12th Asia Conference on Pensions & Retirement Planning
The New Generation of Retirement Plans, Products & Solutions

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About the IAA

2016
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Pensions and Employee Benefits Committee

- Chair: Yas Fujii (Japan)
- Co-vice-chairs: Jason Malone (Canada), Philip Shier (Ireland)
- 40 delegate members + 32 interested actuaries
- Subcommittees
  - Pensions and Benefits Accounting Subcommittee
  - OECD-Subcommittee
21st Century’s Challenges on Retirement

- Longevity does not only mean that retirement saving needs to last longer.
- More healthy retirees also mean changes in lifestyles for retirees

Source: Office for National Statistics, UK
21st Century’s Challenges on Retirement

- Medical inflation is increasing at a much faster rate than price inflation

Indexed comparison of Health Care Inflation and CPI in US 1935-2009

Source: US Census 2013
21st Century’s Challenges on Retirement

- Replacement of DB schemes by DC schemes
- Slow down in economy
- Ageing population making it harder to fund for social benefits
- Higher property prices
- Slower growth in wages
Key elements of retirement solution

- Identify target group
- Product features
- Execution & Delivery
- Distribution & Education
Product features

ASFA Retirement Standard (Q1 2016 – Comfortable lifestyle – couple
Source: ASFA

- Consider both saving / protection needs, including housing and medical;
- Accumulation and drawdown phases equally important;

Age 65-85 total weekly spending = AU$1,130.02

- Housing 9%
- Energy 5%
- Leisure 28%
- Food 17%
- Transport 12%
- Communications 3%
- Health services 13%
- Clothing & Footwear 5%
- Household goods & services 8%

Age 85+ total weekly spending = AU$1,037.97

- Housing 10%
- Leisure 16%
- Energy 5%
- Food 19%
- Health services 20%
- Transport 5%
- Clothing & Footwear 5%
- Household goods & services 17%
- Communications 3%
Distribution & Education

- Lack of investment knowledge is key obstacle in the DC pension world
- Complexity in product design cannot be easily understood – also risk in mis-selling
- Education from early life to bring in concept of financial / retirement planning
- Joint effort between industry & policy maker / regulators to set direction and to educate public
Execution & delivery

Customer experience
- Is the customer journey user-friendly and intuitive?
- Can the product be managed easily by the customer?

Communication
- Varies communication method and channel for different segments of customers?

Utilisation of technology
- Make use of web / mobile platform as much as possible to communicate and for customers to administer policy
Summary

- Challenges we face with retirement in 21st century mean that we need to look at retirement differently.
- No one-size-fits-all solution – different social structure, culture, economic and demographic will lead to different needs and hence different challenges / solutions.
- However, it is fundamental to “build from the ground up” and consider the different needs in different stages in retirement – only then can work out how to meet those needs.
- As insurers, can provide propositions to help with saving and protection needs.
- Education, execution and support to members are equally important as the product design.
Thank you!

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