



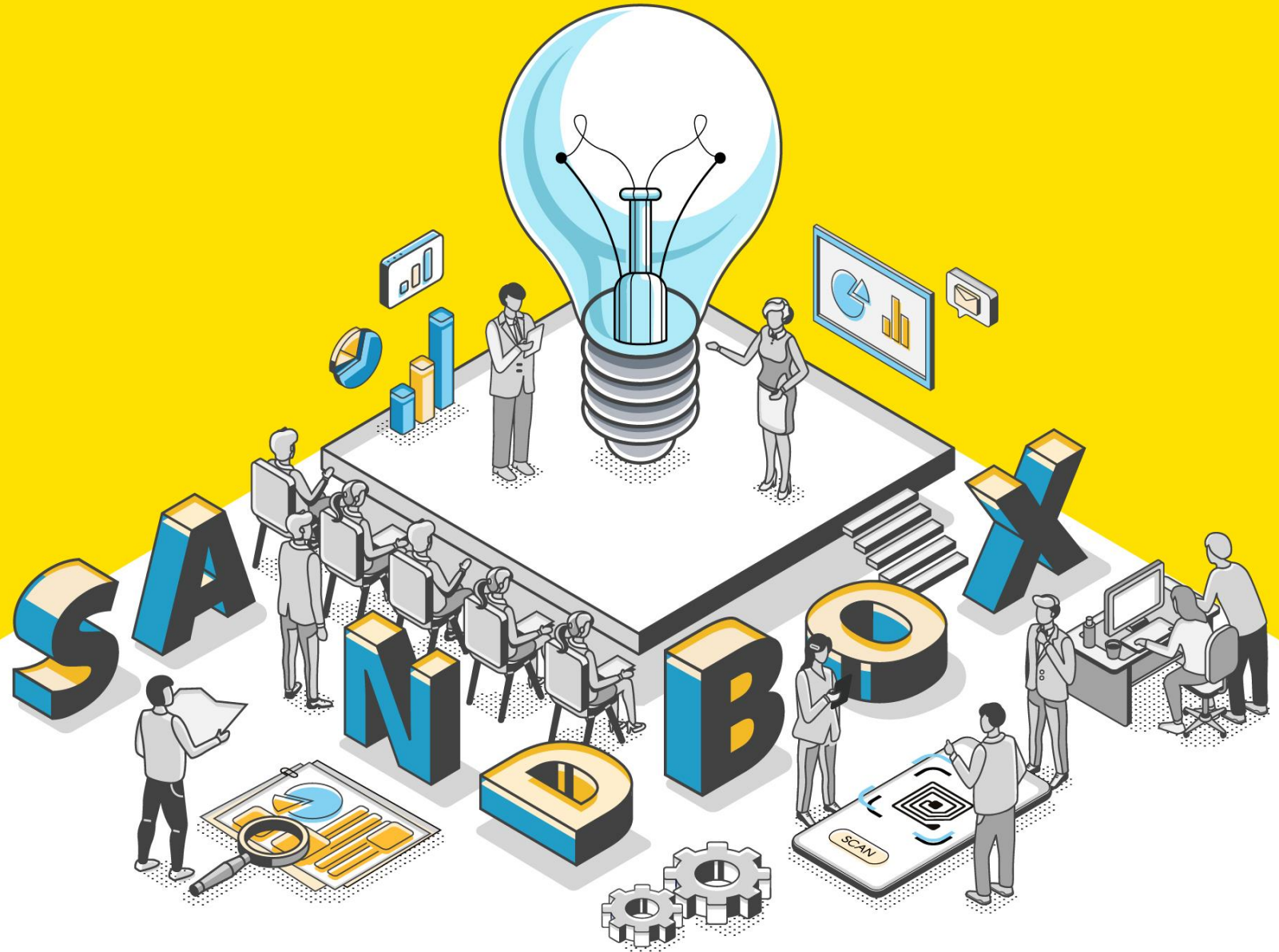
UNSW
SYDNEY

29th Colloquium on Pensions and Retirement Research

Retirement Sandbox

Engaging Young Minds to Provide New Solutions to Old Problems

Kevin Liu (UNSW Business School)
David Bell (The Conexus Institute)
Shang Wu (Aware Super)



The Story



Program

18th Annual Colloquium of Superannuation Researchers, 12-13th July 2010

Hosted by the Centre for Pensions and Superannuation (CPS), and the Australian Institute for Population Ageing Research (AIPAR)

Retirement saving choices: challenges for individuals, industry and public policy

Day 1 (Monday 12th July)

Conference opening: 9.00-9.05

Professor John Piggott (Director, Australian Institute for Population Ageing Research)

Session 1: 9.05-10.35

Chair: Hazel Bateman (Director, Centre for Pensions and Superannuation, UNSW)

1. Scott Donald (Faculty of Law, UNSW), 'The choices we make'.
2. Ross Clare (ASFA), 'Choosing to choose'.
3. Paul Gerrans, (Centre for Retirement Incomes and Financial Education Research, Edith Cowan University), 'Retirement saving investment choices in response to the Global Financial Crisis: Australian evidence'.

Morning Tea: 10.35-11.00

Session 2: 11.00-1.00

Chair: Katrina Ellis (APRA)

1. Natalie Gallery, Cameron Newton and Chrisann Palm (Queensland University of Technology), 'A framework for assessing financial literacy and superannuation investment choice decisions'.
2. John Livanas (Australian School of Business, UNSW) 'Momentum: A theory of the influence of trends on sentiment'.
3. Paul Gerrans and Ghialy Yap (Centre for Retirement Incomes and Financial Education Research, Edith Cowan University), 'Retirement savings investment strategy choices: naïve or sophisticated?'.
4. Hazel Bateman (Australian School of Business, UNSW), Susan Thorp, Jordan Louviere, John Geweke, Christine Ebling (CenSoC, UTS) and Steve Satchell (Cambridge), 'Does risk presentation influence investment choice?'.

Lunch: 1.00-2.00

Session 3: 2.00-3.30

Chair: Gordon Mackenzie (Australian School of Taxation, UNSW)

1. Sacha Vidler (Industry Funds Network), 'An analysis of retirement intentions'.
2. John Evans and Michael Sherris (Australian School of Business, UNSW), 'Longevity risk management and the development of a life annuity market in Australia'.
3. Rosalyn deVries (UniSuper), 'Learning from member attrition in superannuation'.

Afternoon Tea: 3.30-4.00

Session 4: 4.00-5.30

Chair: Marilyn Clark-Murphy (Edith Cowan University)

1. Adam Butt and Ziyong Deng (ANU), 'Investment strategies in retirement'.
2. Don Ezra (Russell Investments) and Geoffrey Warren (ANU), 'When should investors choose an alternative to passively investing in a capitalization-weighted index?'.
3. Isabel Gordon (University of Sydney), 'Profiling member, industry, industry body and professional body responses to the *Review into the Governance, Efficiency, Structure and Operation of Australia's Superannuation System*'.

Reception and Dinner: from 6.00

Dinner Speaker: Don Russell (Chairman, State Super)

Day 2 (Tuesday 13th July)

Session 1: 9.00-10.30

Chair: Sacha Vidler (Industry Funds Network)

1. Andreas Ortmann, (Australian School of Business, UNSW), 'Problematic assumptions: A review of the behavioral economics literature relevant to retirement saving in Australia'.
2. Jonathan Ng (Rice Warner Actuaries) and James Bond (IFSA), 'The retirement savings gap for women: measurement and policy options'.
3. Gordon Mackenzie (Australian School of Taxation, UNSW), 'Reporting investment performance after tax'.

Morning Tea: 10.30-11.00

Session 2: 11.00-1.00

Chair: Rosalyn deVries (UniSuper)

1. Tracey Oliver and Michelle Dixon (Australian Treasury), 'An Overview of the Treasury RIMHYPO-B Model'.
2. George Kudrna and Alan Woodland (Australian School of Business, UNSW), 'The 2009/10 Federal Budget changes to the Australian Age Pension: a dynamic general equilibrium analysis'.
3. Marcia Keegan, Ann Harding and Simon Kelly (Natsem), 'The Adequacy of a Mature Superannuation System: a dynamic microsimulation analysis'.
4. Kevin Liu (University of Sydney) and Brian Arnold (APRA), 'Australian superannuation outsourcing – fees, related parties and concentrated markets'.

Lunch: 1.00-2.00

Session 3: 2.00-3.30

Chair: TBA

1. Susan St John and Claire Dale (Retirement Policy Research Centre, University of Auckland), 'Reforming New Zealand Superannuation for a mobile trans-Tasman population'.
2. Josephine Castillo (University of Tasmania), 'Herding cats? The regulation of SMSFs in Australia'.
3. Ramani Venkatramani, 'DB solvency: some options for the future'.

Conference close: 3.30-3.45



Menu

Salade "choucroute"	10.50
Filet de bœuf, Pommes à l'ancienne	10.50
Soupe de poisson	7.50
Steak haché, frites de chez moi	6.50
Magret de canard aux légumes	6.50
Canche aux pommes	9.00
Tarte au citron meringuée	7.00
Greenwich, pain fait maison	7.00

Boissons

Bière	3.50
Café	2.50
Té	2.50
Wisky	4.50
Vin	4.50

Spécialité

Steak haché	10.50
Canche aux pommes	9.00
Tarte au citron	7.00



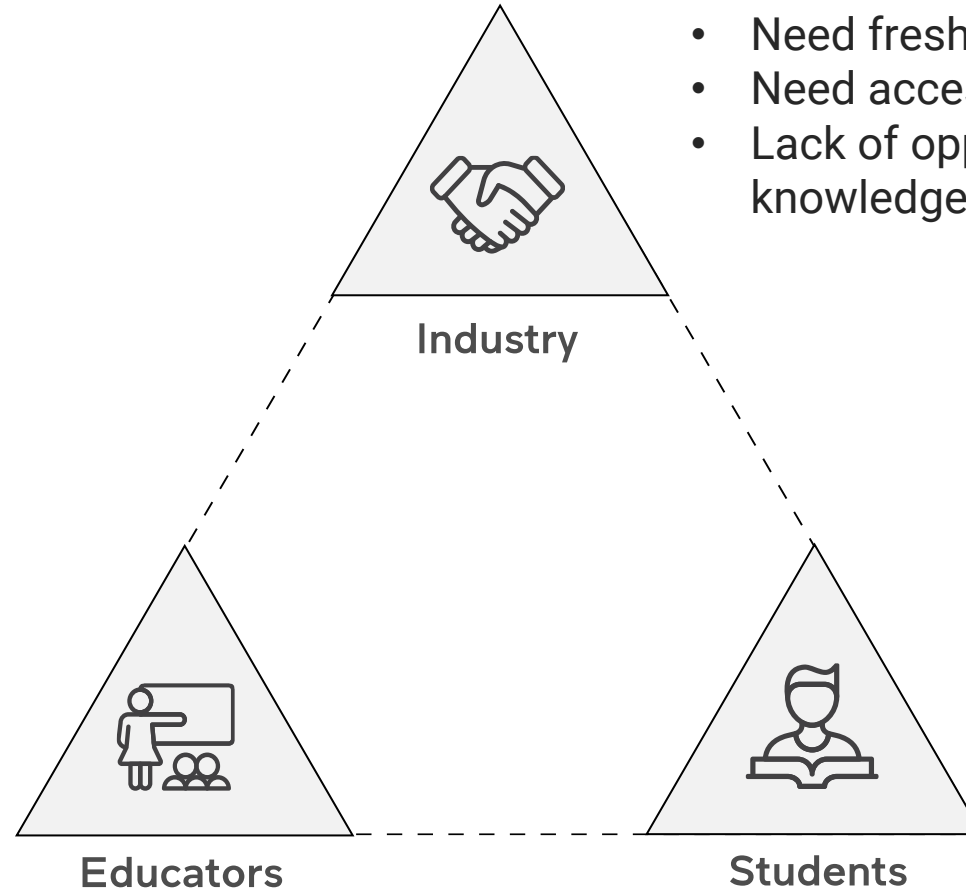
A pedagogical innovation that facilitates problem-based, experiential learning by integrating industry challenges into curricula as **authentic assessments**

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Sandbox Education Model

The Why

- Need industry engagement and collaboration
- Want to promote authentic learning



- Need fresh perspectives
- Need access to talents
- Lack of opportunities to exchange knowledge and work with faculty

- Need real-world experience
- Need transferrable skills
- Need a safe space to experience the world of work

The How

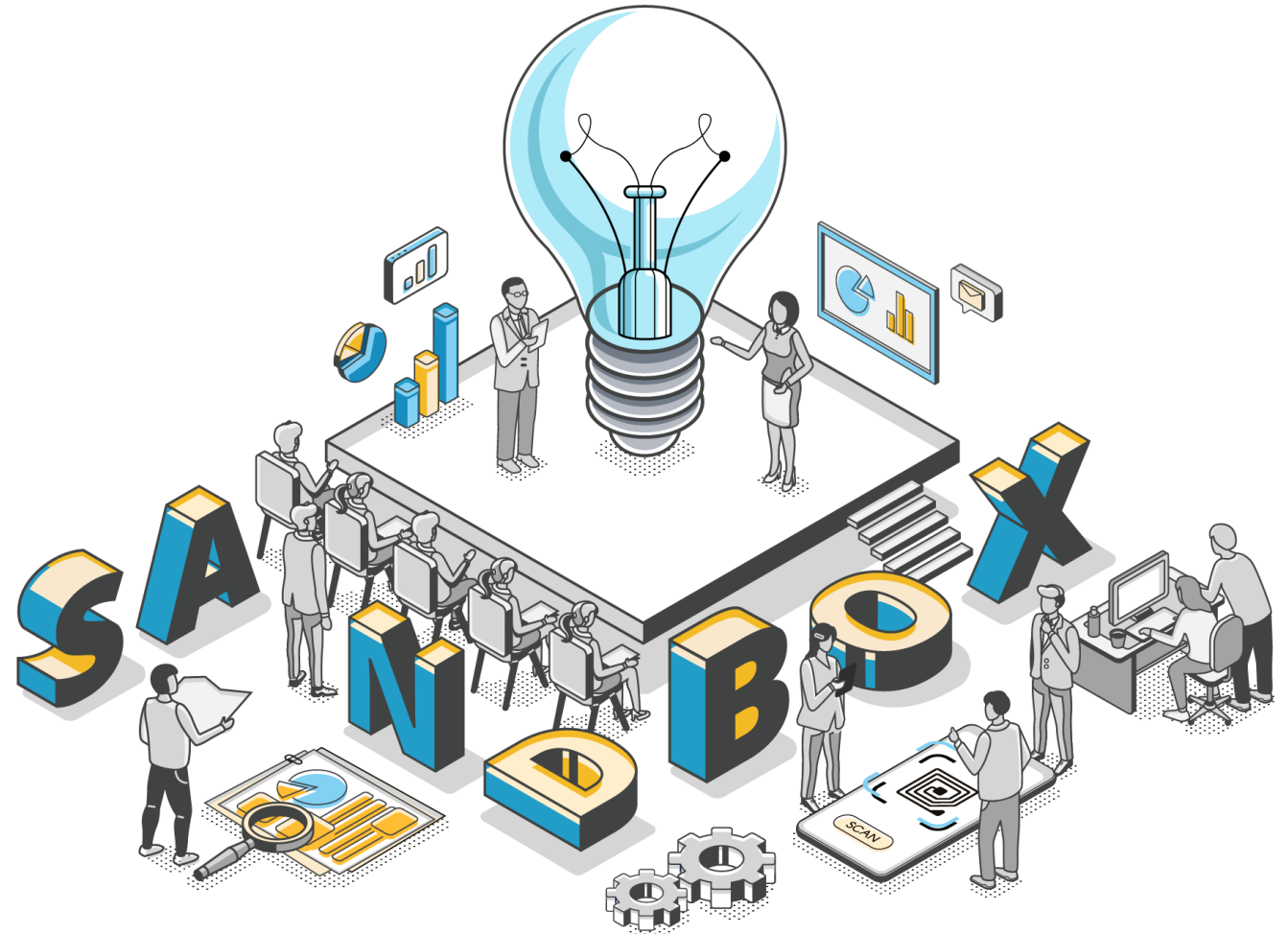
Challenge-driven



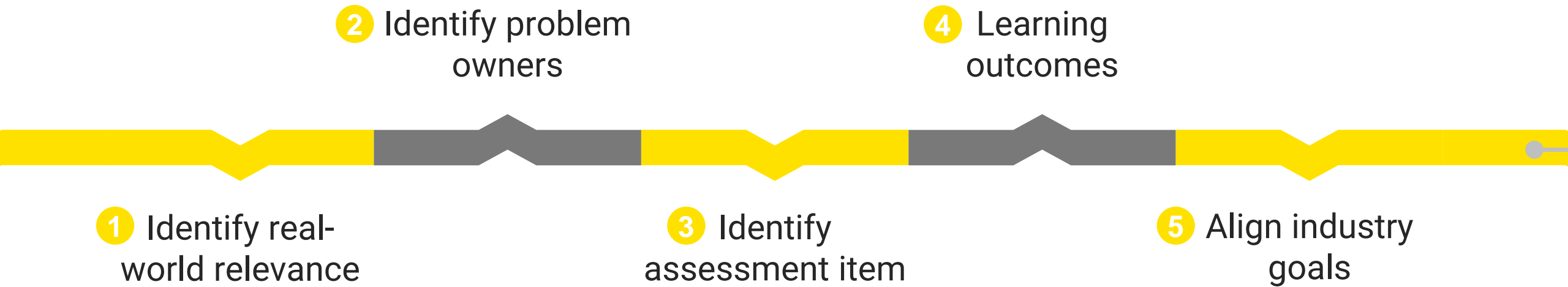
Co-creation



Co-ownership



Creating Sandbox Experience



UNSW Sandbox Education Program



Over 19 industry partners

Over 90 industry representatives contributed more than 360 hours

Multi-award winning

Including a national award and two university awards

2,200

Over 2,200 students

Have completed one or more Sandbox courses

90

390

Over 390 unique solutions

Created by students to address 40 real-world projects



Retirement Sandbox Example

Course: ACTL3192/5306 - Retirement Saving and Spending over the Lifecycle



120 UG students

18 PG students

7 industry mentors

2 Sandbox projects



Superannuation
Young Member
Engagement



Retirement Income
Projection

Retirement Sandbox Example



Superannuation
Young Member
Engagement

the
CONEXUS
INSTITUTE



Super
Consumers
Australia

Retirement Income
Projection

Assessment Structure

Tutorial Participation and Discussion (5%)

StoryWall Discussion Questions (15%)

Sandbox Group Assignment (20%)






Final Examination (60%)

Retirement Sandbox Example






Sandbox Group Assignment (20%)

Assessment Design


Formative (10%) Week 2-9: 5 Milestone Submissions

-  Team Introduction video (2 mins)
-  Problem and solution pitch video (3 mins)
-  Project summary (1 page + references)
-  Project poster (1 page)
-  Problem statement (max 150 words)

Summative (10%) Week 10: Group Final Solution Submission

-  Project summary video (1 min)
-  Project solution video (10 mins)
-  Project summary (1 page + references)
-  Project poster (1 page)
-  Supp materials (e.g. survey results, app, prototypes)

Retirement Sandbox Example



Develop and share

Peer feedback and vote

Industry partner feedback

Continuous improvement

“I liked how the project was structured in **milestones**, I think **consistent engagement** allowed me to organise with the team and come up with ideas in a more organic way **rather than leaving it to the last second** which usually happens with teams.”

“I liked that it was **broken up into "bite-size"** sections each week, helping our team to work on it consistently.”

“I like that we are able to **access other people's milestone** to see **what aspects we can improve on.**”

“The **feedback from the industry partners** was quite **informative** and **encouraging**... I also feel **more confident about my skill** and **how relevant it could be in the future.**”

Retirement Sandbox Example

AMPLIFY

Round-Up App to help younger Australians make voluntary superannuation contributions

HOW THE APP WORKS

Your bank account is linked to your super, purchases are rounded up to nearest \$5 or \$10. This is then contributed to your super.

ADDRESSING THE PROBLEMS

INADEQUATE SAVINGS

Amplify enables young super members to take advantage of compounding, as their superannuation accounts have higher early balances.

POOR FINANCIAL LITERACY

Our automated round-up mechanism takes away the complexity of making voluntary contributions.

LACK OF ENGAGEMENT

Amplify is geared towards making ethical investments, capitalising on issues that young Australians care about.



Investing in super accounts

For youth between 18 and 25

Problem Statement

only 30% of young people aged between 18 and 25 have a superannuation account and even fewer of them are contributing to it.

The two essential solutions we have created for the youth to participate!

Solution 1: Cooperate with gyms, more contribution to super comes with more rewards from the local gym.

Solution 2: Effectively collaborate and invest in university programs, by employing our own stuff in the classroom and creating interesting games stimulating the real life scenario, youth will be better participated.

Why are the two solutions better?

- 40%+** Students entering uni with an increasing trend
- 9999+** Research showing that games are more popular than tests.
- 62.5%** Participation in sports for youth in different areas

- Getting rewards from us for free just by depositing.
- Work out for your own health! Increase your happiness
- More enrollment makes the university course wildspread
- Learning compulsory information for UOCs in uni!
- Enjoy the game developed and save for retirement

Challenge#1
Milestone#4
Group#10

SUPER 27

Leading Edge Retirement Services

THE PROBLEM

As you are someone who looks at their superannuation annual statement with confusion before being away in some ambiguous holiday, you are the 40% of all Australians, who find such issues their superannuation funds outdated, outdated and just plain confusing. The frequency of defined contribution funds in the super landscape creates a unique problem of accuracy in regards to retirement projections, where individuals who are not equipped with the appropriate financial awareness are expected to balance the risks that come with superannuation. The lack of clarity in decision-making models, along with multiple super funds for their annual projections, creates a difficult issue of non-involvement for Australians relying in the future.

40% Of All Australians do not know how much they have saved in their Super

FINANCIAL LITERACY AGE DISTRIBUTION

SOLUTION IN THREE STEPS

ONE

A stochastic model as the basis for the decision of both consumers and Super Funds alike, for use, will increase the accuracy of super predictions and allow members to have a more accurate representation of their life savings, as it will take into account the different types of risk that affect them. They will be able to track the range of ups and downs based on their decisions throughout life.

TWO

In Australia, 91% of people own a smartphone. And with our mobile app, that's potentially 91% coverage of Australians. So, whenever you care, know that you will always have your super solutions in your hands.

THREE

It will be tied altogether with beautiful, intuitive and interactive visuals to help you see how the risks in your life, whether controlled by you or not, will affect your retirement income.

KEY DESIGN

To increase client engagement and improve their financial literacy

Mobile App

- Mobile Apps provide a quick and easy way for consumers to view their super.
- This will include super balance, forecasted retirement income, and educational features.

Interactive Graphs

- Graphs that can be adjusted based on risk levels and desired lifestyle.
- Coupled with tips on how to achieve a healthier retirement income.
- Includes sliders to convey different results at different risk levels.

THE FUTURE OF YOUR SUPER

THE PROBLEM

According to SuperRatings, 42% of super funds now provide retirement projections.

SINGLE-POINT ESTIMATE

Narrow and misleading illustration of retirement outcomes can induce poor asset-allocation decisions

AUSTRALIA HAS THE HIGHEST PROPORTION OF DC ASSETS TO DB ASSETS

Defined contribution (DC) systems shift risks from employers to consumers

"One in five Australians did not save any money over the last 6 months, a consistent trend over the past 4 years"

- ASIC (2019)

OUR SOLUTION

By varying 5 key variables, our stochastic approach can provide a better and more realistic projection.

WAGE GROWTH

Wage growth may be greater than inflation.

RETIREMENT AGE & LIFE EXPECTANCY

Significant number of Australians retire before/after the age of 67. Life expectancy varies

CONTRIBUTIONS

With many contribution methods and incentives, Australians can make additional contributions to their super

INVESTMENT RETURNS

With many different super allocations, the return on investment can vary

KEY DESIGN FEATURES

- Using distribution models to create random outcomes, we can now present estimates as probability ranges
- Personalised report tailored to each members unique situation

Retirement Sandbox Example

Our Solution

- Feature within Aware Super's phone app that shows people the equivalence between the compounded value of making a voluntary contribution and the value of discretionary consumer items that our target demographic would understand to be desirable in retirement.
- Key differences to existing solutions:
 - We always link money to a physical item
 - Easy to customise
 - Explains additional voluntary contribution benefits



Retirement Sandbox Example

“It was a far more **interesting** and **engaging assessment** compared to the vast majority of other assessments I have done before. It felt more **relevant**, it engaged **skills** that I believe will be more **valuable in the future.**”


Retirement Sandbox Example 2020 T3



Home > Regulation

REGULATION

UNSW Sandbox Program highlights challenges of providing quality, scalable guidance

 David Bell
January 18, 2021 - 1:33pm

A student project to improve the richness of information in retirement estimates provided under ASIC's class order relief inadvertently highlighted the many challenges faced by industry, policymakers, and regulators as they seek to make quality guidance accessible to the broad population. The trade-off between tailoring information to be more relevant for people pulls against the desire for such information to be accessible at low cost.

The Sandbox Program

The aim of the UNSW Sandbox Program* is to introduce students to industry projects. Industry partners develop project tasks which reflect contemporary challenges and then engage with student project groups through the term. Adopted across various courses at UNSW, last term it was incorporated into the popular subject 'Retirement Saving and Spending over the Lifecycle' taught by Dr Kevin Liu, a foundational subject for those interested in Australia's retirement system.



Challenge 1: Two student groups were invited to present their solutions at **Aware Super Member Growth Leadership Team Meeting**



Challenge 2: ASIC invited the top-performing student group to send their solutions to **ASIC's Superannuation Financial Services and Wealth Group**

Student Experience

“This course has opened my mind to so many new concepts and ideas of both personal and industry relevance and I genuinely feel lucky to have taken the course. I actually **found out how much superannuation I had, switched my super fund, updated my asset-allocation**, put some of my current savings in shares through an app called Raiz, and **made a co-contribution**... all because of what I learned in this course!”

Student Experience

“Before this course, I wasn’t interested in investment and how money should be used. Whenever my parents were discussing investments and interest rates, I usually didn’t care and just sit there listening to them. I just feel that I am not part of it, the **concept of retirement still seems far away from me.**

But now, I start to be **more interested in such topics and even try to help my parents to make investment decisions.** I will notice the bad investment decisions they have made and give advice based on what I have learnt from the lessons, **sharing my thoughts, and persuading them to get a life annuity.** Sometimes I even regret not thinking about a retirement plan earlier, either it is for my parents or me.”

Student Experience

“Before attending this course, I have never thought of working in a superannuation fund, but **now I may consider working in a superannuation fund** because this seems something interesting!”

Student Experience

“I feel that we have the **responsibility** to help the industry **solve the problems.**”

Industry Partner Experience



the
conexus
INSTITUTE

David Bell



aware
SUPER

Shang Wu

Q&A



UNSW
SYDNEY

Kevin Liu



the
conexus
INSTITUTE

David Bell



UNSW
SYDNEY

Richard Liu

Bachelor of Engineering (Honours) /
Bachelor of Commerce (Economics)



aware
SUPER

Shang Wu

Thank you

For more **Retirement Sandbox** student solutions

Please scan the QR code:

