

## Cohorting DC members for ALM-based investment strategies

[Registration is now open](#)

Join us on November 22<sup>nd</sup>

7:00 am EST, for your own time click [here](#)

### 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. There are no pre-determined glidepaths and strategies are dynamically reviewed. Traditional asset-only performance measurement is complimented with defined benefit (DB) concepts of monitoring and attribution of changes to projected outcomes.

Work is underway to move away from eight cohorts and personalize the allocation of investment pools to create mass customization of investment strategies. This means that each of the circa 460,000 default DC members will be assessed on an individual basis to determine the growth and hedge proportion allocation. Investment strategies for individuals will change over time as their demographic characteristics change.

With the ALM team operating in the fund's internal investment function, this presentation will focus on:

- The learnings from the initial product structure, with a brief description of the original ALM methodology applied;
- How to define the liability in a DC fund;
- The range of member outcome risks being considered;
- Using factors other than age and wealth e.g. gender or contribution rate to allocate strategies to members;
- Different types of risk hedging asset pools with dynamic duration adjustments;
- Using observed participant behaviors to inform structure and assumptions;
- Practical application of business rules relating to the frequency of rebalancing; and
- The importance of the interaction with estimated social security benefits.

## SPEAKER

***Rein van Rooyen CFA, FIAA, FIA, CAIA, FRM, CIPM, CIMA***  
***Investment Manager at QSuper***



Rein is an Investment Manager at QSuper where he is applying ALM strategies to individualize institutional smarts for clients. He holds several board and committee positions, including the CFA Society Brisbane Chapter committee member, CIMA® APAC Advisory Council member, CIMA® Society of Australia Education Committee member, Chair of the Investment Management and Finance Education Faculty for the Actuaries Institute of Australia and Editor of the Actuaries Digital Magazine.

**Organization:**

**About QSuper:**

QSuper is the superannuation (pension) fund of the Queensland State Government, predominantly for current and former public sector employees and their spouses. It is one of Australia's largest and most trusted funds with a membership of over 560,000, approximately US\$60 billion in funds under management and more than US\$80 billion in accounts under administration.

## MODERATOR

***Abraham Hernández***



Abraham is the Chairman of the Pensions and Social Security Section (PBBS) of the IAA. He is the President and co-founder of VITALIS®, a global company that provides actuarial consulting and asset management for private pension plans. Recently, he presented "Miles for Retirement", a company that allows people to save for retirement through consumption. Abraham has been a teacher for more than 20 years at Mexico's National University (UNAM). Finally, having learnt what Social Security will fare for all us, he is proud father of 10 children.

## REGISTRATION AND PARTICIPATION

This webinar is **free for PBSS and AFIR-ERM members!** To register, [click here](#).

Not a member? You can participate in the webinar too, by [joining PBSS](#) (nominal fee of \$50 Cdn) In addition to free participation in this webcast, your annual membership also will grant you:

- **Free participation in upcoming webinars until December 31, 2019**
- **Full access to wealth of online resources**, including recordings of past webcasts and a repository of documentation specifically related to PBSS

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