**

Areas requiring a determination	Our current determinations
Class of beneficiary	<p>The strategy applies to ART members who are retired or are approaching retirement.</p> <p>In this strategy, we define:</p> <ul style="list-style-type: none">• members aged 45 to 60 (preservation age), and those aged 60+ and still working, as 'approaching retirement'• members aged 60 and over who have commenced a retirement income stream as 'in retirement'.
Meaning of retirement income	<p>In this strategy we define retirement income as the sum of the following 2 incomes over the period of retirement:</p> <ul style="list-style-type: none">• income paid from a member's ART account (net of tax)• income from the Age Pension (if applicable).
Period of retirement	<p>In this strategy, we define the period of retirement as between when a member first satisfies a 'retirement' condition of release (generally age 65) and current life expectancies based on the Government's latest Australian Life Tables plus 5 years. These life expectancies for a 65-year-old are 90.1 years for males, and 92.7 years for females.³</p>

³ Australian Life Expectancy Tables (Reference period 2021 – 2023, released 8/11/2024) abs.gov.au/statistics/people/population/life-expectancy/latest-release



Supporting our members today

We offer our members a suite of tools and services designed to help them understand and take charge of their retirement planning, to feel more secure, confident and protected.



Product solutions

- On 1 July 2024, we introduced a simplified choice Investment Menu based on extensive internal research with existing members, financial advisers and employers, as well as thorough analysis by specialist rating agencies.
- We improved our process with paper application forms, increasing the success rate in the 2023-24 financial year to 90%.
- During the 2024-25 financial year, we developed our future Retirement Income account product design, with 97% of financial advisers surveyed agreeing the new features will enable them to deliver better retirement outcomes for clients.



Advice and Retirement Planning

- We offer a single Intrafund Advice Platform (IAP) for our advisers, complete with harmonised processes, business rules, and Statements of Advice (SOA) for members. This initiative is the first phase of our foundational capability to provide more personalised advice to more members in the future.



Education and Guidance

- We offer a comprehensive education strategy designed to meet members' needs. With over 1,000 in-person events and nearly 900 online events taking place over the 3 years up to June 2024, we achieved a 93% satisfaction rate.
- We offer **tools** to help members manage their superannuation. Our updated **Inner Investor tool** helps members understand their risk profile and guides them to an investment approach that suits their needs, leading to a 42% increase in usage over the 2023-24 financial year.
- Our inclusive and engaging assistance has significantly improved. We've increased the readability score of our guides and disclosure from 83% to 97% during the 2024-25 financial year.

The positive impacts of retirement assistance and solutions delivered to members

Our business operations and strategy are delivering on the Retirement Income Covenant objectives.⁴

Retirement confidence is increasing

- Retirement confidence among members aged 45+ improved by 12.1% and, at the same time, voluntary member contributions increased by 10.1% to \$5.7 billion and pension inflows increased by 22% to \$7.6 billion.



Voluntary member contributions increased by 10.1%

Members are drawing more retirement income

- Pension payments increased by 29% to \$3.3 billion while retirement income as a percentage of retirement assets increased to 7.7% (up 12% on the 2022-23 financial year).



Pension payments increased by 29%

More members are accessing advice and guidance

- Personal and general advice delivered to members increased by 12.3%, while Adviser Online registrations increased 12% and advice authorities increased 9.6%, indicating more members are accessing advice and guidance on their super.



Adviser Online registrations increased 12%

⁴ For the period ending 30 June 2024, comparisons are based on financial year 2022-23 compared to 2023-24.




Supporting our members tomorrow

Our strategy for the next 3 years focuses on 6 key capability areas to further improve retirement outcomes for our member cohorts.

Strategy aspiration	To be known for our innovative and smart retirement solutions. We create seamless transitions into retirement, powered by market-leading products, guidance and advice.		
Core components of the retirement strategy	<div>1</div> Personalised retirement strategy <p>Our goal is to assist all members to have a personal retirement plan, whether they are engaged, advised or disengaged.</p>	<div>2</div> Targeted member guidance and support across their lifetime <p>Our strategy is to provide targeted and tailored interactions and tools to boost member engagement and confidence.</p>	<div>3</div> Tailored financial advice <p>Our advice model is designed to enable us to meet the needs of members across various segments, and leverage digital channels to improve advice accessibility and implementation.</p>
	<div>4</div> Flexible retirement product design and delivery <p>Our strategy is to provide smart default retirement strategies for less engaged members, and bespoke investment options tailored for those in the retirement phase.</p>	<div>5</div> Integrated technology and data <p>Our strategy is to integrate technology and data to enhance member-centric service delivery, ensuring streamlined processes, accuracy, speed, and scalability.</p>	<div>6</div> Advocacy <p>Our strategy is to advocate for our members to drive positive change to enable the delivery of better solutions for our members.</p>



 13 11 84 (+61 (07) 3333 7400 when overseas)

 GPO Box 2924 Brisbane QLD 4001

 art.com.au

 facebook.com/australianretirementtrust

 linkedin.com/company/australian-retirement-trust

This is general advice only. It's not based on your personal objectives, financial situation or needs. So, think about those things and read the relevant Product Disclosure Statement and Target Market Determination at art.com.au/pds before you make any decision about our products. And if you're still not sure, talk with a financial adviser.

We issue this information and all Australian Retirement Trust products. When we say 'we', 'us' or 'the Trustee', we mean Australian Retirement Trust Pty Ltd (ABN 88 010 720 840, AFSL 228975), trustee of Australian Retirement Trust (ABN 60 905 115 063) ('the Fund' or 'ART').

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