

ARA Retirement Fund Target Market Determination (TMD) Pension

Equity Trustees Superannuation Limited (ETSL) ABN 50 055 641 757 AFSL 229757
Effective Date: 5 October 2021

1. About this document

This target market determination (TMD) applies to the Pension Product of the ARA Retirement Fund (ARARF), which is a sub plan of the Aracon Superannuation Fund (the Fund) issued by Equity Trustees Superannuation Limited (ETSL) ABN 50 055 641 757 AFSL 229757. It seeks to provide consumers, distributors and staff with an understanding of the class of consumers for which this product has been designed, having regard to the objectives, financial situation and needs of the target market.

This document is not a Product Disclosure Statement, is not to be treated as a full summary of the product's terms and conditions, does not take into account any person's individual financial objectives, situation and needs and is not intended to provide financial advice. Consumer must refer to the Product Disclosure Statement (PDS) and any supplementary documents when making a decision about this product.

Product Disclosure Statement to which this target market determination applies

This TMD applies to the Pension Product of the ARARF Super Fund referred to in the following Product Disclosure Statement:

ARA Retirement Fund Product Disclosure Statement dated 2 March 2021.

Copies of the above PDS and incorporated by reference guides are located at <https://www.araconsultants.com.au/disclosure-documents/>.

Date from which this target market determination is effective:

5 October 2021

2. Class of consumers that fall within this target market

The Target Market for the ARARF Pension Product comprises the class of retail clients who meet the following criteria:

- A person who wants to receive a superannuation income stream;
- A person who wants to choose how their account balance is invested by selecting from a limited range of investment options.

The ARARF Pension Product also caters to a number of sub-markets within the Target Market, including consumers who wish to access the following features of the product within a superannuation environment:

- Utilise services available from ARA Consultants Limited (ARA) to answer questions and assist with retirement planning;
- Non-binding, binding and non-lapsing binding nominations on death;
- Reversionary benefits;
- Seeking to establish one of the available pension account options:
 - Transition to Retirement;
 - Account Based Pension;
 - By rolling in an existing Term Allocated Pension.

Excluded class of consumers

The ARARF Pension Product is not suitable for a consumer:

- Who is not a client of ARA;
- Who wants to make contributions to this product after the pension product is established;
- Who requires the income stream to be less than the minimum or greater than the maximum permitted to be paid by the product under the law;
- Who wishes to make commutations from a TTR Pension;
- Who has not met a condition of release;
- Who wants personal insurance;
- Where a particular investment option is not available in the menu.

Product description

The Fund is a registered superannuation entity under the SIS Act. The ARARF is generally available only via direct contact with the Promoter, ARA, who will undertake an assessment of the suitability of the product for the consumer. The ARARF offers investment choice in relation to a limited number of diversified investment options with a wide range of risk / return characteristics that are not sector specific, whilst providing a consumer an opportunity to blend a selection of investment strategies to meet their needs. The overarching philosophy is to provide a consumer with choice simplicity, clarity and flexibility to control the way their pension is invested.

Adviser service fee arrangements are available.

Key product attributes

Fees and costs

The product provides competitive fees and charges with an opportunity for administration fee rebates based on the total account balance of a member or a family group.

Types of accounts

The ARARF Pension Product is suitable for a consumer wishing to establish the following Pension Account types:

Account based pension account

This account type will suit a consumer who has retired or satisfied a condition of release which allows full access to their superannuation benefits (i.e. for those with unrestricted non-preserved benefits)

Transition to retirement pension account

This account type may suit a consumer who has reached their preservation age but has not retired or met some other condition of release. With a Transition to Retirement Pension, while a consumer is still working, they can continue to receive contributions into an accumulation account while at the same time drawing on their super via a separate pension account to supplement their employment income.

Term allocated pension

The Term Allocated Pension option is only available for rollovers of existing Term Allocated Pensions into the Fund. It is at the Trustee's discretion whether it will accept existing Term Allocated Pensions.

Member portal functionality

Members have access to an online facility managed through ARA.

Tax

A consumer who acquires the Pension Product may be eligible to receive a range of tax concessions. Further information on eligibility is available from www.ato.gov.au.

Reversionary benefits

A consumer may nominate a dependant to be a Reversionary Beneficiary at the commencement of their Pension. This means that the pension will continue to be paid to that dependent upon death in accordance with superannuation law.

Investments

The ARARF Accumulation Product provides access to 3 Investment options. The table below sets out the investment options available, risk level and the target market.

Risk Level	Investment Options	Target Market
Low to Medium	Defensive	Designed for a consumer with a low tolerance to fluctuation in the value of their portfolio and who are content to accept a lower long term return as a consequence.
Medium to High	Growth	Designed for a consumer with a moderate tolerance to fluctuation in the value of their portfolio, in the pursuit of a more attractive medium term return.
High	Equities	Designed for a consumer with a high tolerance to short term fluctuation in the value of their portfolio, in the pursuit of a more attractive long term return.

* The full list of Investment Options available to members (including the strategy, risk level and suggested minimum investment timeframe for each option) and their respective PDS can be accessed on the ARARF website via the following link at <https://www.araconsultants.com.au/disclosure-documents/>.

Consistency between target market and the product

The Trustee considers that the product is likely to be consistent with the likely objectives, financial situation and needs of consumers within the target market because:

- The product has been designed to cater for clients of ARA;
- There is a range of investment options to cater for a broad range of risk profiles and asset class preferences;
- The product is only distributed through approved ARA Financial Advisers; and
- The fees and costs associated with the product are consistent with market rates.

3. How this product is to be distributed

Distribution channels

The ARARF Pension Product can only be distributed by approved ARA Financial Advisers.

Distribution conditions

Distributors should ensure that any retail clients acquiring this product satisfy the following conditions:

- Eligibility to acquire the product is restricted to a consumer who has met a condition of release and is retired or transitioning to retirement;
- The Issuer has not identified any circumstances where distribution of the product would be restricted if the above conditions are met;
- Distributors must also ensure that they comply with all regulatory provisions relating to financial products including but not limited to the provision of financial advice, Anti-Hawking Provisions and other legislative requirements within the Corporations Act and other relevant law.

Adequacy of distribution conditions and restrictions

The issuer has determined that the distribution conditions and restrictions will make it likely that consumers who purchase the product(s) are in the class of consumers for which the product has been designed. The issuer considers that the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

4. Reviewing this target market determination

We will review this target market determination in accordance with the below:

Initial review

April 2022

Periodic reviews

Annually in April.

Review triggers or events

Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but is not limited to):

- Business performance review or adverse finding from a member outcomes assessment;
- A material change to the design or distribution of the product, including related documentation;
- Occurrence of a significant dealing;
- Distribution conditions found to be inadequate;
- External events such as adverse media coverage which would significantly impact the sustainability of the Fund or regulatory changes that significantly affect the product or the distribution of the product;
- Significant changes in metrics, including, but not limited to, complaints, sales volumes, investment option switching rates and/or increase in cancellation rates during the cooling off period;
- The use of a Regulator's Product Intervention Powers in relation to the product.

Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.

5. Reporting and monitoring this target market determination

Distributors have the obligation to report the following information to us in relation to this TMD.

Distributors must record and report all complaints that relate to the product or its distribution. The record should include the substance of complaints in relation to the product covered by this TMD. Where a complaint relating to the product and/or its distribution is received, the distributor must report this complaint information to the issuer at six monthly intervals (end of March and September). This will include written details of the complaints.

Significant dealings

Distributors must report if they become aware of a significant dealing in relation to this TMD within 10 business days.

Reporting for complaints and significant dealings should be directed to the issuer ARA Consultants Limited, Level 1, 17 Cotham Road Kew Vic 3101 or on 03 9853 1688.

Disclaimer:

The information contained in this target market determination is general information only and is not intended to be construed as either personal advice or a product recommendation. You should make your own enquiries as to the suitability of this product for your personal financial needs and circumstances and obtain and read a copy of the PDS for further information on its suitability before making an investment and/or insurance decision.