



Institute of Actuaries of Australia

Super Policy Forum

Projecting the Future - How Much is My Super Really Worth?

Wednesday 13 October, 2010

Marriott Melbourne, Yarra Suite
Corner Exhibition and Lonsdale Streets, Melbourne

Projecting the Future: How much is my super really worth?

Andrew Boal – SEBPC



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Key Institute issues

- Adequacy – for an ageing Australia
- Efficiency – for improved outcomes
- Disclosure – for greater transparency
- Risk – for more robust management



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Projecting the future

- Recent Institute submissions include:
 - BPWG paper on disclosure (Apr 2008)
 - CP101 submission to ASIC (Nov 2008)
 - CP122 submission to ASIC (Dec 2009)
 - Treasury submission on disclosure (Oct 2009)
 - Cooper submission (Dec 2009)
 - ASIC submission on age pension (Jul 2010)



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Why now?

- Members blissfully unaware how much their super is really worth
- Opportunity to engage members with important superannuation decisions
- Have to make it real for members
 - How much will my super really buy me?
 - How long will it last?



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Objectives

- **Mandatory**
 - Broad indication of adequacy, manage expectations, engage the member
 - Paper based, pushed to member
- **Voluntary**
 - Reasonable indication of adequacy, tailored to the member, call to action
 - On-line tool, pulled by member



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Key themes

- Investment, management and advice fees disclosed separately
- Standardised assumptions for mandatory paper based retirement forecasts
- On-line calculators to have guidance on default assumptions, with restricted changes permitted by the user



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Key themes (cont)

- Presented as projected income in retirement, as well as a lump sum
- Misleading if you ignore the age pension
- What about the impact of projected debt level at retirement?



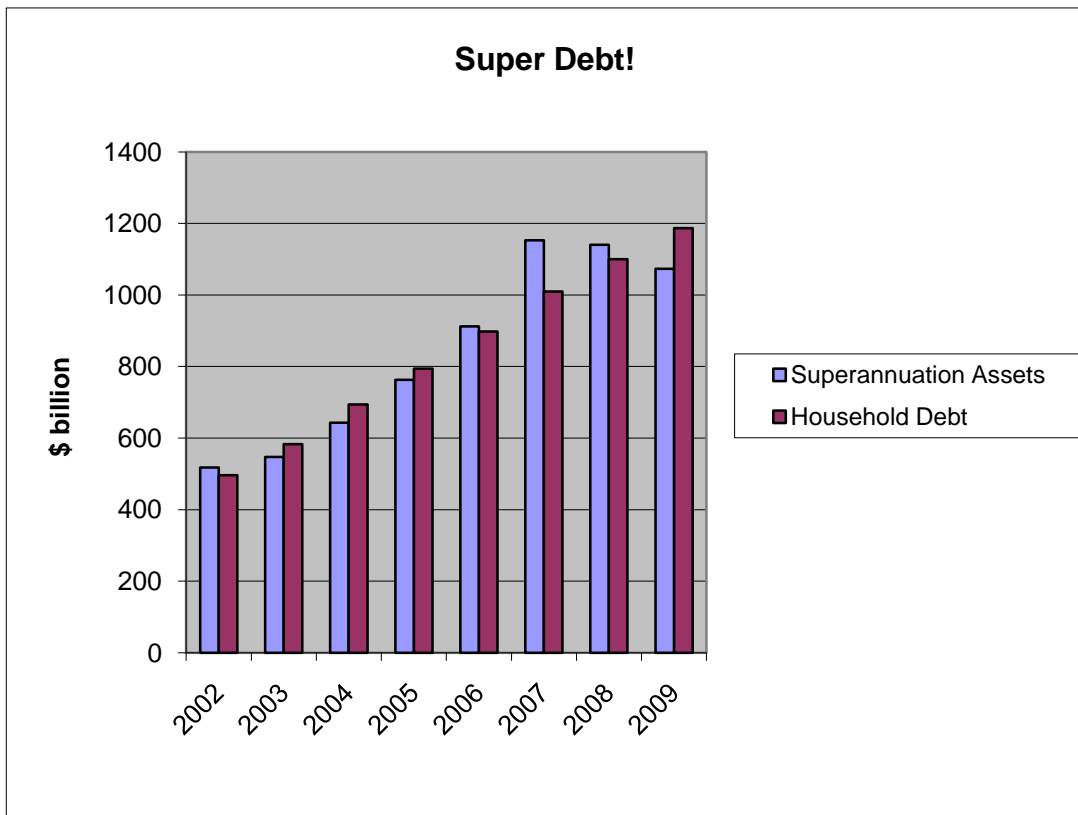
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Household debt



“Reserve Bank figures show mortgage, credit card and personal loan debts now stand at \$1.2 trillion, up 71 per cent from just five years ago and equating to \$56,000 for every man, woman and child in the country. Our spending binge means personal debt now totals 100.4 per cent of Australia's annual GDP - one of the highest ratios in the developed world.”

The Sunday Telegraph, 27 December 2009