

Bridging the Digital Advice Gap in Retirement: **Retirement Manager and** **Human-Centred Design for Drawdown Decisions**

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Agenda

Retirement Drawdown Challenge
Human-Centred Design Approach
Income Confidence Score
Implementation Realities
Experience So Far
Future Improvements

Aware Super at a glance



1.2 Million

members and
clients



\$200+ Billion

combined
asset pool



\$50+ Billion

in retirement with
100k+ members



\$4 Billion

Pension benefits p.a.
Profit-to-member



Award-winning
fund**



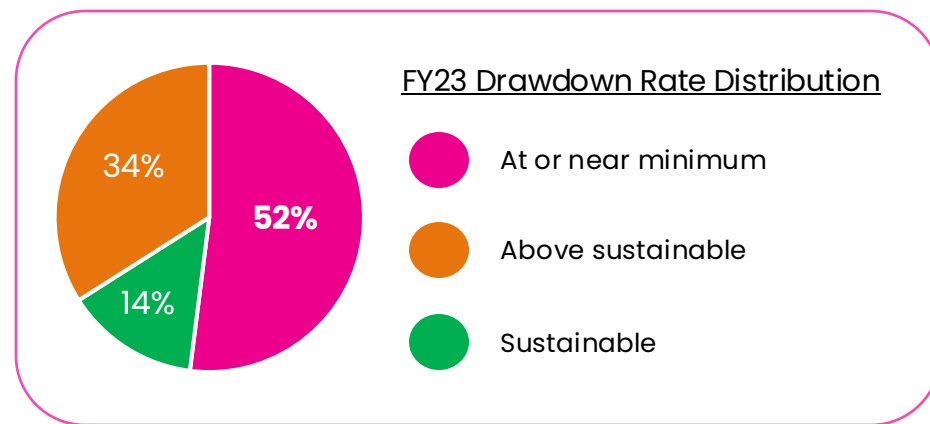
28 years+

providing financial
advice[#]



Retirement Drawdown Challenge

What We Observe



Source: Aware Super FY23 Drawdown Analysis, 32nd Colloquium on Pensions and Retirement Research

Application process – Payment amount

How much would you like to receive each payment?

If you're not sure, try our [super retirement calculator](#).

☒ **Specific amount**

You choose an amount between the minimum and maximum allowance.

Payment amount

☐ **Specific amount with indexation**

Choose an amount between the minimum and maximum allowance, and we'll update your income payment on 1 July each year, in line with inflation.

☐ **Minimum amount**

The [Government sets a minimum amount](#) you need to take out each year. It's calculated at the start of each financial year and is based on your age and your super balance at that time.

The opportunity: Help members confidently draw more than the minimum

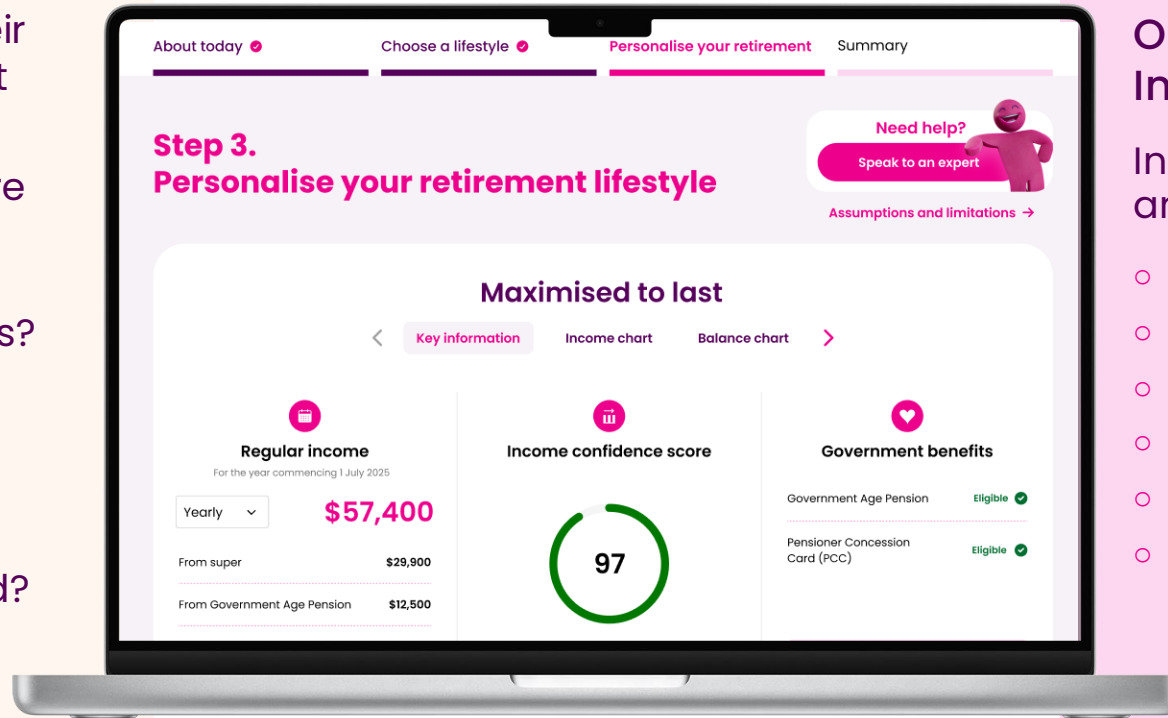
Retirement Manager: Shows members their income is sustainable, providing guidance and confidence to draw more

Retirement Manager: Helping members start and manage their best retirement

Starting your Retirement

Includes help setting up their Retirement Income Account right for their future

- What income sources are available? (super & Age Pension)
- What are the tax benefits?
- How much income can I draw?
- How long would my income last?
- How should I be invested?
- Can I validate this with an Adviser?



Living your best retirement

Optimising your Retirement Income drawdown

Includes help drawdown the optimal amount

- Income Confidence Score
- How much income can I draw?
- How long would my income last?
- How should I be invested?
- Follow along Webinar series
- Embedded Education

Human Centred Design: Approach

When does a member switch from **planning for retirement** to **starting retirement**?

How much **guidance** is needed to understand the intent of being asked to open a Retirement Income Stream?

What specific **features** are considered most important to members?

How does a member think about their **retirement income needs**?

What could we show to give members **confidence** in their retirement income, and what would give them confidence to act now?



Archetypes identified

The participants mindsets typically fell into one of the three archetypes when discussing getting ready to retire



Proactive planner

They proactively plan things throughout life, they show strong financial literacy, and are either willing to learn through advice, or undertake their own research to make informed decisions. They typically consider retirement prior to even thinking about a retirement age.

Emotional needs regarding retirement

Continue to work as they want a purpose in life. ***Want to continue to enjoy a similar lifestyle that they are accustomed to when retired.***



Retirement planner

They begin to show an interest in planning for retirement a few years away from their targeted age, generally less financially literate towards retirement, and more open to advice.

Emotional needs regarding retirement

Wanting to still have a purpose in retirement.

Understanding the need that they may need to wind down the type of lifestyle they currently have once retired.



Plan as I go

Those who will get into the details once they retire or are close to retiring (<6 months), they typically have a low level of financial literacy towards retirement.

Emotional needs regarding retirement

Wanting to still have a purpose in retirement, no clear retirement goals.

Just wanting to be assured they have enough money to last.

Designing Income goals for each of the key Archetypes

Proactive planner

Want to continue to enjoy a similar lifestyle that they are accustomed to when retired.

Retirement planner

Understanding the need that they may need to wind down the type of lifestyle they currently have once retired.

Plan as I go

Just wanting to be assured they have enough money to last.



Like today's income


Custom Income Goal

Maximised to Last

Bringing the income goals to life



We've created retirement lifestyles specific to you, calculated using the details you've provided today. If you like, you can let us know another amount you have in mind.

☒

Maximised to last

Income amount:


\$51,600

per year

Super will last until:

95

Years old

☐

Continue living like today's income

Income amount:


\$64,000

per year

Super will last until:

81

Years old

☐

Personal income goal

Income amount:

Amount

per year

Super will last until:

--

Years old

☐

Mandated minimum starting at 5% per year

Your income confidence score in this selection



- 90+ An excellent score
- Super sustains your target income for most of retirement
 - After super runs out, income from other sources remains strong
 - You can maintain your planned lifestyle with high confidence

[How are these income goals calculated →](#) [How confidence scores work →](#)



Clearly labelled income goals with rounded figures



Longevity assessment gives confidence in selection



Government minimums available but actively discouraged



Confidence score reinforces the selection and includes Stochastic overlay



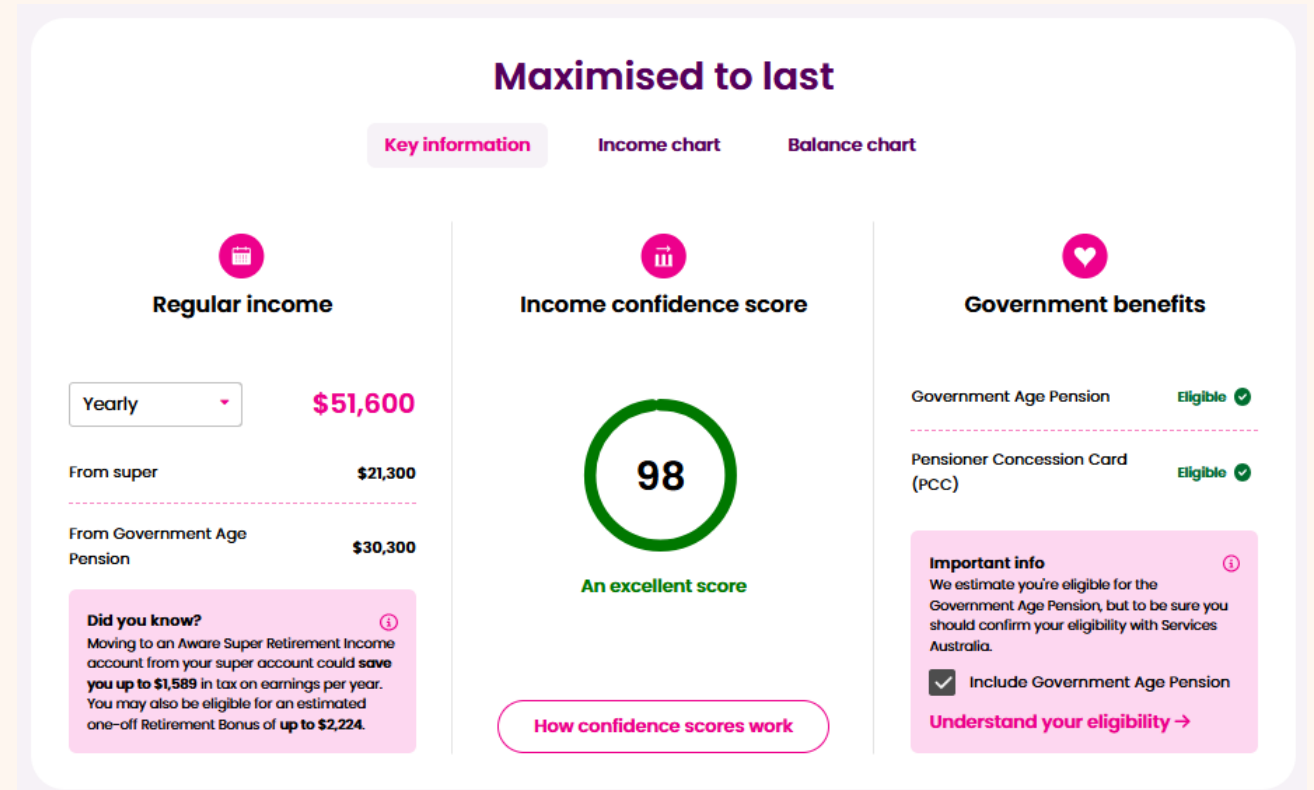
Help embedded throughout

Human Centred Design: unwinding the status quo

We might think charts are king...



But our members don't



Removing the choice paradox

Sensible defaults are appreciated by members...

Choosing an investment strategy

We have a number of investment options so you can choose the right one for you.

Our default investment option for the Aware Super Retirement Income account is Conservative Balanced. It's designed to balance the need for healthy returns while reducing your exposure to market ups-and-downs.

If you're unsure which investment choice is right for you, our experts have designed a quick risk profile questionnaire to help you.

You've invested in our default option:

Conservative Balanced

Choose an action



As long as education supports it and there are options to change the defaults.



Not sure which option is right for you?

Answer six questions about your attitude to risk and we will suggest an investment option that aligns with your responses

Get started →

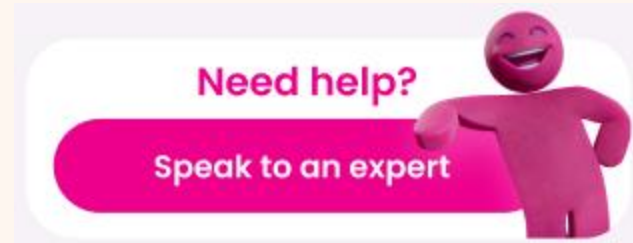
Investment strategy in retirement

The risks and returns

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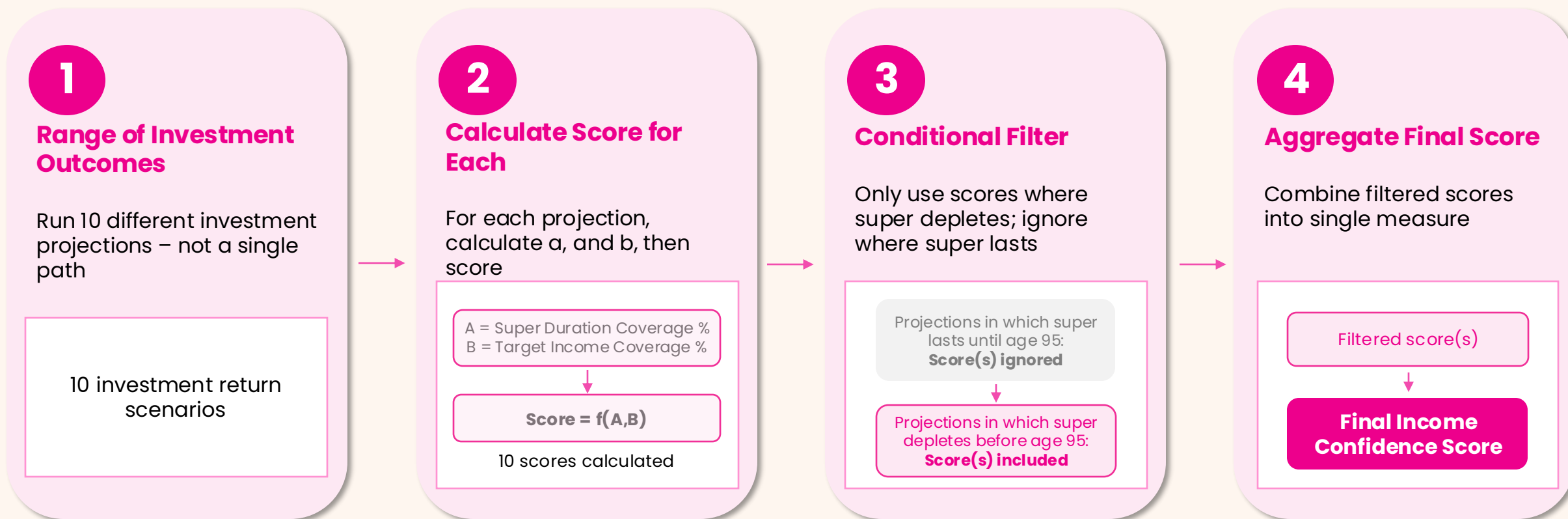
Creating a Hybrid Experience



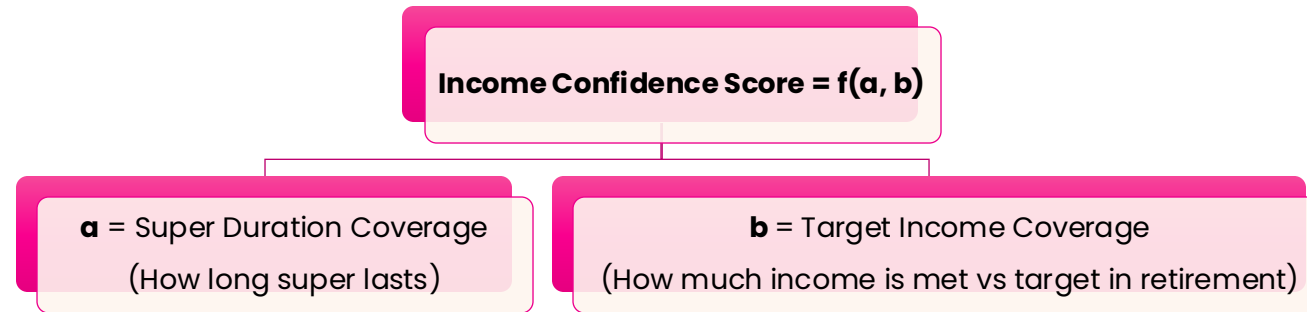
Income Confidence Score – Methodology

Income Confidence Score: One simple composite measure capturing **super sustainability** and **income adequacy risks**

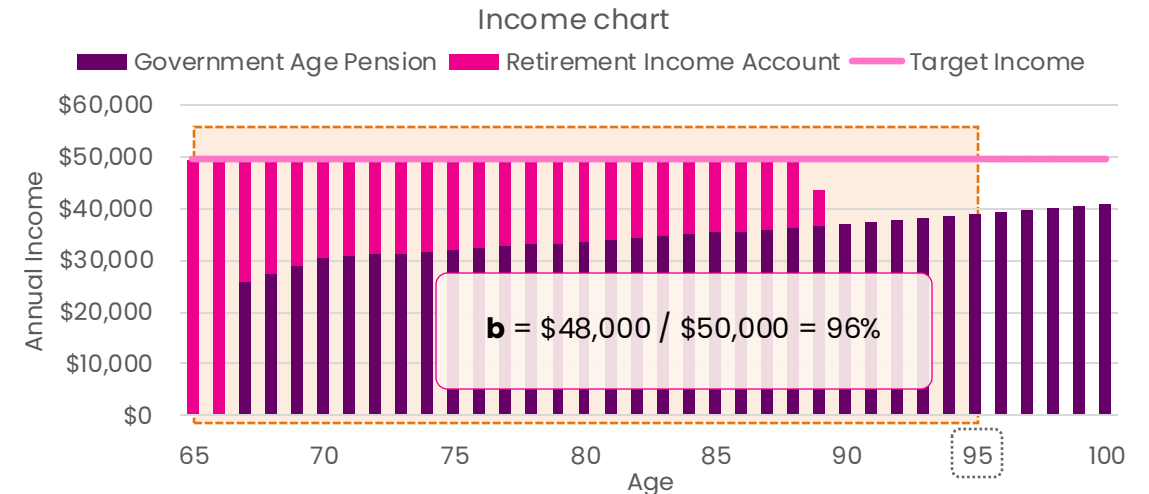
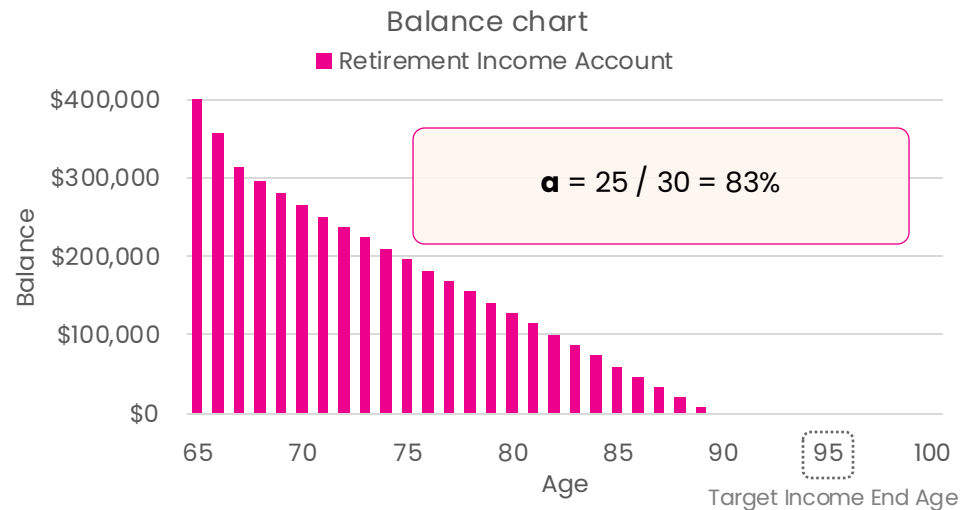
How It is calculated:



Income Confidence Score – Components



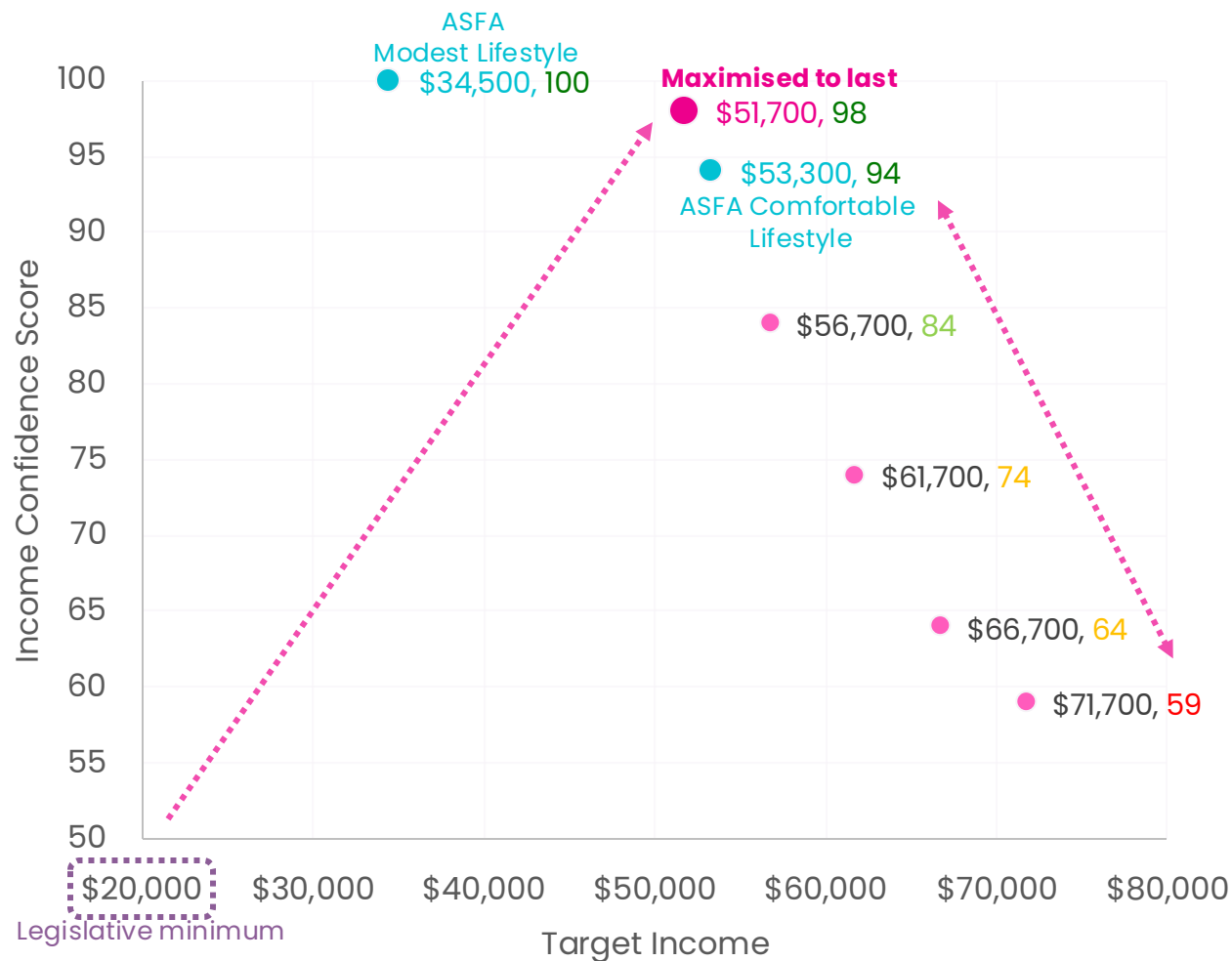
Under investment projection i (1 out of 10 projections):



Income Confidence Score for investment projection i = $f(83\%, 86\%) = 85\%$

Making Trade-offs Visible

Members are presented within a credible starting point, **Maximised to last amount**, with a high income confidence score, then can explore trade-offs if desired.



90+

An excellent score

- Your super sustains your target income throughout retirement in most market conditions
- In more extreme unfavourable market conditions where your super may run out, income from other sources remains strong
- You can maintain your planned lifestyle with high confidence

75-89

A good score

- Your super covers a large majority of your retirement with reasonable income afterward
- Your super may not last until the end of retirement, when the Government Age Pension forms a large proportion of your retirement income
- You're likely to maintain your planned lifestyle, but regular monitoring helps
- Minor spending adjustments may be useful later on

60-74

An okay score

- Your super covers a fair portion of retirement, with potential shortfalls
- Other income sources help, but a material gap is likely
- Consider modest spending or strategy adjustments
- Annual reassessment is recommended

Under 60

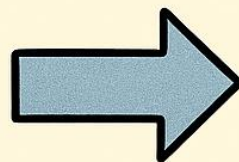
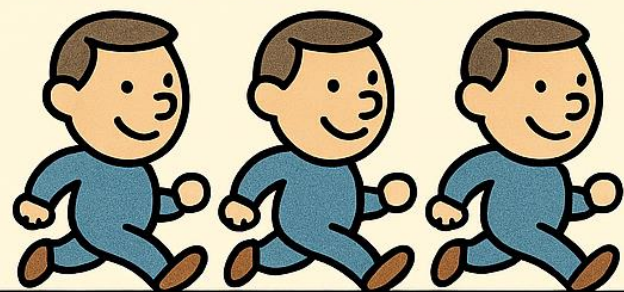
Room for improvement

- Your super depletes early, leaving a significant and likely material income gap
- Other income sources are unlikely to be sufficient to maintain your lifestyle
- A more conservative withdrawal and lifestyle strategy is recommended

Implementation realities

Retirement: Herding Cats in Disguise

What we want...

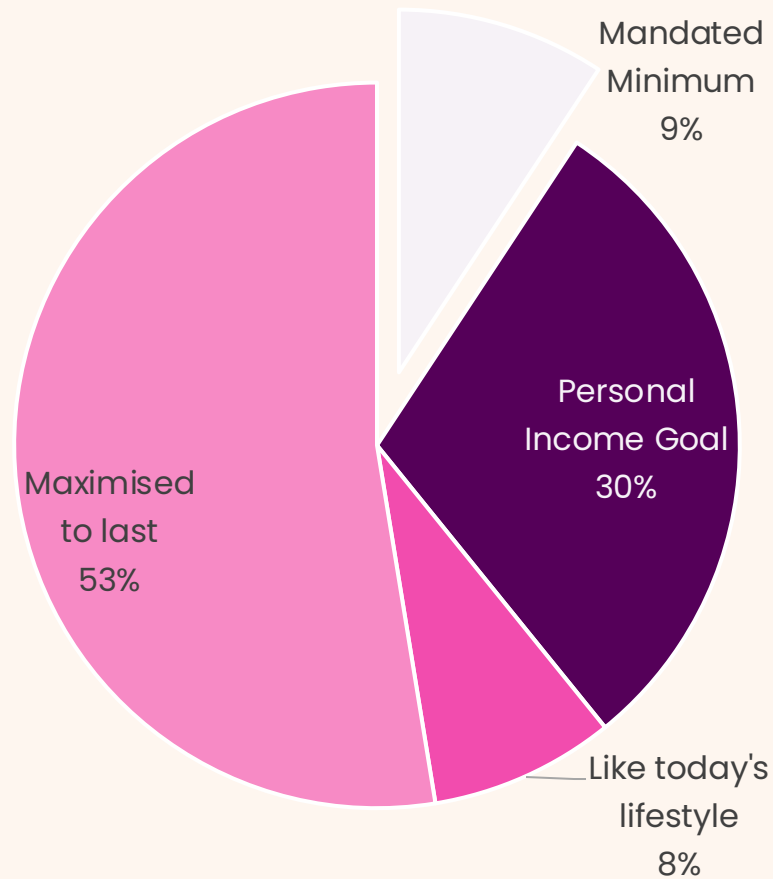


Reality:



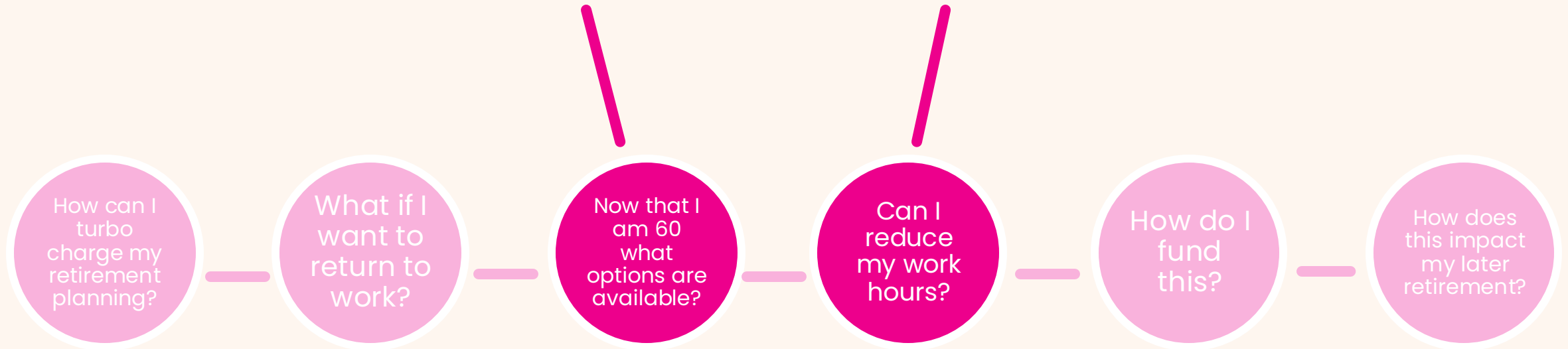
Experience so far

Remember 52% of members historically draw at the minimum...



Only 9% of members have selected this in Retirement Manager

Retirement is no longer a cliff edge, it is a gradual, flexible transition



Questions?

Thank you.