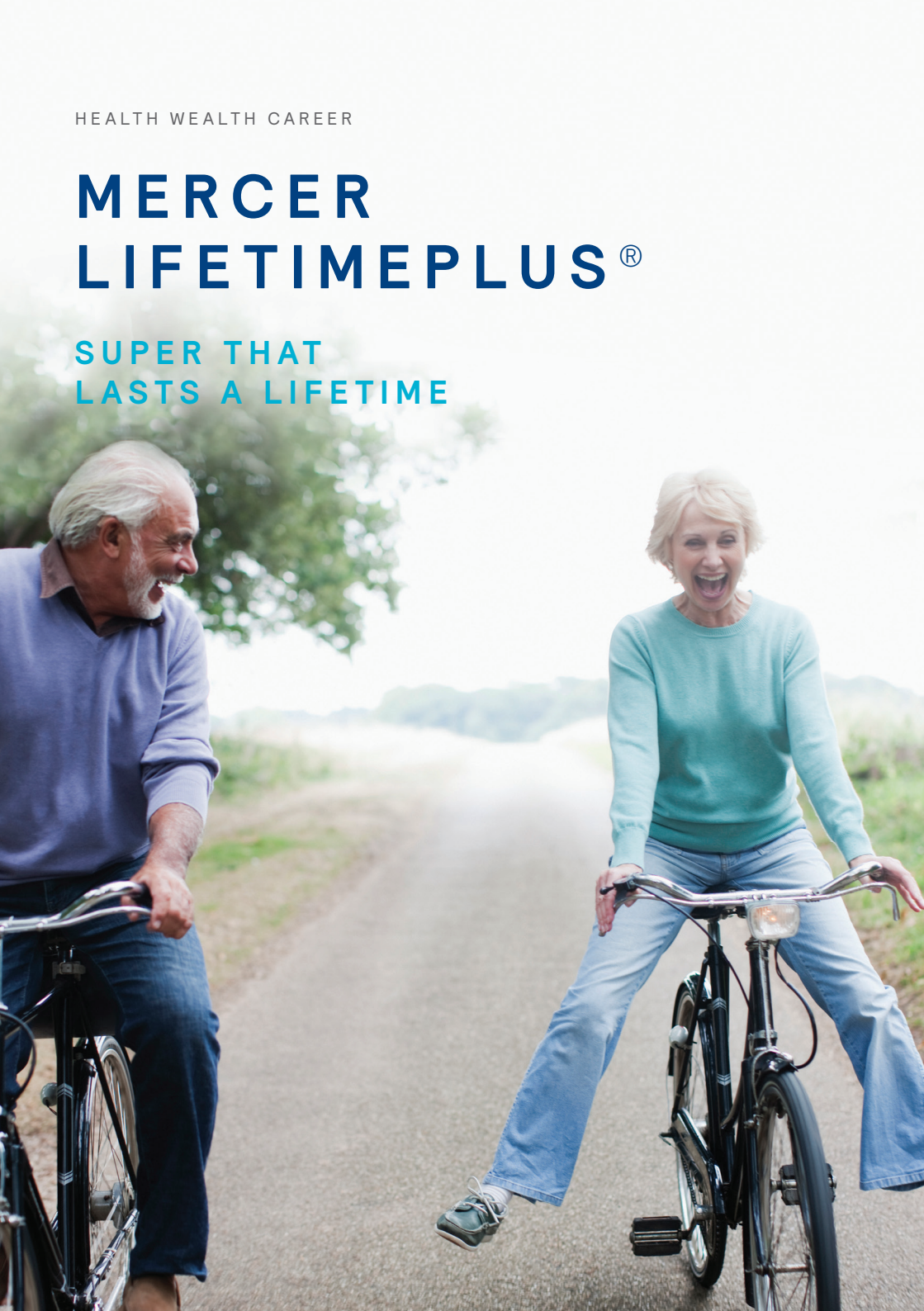
HEALTH WEALTH CAREER

MERCER LIFETIMEPLUS®

SUPER THAT LASTS A LIFETIME



Every second Australian who retires today can look forward to a retirement that is likely to last more than 20 years. For many, it will be a quarter of a century or more of retirement living. This certainly sounds great — that is, until you start thinking about how you are going to support yourself financially through those extra years.

LONG RETIREMENT = LONGEVITY RISK

You've spent your whole life dealing with risk — the risk of losing your job, of unexpected bills, or of not being able to pay your mortgage. In retirement, when most people have paid off their homes, another risk emerges. It is called longevity risk. Longevity risk is the risk that you will outlive your savings. It's a risk that's looming larger right now as life expectancies for Australians after retirement push past 20 years.

SUPER THAT LASTS YOUR LIFETIME IS NOW A REALITY

Recognising that retirees are facing increasing longevity risk, we've been proactive in offering a new solution for our members that is both an Australian and a world first.

The solution is called Mercer LifetimePlus®. Put simply, it is an investment option within your account-based pension that keeps providing you with retirement income even after your super runs out.

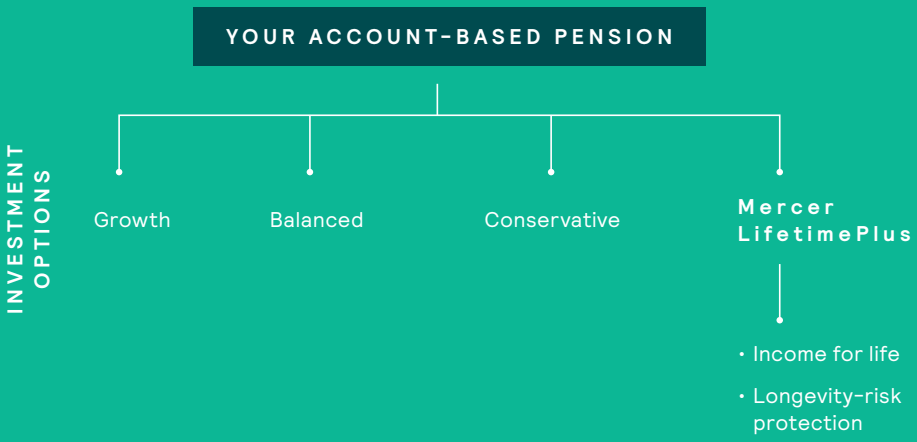
This booklet provides a quick summary of how it works. If Mercer LifetimePlus sounds like a solution for you, you should speak to a financial adviser and read the product disclosure statement (PDS).

1 in 4 retirees will outlive his or her savings by more than 10 years.

Source: Expectations vs Reality of Retirement, Mercer, July 2014

INTRODUCING MERCER LIFETIMEPLUS

An investment in Mercer LifetimePlus means you can expect an income above the age pension for the rest of your life. It is an investment option within your account-based pension, but unlike other investment options, it provides you with longevity-risk protection and an income for life.

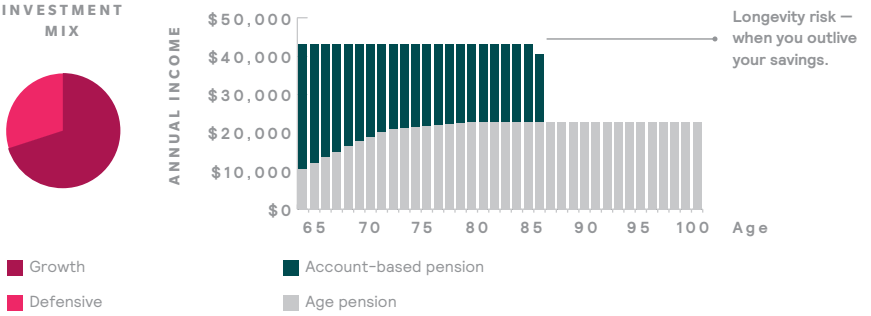


Mercer LifetimePlus is a one-of-a-kind investment option that provides you with an income for life. It combines an investment strategy focused on capital preservation with a unique longevity-risk pooling structure.

To consider the benefits, compare the two examples below for a retiree who chooses, say, the balanced option alone, or enhances his or her account-based pension by choosing to invest a quarter of his or her retirement lump sum in the Mercer LifetimePlus option.

Account-based Pension

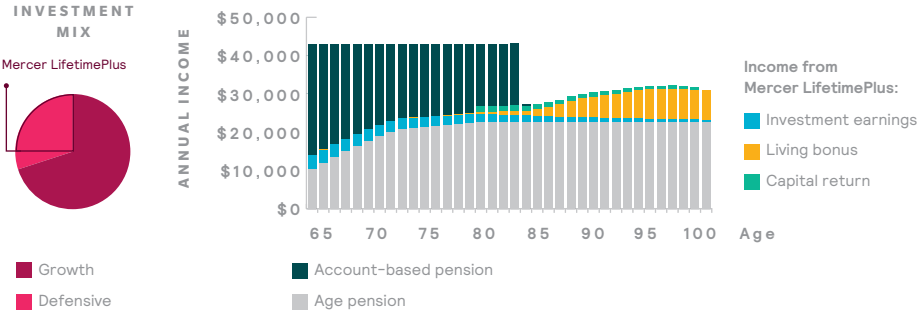
A 65-year-old retiree with $400,000 in super, drawing down $43,000 each year, is likely to run out of his or her account-based pension at age 87, leaving just the age pension.



Assumptions: net investment return of 6.0% p.a.; age pension income-testing rules from 1 January 2016; age pension assets-testing rules from 1 January 2017; single; homeowner. Shown in today's dollars, discounted at 3.5% p.a.

Account-based Pension with Mercer LifetimePlus

If the same retiree had 25% of his or her account-based pension in Mercer LifetimePlus, he or she would receive additional income above the age pension for the rest of his or her life.



Assumptions: net investment return of 6.0% p.a.; age pension income-testing rules from 1 January 2016; age pension assets-testing rules from 1 January 2017; single; homeowner. Living bonus distributed per product rules; mortality experience assumes investors are healthier than the average Australian. Shown in today's dollars, discounted at 3.5% p.a.

AN INCOME FOR LIFE. HOW IS THAT POSSIBLE?

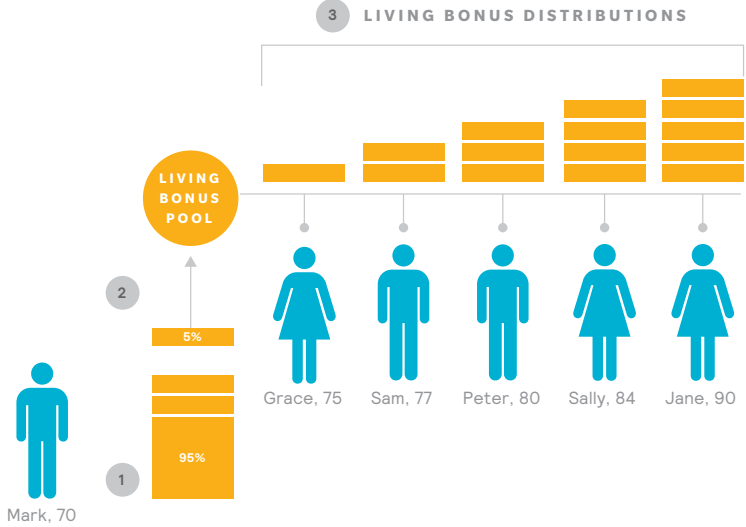
Mercer LifetimePlus provides an income for life by combining an investment strategy focused on capital preservation with a unique longevity pooling structure. It delivers in three income streams.

INCOME STREAM	WHAT IT DOES
Investment earnings (paid quarterly)	A defensive investment that preserves your capital, with an investment strategy that seeks to provide a cash + 0.6% p.a. return, net of fees. This is accrued daily and paid quarterly.
Living bonus (paid half-yearly)	These payments are distributed from the living bonus pool, which is a pool accumulated from deductions made from investors who exit Mercer LifetimePlus. The payments are calculated based on your age, sex, amount invested, and length of time you've been invested. The older you are and the longer you've been invested in Mercer LifetimePlus, the higher your share of the living bonus pool becomes.
Capital return (paid half-yearly)	Capital repayments equal to 2.5% p.a. of your initial invested capital in Mercer LifetimePlus once you have been an investor for at least 15 years and have passed your 75th birthday. The capital return is paid for up to 20 years.

WHAT IS THE LIVING BONUS?

As investors exit Mercer LifetimePlus, either through death or voluntary withdrawal, they leave a portion of their investment behind to be shared among all active investors every six months. This is what we call "pooling". The amount that is distributed to each active investor is called the living bonus and is distributed based on the investor's age, sex, investment duration, and amount invested. The older you are and the longer you have been invested, the higher your share of the living bonus pool will be.

Let's consider a group of six investors within the Mercer LifetimePlus option. Say one of those investors, Mark, passes away. The diagram below illustrates how his exit contributes to the total living bonus pool for that period.



1. Mark exits Mercer LifetimePlus and leaves 5% of his initial investment in Mercer LifetimePlus. The remaining 95% is paid to his beneficiaries.
2. The 5% that is left behind forms part of the living bonus pool.
3. Each active investor receives a share of the living bonus pool based on their age, sex, amount invested, and investment duration. The living bonus pool is distributed in full to all active investors every six months.

NB: For simplicity the above example assumes that all investors invested the same amount in Mercer LifetimePlus when they were 65 years old. The proportions of the living bonus pool distributed to active investors are for illustrative purposes only.

HOW MUCH OF MY INITIAL INVESTMENT IS RETURNED TO ME WHEN I DIE OR DECIDE TO WITHDRAW?

The pooling structure of Mercer LifetimePlus means that in order to receive the benefit of an income for life, you must also be prepared to share a portion of your capital on exit. A deduction is made from your initial investment upon exit (through death or withdrawal) and the remainder is paid back to you or your beneficiaries.

This amount depends on how old you are and, if you are over 75 years old, how much you have been paid from Mercer LifetimePlus after your 75th birthday.

AGE AT EXIT	UNDER 75	75 AND OVER
Benefit returned to you upon your exit	95% of initial investment	95% of initial investment less investment earnings, living bonus, and capital return payments made to you after your 75th birthday

The difference between your initial investment and your benefit on exit is transferred into the living bonus pool to be shared among active investors in Mercer LifetimePlus.

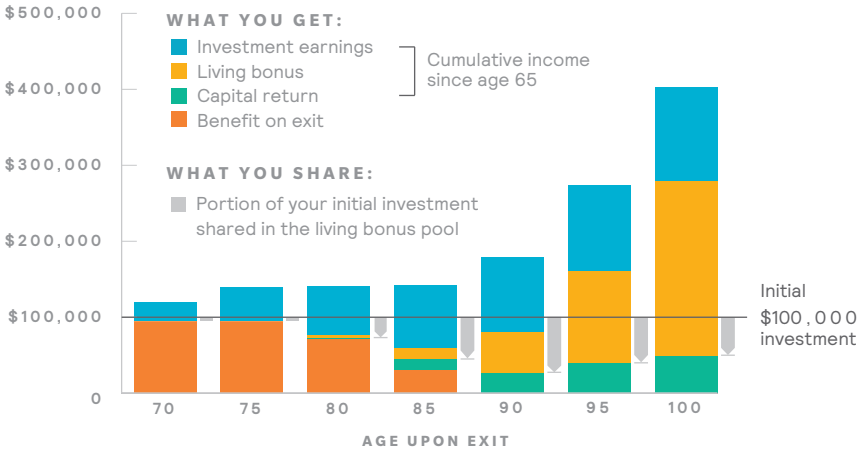
Remember, this only applies to your investment in Mercer LifetimePlus. It does not affect your other investments in your account-based pension.

HOW MUCH DO I GET VS HOW MUCH I SHARE?

Mercer LifetimePlus has been designed in such a way that the amount you share is fair and unlikely to result in a negative outcome. The illustration below shows a direct comparison of what you can expect to receive and, subsequently, what you can expect to share, if you exit at various ages.

What You Get Versus What You Share

An example for a $100,000 investment at age 65.



The grey bars illustrate the portion of your initial investment to be shared at various exit ages. It is the difference between your initial investment amount and your benefit at exit (shown in dark orange), including amounts that have been paid back to you as part of the capital return payment (shown in green). As you can see, how much you can expect to receive is materially greater than the amounts you share at these ages.

Assumptions: investment of $100,000 at age 65 in Mercer LifetimePlus. Living bonus distributed per product rules; mortality experience assumes investors are healthier than the average Australian. Net investment earnings of 3.5% p.a.; shown in nominal (future) dollars.

OTHER QUESTIONS YOU MIGHT HAVE ...

Can I make a partial withdrawal?

You can make a one-off partial withdrawal of 20% of your initial Mercer LifetimePlus investment prior to age 75. An amount equal to 5% of this withdrawal will be deducted from your account balance and distributed to other Mercer LifetimePlus investors as part of their living bonus distribution. After age 75, only full withdrawals can be made.

What are the fees?

Mercer LifetimePlus has no contribution or establishment fees. There's just a single asset-based fee comparable to your other investment options, as described in detail in the PDS.

What would it look like for me and my retirement?

Your financial adviser will be able to provide you with personalised income projections of how Mercer LifetimePlus could work for you and your retirement. They will also be able to answer any other questions you might have.

IN SUMMARY, MERCER LIFETIMEPLUS ALLOWS YOU TO ...

Protect yourself from outliving your savings in an affordable way.

Plan with confidence to receive an income above the age pension to support your needs as you age.

Control your account-based pension in one place — in your super fund.

I like the sound of Mercer LifetimePlus. Where do I sign up?

Your expectation of outliving your savings and your overall account-based pension investment strategy both need to be carefully considered. We suggest that you seek advice from a qualified financial adviser and read the PDS before investing in Mercer LifetimePlus. Contact your financial adviser today.

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