

RETIREMENT



Retirement Income Strategy for the Russell Investments Master Trust

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Contents

Introduction	3
Your super fund: an overview of the RIMT	3
Retirement Income Covenant: a quick summary	3
Retirement Income Strategy: the trustee response	3
Retirement beliefs	4
TRM's Retirement Income Strategy	6
Who is covered?	6
What is the strategy?	6
Member retirement income strategy cycle	6
Strategy in action	8
What's currently on offer: a summary	8
What we're working on for the future: a summary	9
Next review	10

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Introduction

Giving you the best chance at a great life after work. It's what we want for every single member of the Russell Investments Master Trust (RIMT). How are we going to help you achieve this? By empowering you to achieve financial confidence in retirement.

As you approach retirement or navigate through it, we know that one of your key priorities is to make sure your retirement savings can support your lifestyle when you stop working. We're here to help you convert those hard-earned savings to a regular income and manage retirement on your terms.

That's why the Trustee of the RIMT, Total Risk Management Pty Ltd (TRM) is committed to its mission to encourage better decision making to help you shape your financial future by providing innovative and personalised solutions and support. This means helping you achieve high quality outcomes through innovative products such as our award-winning GoalTracker™ program and member services aimed at engaging you in your superannuation journey through to retirement, within a competitive and efficient operating environment.

Your super fund: an overview of the RIMT

As the preferred superannuation provider for over 200 employers, the RIMT has a diverse membership across a broad range of industries. This is testament to its heritage and positioning as a super fund that can provide high quality (and where suitable, bespoke) solutions to support the different needs of members like you and those employers who seek superior outcomes for you by partnering with us.

RIMT's primary focus is on your own financial goals in retirement. We believe these goals are more likely to be achieved when you are engaged and supported to make better decisions regarding your retirement savings. As such, we are always looking to provide a more personalised and sophisticated member offer in favour of competing with generic 'one-size-fits-all' super funds. This comes in the form of the GoalTracker program and a comprehensive member servicing program, designed to provide a foundation of services, technologies, tools and communications to support you, as well as widen the range of opportunities available to you as you approach and navigate your retirement journey.

Retirement Income Covenant: a quick summary

The Australian Government has developed a retirement income framework with the objective of "supporting retirees to have the confidence to spend their hard-earned savings, while enabling choice and competition in the retirement phase of superannuation" (Source: treasury.gov.au).

In 2022, this framework became a reality, and law, in the form of the Retirement Income Covenant (RIC).

Retirement Income Strategy: the trustee response

The RIC requires super trustees to develop and document a strategy, referred to as a Retirement Income Strategy (RIS). It needs to detail how the trustee will support members approaching and in retirement to meet the following retirement objectives:

- **Maximise expected retirement income** over the period of retirement, including other sources of retirement income, such as the Age Pension.
- **Manage expected risks to the sustainability and stability of their retirement income**, i.e., risk of not having a broadly predictable income for life. The key risks being longevity, investment and inflation risks.¹
- **Have some flexible access to expected savings during retirement** for one-off costs such as debt reduction, holidays, aged care and bequests.

Trustees are also required to define certain terms and make certain decisions in developing their RIS.

¹ **Longevity risk:** The risk of you outliving your retirement savings. **Investment risk:** The risk that downward movements in investment markets results in you either running out of savings early on or not having enough savings to last through your retirement. **Inflation risk:** The risk the increasing cost of goods and services reduces your purchasing power and your ability to maintain your current lifestyle.

This document, which is a high-level summary of the RIS as set out by TRM, the Trustee of the RIMT, demonstrates how TRM plans to address these requirements. If you'd like to get the full copy of the RIS, which includes the definitions and decisions required by the RIC, call us on **1800 555 667** or email us at iq@russellinvestments.com.au

Why should you be interested?

Retirement income is key to a great life after work. It can determine what kind of life you live in retirement, how confident you can be in spending your savings, and what choices are available to you.

The objectives of the RIS are aligned to making sure that your retirement savings are efficiently converted to income to support your lifestyle through retirement around your goals, that it can weather risks and can be relied on in times of need. In capturing TRM's response to the RIC requirements, this document will help you to understand our commitment to your great life after work.

At the same time, it's also worth noting that the TRM RIS is not (nor is it meant to be) a compilation of the entire range of services and offers available to members. For this, we encourage you to:

- visit russellinvestments.com.au/superandretirement > Retirement
- call us on 1800 555 667
- email us at iq@russellinvestments.com.au

We're happy to have a chat.



Retirement beliefs

We know that retiring and navigating through retirement can be complex, requiring you to make a range of decisions both financial and non-financial at a time when there is often a lot of unknowns and significant changes. In developing the RIS, we embarked on a comprehensive research project to understand members like you. This meant researching our membership base, together with external data and literature around retirement, to better understand how we can best assist you to navigate such complexity.

From this, we established a set of high-level of 'Retirement beliefs' that have acted as guiding principles in the development of the RIS. These beliefs are set out below.

Note: Any references to 'retirement solution' refers to the package of products, tools, technology, processes, education and member servicing.

Belief	What is it?	What does it mean for you?
Belief 1	A member's circumstances and financial aspirations (or goals) will vary widely: <ul style="list-style-type: none"> A member's financial wealth and other personal circumstances can and do vary widely. A member's needs, wants and preferences vary widely. A member's circumstances and goals will vary through time. 	Our retirement solution will retain flexibility and encourage you to set goals and regularly review these goals.
Belief 2	A member's understanding, capabilities, biases and motivations can vary widely, and this may change through time.	We will seek to offer a range of support options, acknowledging the unique needs and motivations of members.
Belief 3	Taking a broader view of a member's circumstances and financial aspirations (or goals) is better than a narrow view.	We will encourage you to take a more holistic approach and provide tools to manage your finances in retirement.
Belief 4	'Safely' drawing down super balances through retirement should be the goal for many, however other legitimate retirement income strategies exist.	Our retirement solution will have a range of product and support options, so you can action your retirement income strategy around your goals.
Belief 5	A personalised approach is generally better than a one-size-fits-all approach.	Where possible, the support we offer you will be more personalised, rather than generic.
Belief 6	A member's investment strategy in retirement is important: <ul style="list-style-type: none"> A significant portion of retirement income is from investment returns earned in retirement. A member's investment strategy is one of the key sources of risk and a key tool in managing investment, longevity and inflation risks in retirement. 	Our retirement solution will reflect the importance of setting an appropriate investment strategy for you through retirement.
Belief 7	Managing risks is a key component of a quality RIS: <ul style="list-style-type: none"> Investment risk, longevity risk and inflation risks are likely to be the key risks for most members, but there are others. The relativity of risks retirees are exposed to generally changes through time, e.g., investment risk reduces with age (due to reducing balances) and longevity risks increases with age. 	Our retirement solution will seek to raise awareness of the risks that can come up when you're trying to build a retirement income for life and, where appropriate, help you with strategies to manage these risks.

TRM's Retirement Income Strategy

Who is covered?

The RIS is designed to support:

- any member who has commenced a retirement product, and
- any member who has not commenced a retirement product, but demonstrates that they are considering retirement or TRM views as being in a position (due to their age) where retirement planning should be considered.

Our retirement-focused member support and service offers will generally come into effect when you reach age 55, but if you ask for help to plan for or transition to retirement before this time frame, we will not hesitate to offer you the help you need.

It's worth noting that members who can't commence retirement products (e.g. some temporary residents and some Defined Benefit members) and non-RIMT members are not the focus of the RIS. However, if you do belong to one of these categories, you may still have the same access to the product, content and services we provide. Call us on **1800 555 667** or email us at iq@russellinvestments.com.au to find out more.

What is the strategy?

TRM's strategy for members in or approaching retirement is to *facilitate robust decisions* around a member's *own* circumstances, attitudes and goals, by *offering personalised support* and providing a *suitable* suite of *integrated products and tools*.

In putting this strategy into action, TRM will encourage and support you through the process of setting a goal and then implementing a plan to achieve it.

Member retirement income strategy cycle



TRM will encourage and support you through your retirement income strategy cycle by doing the following:

1. Encourage you to consider and set financial goals for, and in, retirement

TRM will encourage you to consider your desired lifestyle or financial goals as you approach, transition to and enter retirement.

Setting an achievable goal provides an anchor for maximising your expected retirement income. Leading into retirement, setting a goal will help you to see what action you need to take on your investment strategy, contribution strategy and retirement strategy (when and whether to transition into retirement).

Once in retirement, your goals remain a key consideration for setting an investment strategy and determining the level of withdrawal that is sustainable.

2. Provide personalised support to help you navigate complexity and take appropriate actions

TRM aims to either help you in your decision making or, where requested and appropriate, make decisions on your behalf, based on your goals and circumstances.

This support aims to empower you with the information you need to set your investment strategy, contributions or withdrawals in a way that is going to improve the chances of you reaching your goal. It will recognise that different levels and types of support is appropriate based on whether you are approaching retirement, transitioning to and in retirement.

The support will also show you how different products and strategies can help with maximising expected retirement income or providing sustainability or flexibility based on your circumstances (e.g. wealth levels) and goals. A part of this support is raising awareness of the Age Pension as a potential source of retirement income.

3. Offer suitable products with a range of options and features, and assist you with implementation

TRM will provide product options for each phase of the retirement journey (approaching, transitioning to and fully retired), with a range of features and options (e.g. investment options) that will allow you to adjust the elements of your strategy (investment strategy, contributions and withdrawals) to tailor your arrangements around your goals and circumstances. An account-based pension will remain a product option if you need the flexibility.

Where possible, the product options will be developed in a way that helps with your desire for assistance with implementing your retirement strategy.

4. Prompt and assist you to review your circumstances and take action to adjust your plan as required

TRM will encourage you to periodically review your circumstances and take action, including resetting your goals, if required.

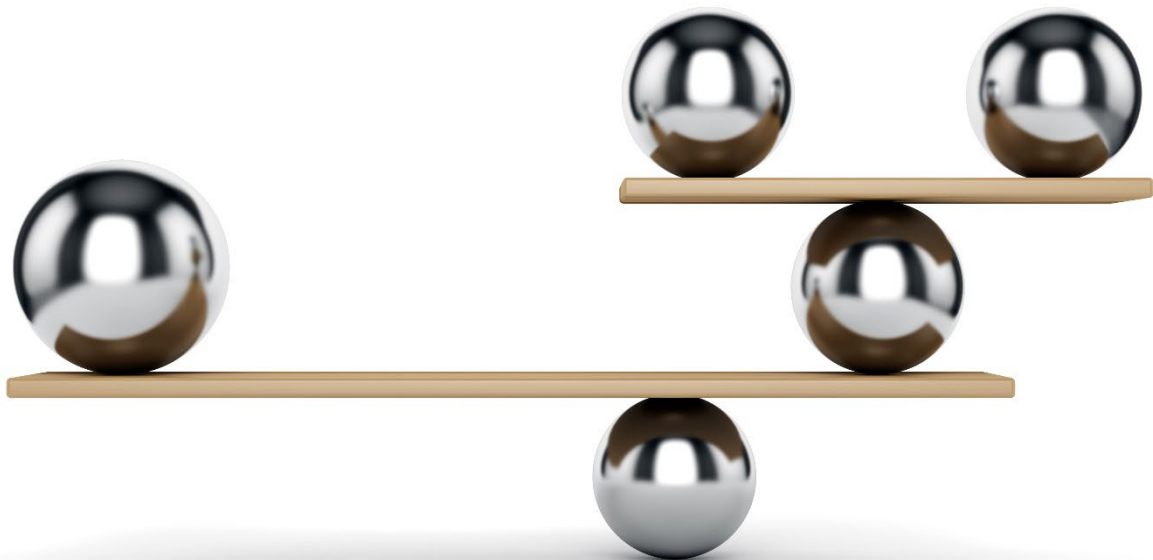
Strategy in action

Taking the relevant steps to develop and implement the RIS is a key priority for the TRM. We firmly believe that our innovative products, personalised retirement income solutions, varied advice options and multi-faceted service offer will continue to support you as you approach or navigate retirement to achieve your great life after work.

What's currently on offer: a summary

Initiative	What is it?	How does it support you?
GoalTracker	<p>The GoalTracker program is designed to take the guess work out of your super.</p> <p>It includes the MyTracker tool, which shows you how much you're on track to receive in retirement. But more importantly, it helps you set a goal for how much income you'll need to fund your desired lifestyle in retirement.</p>	<p>As a member approaching retirement, you can tell us more about you and your goal for a great life after work, and we can build your super and investments around you.</p> <p>With GoalTracker Plus, we can further personalise your investment strategy based on your retirement income goal and the information you provide.</p>
iQ Retirement	<p>RIMT's flagship retirement product, iQ Retirement, is all about getting your super to pay you a regular income and helping you to 'retire on your terms'.</p>	<p>iQ Retirement helps you to either get an income from super while working or after retiring via its transition to retirement strategy or its full pension option.</p>
Retire Ready meetings	<p>It's a one-on-one meeting with a Retirement Consultant, where you can receive general advice and get the information and support needed to prepare for retirement.</p>	<p>This is well suited for members looking to retire in the next five years, so you can get clarity on income options, and how to take advantage of age-based super rules while still working. It's another service offered at no cost to you.</p>
Phone-based advice	<p>It's about getting targeted, personalised advice on how to maximise your super.</p>	<p>It's a great way to get investment choice advice, personal contribution strategy advice, transition to retirement advice help to create a simple retirement plan and a retirement health check—often offered at no cost to you.</p>
Comprehensive advice	<p>It's about personal financial planning, where you will receive advice that takes your full financial picture, including investments outside super, into account.</p>	<p>If you want tailor-made advice, we have partnered with senior financial advisers to offer comprehensive advice. The first meeting is complimentary.</p>
Online content platform	<p>Our online content strategy (and monthly eNewsletter) is aimed at driving meaningful connections with members on topics that matter to them.</p> <p>Of the five content streams, two are dedicated to members approaching or in retirement.</p>	<p>Retiring stream – Understand how to harness the potential of super when retirement is on the radar.</p> <p>After work stream – Rethink retirement with practical guidance, helpful tips and a balanced approach to life.</p>
Seminars	<p>We run virtual seminars driven by proactive, direct outreach to members and specific employer requests. We're also ramping up face-to-face seminars in a post-pandemic setting.</p>	<p>Seminars are a great interactive format, popular with many members and employers, as it facilitates Q&A with our education team. Where relevant, the team can direct you towards other member services and act as a connection point for greater interaction.</p>

Initiative	What is it?	How does it support you?
Retirement masterclasses	This is a series of online masterclasses designed specifically for members who have retired. If you miss out, recordings are available through the website as well.	These masterclasses are a great opportunity for you to hear from both internal and external experts on topical matters related to life in retirement.
Personalised communications	We understand the importance of keeping you updated and informed. That's why we're committed to sending you clear, personalised and timely communications that can enhance your super experience, motivate you to engage with your super and give you the confidence to take action.	We use a variety of tools and channels to encourage you to take your next best action. These include online tools, tailored campaigns, targeted communications, automated triggers and reminders (using state-of-the art marketing automation software), as well as a unique, online To Do List.



What we're working on for the future: a summary

Initiative	What is it?	How will it support you?
Review of retirement offer	In 2021, TRM, with the support of an independent research house, conducted an internal review of the current retirement proposition for RIMT members.	As a result of the findings, TRM has implemented some fee reductions and service enhancements, while the observations from the review will inform parts of the research and development project mentioned below.
Comprehensive research and development project	<p>The defining feature of this project is the use of behavioural science principles to better understand member needs and wants. We have engaged an external agency to provide their expertise in this field, with the aim of understanding what influences member behaviour.</p> <p>Driven by behavioural science, the project will go on to explore options to further enhance the retirement toolkit of products, tools and member servicing options.</p>	It is expected that the research outcomes and development project will help us better evolve our offering to you, especially by bringing your voice to the fore. This will be important in our efforts to design and/or enhance retirement solutions that will lead to better retirement outcomes for you.
<p>Important! The outcomes of Treasury's 2022 Quality of Advice Review (due in December 2022) may change the support TRM can provide to RIMT members covered under the RIS.</p>		

Next review

Member outcomes under the RIS will be reviewed annually and the RIS itself will be reviewed no later than 30 June 2025.

An interim review and revision of the RIS may occur, if the current research and development project or the outcomes of the Treasury's Quality of Advice review lead to the development of additional product, tools and/or member servicing options not already captured in this high-level summary.



For more information

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