

Retirement Strategy Summary



1 July 2023

Purpose

Cbus Super' Retirement Strategy strives to improve Cbus Super and Media Super members' retirement outcomes, over and above addressing the requirements of the Retirement Income Covenant (RIC). The RIC requires super funds to consider strategies to better support members through retirement including these three objectives:

1. maximising retirement income,
2. creating flexible of access to capital, and
3. managing risks to stability and sustainability of retirement income.

We have tailored strategies for groups of members that share similar circumstances and have been grouped into five key cohorts.

We will track the success of the strategy each year and will undertake a complete revision of the strategy every three years.

Background

Cbus Super was established in 1984. Created by workers for workers. We are a proud Industry Super Fund, championing the people who help build Australia and those that work in the print, media, entertainment and arts industries. Everything we do is to benefit our members – and only our members – so they can eventually enjoy their retirement making hard work pay off.

As one of Australia's largest super funds, we provide superannuation and retirement accounts to more than 875,000 members and manage over \$73 billion of our members' money (as at 31 December 2022 including Media Super). Cbus Super currently offers an award-winning Super Income Stream² (SIS) for retired members with as little as \$10,000 to invest, and also provides members with access to retirement planning seminars to help members better understand the retirement process.

Our members' experience of work and their path to retirement is unique. A 2022 survey demonstrated that around 80% of Cbus Super members work in the building, construction and allied industries. More than half our members work in blue collar roles.

For members within the building and construction industry, survey data and other research has demonstrated that our members often experience:

- **Broken work patterns through their working life** – resulting in less consistent super contributions, and lower super balances than that of the average population.
- **A higher likelihood of unpaid super** – as more than 40% of apprentices, labourers and machinery operators have unpaid super¹
- **Early, unplanned and sudden transitions to retirement** – due to the physical demands and risks associated with their work.

Our membership within the Media Super products demonstrates similar sessional work patterns and they are likely to have lower superannuation savings at retirement as a result.

These observations are supported by a key finding by the 2020 Retirement Income Review, which found that the high levels of people being forced into early retirement means many stop working abruptly and with lower savings than planned. Plus, involuntary retirement before Age Pension eligibility age is more common in blue-collar occupations and involuntary retirees experience higher levels of financial stress and income poverty than most retirees.

1. *Super Scandal: Unpaid Super Guarantee in 2016-17*, ISA, May 2019.

2. Including Canstar's 5-Star rating for Outstanding Value Account Based Pension 2022.

Retirement Strategy Objectives

Cbus Super' Retirement Strategy sets out a plan to improve financial outcomes for our retired members and meet the broader needs of members and their partners, while also fulfilling the core requirements of the RIC. Our members have a diverse range of retirement needs and the strategy caters to this diversity. To meet these needs, our strategy is not just about product, but also covers improved member guidance, education and referrals.

Key objectives:

- Provide tailored guidance, engagement, service and support that maximise members' retirement outcomes and support them to make informed decisions to improve their financial security.
- Improve the transition of accumulation members into our retirement products where this fulfils their needs. We will work to optimise members' financial outcomes throughout their tenure with Cbus Super.
- Provide value-for-money retirement products that address household needs and strike a better balance to maximise retirement income, manage risks to sustainability and stability and maintain flexible access to retirement savings.
- Improve the acquisition of members in the pre-retirement and retirement segments to build fund scale, enabling Cbus Super to pass on the benefits of scale to members via reduced fees and improved investment returns.

Tailored strategies based on members' circumstances

The Retirement Strategy is underpinned by deep research and data-driven insights of members' circumstances and needs. Our members, including Media Super members and Cbus Super defined benefit members with access to lump sum benefits³ have been segmented into five retirement cohorts as shown in the graphic below. This reflects a detailed understanding of the diversity of member needs in retirement combined with various factors fundamental in driving retirement outcomes. Further investigation examined how these cohorts differ in terms of their sensitivity to the three RIC objectives, and enabled an analysis of how existing products, services and engagement assist members to meet these needs. The analysis has also enabled the Retirement Strategy to focus on opportunities to improve overall retirement outcomes for members.

Due to the nature of the work many of our members perform, we have a disproportionately high number of members retiring early and with limited super savings. Simultaneously, there are also cohorts of our membership retiring close to or at standard retirement age with higher superannuation savings.

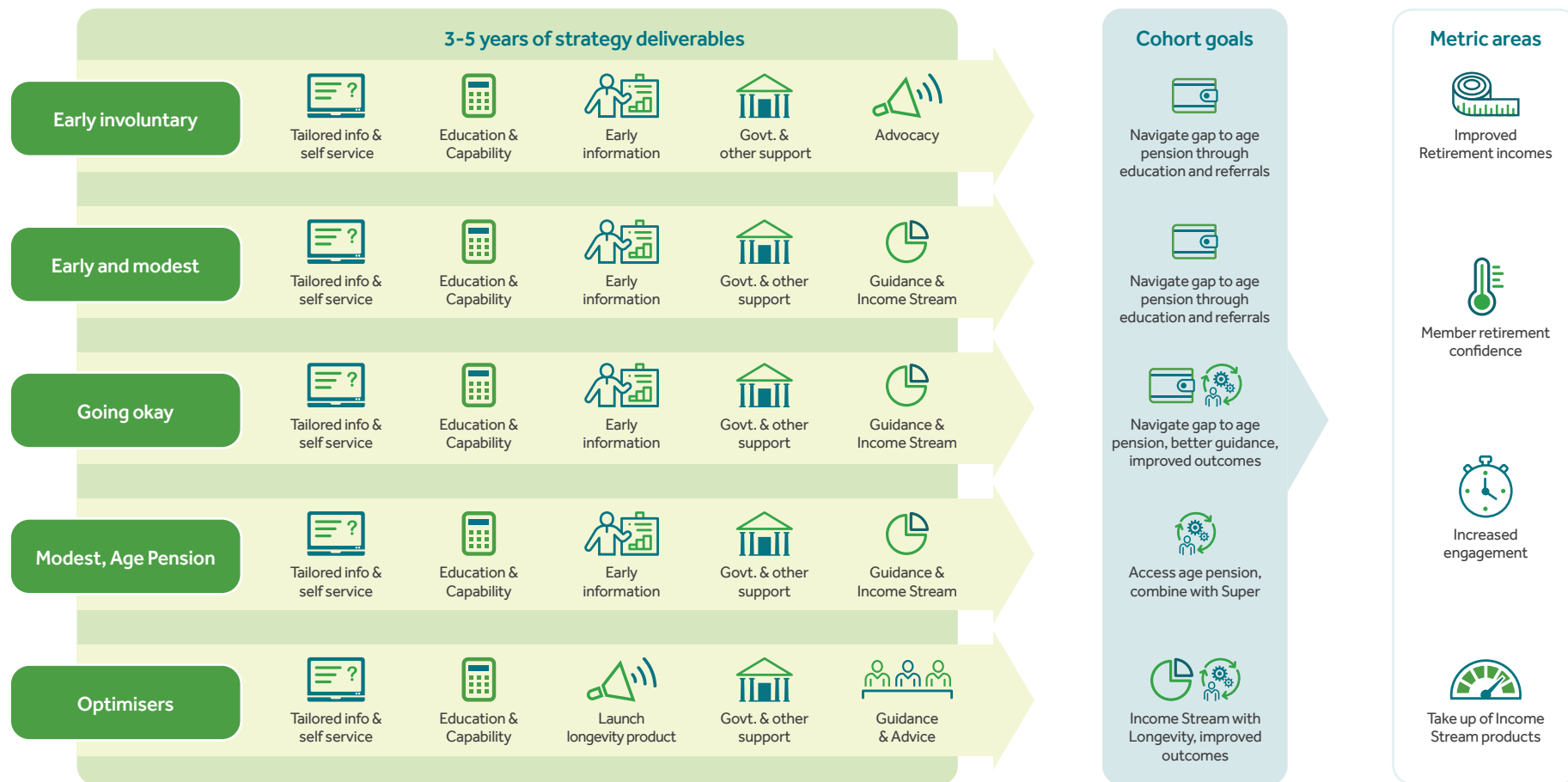
Initiatives

Our holistic strategy focuses on tailored initiatives to address the specific needs of each cohort to build stronger engagement, support and service, and drive improved retention and growth. These initiatives include:

- Build data capability and technology enablers to support retirement strategy
- Evolve engagement and campaign capability to deliver integrated, tailored guidance across cohorts
- Evolve retirement cohorts and strategies including enhancements to retirement products
- Uplift service capability to better support members' retirement needs
- Measure our progress and update the strategy over time

3. Cbus Super defined benefit members without access to a lump sum benefit have been excluded, as their defined benefits represent an implicit retirement income strategy.

The graphic below summarises our cohort-level approach and deliverables used to improve retirement outcomes for our members and metrics used to measure success:



Through these initiatives, over the next three to five years Cbus Super will drive incremental improvements to our retirement proposition and invest in a number of supporting capabilities. We will measure the success of the implementation of the strategy against clear targets.