

Default option for Retirement Pension members



What is the Pension default strategy?

The Pension default strategy is designed to balance the need for making regular pension payments, with the need for capital growth over the medium to long term, with the aim of extending the duration of your pension.

If you don't choose an investment option, the Pension default strategy invests your balance in different investment options depending on your account balance. This strategy invests some of your money conservatively, and the remainder in one or more investment option(s) with a higher risk and potential for a higher return.

Who can invest in the Pension default strategy?

Only Retirement Pension members can invest in the strategy. As it is a medium to long term strategy, the Pension default strategy is not available to Pre-Retirement Pension members.

How does the strategy work?

Three years' worth of pension payments will be invested in the Cash option, while the rest is invested in the RetirePlus and Aggressive options, depending on your balance. So in the event of a financial downturn, you will have enough money in the Cash option to pay your pension income. You can nominate the amount and frequency of your payments, and change those as needed. For more information about these options, please refer to our website: mylifemypension.com.au/investment-options

The money in the Cash option may be topped up each quarter to provide three years' worth of payments as part of the automated rebalancing process. All regular pension payments will be paid from the Cash option. Any lump sum withdrawals will be deducted proportionately across all investment options.

Balances up to \$600,000

If your account balance is below \$600,000 when entering the Pension default strategy, three years' worth of pension payments will be allocated to the Cash option, and your remaining balance will be allocated to the RetirePlus option.

Example of allocation – account balance of \$400,000

Part of your balance	Investment option	Amount
3 years of pension payments*	Cash	\$48,000
Remaining money	RetirePlus	\$352,000
TOTAL:		\$400,000

*The above example has been calculated based on a member with a balance of \$400,000, who is 63 years of age and has the minimum income of 4% per year (i.e. \$16,000 x 3 years).

Balances of \$600,000 and over

If your account balance is \$600,000 or above when entering the Pension default strategy, three years' worth of pension payments will be allocated to the Cash option, and your remaining balance will be allocated to the RetirePlus and Aggressive options. The amount allocated to the Aggressive option is limited to 25% of your total balance, and any remaining money is allocated to the RetirePlus option.

Example of allocation – account balance of \$850,000

Part of your balance	Investment option	Amount
3 years of pension payments*	Cash	\$102,000
Up to 25% of total balance	Aggressive	\$212,500
Remaining money	RetirePlus	\$535,500
TOTAL:		\$850,000

*The above example has been calculated based on a member with a balance of \$850,000, who is 63 years of age and has the minimum income of 4% per year (i.e. \$34,000 x 3 years).

How are three years of pension payments maintained?

At quarterly intervals, a rebalance process occurs to determine if the amount invested in the Cash option will be topped up by switching money from the other investment options in the strategy to sustain three years' worth of pension payments.

As part of the quarterly rebalancing calculations that determine if top-ups will occur from one investment option to another, the quarter-end unit price is compared to the peak unit price. The peak price is the highest unit price since the last rebalance, and is determined by the Fund's investment team.

If, at the end of a quarter, the unit price of either the RetirePlus or Aggressive option is lower than the peak price, the top up process is postponed. This aims to ensure that in the periods the market is down, the value invested in the RetirePlus and Aggressive options is not eroded by rebalancing. For more information about the rebalancing process, please refer to the Product Disclosure Statement available at mylifemypension.com.au/pds.

How much does the Pension default strategy cost?

The Pension default strategy utilises a range of our current investment options. All investment options have fees and indirect costs, and these vary across the Cash, RetirePlus, and Aggressive options.

For more information about fees and other costs, including examples over a one-year period for balances up to \$600,000, and \$600,000 and over, please refer to the Product Disclosure Statement available at mylifemypension.com.au/pds.

For assistance, please contact our Service Centre

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