

Aware's Approach to Longevity Risk - CEPAR Longevity Risk Workshop

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Where does “longevity risk” sit?

Retirement income covenant

Trade-off between level of income, risk and flexibility

Two key risks in retirement

Investment Risk

Longevity Risk

Measure of success

Retirement Confidence Score

“Super Helpful” approach to members approaching and in retirement

Cohorting Approach

Holistic solution offering

Personalised help

What is longevity risk from members and fund's perspective?

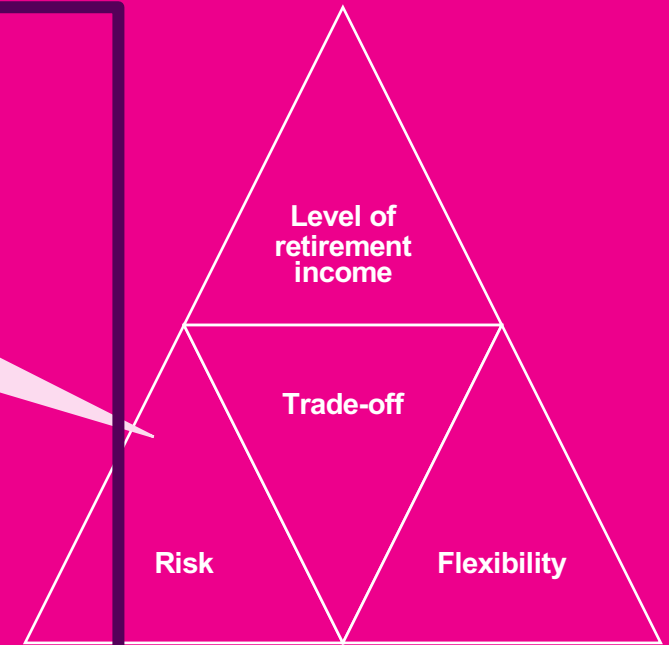


Member's perceptions

Tend to focus on short-term volatility

Fund's perspective

Core business of super fund



Measure of Success: Retirement Confidence Score

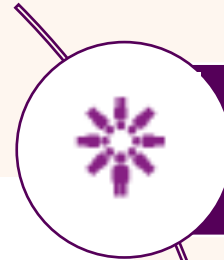
Consistent measure of success for solution design and communicating risk to members



Your retirement confidence score

Your Retirement Confidence Score is between 0 and 100. The higher the score, the more likely you are to have a retirement income that is close to your target. Unlike your projected income, your score takes into account the ups and downs of the investment market.

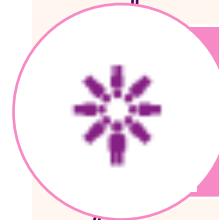
Given your score, you should feel confident to achieve 85% of your target retirement income if you retire at age 67.



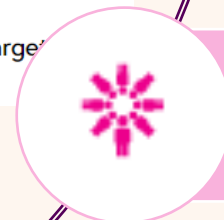
Simple to understand single score between 0 and 100%, the higher the score the closer the member is tracking against their income goal.



Account for the range of members retirement outcomes with the possible ups and downs of the market (risk) and account for longevity consideration



A shortfall measure (probability + severity) of how close you are from achieving your retirement income goal



Naturally aligns with a 'sustainable income' concept - intuitively a score of 85% will imply members can sustainably draw 85% of their income goal

My Retirement Planner – first attempt to communicate risk to members



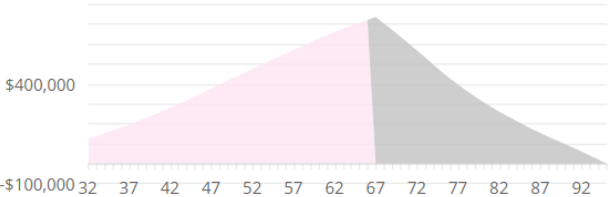
My Retirement Planner Retirement confidence score explained

Thank you.



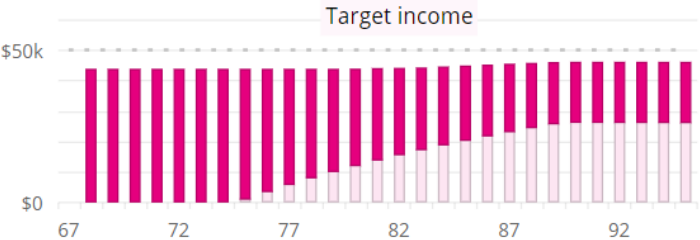
My Retirement Planner – first attempt to communicate risk to members (backup)

Projecting what you have



Super balances

● Your super balance ● Your pension balance



Income sources in your retirement

- Salary income from your partner
- Combined investment and savings income
- Combined Government Age Pension
- Combined income from super in retirement

Compare against your goals

Target retirement age

I'd like to retire at age

60-75 years

Choose your target lifestyle

We have created three retirement lifestyles specific to you. These have been calculated based on the income details you have provided today.

Select the plan that suits you best

Less than today
\$52k p.a.

Expect expenses to be lower and to spend less in retirement.

Like today's lifestyle
\$82k p.a.

Expect to spend the same in retirement as you do now.

More than today
\$111k p.a.

Expect expenses to be higher and to spend more during retirement.

First risk metric to measure how close you are against your goals



Your retirement confidence score

Target retirement age

I'd like to retire at age

60-75 years

Target income

And my target retirement income is

Enter your custom goal

[How to select your target retirement income](#)

Before tax

Investment strategy ⓘ

Change your investment strategy

Your current investment strategy: MySuper Lifecycle

Select investment strategy