



Allianz Retire+
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Allianz Retire+ research:
retiree insights

Yannick Pfitzer

Manager - Group Retirement Solutions

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About the research

fiftyfive5

Part of Accenture Song

Allianz Retire+ engaged Fiftyfive5 (part of Accenture Song), a customer insights and advisory business, to provide a commissioned research report focusing on the Allianz Guaranteed Income for Life (AGILE) product

The research report considers pre-retirees and early retirees' needs and motivations, explores features of the AGILE product and aims to help Allianz Retire+ communicate the core consumer benefits of the AGILE proposition

EPIC Retirement

In tandem with our qualitative research with Fiftyfive5, we also partnered with bestselling author, podcaster and retirement educator, Bec Wilson, and surveyed 827 members of her Epic Retirement community

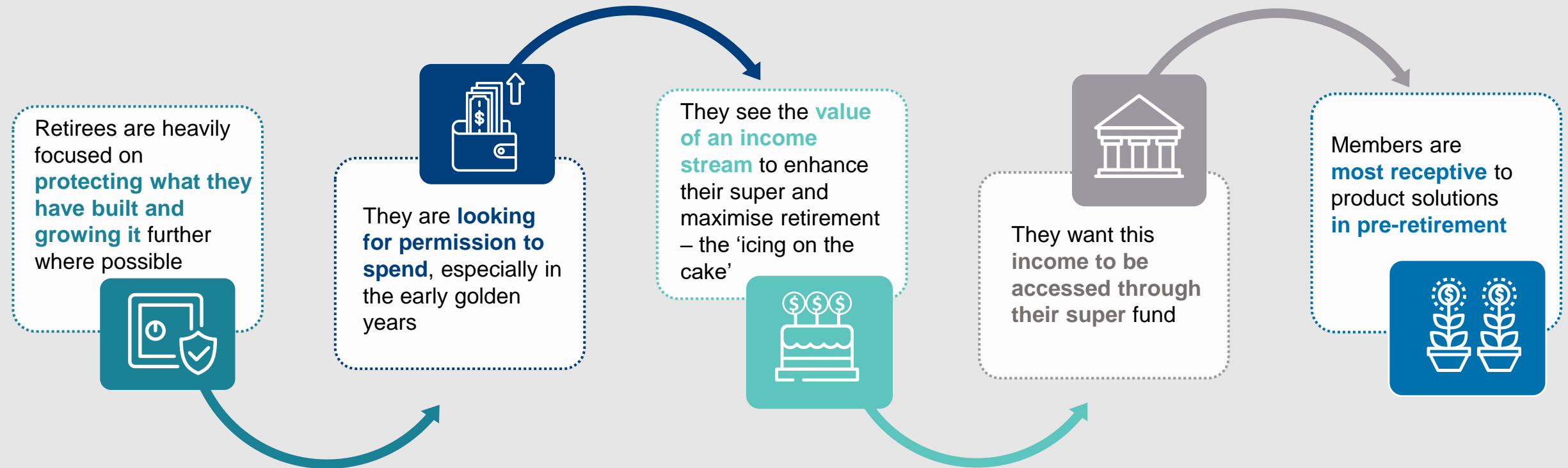
The objective of the study was to obtain insights about consumers' financial confidence, retirement planning needs and understanding of retirement concepts as well as the aspects of retirement that are most important to those who are approaching (or already in) this pivotal milestone

Research objectives



Key Fiftyfive5 findings

The five key headlines



Understanding retirement today

What we learned about members



THE JOURNEY

Wherever they are in their unique retirement journey, they are focusing on maximising life during the first chapter of their retirement, but they aren't always thinking beyond this



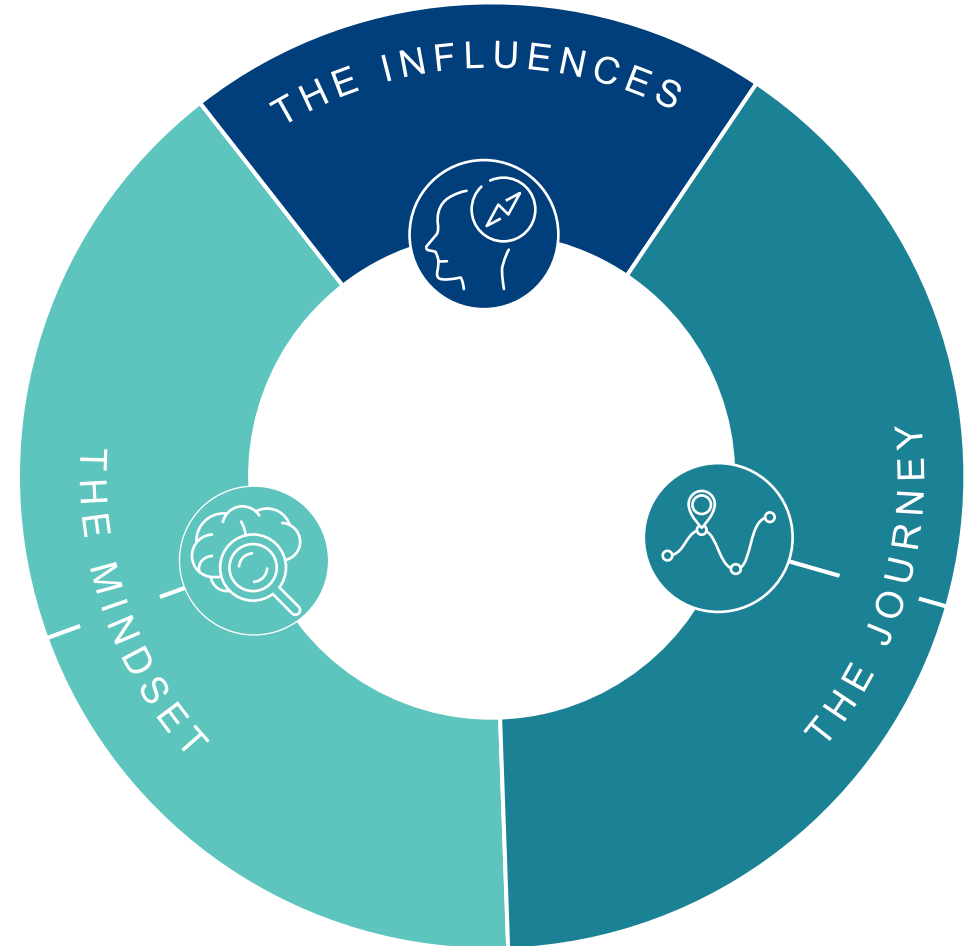
THE MINDSET

Those who are pre-retirement or early into retirement, feel set up to meet their fundamental retirement needs, but can lack confidence in their ability to really enjoy this time



THE INFLUENCES

There is a complex influence ecosystem shaping retirement decisions, and breaking through with a new proposition or idea to work in multiple information spheres to be trusted





The journey

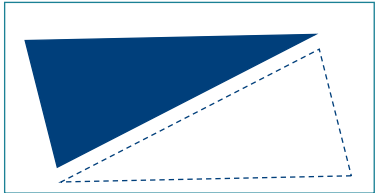
The step into retirement is rarely clean cut

For many retirees, the traditional and clear division between working life and retirement no longer holds true



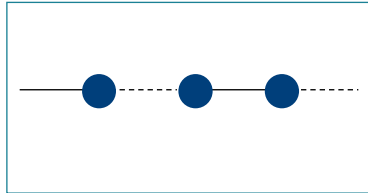
Today, the journey towards retirement is more individual and is often reflective of the desired balance of work and leisure that suits the needs and circumstances of that retiree

The slow transitioner



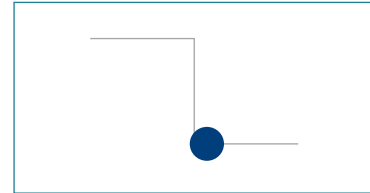
For many, approaching retirement was about gradually easing off full-time work. Stepping down to part-time or casual work, reducing responsibilities in existing role - shifting this balance slowly.

The stop starter



For others, it's about having windows of dedicated leisure followed by windows of work. Wanting time to enjoy their life, but also enjoying the stimulation and social connections of work.

The stepping stoner



Some look to make defined incremental steps towards retirement - this might include moving to their dream retirement destination, downsizing early, or making a career change while transitioning to a lower pressure or part-time role

I stopped work in my 60s and was so bored after a year I started back up again... this time just volunteering at the local fire department! I visit local schools and talk about how to be more fire safe in their home.

NSW, 65, RETIRED, HIGHER BALANCE

Critically, even within these models there were differences that reflected the unique circumstances of that retiree and these journeys were happening at different ages for different individuals

IMPLICATION:

We need to recognise that this journey is highly individualised and that retirees see the path they're forging as unique



The journey

Retirees are united in their focus on maximising the beginning part of their retirement journey

Maximising the enjoyment of my retirement

A G E S 6 0 - 7 5

Whatever the journey towards retirement, almost all see their retirement in two distinct chapters

- For our sample, this is the critical stage of their retirement and where their focus is – the reward and release from their working life
- This is all about maximising their enjoyment of life – filling it with travel, home improvements, hobbies and unique experiences
- There's a general sense of pressure to *do it all now* while you can – once you get older, you can't travel or it's more expensive, you're less mobile, you may be navigating health challenges
- But they do hold back from experiences or stop themselves, they struggle to enjoy this part of their retirement confidently

01

Slowing down and getting by

A G E S 7 5 - 9 0

02

- For our sample who were planning or early into retirement, there was little attention or thought being given to this chapter
- Believe at this stage that rationally...
 - money becomes less important because they're doing less, living a simpler life
 - can liquidate their home or other assets if they need to support themselves
 - believe they have the support of the pension if they absolutely need it

In addition, some are emotionally uncomfortable engaging or thinking about this part of their retirement.

My girlfriends and I refer to our next ten years as our golden years... our minds and bodies are still active, and we have a new sense of freedom. It's all about... travel, spending time with our grandchildren and mainly lots of FUN...

MELBOURNE, 62, EARLY INTO RETIREMENT, HIGHER BALANCE



SEGMENT CALLOUT

HIGHER BALANCE (more than \$600K)– those who are more well off are thinking more about the end of their life, but this is in the context of '**legacy and inheritance**' and planning for what they will share with their children

IMPLICATION:

To connect, we need to speak to and focus our attention on maximising the 'golden years' (60 - 75) period of retirement



The mindset

While this group feel set up to meet their fundamental retirement needs, many aren't confident about really enjoying their retirement

While feeling 'well set up' is a perception or belief rather than a reality for many, this is the prevailing mindset of those who are pre or early into retirement.

This is underpinned by a range of factors...

First generation to have substantial time invested in super

The first generation to benefit from mandatory salary contributions to their superannuation, creating the belief in super as a platform for supporting retirement.

Have profited from the rapid rise in the property market

The majority invested in the property market long ago and have greatly profited from rising house prices. This has provided them with a valuable asset offering security and the flexibility to access capital later in life if needed by downsizing.

Distance from financial setbacks – have had the ability to learn & recover

Despite many having experienced financial losses, they have had the opportunity to rebuild their nest egg and recover from these setbacks. Believe in the longer term, the market will support them and is naturally self correcting

And given their stage of retirement journey, nest egg is healthier

Because they are either approaching retirement or just at the beginning stages, haven't yet had to significantly erode their savings/super or are optimistic about the costs of retirement.

There remains some important nuance depending on the relative size of the individual's super balance



SEGMENT CALLOUT

LOWER BALANCE – (less than \$400K) – while believe they should be able to 'get by' and meet their basic needs, feel less confident in their ability to really enjoy their retirement or treat themselves



SEGMENT CALLOUT

HIGHER BALANCE (more than \$600K) – feel better about their ability to enjoy their retirement and more secure in their future, but can still lack the confidence about spending that money or hold themselves back from the things they desire



The mindset

Retirees are heavily focused on protecting what they have built and growing it further where possible

Retirees are protective about the money they've built up over their lifetime. The desire to protect and defend is being intensified by growing concern and caution around what could undo the progress they've made.

They feel they're hearing more about...



Subsequently, when considering new financial products related to their investment, retirees have their guard up and are especially cautious

Are quick to ask questions about who is behind the financial product and are looking to understand the degree to which they are an established provider who can be trusted

Are wanting to engage with greater level of detail around the product to feel they understand it properly. Additionally, wanting reassurance around protection and ongoing access to their money



SEGMENT CALLOUT

LOWER BALANCE – (*less than \$400K*) – while believe they should be able to 'get by' and meet their basic needs, feel less confident in their ability to really enjoy their retirement or treat themselves



SEGMENT CALLOUT

HIGHER BALANCE (*more than \$600K*) – have mindset that is about ensuring they protect what they've worked hard to build up and the progress they've made

IMPLICATION:

Given the guardedness of our retiree sample, we need to ensure we demonstrate our credibility and spotlight proposition features that work to reassure them and build trust

What do we need to solve for?

I want to make the most of my retirement, especially the early years, so I'm looking for more confidence that my retirement plan is set up to support this dream



Having the freedom to spend on those things that enrich the golden years of retirement



Interested in financial products that protect what has been built up and enable a better retirement (vs. just supporting me to get by)



Needing certainty to achieve my vision of retirement and flexibility as this vision will evolve over time

There is an opportunity for an integrated proposition to tap into this customer need

Member's response to integrated retirement solutions



How we explored this proposition with consumers

What it is...

Guaranteed lifetime income

Introducing Guaranteed Life-Time Income, a retirement investment option that provides you with a guaranteed and consistent income for the full length of your retirement, giving you greater financial certainty. Guaranteed lifetime income is accessible as an investment option available through your superfund from age 50 and can act as an income enhancement to the rest of your superannuation.

If you choose to invest in this product, it will guarantee you a consistent income for the entirety of your retirement. This means you will have certainty over the amount of money available to you and you will never need to worry about running out of money, in the event that you live longer than you expect. This product also gives you the flexibility to be able to access and withdraw the money you've originally invested, if you ever need a lump sum available.

How it works...

There are two distinct phases to this product

Phase 1 - The GROWTH PHASE: From the initial investment you make until when your retirement income starts, we work to grow and invest this amount. Investment returns are linked to the Australian stock market and also have the security of downside protection, meaning you are protected from losses should the market fall during this period. The longer you hold off on touching this money, the higher income we can provide you.

Phase 2 - The LIFETIME INCOME PHASE: Once you turn 75, your lifetime income will automatically begin and the second phase of this product commences. The income you start to receive will be determined by the initial amount you invested, subsequent investment returns, and the length of time between initial investment and age 75. You will receive this income for the rest of your life. If there is capital left over in your investment when you die, this money will go towards your estate.

- KEY PRODUCT DETAILS:**
- ✓ A fixed income for life that's dependable and consistent
 - ✓ Ability to withdraw the money if you need it
 - ✓ Any existing capital in your investment when you die will go towards your estate
 - ✓ Protection from market downturn while we grow your money
 - ✓ Delivered through your super fund

Who provides this...

This type of retirement solution has had successful take-up globally and is now being made available here, so Australians get more choice and solutions for supporting their retirement.

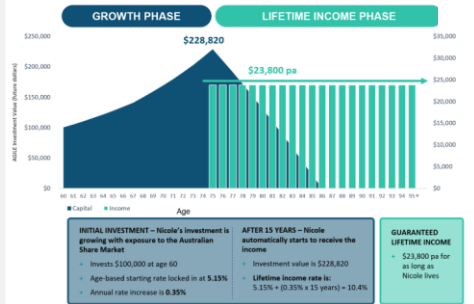
MEET NICOLE.

She is 60 years old, and has a superannuation balance of \$400k. If she was to retire at 67, she is targeting a retirement income of around \$53,000 p.a.

At age 60, Nicole decided to put in \$100k from her superannuation savings into this product to contribute to her retirement income.

After 15 years, Nicole starts to receive her fixed payment and receives this for the rest of her life.

Guaranteed life-time income



Understanding the key product details

AUSTRALIAN SHARE MARKET EXPOSURE	Get returns linked to the Australian stock market
INCOME AUTOMATICALLY STARTS AT AGE 75	Your income from this product will automatically start when you turn 75.
FIXED LIFETIME INCOME	At 75, receive a consistent and dependable income for life and enjoy the reassurance of knowing exactly how much you'll receive for each payment.
SUPPORTS AN INDIVIDUAL'S INCOME	This product has been designed to support an individual's income, but payments can be transferred to a spouse when you pass away
PARTIAL WITHDRAWALS ALLOWED	We allow you to withdraw your portions of your funds if you should need these

HIGH LEVEL PROPOSITION DESCRIPTION

Designed to introduce the proposition and give the consumer an overview of what it is, the core benefits, and how it's delivered to them.

This will be used to gauge initial reactions and assess what structural product elements are causing the greatest confusion or triggering the most questions.

VISUALISED CASE STUDY (SPECIFIC FOR SAMPLE AREAS)

Designed to visualise how the proposition works to support deeper understanding of what can be expected from a relevant level of investment. Additionally, anchored in a 'real life' case study format to help participants personalise the proposition.

This pack contains four versions of examples, so consumers see an example that is closely reflective of their experience.

UNDERLYING PRODUCT DETAILS

Designed to spotlight key proposition features and prompt a discussion around areas of simplification.

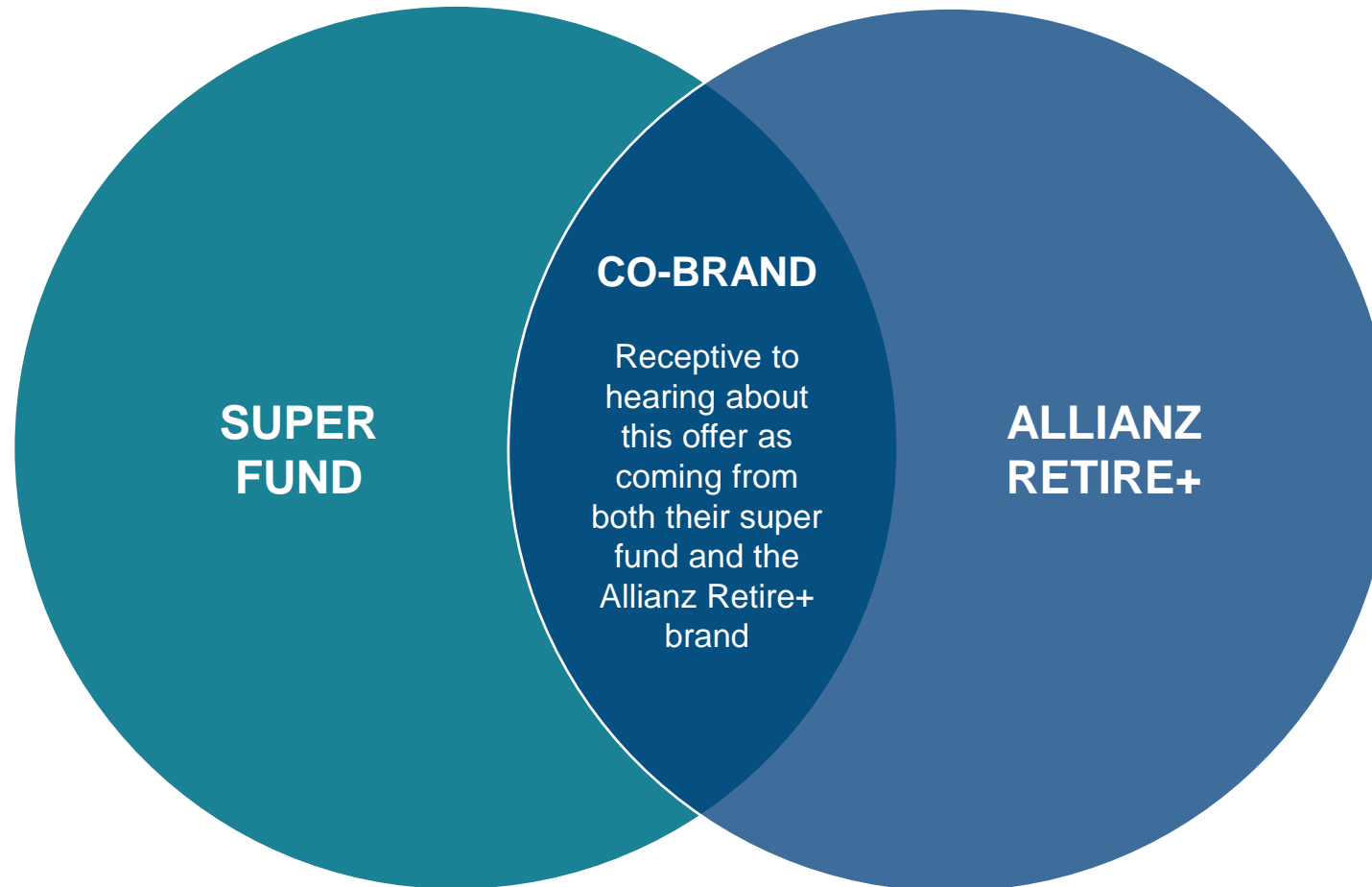
In responding to the proposition, there was a clear hierarchy of benefits for driving interest with this sample



- **Greatest appetite when they understand how this can work as an additional income stream** for maximising their enjoyment of retirement – accords with desire to **compartmentalise their retirement money**
 - Because this income stream wouldn't detract from their total levels of capital – **feel this would give them more freedom and confidence in how they can spend this money**
 - The **consistent nature of this income reinforces complementary relationship to super** – either being the 'cream on top' or an 'important support' if investment markets are performing badly
-
- Idea of **downside protection reinforces safety of the investment** and further highlights this as different to super, additionally builds confidence this **proposition wouldn't undermine their financial position** or take them backwards
 - The ability to **withdraw the money if needed is important for sustaining a sense of control** and helps to overcome the anxiety of leaving yourself short if an emergency arises
 - Additionally, given the new nature of the proposition, retirees are reluctant to give up access to their money completely
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- When they understand this would be delivered by their super fund, **helps to feel like an evolution of their existing super approach** verse entirely new proposition
 - Not only builds a degree of trust, but supports view that the **set up and management of the product will be easy and straightforward** (within a familiar environment, already have my details etc.)

There is value in a co-branding model, with both brands having their own trust halo

- People largely have positive relationship and views of their super fund
- Over time, **longstanding relationships have formed a level of trust that is important for driving openness to the proposition**
- This enables **customers to be more likely to engage and be receptive to content from them**



- **Recognisable and well-known brand in the financial services space**
- Immediately cues this is not a 'scam' or 'fly by night' operator and **drives additional confidence in the proposition**

The launch of this proposition has the potential to positively impact perceptions of the super fund partner

IT SHOWCASES THAT THEIR FUND IS:

Future thinking and innovative

By providing new and innovative retirement solutions, the super brand demonstrates its cutting-edge approach and commitment to offering the best retirement solutions for its customers.

Focused on unique retirement needs

By proactively offering personalised solutions that cater to each customer's unique financial and personal needs, this super fund demonstrates its commitment to genuinely caring for its customers and ensuring they achieve the best possible retirement.

A demonstration of leadership

By providing retirement solutions that are both innovative and personalised, super funds demonstrate industry leadership among their peers.

I think that they are proactively looking and really considering each person's future...

**SYDNEY, 59, PLANNING ,
LOWER BALANCE**

It shows they have a bit of foresight and not to just do the standard, here's your report once a year, at least they are trying to offer you different options...

**SYDNEY, 56, PLANNING,
HIGHER BALANCE**

They are being a little bit more considered and thinking about you as an individual rather than just as a number. If you can come up for something that works for my specific circumstances... that's a value add.

**SYDNEY, 56, PLANNING,
HIGHER BALANCE**

When should this be communicated?

It's important to target those earlier in their retirement journey and there are a range of triggers we can use to identify the right targets

People believe this proposition has more relevance and significance the earlier they are into planning for their retirement:

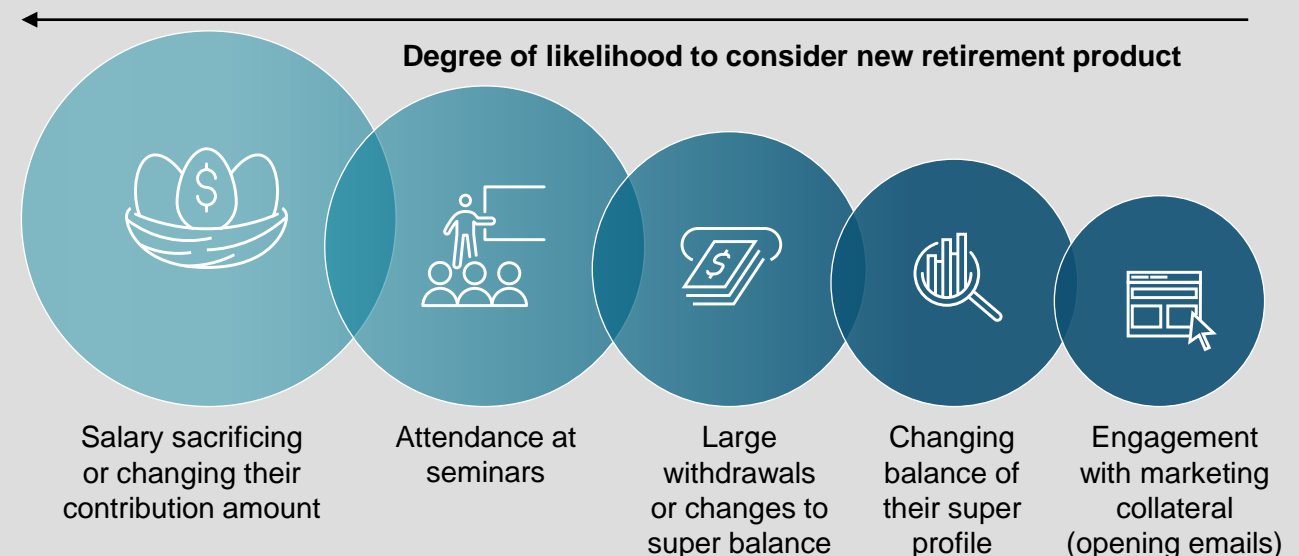


The optimal time for their super fund to connect or communicate with them around the proposition is when they're beginning to think about their retirement more seriously...

- The greatest opportunity to build up and grow wealth → the longer the investment is in growth phase, the higher the lifetime income rate they will receive
- The earlier they invest, the sooner they can start the income phase*
- In the stage of setting up their retirement portfolio – still actively looking and setting a retirement place in plan

There are some behaviours that act as **key triggers** that are indicative of a person starting to **take retirement more seriously** and are more open to hearing about **retirement**.

We can use these to **recognise** those who are likely to be **more receptive to this proposition**:



* Anytime after the third year of starting their AGILE investment.

What can a great retirement proposition mean to a member?

Income that supports their vision of retirement, removes worry and allows them to spend with confidence

My retirement savings, protected

My super is in good hands with my super fund. It's grown well and I can take an option to protect this growth from future shocks. This feels like a smart option from my fund.

I want to ensure that it keeps growing and looks and feels like an enhanced option of the super account I already know.

Maximising future income, starting now

I'm worried I won't have enough to enjoy my retirement.

By securing some of this income now, I can watch it grow and turn it on when I choose.

I know this income won't run out or go backwards as long as I live as it's guaranteed by Allianz, who I recognise and trust.

Life changes, these options can too

I don't want to lock myself in too soon.

If circumstances change, I can always change my mind or take my money out if I want to.

I stay in control.

Disclaimer

This material contains insights from the *Fiftyfive5 - Allianz Retire+ research report*. Allianz Retire+ engaged Fiftyfive5 (part of Accenture Song), a customer insights and advisory business, to provide a commissioned Research Report focussing on the Allianz Guaranteed Income for Life (AGILE) product. The Research Report considers pre-retirees and early retirees' needs and motivations, explores features of the AGILE product and aims to assist Allianz Retire+ to communicate the core consumer benefits of the AGILE proposition.

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