



# Target Market Determination

For Commonwealth Superannuation Corporation retirement income (CSCri)



CSCri is a product for current and former Australian Government employees (as well as current and former employees of participating employers) who meet the eligibility criteria specified in this document, to receive superannuation income in retirement or as part of a transition to retirement plan.

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CSC  
retirement  
income

Trustee  
AFSL  
Fund name  
Fund ABN  
USI code

Commonwealth Superannuation Corporation (CSC)  
238069  
Public Sector Superannuation accumulation plan  
65 127 917 725  
65127917725002

# About this document

## 1. About this document

This Target Market Determination (TMD) document is for customers and distributors, and describes the class of customers for which this product has been designed, taking into account the objectives, financial situation and needs of the target market.

A 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, as required by the Act and regulations. It forms part of the CSC design and distribution framework for the product.

This document is **not** a product disclosure statement, and is **not** a full summary of the product features or terms of the product. This document is not intended to provide financial advice and does not take into account any person's individual objectives, financial situation or needs. Customers interested in acquiring this product should carefully read the Product Disclosure Statement and other documents referred to below for CSCri before making a decision about whether to buy this product. You can obtain a copy of the CSCri PDS at [csc.gov.au/Members/Advice-and-resources/Product-Disclosure-Statement/pssap/](https://csc.gov.au/Members/Advice-and-resources/Product-Disclosure-Statement/pssap/) or you can obtain a paper copy free of charge by contacting us on 1300 736 096.

### Product Disclosure Statement to which this target market determination applies

This TMD applies to CSCri as referred to in the following Product Disclosure Statement:

- [CSCri Product Disclosure Statement](#)

## 2. Important dates

Date from which this target market determination is <b>effective</b>	23 September 2022
Date when this target market determination was <b>last reviewed</b>	23 September 2022
Date when this target market determination will be <b>next reviewed</b>	23 September 2023

## 3. Class of customers that fall within the CSCri target market

The information below summarises the overall class of customers that fall within the target market for CSCri.

CSCri is designed for customers who:

- Are eligible members (refer to section 3.10) of PSSap, CSS or PSS;
- Want access to a Transition to retirement income stream OR a Standard retirement income stream;
- Want the option to select from one or more of 4 ready-made investment options (i.e. Cash, Income Focused, Balanced and Aggressive) for their super balance; and
- Want access to tax free investment returns— Standard retirement income streams only.

CSCri is **not** designed for customers who:

- Are not eligible members of PSSap, CSS or PSS;
- Have not reached their [preservation age](#) or met another relevant condition of release (refer to section 3.10);
- Want to invest in a Self-Managed Superannuation Fund;
- Want investment options chosen from an extensive investment menu, direct shares, low cost indexed investment options, sector specific investment options or term deposits;
- Want insurance cover;
- Receive superannuation contributions; and
- Wish to make a lump sum withdrawal (subject to meeting a [condition of release](#)) that can be paid on the same business day. Whilst CSCri issues unit prices every business day and will generally process simple withdrawal transactions within one week, it can take longer to process more complex CSCri account withdrawal requests, such as those related to a Deceased Estate.

## Class of customers that fall within the CSCri target market

### 3.1 Product description and key attributes

The key eligibility requirements and product attributes of CSCri are:

#### Eligibility requirements

A new CSCri account may only be opened by:

- Current CSCri or PSSap members;
- Current Contributing or Preserved members of PSS or CSS; or
- A former PSS/CSS member who was a Contributor at any time on or after 7 March 2021.

Who also meet either of the following criteria:

- Transition to retirement income stream: To set up a Transition to retirement income stream, you need to have reached your [preservation age](#), be under the age of 65 and still be working.
- Standard retirement income stream: To set up a standard retirement income stream, you need to have:
  - reached your [preservation age](#) and have permanently retired, or
  - changed employment on or after age 60, or
  - reached age 65, or
  - become permanently incapacitated.

#### Product attributes

- Access to up to 4 investment options (i.e. Cash, Income Focused, Balanced and Aggressive) designed to help customers achieve a comfortable retirement;
- Ability to access CSC authorised financial planners<sup>1</sup>;
- Access to member education resources and webinars;
- CSCri is a 'profit-for-members' fund, which means net investment earnings go back to customers; and
- Flexible payment and withdrawal options:
  - Payment options: Fortnightly, monthly, quarterly, half-yearly or annually by direct credit to bank account.
  - Lump sum withdrawals: Available at any time (not available for transition to retirement income streams).

### 3.2 Objectives, financial situation, and needs

The table below sets out the class of customers that each Transition to retirement and Standard retirement income stream investment option within CSCri has been designed for.

<b>Cash Option</b>	<p>This option is designed for customers who:</p> <ul style="list-style-type: none"> <li>• Are seeking to invest only in the cash asset class.</li> <li>• Are seeking to preserve capital and earn a pre-tax return that's close to the Bloomberg AusBond Bank Bill Index, with a very low risk level.</li> <li>• Are seeking to invest their capital in the option for more than 1 year, or who wish to have access to a Cash investment option as part of an overall investment strategy tailored to their &gt;1 year investment timeframe.</li> </ul>
<b>Income Focused Option</b>	<p>This option is designed for customers who:</p> <ul style="list-style-type: none"> <li>• Are seeking to invest for medium term growth, primarily through exposure to cash, fixed interest and property with some exposure to infrastructure, active return strategies and Australian and international equities, OR who wish to have access to an Income Focused investment option as part of an overall investment strategy tailored to their risk and return profile.</li> <li>• Are seeking to earn an investment return of CPI +1.5%, on average, and are willing to accept a medium risk level.</li> <li>• Are willing to invest their capital in the option for a recommended minimum timeframe of 5 years.</li> </ul>

<sup>1</sup> Our authorised financial planners are authorised to provide advice by Guideway Financial Services (ABN 46 156 498 538, AFSL 420367). Guideway is a licensed financial services business providing CSC financial planners with support to provide customers with specialist advice, education and strategies.

## Class of customers that fall within the CSCri target market

<b>Balanced Option</b>	<p>This option is designed for customers who:</p> <ul style="list-style-type: none"> <li>• Are seeking to invest for long-term growth, through a diversified exposure to Australian and international equities, property, infrastructure, debt, active return strategies and cash OR who wish to have access to an Balanced investment option as part of an overall investment strategy tailored to their risk and return profile.</li> <li>• Are seeking to earn an investment return of CPI +3.5%, on average, and are willing to accept a high risk level.</li> <li>• Are willing to invest their capital in the option for a recommended minimum timeframe of 10 years.</li> </ul>
<b>Aggressive Option</b>	<p>This option is designed for customers who:</p> <ul style="list-style-type: none"> <li>• Are seeking to invest for long-term growth, primarily through exposure to Australian and international equities, with some exposure to property, infrastructure, active return strategies, debt and cash, OR who wish to have access to an Aggressive investment option as part of an overall investment strategy tailored to their risk and return profile.</li> <li>• Are seeking to earn an investment return of CPI +4.0%, on average, and are willing to accept a high risk level.</li> <li>• Are willing to invest their capital in the option for a recommended minimum timeframe of 15 years.</li> </ul>

### 4. Consistency between target market and the product

CSCri is likely to be consistent with the objectives, financial situation and needs of the class of customers in the target market. This is based on assessing the key terms, features and attributes of CSCri and a finding that these are consistent with the target market.

CSCri fulfils a need for customers in the target market by:

- **CSCri Investment Menu Design:** CSC's investment options are designed to support our customers to make well-informed decisions that help them to maintain a sustainable retirement income. We've tried to take the unnecessary complexity out of choosing the right product for individual circumstances. We offer three pre-mixed options designed to provide the optimal mix of assets for each stage of life, plus a 'cash' option.

We offer a small number of options because this allows customers to self-tailor to their individual circumstances with risk-managed options without being overwhelmed, or incurring the additional administrative costs required to support too many choices (with little benefit to customers).

All of our investment options aim to give customers the best chance of achieving the returns required to maintain sustainable retirement income, without undue risk-taking. Our range of options recognises that customers' appetite and capacity to take risk changes over time.

- **CSCri Investment Options as part of an investment portfolio:** A CSCri customer can choose to construct their own investment portfolio using 1-4 of the available CSCri Investment Options, according to their own specific financial and other circumstances.
- **CSCri Investment Option Timeframes:** Providing investment options with disclosed timeframes that take into account:
  - The macro-economic regime in which the portfolios need to operate. This includes both structural and cyclical macro-economic and market factors that are expected to impact the size and shape of future returns, risks and correlations between the asset-risks in each option;
  - We also take into account customer balances, salaries and other factors; and the competitive and regulatory environment.

The recommended minimum investment timeframe for the Aggressive, Balanced and Income Focused options are 15, 10 and 5 years respectively.

- **CSCri Investment Option Risk Profile:** Providing investment options with disclosed risk profiles that take into account a forward looking estimate of the expected number of negative annual returns over any 20 year period. We calculate these risk metrics by combining:
  - Forward looking capital market return, risk and correlation assumptions for the asset mixes in each option – from these, we derive a representative distribution of potential returns using our capital markets model; and;
  - Historical long term experience of the assets in each option.

## Consistency between target market and the product

These inputs provide complementary views into the inherent risk of the option that is then translated to the estimated number of negative return years over a 20 year period. The qualitative descriptor of the risk level for each option (e.g. low, medium, high) corresponds to the industry [Standard Risk Measure](#) (SRM). The SRM is based on the FSC/ASFA “Standard Risk Measure Guidance Paper for Trustees” (2011).

Investment Portfolio Option	Investment Return Objective	Estimated number of negative annual returns over a 20-year period
Aggressive	CPI +4.0%	4 to less than 6
MySuper Balanced	CPI +3.5%	4 to less than 6
Income Focused (default)	CPI +1.5%	2 to less than 3
Cash	To preserve its capital and earn a pre-tax return that’s close to the <a href="#">Bloomberg AusBond Bank Bill Index</a> , by investing 100% in cash assets.	Less than 0.5

- **Regular product reviews and testing:** Conducting regular reviews to ensure the product offer remains appropriate for the target market. These reviews include, but are not limited to:

- **Investment Stress and Scenario Testing:** Investment markets are not static and are prone to shocks that can persist. The range of potential outcomes is wide and can be subject to unforeseeable surprises. There may be times, particularly over shorter-horizons, when investment option objectives are not likely to be met as conditions shift.

To manage for future uncertainties, CSC uses scenario analysis (under a range of possible investment regimes such as high inflation, economic recession, stagnating-growth, climate-policy scenarios) to determine:

- The minimum amount of risk that can be taken without jeopardising the investment option’s ability to achieve its real return objective;
- The maximum amount of risk that can be taken without jeopardising the investment option’s ability to limit capital loss.

We also stress test the portfolios using historical high risk environments where investment returns proved vulnerable to extreme collapses in asset prices , e.g. global financial crisis 2008, Technology bubble late 1990s, oil shock 1970s, to name a few.

For example, to improve our portfolio’s capacity to preserve the purchasing power of customer savings in the long term, we model how each investment option would perform under different scenarios, e.g.: expected inflation (e.g. RBA 2-3% target range), stagflation (high inflation and high unemployment/low economic growth) and deflation. We consider the impact of these scenarios on the expected returns and risks of each investment option, including the likelihood of these scenarios eventuating. And we build a roadmap of indicators to support us to take decisions about managing the evolution of these risks in a timely way.

- **Product benchmarking:** CSC undertakes a number of product benchmarking activities to ensure the CSCri product is competitive and provides high quality customers outcomes. These activities include:
  - Internal competitor benchmarking, competitor reviews and monitoring;
  - Industry wide benchmarking and insights via CSC’s membership and engagement with The Association of Superannuation Funds of Australia (ASFA);
  - CSC also undertakes independent investment-governance and strategy reviews regularly to ensure global best practice and objective review;
  - Member outcomes assessment: Superannuation trustees must demonstrate objectively and transparently that the members and business initiatives they pursue and deliver are meeting the best interests of their fund members and groups of members within their funds. This is referred to generally as “Member Outcomes”. CSC has implemented a structured approach to the ongoing review and delivery of our Member Outcomes initiatives and activities, which includes regular analysis and refinement of outcome metrics in line with industry best practice, legislative requirements, organisational strategy and data availability.

CSC uses the output of these activities to review and improve product offerings to ensure that they continue to be appropriate and competitive.

The CSCri TMD will be next reviewed on 23 September 2023, unless a review trigger occurs before that time (see section 5 below for an outline of review triggers). During the review CSC will consider whether CSCri continues to be suitable for customers in the target market.

## How this product is to be distributed

### 5. How this product is to be distributed

#### Distribution channels

This product is designed to be distributed through the following means:

- CSC authorised financial planners<sup>2</sup>,
- Non CSC financial planners,
- Directly through online or physical application form, and
- Member education seminars, employer support services, telephone and email, website content, marketing communications.

#### Distribution conditions

This product should only be distributed under the following circumstances:

##### All Distribution channels

- Distributors must ensure that customers acquiring CSCri satisfy the eligibility criteria for the product and fall within the target market;
- Acquisition related customer engagement such as email campaigns, and other equivalent communication with existing or potential CSCri customers, must be restricted to customers likely to be in the CSCri target market as defined in this TMD;
- All marketing or communication to customers about the potential acquisition of CSCri, must be done in a way that is consistent with this TMD document and with the [CSCri PDS](#);
- Distributor acquisition related customer communication, engagement campaigns or any engagement with customers, requires the customer to be provided with a copy of this TMD free of charge. The CSCri TMD is available at [csc.gov.au/TMD](http://csc.gov.au/TMD);
- Where a Distributor becomes aware of any misleading advertising, or any other type of CSCri customer acquisition material (provided to customers), that is at risk of being misleading or inconsistent with the CSCri TMD or [CSCri PDS](#). CSC must be informed of such an issue as soon as practicable, such practices should cease and desist immediately, and the issue corrected.

##### CSC authorised financial planners<sup>2</sup> and Non CSC financial planners only

- Where a customer is considering choosing CSCri, and they wish to invest in a CSCri investment option, the customer's investment objective and risk/return requirements must be assessed against information provided in this CSCri Target Market Determination, and by reviewing the [CSCri PDS](#).

#### Distribution conditions and restrictions

We have determined that the distribution conditions and restrictions (documented on pages 6-7 of this TMD), will make it likely that customers who purchase CSCri are eligible to join, and in the class of customers for which it has been designed. We consider that the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the target market for whom CSCri has been designed.

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<sup>2</sup> Our authorised financial planners are authorised to provide advice by Guideway Financial Services (ABN 46 156 498 538, AFSL 420367). Guideway is a licensed financial services business providing CSC financial planners with support to provide customers with specialist advice, education and strategies.

## Reviewing this target market determination

### 6. Reviewing this target market determination

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

<b>Initial review</b>	5 October 2021
<b>Next periodic review</b>	23 September 2023. The completion of the review will be completed within 3 months of the next periodic review date.
<b>Review triggers or events</b>	<p>Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none"> <li>• Where CSC has determined that any of the following has occurred: <ul style="list-style-type: none"> <li>◦ a material change to the design or distribution of CSCri where CSC considers this reasonably suggests that this TMD is no longer appropriate;</li> <li>◦ a material change to key product attributes or terms and/or conditions where CSC considers this reasonably suggests that this TMD is no longer appropriate;</li> <li>◦ occurrence of a significant dealing in the product (as defined in the 'Significant dealings' section on page 8) that is outside of the TMD;</li> <li>◦ distribution conditions found to be inadequate, such as distribution to customers that do not meet CSCri product eligibility requirements;</li> <li>◦ Significant or unexpectedly high number of complaints from customers regarding product design, product availability, investment options or any distribution condition;</li> <li>◦ The use of Product Intervention Powers, regulator orders or directions in relation to the distribution of CSCri where CSC considers this reasonably suggests that this TMD is no longer appropriate;</li> <li>◦ Where CSC has become aware that CSCri has been distributed in way which is outside of the parameters of the CSCri TMD. For example if a CSC authorised financial planners or a Non CSC financial planners was to advise CSC of such an incident occurring;</li> <li>◦ A significant breach event relating to the design or distribution of this product where CSC considers this would reasonably suggest that (i) this product is unsuitable for a particular cohort of customers and (ii) the TMD may no longer be appropriate; and</li> <li>◦ ASIC reportable significant dealings outside of the TMD, such as a large number of TMD related complaints or a major TMD related risk incident.</li> </ul> </li> <li>• CSC makes a determination for purposes of s52 (9) of Superannuation Industry (Supervision) Act 1993 that the financial interests of the customers who hold this product are not being promoted.</li> <li>• CSC makes a determination that even though the above TMD review triggers are not met, other events or circumstances mean that the TMD may no longer be appropriate.</li> </ul>

Where a review trigger has occurred and CSC becomes aware that a review trigger has occurred, or an event/circumstance has occurred that would reasonably suggest that the TMD is no longer appropriate, this target market determination will be reviewed within 10 business days. If CSC determines that a TMD is not appropriate, Distributors will pause the distribution until an updated TMD is issued by CSC.

## 7. Reporting and monitoring this target market determination

We will collect the following information from our distributors in relation to this TMD.

<p><b>Complaints</b></p>	<p>Distributors will report the number of complaints in relation to the product(s) covered by this TMD on a quarterly basis. Quarterly reporting is due 10 business days after the end of the March, June, September and December quarters. Reporting is still required if the number of complaints is zero.</p> <p>This will include the substance of complaints and general feedback relating to the product and its performance.</p>
<p><b>Significant dealings</b></p>	<p>Distributors will report to CSC, as soon as practicable, and in any event within 10 business days after becoming aware, if they become aware of a significant dealing in the product that is outside this TMD. A significant dealing includes, but not limited to:</p> <ul style="list-style-type: none"> <li>• 5 percent or more of customers outside the target market have acquired the product and have suffered actual or potential harm including significant financial loss;</li> <li>• Distribution conditions have regularly not been met; and/or</li> <li>• There are trends that identify specific reasons that customers outside the target market are acquiring the product.</li> </ul>
<p><b>How a Distributor reports to CSC</b></p>	<p>Non CSC financial planners must report to CSC on TMD related complaints or Significant dealing (as defined in the section above) via <a href="mailto:members@csc.com.au">members@csc.com.au</a> or by calling 1300 736 096. The email subject line is: "CSCri TMD related information".</p> <p>CSC Distributors must report on TMD related complaints or Significant dealings (as defined in the section above) via CSC's existing incident reporting process.</p> <p>The Distributor should include the customers CSCri account number, a summary of the issue that has occurred, the date it occurred, the date it ceased (or is currently planned to cease), steps taken to resolve the issue or complaint (and to ensure distribution is consistent with the TMD), and contact details for the Distributor so CSC can contact the Distributor if further information is required.</p>



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