

# Target Market Determination

## BUSSQ Income account product

Effective from 27 November 2024

Last reviewed on 27 November 2024

Next scheduled review to be completed no later than 27 November 2025

### 1. About this document

This Target Market Determination (TMD) describes who the BUSSQ Income Account product has been designed for, having regard to their likely objectives, financial situation and needs. It also provides information on how often the TMD is to be reviewed, what factors or conditions might trigger a review, how the product is distributed, and the reporting requirements for this product.

This document is not to be treated as a full summary of the product's terms, conditions, and eligibility criteria, and is not intended to provide financial advice. Consumers must refer to the latest Income account Product Disclosure Statement (PDS) available at [bussq.com.au](https://bussq.com.au) when making a decision about this product and should consider seeking financial advice if appropriate.

### 2. Product description

The BUSSQ Income Account product allows consumers to access their Superannuation as supplemented income while they transition to retirement, or as a regular income with the option of lump sum withdrawals while in retirement. The product offers:

- A Transition to Retirement (TTR) Income account; and
- A Retirement Income account.

#### **2.1. Product eligibility criteria**

To be eligible to open a **Retirement Income account**, consumers must have met a legislated 'condition of release' enabling their superannuation monies to be transferred to the Retirement Income account.

Conditions of release include:

- Permanent retirement after reaching age 60
- Leaving a job after turning age 60
- Turning age 65
- Being assessed as permanently incapacitated
- Being assessed as terminally ill
- Being an eligible dependant in receipt of a death benefit income stream.

Individuals must have a minimum of \$25,000 and be an Australian citizen or Australian resident to open a **TTR Income account** or **Retirement Income account**. Applications from outside of Australia may not be accepted as eligibility for certain product features could be impacted from residing overseas.

## 2.2. The target market for this product

The following table describes the overall class of consumers that the **TTR Income account** is designed for.

Consumer attributes	
Target market	<ul style="list-style-type: none"> <li>Have reached age 60 and have not yet met a full condition of release to access their retirement savings.</li> <li>Are transitioning to retirement and want to receive a regular income from their retirement savings.</li> </ul>
Likely objectives	<ul style="list-style-type: none"> <li>Are looking to invest their superannuation savings in a tax effective retirement income account to provide regular payments to supplement employment income as they transition to retirement.</li> <li>Want flexible access to their super retirement savings, allowing them to determine the frequency and amount of their regular payments.</li> <li>Want access to a range of investment options for how their money is invested, to suit their risk profile and investment objectives.</li> </ul>
Likely financial situation	<ul style="list-style-type: none"> <li>At least \$25,000 in superannuation and their age is between age 60 and age 65.</li> <li>Wishes to access superannuation to supplement income needs while working.</li> </ul>
Likely needs	<ul style="list-style-type: none"> <li>Seeking a partial replacement income stream to supplement income with flexible payment options and amounts.</li> <li>Seeking a tax-effective environment to invest retirement savings with access to a range of investment options.</li> </ul>
Excluded consumers	<p>This product is not designed for consumers who:</p> <ul style="list-style-type: none"> <li>Are not age 60.</li> <li>Have less than \$25,000 to invest.</li> <li>Want to make lump sum withdrawals.</li> <li>Do not want to receive a regular income from their accumulated superannuation savings.</li> <li>Require insurance.</li> <li>Have permanently retired.</li> <li>Want access to direct investments such as Exchange Traded Funds, Term Deposits and Property.</li> </ul>

The following table describes the overall class of consumers that the **Retirement Income account** is designed for.

Consumer attributes	
Target market	<ul style="list-style-type: none"> <li>Have met a condition of release to access their retirement savings and want to receive a regular income from their retirement savings.</li> </ul>
Likely objectives	<ul style="list-style-type: none"> <li>Are looking to invest their superannuation savings in a tax effective retirement income account to provide regular payments and some or all their income in retirement.</li> <li>Want flexible access to their super retirement savings, allowing them to determine the frequency and amount of their regular payments.</li> <li>Want access to lump sums.</li> <li>Want access to a range of investment options for how their money is invested, to suit their risk profile and investment objectives.</li> </ul>
Likely financial situation	<ul style="list-style-type: none"> <li>At least \$25,000 in superannuation and met a condition of release.</li> <li>Wants a regular income stream and access to lump sums to replace or supplement other sources of income.</li> </ul>
Likely needs	<ul style="list-style-type: none"> <li>Seeking to receive regular income payments with flexible payment options and amounts.</li> <li>Seeking a tax-effective environment to invest retirement savings with access to a range of investment options.</li> </ul>
Excluded consumers	<p>This product is not designed for consumers who:</p> <ul style="list-style-type: none"> <li>Have less than \$25,000 to invest.</li> <li>Do not want to receive a regular income from their accumulated superannuation savings.</li> <li>Have not met a superannuation condition of release.</li> <li>Require insurance.</li> <li>Are looking for a guaranteed level of income (such as a term or lifetime annuity product) as income may not be constant and may rise and fall each year depending on investment earnings.</li> <li>Want to establish a self-managed superannuation fund.</li> <li>Want access to direct investments such as Exchange Traded Funds, Term Deposits and Property.</li> </ul>

## 2.3. Key product attributes

The key attributes of the **BUSSQ TTR Income account** are:

- An ability to choose from three diversified and five single asset class investment options.
- Concessionally taxed income payments for those under 60 and tax-free from age 60.
- Flexible access to funds. Consumers can choose the payment amount (minimum and maximum amounts apply) and frequency.
- Access to personal financial advice<sup>1</sup> relating to investment choice and retirement. This advice is limited to BUSSQ products, and the cost is included in the BUSSQ administration fees and costs.
- A range of death benefit nominations to enable consumers to elect how any death benefit is to be distributed.

The key attributes of the **BUSSQ Retirement Income account** are:

- The default Smart Income strategy, which aims to manage the risks to the sustainability and stability of expected retirement income. This strategy invests 85% of funds in the Balanced Growth investment option and 15% in the Cash investment option, with initial income payments from the Cash investment option.
- The ability to choose from three diversified and five single asset class investment options.
- Investment earnings are generally tax-free. Concessionally taxed income payments for those under 60 and tax-free from age 60.
- BUSSQ Retirement Reward paid on eligible Retirement Income accounts. An amount is set aside in accumulation or TTR Income accounts to pay for any future Capital Gains Tax liabilities which is passed on as a credit as assets sold in the retirement phase are not taxed.
- Flexible access to funds. Consumers can choose the payment amount (minimum amounts apply) and frequency.
- Access to personal financial advice<sup>2</sup> relating to investment choice and retirement. This advice is limited to BUSSQ products, and the cost is included in the BUSSQ administration fees and costs.
- A range of death benefit nominations to enable consumers to elect how any death benefit is to be distributed.

### Investment options

Diversified and single asset class investment options are available in the BUSSQ Income Account product. Under this product, consumers can invest in one or more of the investment options depending on their investment objectives and risk tolerance. The information in this section assumes that the entire account balance is invested in each respective investment option. Mixing investment options will produce a different total risk/return profile.

The following tables set out how we measure investment risk, each investment option, and the submarket of consumers for which each option is likely to be suitable.

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<sup>1</sup> Personal advice is limited to BUSSQ products and is advice on insurance, investment choice, contributions, and retirement. This advice is provided by an Authorised Representative of Industry Fund Services Limited (IFS) (ABN 54 007 016 195 AFSL 232514). IFS is responsible for any advice given to you by its representatives.

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## Measuring investment risk

The risk tolerance information for each investment option uses the Standard Risk Measure (SRM) which is based on methodology developed by the superannuation industry so consumers can compare investment options within and across super funds. The SRM categorises the risk of options from 'very low' to 'very high' and includes an assessment of the expected number of negative annual returns over any 20-year period. There are seven risk bands:

Risk band	Risk label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

The SRM does not represent all components of investment risk. Please see the latest Income account Product Disclosure Statement (PDS) available at [bussq.com.au](http://bussq.com.au) when deciding about Investment Risk.

## Diversified options<sup>^</sup>

These investment options are designed to offer a complete, all-in-one portfolio for consumers who want to invest in a diversified portfolio of asset classes based on the investment strategy set by the Trustee. These options are designed to suit consumers who want their investments monitored and managed for them on an ongoing basis, including specific asset allocation decisions and other technical aspects of investing, for example portfolio rebalancing.

Investment option	Target market	SRM	Suggested minimum investment timeframe
<b>Defensive</b>	Designed for short to medium term investors looking for stable returns with minimal capital growth. This option invests mainly in cash and fixed interest securities with moderate exposure to growth assets such as shares and property.  The investment objective is to beat the Consumer Price Index by 1.50% per annum over a 10-year period, after investment fees and costs and taxes.	Low to medium	At least 3 years
<b>Balanced Growth</b>	Designed for medium to long term investors who want exposure to a mix of growth and defensive assets. This option provides a mix of growth and defensive assets such as shares, property and fixed interest securities.  The investment objective is to beat the Consumer Price Index by 3.25% per annum over a 10-year period, after investment fees and costs and investment taxes.	Medium to high	At least 5 years
<b>High Growth</b>	Designed for long term investors looking for an attractive return and capital growth who can tolerate a higher level of risk and volatility. This option provides a high allocation to growth investments such as shares.  The investment objective is to beat the Consumer Price Index by 3.75% per annum over a 10-year period, after investment fees and costs and investment taxes.	High	At least 10 years

<sup>^</sup>Please see the latest Income account Product Disclosure Statement (PDS) available at [bussq.com.au](http://bussq.com.au) for further information on each investment option objective, minimum suggested timeframe, risk, and asset allocation. Investment returns are not guaranteed. Past performance isn't a reliable indicator of future returns.

## Single asset class options<sup>^</sup>

These options are designed for consumers who want to choose which asset classes they would like to invest in and in what portion to suit their own personal risk tolerance and return objectives. These options are suitable for consumers who are comfortable deciding their own asset class mix and managing their ongoing asset allocation, including the need to rebalance their portfolio when required.

Investment option	Target market	SRM	Suggested minimum investment timeframe
<b>Cash</b>	<p>Designed for investors who are risk averse and looking for a 100% cash investment. This option may suit consumers who are willing to sacrifice overall return in favour of less risk.</p> <p>The investment objective is to beat the Bloomberg AusBond Bank Bill Index over a 12-month period, after investment fees and costs and investment taxes*.</p>	Very low	Less than 12 months
<b>Australian Shares</b>	<p>Designed for investors looking for a standalone Australian Shares investment. This actively managed option aims to outperform the market by selecting companies to buy and sell.</p> <p>The investment objective is to beat the S&amp;P/ASX 300 Index (adjusted for franking credits) over a 10-year period, after investment fees and costs and investment taxes*.</p>	Very high	At least 10 years
<b>Australian (Small Companies) Shares</b>	<p>Designed for investors looking for a standalone investment focused on smaller listed Australian companies. This actively managed option aims to outperform the market by selecting companies to buy and sell.</p> <p>The investment objective is to beat the S&amp;P/ASX Small Ordinaries Index (adjusted for franking credits) return over a 10-year period, after investment fees and costs and costs and investment taxes*.</p>	Very high	At least 10 years
<b>International Shares</b>	<p>Designed for investors looking for a standalone investment focused on international shares. This actively managed option aims to outperform the market by selecting companies to buy and sell.</p> <p>The investment objective is to beat the MSCI All Country World Index ex Australia over a 10-year period, after investment fees and costs and investment taxes*.</p>	Very high	At least 10 years
<b>International (Emerging Markets) Shares</b>	<p>Designed for investors looking for a standalone investment focused on international shares in emerging market countries (e.g., Brazil, India, China). This actively managed option aims to outperform the market by selecting companies to buy and sell.</p> <p>The investment objective is to beat the MSCI Emerging Markets Index over a 10-year period, after investment fees and costs and investment taxes*.</p>	Very high	At least 10 years

\*Index returns are adjusted for implied superannuation tax (where applicable).

<sup>^</sup>Please see the latest Income account Product Disclosure Statement (PDS) available at [bussq.com.au](http://bussq.com.au) for further information on each investment option objective, minimum suggested timeframe, risk, and asset allocation. Investment returns are not guaranteed. Past performance isn't a reliable indicator of future returns.

## 2.4. Consistency between target market and this product

The Income account product attributes are designed to meet the likely objectives, financial situation and needs of the class of consumer identified within the target market.

The product attributes including flexible payment options and the range of investment options are consistent with the likely needs of the class of consumers in the target market. The diversified and single sector investment options are designed to cater to a wide range of expected consumer risk tolerances and return objectives and may be selected in any combination.

## 3. How this product is to be distributed

### 3.1. Distribution channels

BUSSQ's permitted distribution channels are:

- By applying directly (either paper based or online)
- With assistance of BUSSQ Fund Staff or Contact Centre staff
- By receiving general or personal advice from one of our financial planners<sup>3</sup> or with assistance from their financial adviser.

The Trustee has determined that the distribution conditions make it likely that consumers who join the product are in the target market for which it has been designed.

### 3.2. Distribution conditions and restrictions

Acquisition of the Income account product is restricted to individuals who satisfy the eligibility criteria that apply under superannuation legislation. The distribution channels help ensure the product is only distributed to consumers in the target market. Consumers who join by direct application declare they have read and agree to the terms and conditions of the Product Disclosure Statement. These consumers also have access to this Target Market Determination. The process for consumers who join with the assistance of staff or Industry Fund Services (IFS) also ensures the consumer is in the target market.

Controls are also in place to help ensure products are being distributed correctly including:

- Training being provided to consumer facing staff regarding product eligibility requirements, key attributes and the intended target market.
- When processing product applications, system and process verification steps are undertaken to ensure key product eligibility requirements have been satisfied (e.g., age requirements).
- Ongoing call monitoring is performed (where consent is provided) to help ensure correct product information is provided when interacting with consumers.
- Marketing and promotional activities are designed based on the intended target market.

Distributors should take reasonable steps not to distribute the product to a person for whom the product is not designed for, except through personal advice where the consumer's personal objectives, financial situation and needs have been considered.

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### 3.3. Adequacy of distribution conditions and restrictions

The distribution conditions are appropriate and aim to ensure that consumers who join the product are in the target market. This is on the basis that the products eligibility criteria, regulatory restrictions, and distribution channels limit access to the product. The distribution conditions and restrictions reduce the risk that the product will be distributed to consumers outside of the target market.

## 4. Reviewing this Target Market Determination

BUSSQ will review this Target Market Determination (TMD) at least every 12 months. The timing will be incorporated into the business performance review cycle. BUSSQ will also review this TMD when an event or circumstance (a 'review trigger') arises that would indicate the TMD may no longer be appropriate. This may include:

- A material change to the design or distribution of the product which affects the consumers targeted by this product.
- Occurrence of a significant dealing that is inconsistent with this TMD.
- A significant breach relating to the design or distribution of this product which has a material financial impact on consumers.
- External events such as adverse media coverage or regulatory feedback.
- Significant changes in metrics, including, but not limited to, complaints, consumer movement in or out of the product, investment switches, and sustainability which would reasonably suggest a potential issue with the product.
- BUSSQ determines in its annual legislated Member Outcomes Assessment that the financial interests of its Income Account holders are not being promoted.
- Notification by the Australian Securities and Investments Commission (ASIC) concerning the design or distribution of the product.
- A failure of an investment option/s under the annual performance test administered by the Australian Prudential Regulation Authority (APRA).

Where a review trigger or event has occurred this TMD will be reviewed within 10 business days.

## 5. Reporting and monitoring

BUSSQ monitors and reviews consumer outcomes as part of its business performance review process. We review the key attributes of products to maintain alignment with the likely objectives, financial situation and needs of the target market the product is designed for.

The monitoring process includes collecting the following information from our distributors in relation to the product covered by this TMD.

### **Complaints**

Distributors will report all complaints in relation to the product monthly within 10 business days after the end of the month.

### **Significant dealings**

Distributors will report if they become aware of a significant dealing that is not consistent with this TMD, as soon as practicable and in any event within 10 business days.



This TMD provides general information only and does not take into account your personal financial situation or needs. Before acting, you should review the Product Disclosure Statement (PDS) to ensure you have all the information about the BUSSQ Income account product and how it works and consider the appropriateness of the information to your needs or obtain financial advice tailored for your personal circumstances. The PDS can be found at [bussq.com.au](http://bussq.com.au) or call us to request a copy. Issued by BUSS (Queensland) Pty Ltd ABN 15 065 081 281, AFSL 237860, Trustee for Building Unions Superannuation Scheme (Queensland) (BUSSQ) ABN 85 571 332 201. USI BUS0005AU.

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