

Title: **Cohorting DC members for ALM-based investment strategies**

Author: Brnic Van Wyk

Affiliations: FIAA, FIA, CIMA®

Employer: QSuper, Brisbane, Australia ([www.qsuper.qld.gov.au](http://www.qsuper.qld.gov.au))

*QSuper is the superannuation (pension) fund of the Queensland State Government for current and former public sector employees and their spouses. It is one of Australia's largest and most trusted superannuation funds with a membership of over 550,000, more than A\$65 billion in funds under management and more than A\$93 billion in accounts under administration.*

Contact details: [brnic.vanwyk@qsuper.qld.gov.au](mailto:brnic.vanwyk@qsuper.qld.gov.au) +61 7 3239 1819

Type: Presentation only

Abstract: In 2013 QSuper launched the *QSuper Lifetime* product with a unique lifecycle strategy that uses age and account balance (wealth, or savings in the fund) to cohort default defined contribution (DC) members. Traditional asset/liability management (ALM) methodologies with stochastic projections are used to set investment strategies for each cohort. A common pool of growth (or risky, return seeking) assets is combined with a cohort-specific duration based risk hedge asset pool in various proportions. Traditional asset-only performance measurement is complimented with defined benefit (DB) concepts of monitoring and attribution of changes to projected outcomes.

With the ALM team operating in the fund's internal investment function, this presentation will focus on the learnings from the initial product structure and introduce proposed developments and future improvements in design and strategies. The intention is to seek feedback from the audience and encourage an open and interactive discussion on the merits of various components which include:

- creating more granularity in the cohort structure;
- using factors other than age and wealth e.g., gender to cohort members;
- natural "indexation" of existing cohort boundaries;
- how to define the liability in a DC fund;
- different types of risk hedging asset pools;
- using observed participant behaviours to inform structure and assumptions; and
- the interaction with social security benefits;
- all within the constraints of a strict regulatory framework and competitive environment.