Discussion Paper
August 2025

Actuaries Institute.

Complementing the Standard Risk Measure

Framing Super as an Investment for Retirement

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About the Paper

This Discussion Paper is an initiative of the Actuaries Institute's Superannuation Projections and Disclosure Sub-Committee (SPD) and published by the Actuaries Institute as part of its Public Policy Thought Leadership program. Enquiries should be directed to the Institute's Public Policy Team at public_policy@actuaries.asn.au.

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Contents

Executive Summary 3

1. Introduction and Background 4
   - 1.1 The Standard Risk Measure 4
   - 1.2 Advocacy for a Long-Term Risk Measure 4

2. The Problem – the SRM Frames Super for the Short-Term 5

3. A Solution – a Long-Term Risk Measure is Also Needed 6

4. Defining the "Adequacy Risk Measure" 7
   - 4.1 Proposed Definition 7
   - 4.2 Projection Results 7

5. Possible Risk Labelling 9

6. Application to Product Disclosures 10
   - 6.1 The Short-Term and/or the Long-Term Risk Measure? 10
   - 6.2 Other Considerations and Opportunities 11

Appendices 12

Appendix 1: Summary of the Key Considerations for the Proposed Definition 12
Appendix 2: How the SRM and the Adequacy Risk Measure Could Be Shown Together 14
Appendix 3: Examples of How Risk Profile Questionnaires are Currently Done 18

Executive Summary

This Paper proposes the introduction of a new long-term investment risk measure – the **Adequacy Risk Measure** – to complement the existing **Standard Risk Measure (SRM)** used in superannuation (super) product disclosures.

While the SRM has been a valuable tool since 2012 for communicating short-term investment risk, it focuses solely on the likelihood of negative annual returns over a 20-year period. This narrow lens focuses consumers on how often investments lose money year-to-year and leads people to choosing "safe" options like cash or conservative funds. By avoiding short-term losses, however, these members select investments that encourage long-term failure – because they end up with retirement balances that can be too small to live on.

The proposed Adequacy Risk Measure addresses this gap by estimating the probability that an investment option will fail to achieve a target net investment return of **CPI + 3% p.a. over a 20-year period.** This could be expressed equivalently as follows:

> The Adequacy Risk measures the risk that your superannuation investments do not generate sufficient returns, net of investment fees and tax, above inflation to stay ahead of the rising cost of living and allow you to maintain your lifestyle in retirement. To determine this risk, we consider the likelihood of the investment option returning inflation (CPI) + 3% p.a.

This measure provides a more meaningful view of long-term risk, particularly for members aged 50 and younger in the accumulation phase who are focused on building adequate retirement savings. This helps people focus on the risk that actually matters; not having enough money to retire comfortably.

Key features of the proposal include:

- a clear definition of the Adequacy Risk Measure based on net investment returns
- a five-level risk labelling system to enhance member understanding
- comparative analysis showing how different investment options perform under this measure
- recommendations for presenting the Adequacy Risk Measure alongside the SRM in product disclosures, tailored to members' investment timeframes.

This Paper invites discussion on the proposed definition, labelling and presentation of the Adequacy Risk Measure, with the goal of improving member decision-making and retirement outcomes. Appendix 2 to this Paper also highlights examples of early adoption by some superannuation funds. There is significant potential for broader and deeper industry adoption.

To aid discussion, fifteen questions have been included throughout this Paper to prompt readers to consider and challenge how specific aspects of the proposal could be implemented in practice.

1. Introduction and Background

1.1 The Standard Risk Measure

The Standard Risk Measure (SRM) originated from the Super System Review (conducted in 2009-2010 by Jeremy Cooper), which identified the lack of standardised risk disclosure across superannuation funds. The Cooper Review found that members were often confused by inconsistent and unclear risk labelling, which made it difficult for them to make informed investment decisions.

As part of the reforms to resolve issues identified in the Cooper Review, superannuation trustees have been required since 2012 to include the SRM for each investment option in Product Disclosure Statements to support the representation of the level of investment risk. Additionally, superannuation trustees have had to disclose MySuper product dashboards which must include the SRM.

The SRM considers investment risk in terms of short-term volatility and assesses the expected number of negative annual returns over a 20-year period. The methodology for the calculation of the SRM is based on a Guidance Paper jointly issued by the Financial Services Council (FSC) and the Association of Superannuation Funds of Australia (ASFA) in July 2011 (SRM Guidance Paper).[1] The Guidance Paper outlines how the SRM should be calculated and how it should be displayed in fund disclosures, including specified risk labels (from "Very Low" to "Very High") and accompanying text to explain what the SRM is, as well as its limitations.

1.2 Advocacy for a Long-Term Risk Measure

The introduction of the SRM as a risk metric for investment options in product disclosure has been an important development. However, it is widely acknowledged that the SRM only reflects one aspect of risk. It can be argued that this aspect is not necessarily the most important risk consideration for most super fund accumulation members.

The Actuaries Institute's Superannuation Projections and Disclosure Sub-Committee (SPD) has long advocated for the need of a long-term risk measure for superannuation that complements and sits alongside existing requirements for superannuation funds to disclose the short-term SRM for each investment option to their members.[2]

As part of this advocacy, the SPD acknowledges the constructive engagement of key stakeholders, including the Treasury, APRA, ASIC, ASFA, FSC, AIST, Super Consumers Australia and the Conexus Institute, to develop and refine the design of this long-term risk measure, described in this paper as the Adequacy Risk Measure. We acknowledge the engagement of those stakeholders does not necessarily imply their endorsement of the specifics proposed.

1 Joint ASFA and FSC Guidance
2 See, for example, this Actuaries Institute Letter to ASIC in 2013

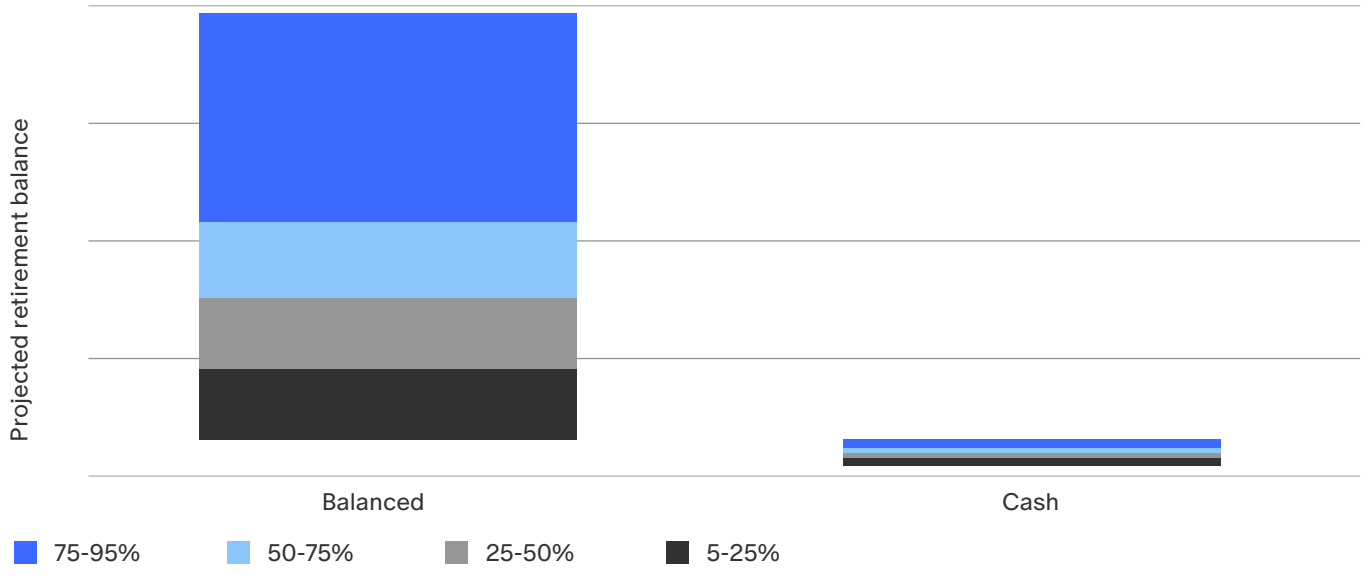
2. The Problem – the SRM Frames Super for the Short-Term

Section 5 of the SRM Guidance Paper notes "[The Standard Risk Measure] is not a complete assessment of risk" and "does not detail important issues such as the potential size of a negative return or that a positive return could be less than a member needs to meet their investment objectives/needs". In particular, the SRM Guidance Paper recommends that trustees consider other aspects of investment risk such as "the chance a return may be positive but less than expected (either in an absolute or a relative sense), or is insufficient to meet member expectations/needs". That is, the SRM Guidance Paper itself recognises that the SRM needs to be complemented by other measures of risk.

Indeed, the focus on the short-term risk of loss that is encouraged by the SRM could be financially detrimental for some members. In particular, if members regard themselves as "risk averse", they may be attracted to options with the lowest SRM. While this might promise low volatility of returns, it presents the greatest risk of not having enough income in retirement after accumulating retirement savings over a typical full working lifetime – clearly a poor outcome. Indeed, the distribution of possible retirement balances (see Figure 1 below) for a balanced fund over 20 years shows that it is likely to provide better outcomes than cash in almost all circumstances.

The importance of a better measure of investment risk for younger accumulation fund members is supported by consumer research published by the Behavioural Economics Team of the Australian Government (BETA) on the proposed YourSuper comparison tool.[3] In one of the two experiments, the research randomly assigned three experimental groups of respondents and asked them to select the most appropriate superannuation investment strategy for a young person starting out in their career. To inform their decision, each group saw different descriptive labels for the same underlying investment strategies. For the group presented with a direct statement of the risk level and a definition of what that meant (e.g., "Low risk – expect a negative return 1 out of every 20 years"), only 27% selected the more appropriate "High risk" investment strategy. In contrast, 49% picked the more appropriate "growth" investment strategy in the group that was presented instead with common terms used in the superannuation industry (e.g. "Conservative", "Balanced", "Growth"). The report concluded more broadly that the way risk is described to consumers has a significant impact on their decision making. To improve the decision making of members choosing between certain investment options, standard superannuation product disclosure on investment risk should move beyond the SRM.

Figure 1: Distribution of Possible Projected Balance at Retirement for a Balanced Fund vs. a Cash Fund



[3] YourSuper Comparison Tool: Results from a survey and two survey experiments | Behavioural Economics

3. A Solution – a Long-Term Risk Measure is Also Needed

We propose the addition of a long-term risk measure to product disclosures which could be used alongside the SRM. Inclusion of another long-term risk measure in product disclosures would provide a more balanced picture of the investment risks faced by super fund members over their investment horizon.

One proposed name for this measure could be the "Adequacy Risk Measure". It would complement the name of the existing risk measure, the "Standard Risk Measure". Critically, we believe that this measure has the potential to support much better investment decision-making by some members that would lead to better retirement outcomes.

The Adequacy Risk Measure is designed to provide another view of investment risk. It does this by measuring the probability of not meeting a certain long-term performance target that then informs the likelihood of not being adequate in meeting members' retirement expectations and needs.

The purpose of the Adequacy Risk Measure is to measure the probability of net investment returns meeting a certain long-term performance target. The definition of this measure would therefore need to consider the following key elements:

- how investment returns are measured (i.e. net/gross of tax and fees, and which fees)
- what return measure is appropriate as a basis for the long-term performance target (i.e., the Consumer Price Index (CPI), the Average Weekly Ordinary Time Earnings (AWOTE) etc.)
- what benchmark above the return measure is appropriate (i.e., +3%, + 3.5%, etc.)
- what investment timeframe to consider – i.e., the length of time over which the measure is assessed.

Once these elements are determined, then a stochastic projection[4] with appropriate assumptions can be conducted to calculate the Adequacy Risk Measure by estimating the probability that the investment portfolio does not meet the target level of return over the specified period.

Questions to be considered by readers

1. Do you find SRM useful as a measure of risk? Are there any changes you would suggest to the SRM to make it more effective? Should the SRM continue to be included in product disclosure?
2. Do you believe another investment risk metric such as the Adequacy Risk Measure would be helpful in product disclosure?
3. Do you have any alternative suggestions for naming this long-term investment risk measure?

4 A stochastic projection is a projection showing a summary of results from repeated simulations using an investment model, where the model uses key financial parameters which are subject to random variations and are projected into the future, as defined by the UK's Financial Conduct Authority.

4. Defining the "Adequacy Risk Measure"

4.1 Proposed Definition

Our proposed definition of the Adequacy Risk Measure that incorporates all key elements is shown below.

> Adequacy Risk Measure is defined as the estimated probability that the **net investment return** of a superannuation investment product or option failing to achieve at least **CPI + 3%** p.a. over a **20-year** period.

Specifically, this suggested definition uses the following:

- investment returns – net investment returns, i.e., net of investment fees and tax
- return measure – CPI
- return above the measure – 3%
- investment timeframe – 20 years

In addition, we have chosen to assess retirement balance rather than income, long-term rather than market-aware assumptions and nil contributions.

Appendix 1 outlines the reasons we have chosen each of these settings for the proposed definition of the Adequacy Risk Measure.

A more accessible (and less technical) definition of the Adequacy Risk Measure is shown below. This definition, or something like it, could be used in product disclosures.

> The Adequacy Risk measures the risk that your superannuation investments do not generate sufficient returns, net of investment fees and tax, above inflation to stay ahead of the rising cost of living and allow you to maintain your lifestyle in retirement. To determine this risk, we consider the likelihood of the investment option returning inflation (CPI) + 3% p.a.

4.2 Projection Results

This proposed definition has been used to calculate indicative probabilities of various types of portfolios not meeting the target return. This calculation relies on a stochastic projection[4] using typical asset sector returns for a balanced option with 70% growth assets to produce a distribution of investment returns across 1,000 scenarios.

Table 1 below and Figure 2 on the following page show the estimated probability of the net investment return failing to achieve at least CPI + 3% p.a. over a 20-year period for typical investment options offered in the market.

Table 1: Sample Probabilities for a Range of Reference Portfolios

Reference portfolio (Growth / Defensive allocation)	Probability of return failing to achieve at least CPI + 3% p.a. over a 20-year period
Cash (0/100)	100%
Conservative (30/70)	79%
Conservative Balanced (50/50)	51%
Balanced (70/30)	38%
High Growth (90/10)	30%

Figure 2: Distribution of Cumulative Return Relative to CPI + 3% p.a. Over a 20-Year Period

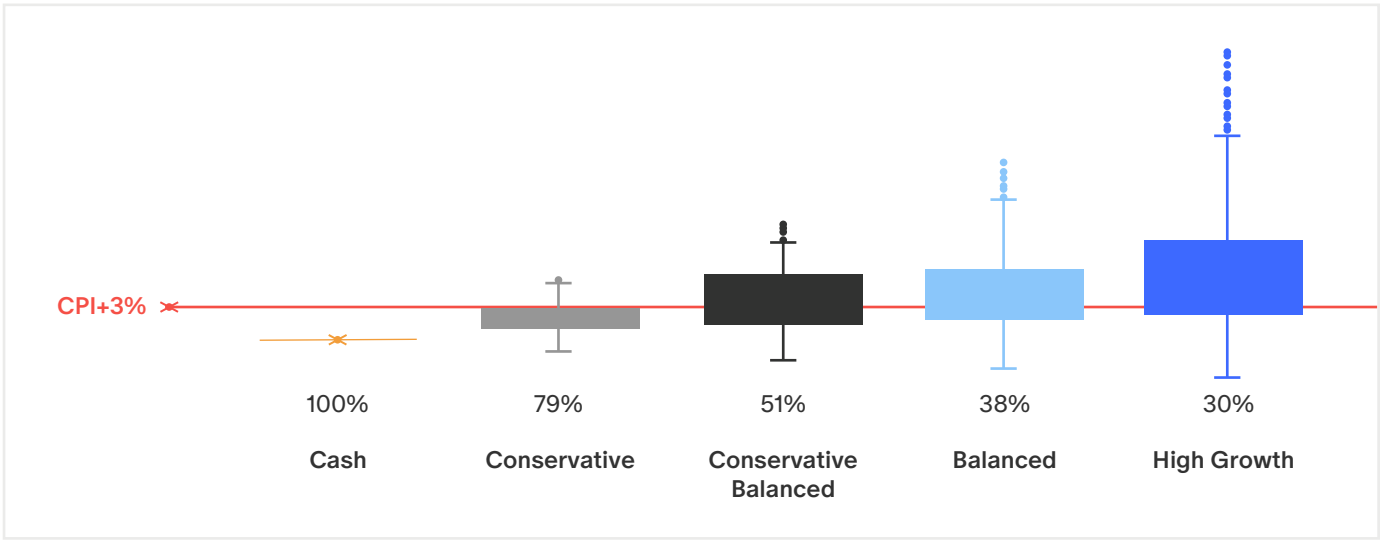


Figure 2 shows that the more growth-oriented options provide a wider range of outcomes but are more likely to outperform CPI + 3% p.a. and offer the potential for higher returns.

Further, the use of 3% is helpful as it provides a range of probabilities across different risk profiles. That is, it provides a high probability of failure for some risk profiles and a relatively low probability of failure for other risk profiles. In particular, the probability of a typical MySuper Balanced option failing to achieve at least CPI + 3% is around one in three (please refer to Table 1). This approximates the investment objectives of Balanced options and can be used as a benchmark with which to test other risk profiles.

Questions to be considered by readers

4. Do you support a definition such as that proposed above for a long-term risk metric?
5. Is the use of net investment returns in the proposed definition appropriate?
6. Is CPI + 3% p.a. an appropriate benchmark? If not, what are the benefits and disadvantages of alternative benchmarks?
7. Is 20 years an appropriate investment timeframe?
8. Any there any other elements that should be considered in defining a long-term risk measure?

5. Possible Risk Labelling

While the use of probabilities may be useful in assessing the likelihood of not meeting a certain return target, it would be more helpful to consumers to translate this likelihood into a risk label that reflects that probability, in a similar way to what is done for the SRM.

A simplified five-level classification system could be applied for labelling the Adequacy Risk Measure as shown in the table below.

Table 2: Proposed Risk Label for the Adequacy Risk Measure

Risk level	Risk label	Probability range
1	Low	0% to less than 20%
2	Low to Medium	20% to less than 40%
3	Medium	40% to less than 60%
4	Medium to High	60% to less than 80%
5	High	80% or greater

We note that the probability range does not need to be evenly distributed across different risk labels. Instead, how each risk label is assigned could focus on enabling clear distinction across a range of investment portfolios. Adding to the example introduced in Section 4.2 showing the probability of failing to at least meet the proposed objective, Table 3 below shows these probabilities alongside the risk label.

Table 3: Sample Risk Labels for a Range of Reference Portfolios

Reference portfolio (Growth / Defensive allocation)	Probability of net investment return failing to achieve at least CPI + 3% p.a. over a 20-year period	Risk label
Cash (0/100)	100%	High
Conservative (30/70)	79%	Medium to High
Conservative Balanced (50/50)	51%	Medium
Balanced (70/30)	38%	Low to Medium
High Growth (90/10)	35%	Low to Medium

Questions to be considered by readers

9. Do you consider the proposed risk labels appropriate? If not, do you have alternative suggestion(s) and what are the benefits and disadvantages to those alternatives?
10. Noting that the Adequacy Risk Measure only focuses on probability of inadequacy, would incorporating severity be helpful or would it make the measure too complex for members to understand?

6. Application to Product Disclosures

We propose that the Adequacy Risk Measure be presented alongside the SRM for each investment option in relevant fund disclosures/communication materials including target market determinations to consumers.

However, since many superannuation fund members already find it difficult to assess which investment option(s) is right for them, simply adding an additional metric is likely to make this assessment harder. Clarity and simplicity are critically important if this new metric is to be added to product disclosure.

Firstly, the more accessible (and less technical) definition of the Adequacy Risk Measure, shown again below, could be included in product disclosures.

> The Adequacy Risk measures the risk that your superannuation investments do not generate sufficient net investment returns above inflation to stay ahead of the rising cost of living and allow you to maintain your lifestyle in retirement. To determine this risk, we consider the likelihood of the investment option returning inflation (CPI) + 3% p.a.

6.1 The Short-Term and/or the Long-Term Risk Measure?

Another key element in product disclosures will be helping members understand which risk metric is most applicable to their situation – this will largely depend on each member's investment timeframe. This could be expressed as follows:

- If a consumer's investment timeframe is less than 5 years, then the SRM will be more relevant to consider.
- If a consumer's investment timeframe is greater than 10 years, then the Adequacy Risk Measure will be more relevant to consider.
- If a consumer's investment timeframe is 5 to 10 years, then they may need to consider both.

Our interpretation of investment timeframe is when the consumer "needs to draw most of their money". This could be expressed as follows:

- Accumulation members aged 50 and younger would not ordinarily be permitted to start drawing down on their super for at least 10 more years, and should have their focus directed to the Adequacy Risk Measure.
- Accumulation members who are planning to retire next year, and if they are planning to withdraw a material portion of their balance as a lump sum to pay down a debt or for other reasons, may wish to focus on the SRM.

Accumulation members who are planning to transfer their accumulated super into an account-based pension so that they can draw down income gradually over the decades ahead, may wish to focus on the Adequacy Risk Measure.

Any presentation of the Adequacy Risk Measure alongside the SRM should also consider the following:

- The presentation should clearly show members the key characteristics of each investment option in terms of return and risk metrics, and how these could impact their retirement outcomes.
- The presentation should help most members (especially those under say age 50) to understand they should be more concerned with investing their super for long-term retirement outcomes rather than year-on-year volatility.
- The presentation could potentially be used to guide members to choose from a narrowed-down group of investment options based on their investment horizon and risk appetite (e.g., when a member indicates they have a long investment timeframe, they may be directed to a list of options from Balanced to High Growth, but if they have a short investment timeframe they may be directed to a list of options from Cash to Balanced).

6.2 Other Considerations and Opportunities

Four options of showing the SRM and the Adequacy Risk Measure alongside each other are included in Appendix 2. The first two of these options come directly from the early adoption by two superannuation funds – AustralianSuper and Aware Super – that already include a metric like the Adequacy Risk Measure in their disclosures to members. These live examples highlight that there is nothing specific in the current law that prevents super trustees from implementing this initiative for their members.

We acknowledge that there are likely to be more ways in which the Adequacy Risk Measure could be presented to members and a couple of further possible presentations are included in Appendix 2.

While there may be benefits of adopting a standard approach to the Adequacy Risk Measure, there may also be benefits of allowing super trustees to take a tailored approach that is consistent with their own capital market assumptions and their own member demographics. This Paper does not take a strong position on whether adoption should be policy-led or industry-led (although we note in Appendix 1 the benefits of standardisation) and seeks feedback from the industry on this point.

We believe that presenting the Adequacy Risk Measure alongside the SRM in Product Disclosure and Product Dashboards provides a much more balanced presentation of risk to aid investment decision-making for super fund members. We believe that there is significant potential for broader and deeper industry adoption of this approach.

Holistically, there is a lot of potential to integrate a long-term view of investment risk as part of a broader Help, Guidance and Advice framework, for younger accumulation members in particular. For example:

- The Adequacy Risk Measure could be used as an aid to existing communications during times of heightened market volatility so that members are better supported to consider short term movements in terms of long-term goals.
- The Adequacy Risk Measure can also be used to enhance risk profiling questionnaires to help members understand how to make investment decisions with a focus on the long-term outcomes beyond short-term volatility (see Appendix 3 for an example of how this is currently done by a superannuation fund).

Questions to be considered by readers

11. Should super trustees be required to disclose the Adequacy Risk Measure (or something similar) where investment options are shown?
12. Should the Adequacy Risk Measure be presented alongside the SRM whenever the SRM is shown, or is there a better way?
13. Would the addition of the Adequacy Risk Measure make it more confusing for some members to assess and choose investment options? How could this complexity be simplified?
14. How can super trustees help their members understand which risk metric is most appropriate for them to consider?
15. How can the Adequacy Risk Measure could be presented most effectively in Product Disclosures?

Appendices

Appendix 1: Summary of the Key Considerations for the Proposed Definition

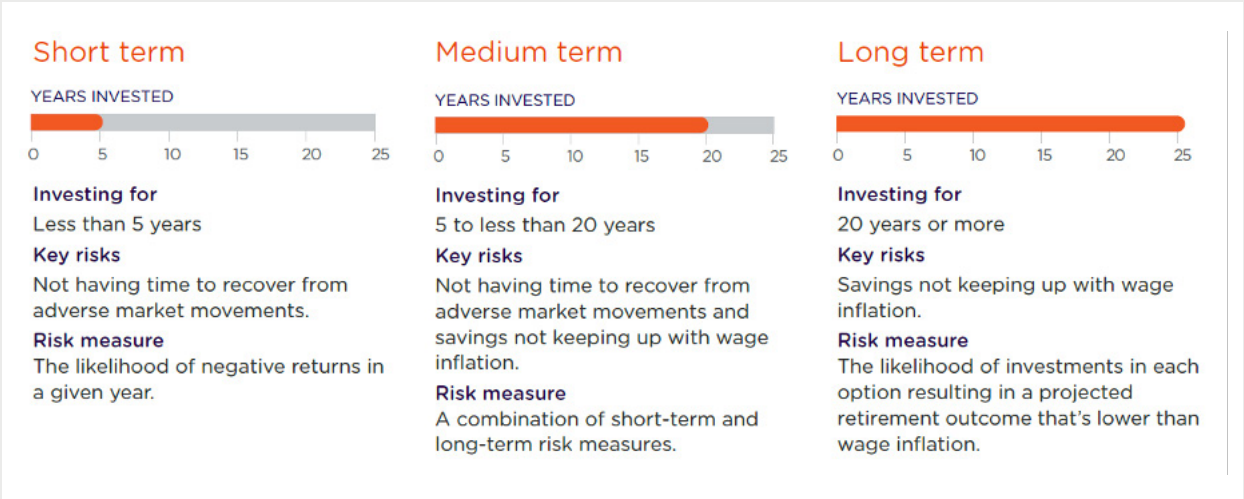
Item	Key consideration	Reasoning
Investment returns	**Net** vs gross of fees and tax	From a consumer's perspective, the return they receive is after allowing for all investment fees and tax payable in the investment option. The Standard Risk Measure should be calculated gross of administration fees but net of investment management fees.
Return measure	**Consumer Price Index** vs Average Weekly Ordinary Time Earnings	Consumer Price Index (CPI) is an existing benchmark used in product disclosures that consumers are already familiar with. It is preferred over Average Weekly Ordinary Time Earnings (AWOTE) to avoid introducing a new concept to consumers. Nonetheless, we recognise there is an ongoing discussion about whether in retirement a consumer wishes to consider their lifestyle relative to economy-wide prices (and therefore CPI is more appropriate) or economy-wide wages which the working age population is experiencing (and sometimes AWOTE may be more appropriate).
Return above the measure	**3.0%** vs 3.5%	Most default MySuper options provided by superannuation funds target an objective of CPI+ 3%. This is a reasonable target for consumers to consider what is achievable from an adequacy perspective over the long-term. A 3% benchmark also provides a probability of just under 50% of failing to at least be met for a balanced option (using 3.5% generally gives a probability of greater than 50%).
Investment timeframe	**20 years** vs longer term	Generally, superannuation funds consider 20 years as their typical long-term projection horizon. A longer projection timeframe requires additional computation and disclosure with no meaningful additional benefit.
Naming	Long-Term Risk Measure vs **Adequacy Risk Measure**	Long-Term Risk Measure (LTRM) was the original project name to describe the "long-term" focus of this risk measure while it was being developed. While this name may naturally complement the "short-term" nature of the Standard Risk Measure (SRM), stakeholder feedback identified concerns with the LTRM acronym and that the long name may not be intuitive enough. An alternative name of "Adequacy Risk Measure" was suggested to better describe the nature of measuring the likelihood of not being adequate in meeting members' retirement expectations and needs. We note however that when both the long-term and short-term risk are presented side by side, there could be benefit in referring to them simply as "short-term" and "long-term" risk.
Focus	**Retirement balance** vs retirement income	The Adequacy Risk Measure is focused on members in accumulation phase seeking to make an informed choice for how they invest for retirement. Focusing on accumulating a sufficient retirement balance is important before introducing more complex drawdown considerations for members. How long the income needs to last, product allocations, and the financial situation outside of super are beyond the scope of the Adequacy Risk Measure.
Application	**Accumulation** vs pension	See above.
Capital market assumptions	**Long-term** vs market aware	It is desirable to use the long-term capital market assumptions for a long-term measure of investment risk, rather than having a market return assumption that changes frequently.

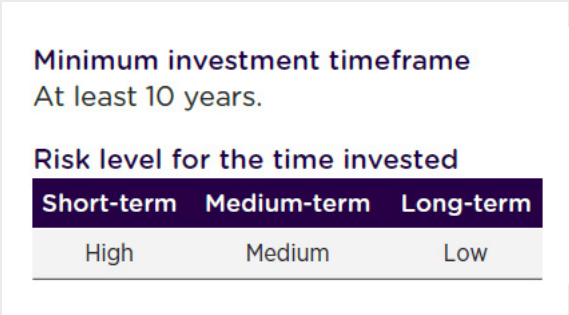
Item	Key consideration	Reasoning
Accounting for (additional member) contributions	With contribution vs. **without contribution**	For simplicity, the proposed definition does not account for additional member contributions. We note the rate of additional member contributions relative to the member's balance varies significantly according to the individual.
Presentation	Probability vs. **risk labelling**	The relative risk level is considered more important to communicate to consumers than the precise probability.
Models and assumptions	**Standardisation** vs. flexibility	Following consultation with risk management professionals (mainly actuaries), two-thirds of the group expressed a preference for some level of standardisation to be facilitated either by regulators or a peak body. Internal consistency is very important to ensure members can meaningfully compare investment options within a fund. Super trustees should use consistent assumptions for all options and portfolios. To allow members to compare investment options between one fund and another, it might not be appropriate (although perhaps unavoidable) to compare the Adequacy Risk Measure unless standardised assumptions and possibly a standardised model are used. However, we would expect few members in practice to compare the Adequacy Risk Measures of different investment options between funds.

Appendix 2: How the SRM and the Adequacy Risk Measure Could Be Shown Together

Option 1: Adequacy Risk Measure alongside SRM in a table, with explanatory text/guidance

AustralianSuper[5]





5 AustralianSuper Investment guide (accessed 15 July 2025)

Option 2: Adequacy Risk Measure as an additional metric in PDS/Product Dashboard with guidance

Option 2a presentation – Aware Super[6]

MySuper Lifecycle

Phase	Stage	Investment strategy	Investment objective (p.a.)[1]	Growth/defensive target allocation[2]	Risk level for time invested: Short term	Risk level for time invested: Long term	Minimum suggested investment timeframe[3]
Grow	Age 55 and under	Designed to GROW your super and maximise returns over the long term. You'll be invested in a diversified portfolio that holds primarily growth assets.	CPI + 4.00%	88%/12%	6 – High	2 – Low	10 years
Manage	Age 56	The MANAGE phase involves a series of yearly adjustments to your investment mix in the lead up to retirement. You'll remain invested in a diversified portfolio with a high allocation to growth assets initially, but as you approach retirement we'll progressively increase your allocation to defensive assets to help cushion your portfolio against any large market falls.	CPI + 3.95%	85%/15%	6 – High	2 – Low	9 years
	Age 57		CPI + 3.90%	83%/17%	6 – High	2 – Low	9 years
	Age 58		CPI + 3.85%	80%/20%	6 – High	2 – Low	8 years
	Age 59		CPI + 3.80%	78%/22%	6 – High	2 – Low	8 years
	Age 60		CPI + 3.75%	75%/25%	6 – High	2 – Low	7 years
	Age 61		CPI + 3.55%	72%/28%	6 – High	2 – Low	7 years
	Age 62		CPI + 3.35%	69%/31%	5 – Medium to High	2 – Low	6 years
	Age 63		CPI + 3.15%	65%/35%	5 – Medium to High	3 – Low to Medium	6 years
	Age 64		CPI + 2.95%	62%/38%	5 – Medium to High	3 – Low to Medium	5 years
Enjoy	Age 65 and over	Designed to maintain some growth in your retirement savings, so you can ENJOY your retirement. You'll be invested in a diversified portfolio that has a slight bias to growth assets.	CPI + 2.75%	59%/41%	5 – Medium to High	3 – Low to Medium	5 years

Risk level for time invested

Short-term risk is the risk of not having enough time to recover from adverse market movements. This type of risk is also known as the Standard Risk Measure, and it classifies each investment option according to the likelihood of negative returns in a given year.

Long-term risk is the risk that your investments don't generate a sufficient return above inflation to stay ahead of the rising cost of living and allow you to maintain your lifestyle in retirement. When determining this type of risk, we consider the likelihood of the expected returns of an investment option being less than CPI (inflation) + 3.5% per annum.

For more information refer to 'Understanding risk and return' in the *Investment and Fees Handbook*.

6 Aware Super PDS (accessed 15 July 2025)

Option 2b presentation[7]

If you are NOT planning to access your super or retire in the next 5 years, you might want to consider more growth oriented options including the range of diversified options and single asset class options below

Diversified options

	Growth (MySuper Life Cycle option for members up to and including age 59)	Balanced Growth (MySuper Life Cycle option for members aged 60 and over)
Summary	Invests in a wide range of Australian and overseas investments with a bias toward capital growth.	Invests in a diversified portfolio of income and growth assets with a slight bias towards growth assets.
Who might invest in this option?	This option may suit investors who can accept fluctuations in returns, including years of negative returns, but are seeking strong long-term returns.	This option may suit investors who can accept some years when returns are negative but who expect that, over the long term, returns will be well above inflation.
Minimum suggested investment timeframe	Medium to long term (7 years)	Medium term (5 years)

Considering the long-term nature of your investment, you might want to focus more on the long-term risk metric as a guide for the long-term risk implication of your investment. The standard risk measure might provide you with an indication of the short-term fluctuation your investment is likely to experience.

Risk scale		
Standard Risk Measure[4]	6 – High	4 – Medium
Estimated number of negative annual returns over any 20 year period[4]	4 to less than 6	2 to less than 3
Long-term Risk Metric	Medium - 40% chance of not meeting a long-term investment objective of CPI + 3.5%	Medium - 50% chance of not meeting a long-term investment objective of CPI + 3.5%

If you are planning to access your super or retire in the next 5 years, you might want to consider more conservative options below

Single asset class options (continued)

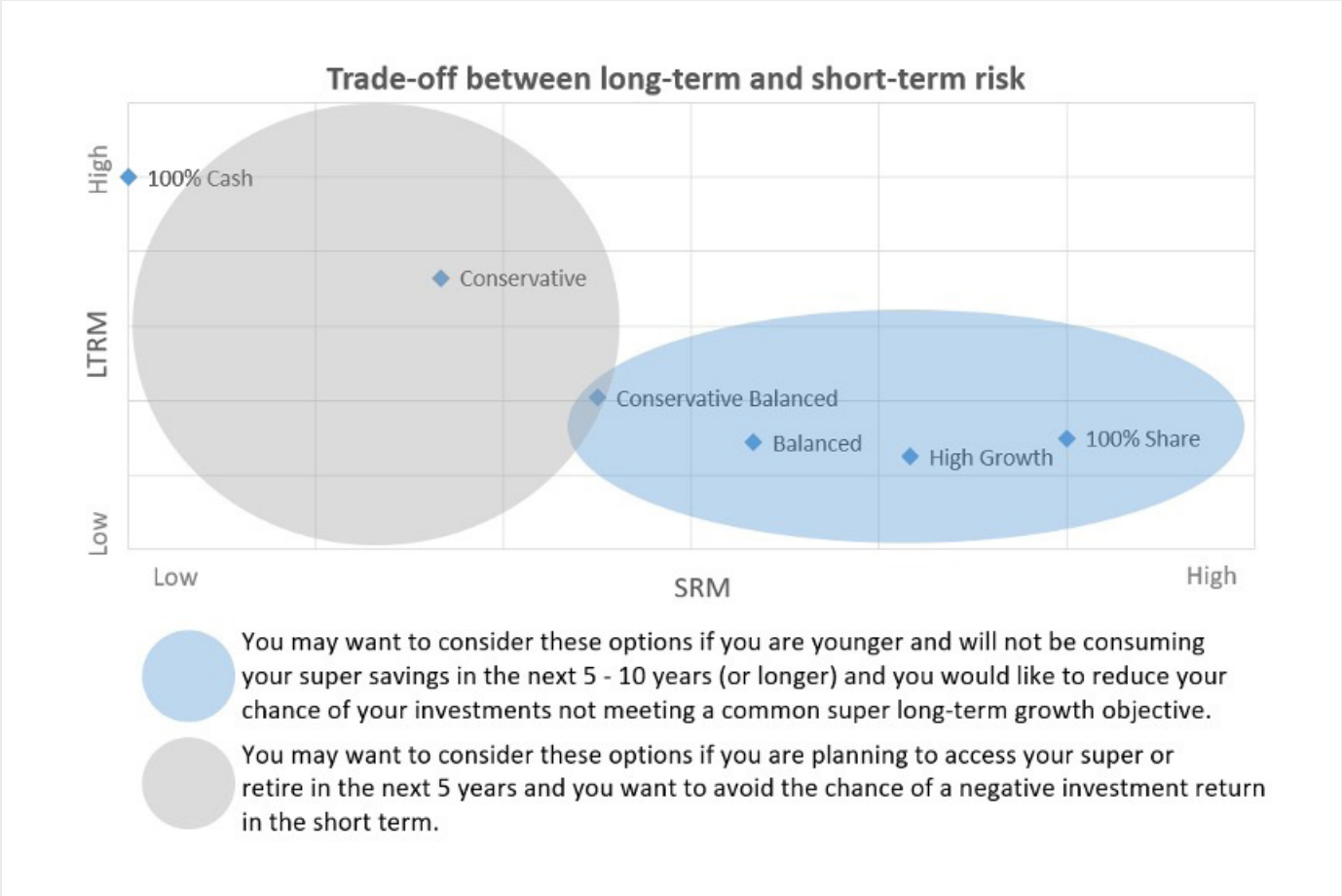
	Cash
Summary	Primarily invests in term deposits and other short-term debt securities with a maturity of less than one year. Note that this option is not guaranteed by the Australian Government or the trustee.
Who might invest in this option?	This option may suit investors who seek a very low risk short-term investment with very stable but low expected returns. You should be aware that, depending on prevailing interest rates, the return you receive may not keep pace with inflation, which may mean there is little or no short-term real growth.
Minimum suggested investment timeframe	Short term (up to 2 years)

Considering the short-term nature of your investment, you might want to focus more on the standard risk metric as a guide and noted that these investment options might not be suitable to achieve your long-term goals of retirement considering its limited real growth potential.

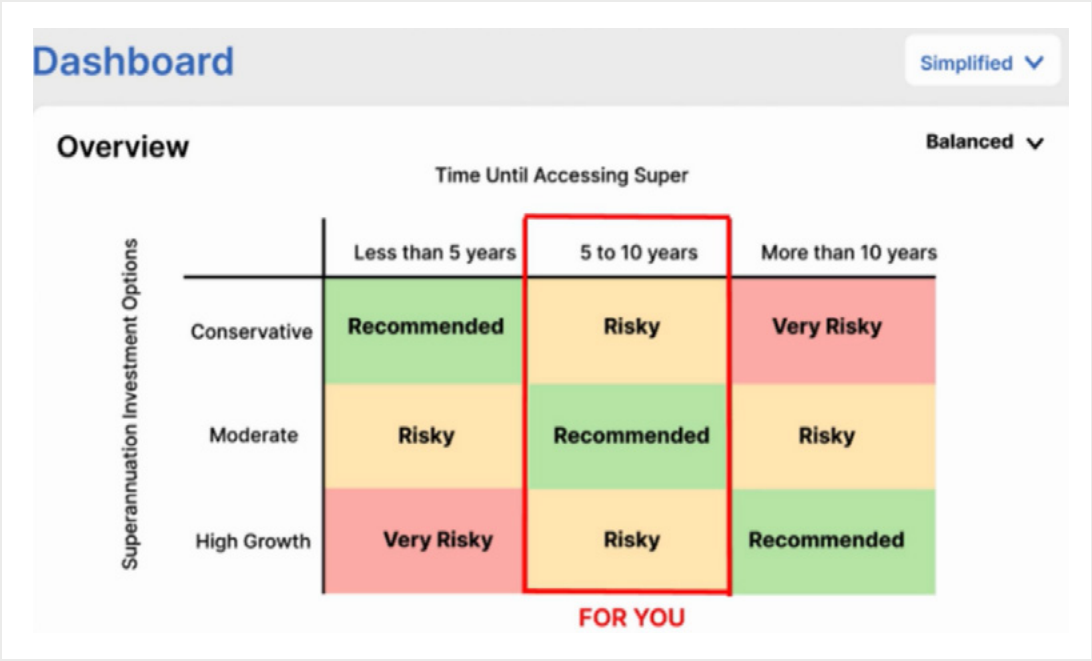
Risk scale		
Standard Risk Measure[2]	1 – Very low	
Estimated number of negative annual returns over any 20 year period[2]	Less than 0.5	
Long-term Risk Metric	Very high - 100% chance of not meeting a long-term investment objective of CPI + 3.5%	

7 Superannuation Projections and Disclosure Sub-Committee

Option 3: Adequacy Risk Measure alongside SRM in a chart, with explanatory text/guidance[8]



Option 4: Adequacy Risk Measure separately in a table, showing risk levels of different investment options over different time periods[9]



8 Superannuation Projections and Disclosure Sub-Committee
9 Superannuation Projections and Disclosure Sub-Committee

Appendix 3: Examples of How Risk Profile Questionnaires are Currently Done

EquipSuper[10]

1.5 Achieving high returns over the long term is more important to me than safe investing.

Response	Score	Your response	Partner's response
Strongly disagree.	1	○	○
Disagree.	2	○	○
Neutral.	3	○	○
Agree.	4	○	○
Strongly agree.	5	○	○

1.6 Are greater returns over the long term important to you and are you willing to experience the fluctuations of the market?

Response	Score	Your response	Partner's response
I am not comfortable with experiencing the potential fluctuations of the market in the pursuit of higher returns.	1	○	○
I am a little uncomfortable with experiencing fluctuations in the market.	2	○	○
I am rather comfortable with the fluctuations assuming the volatility is limited.	3	○	○
I am comfortable with reasonable market fluctuations in the pursuit of greater returns.	4	○	○
I am very comfortable with market fluctuations and understand they fluctuate over the short-term but they usually result in a greater return over the long term.	5	○	○

10 Equip Super risk profile questionnaire (accessed 15 July 2025)

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