

Course 6B Global Retirement Income Systems Syllabus

Unit 1: Providing Advice on Retirement Incomes

Key Performance Outcome 1:

Identify the skills and techniques required to provide advice to clients

Learning Objectives

- 1.1 Know the characteristics of financial products
- 1.2 Know the roles of intermediaries/representatives/advisers and issuers
- 1.3 Know the legal environment, including disclosure and compliance
- 1.4 Know guidelines from regulators, including ASIC, specifically relevant to superannuation
- 1.5 Know requirements related to the disclosure of capacity
- 1.6 Create rapport with client
- 1.7 Identify client's needs, objectives and financial situation
- 1.8 Determine client expectations and requirements with respect to financial markets advice
- 1.9 Analyse client's objectives, needs, financial situation and risk profile to develop appropriate strategies and solutions
- 1.10 Know the general impact of relevant social security policy on the client's financial needs.
- 1.11 Analyse and review research findings and activities
- 1.12 Document research and distribute to relevant parties
- 1.13 Present appropriate strategies and solutions to client
- 1.14 Negotiate effectively
- 1.15 Agree the plan and complete documentation
- 1.16 Execute instructions to satisfy client requirements
- 1.17 Review and monitor implementation of client instructions
- 1.18 Provide ongoing service where requested by client
- 1.19 Know the range of services provided.

Unit 2: Defined Benefit Decisions

Key Performance Outcome 2:

Make decisions in respect of Defined Benefit schemes based on sound actuarial principles

Learning Objectives

- 2.1 Describe the primary objectives of stakeholders in respect of defined benefit superannuation schemes
- 2.2 Assess the alternative techniques used to value assets and liabilities, including assumption setting and scheme experience
- 2.3 Analyse the main approaches used to fund defined benefit superannuation schemes
- 2.4 Compare the relative advantages and disadvantages of various funding methods and deduce the circumstances where each would be appropriate to use
- 2.5 Compare self insurance with alternative arrangements for managing scheme mortality and morbidity risk
- 2.6 Determine the implications of various accounting standards upon funding

Unit 3: Defined Benefit Uncertainty

Key Performance Outcome 3:

Construct appropriate Asset and Liability Management (ALM) strategies for Defined Benefit schemes

Learning Objectives

- 3.1 Describe how the asset liability mismatch impacts on various stakeholders and produce appropriate strategies to manage associated risks
- 3.2 Apply stochastic modelling and explain how it can be used to improve the understanding of pension plan risks
- 3.3 Compare the various ways that ALM results can be communicated to improve understanding of the underlying risks, such as VaR and other measures, and be able to formulate effective ALM reports
- 3.4 Discuss the correlations of various risks and apply these understandings to describe how they may behave under stress

Unit 4: Defined Benefit Experience

Key Performance Outcome 4:

Monitor and assess the actual experience of Global Retirement Income Systems

Learning Objectives

- 4.1 Analyse the progress of a DB scheme and explain how such monitoring relates to the effective management of risks
- 4.2 Describe Australian regulatory requirements (e.g. triennial valuations / solvency certificates) as well as other voluntary measures that apply when monitoring the progress of retirement systems, and discuss how they can help to manage risk
- 4.3 Identify various triggers and notifiable events that would require actuarial intervention and explain which are appropriate to use in different circumstances
- 4.4 List the data you would collect in order to monitor and relate this data to its appropriate uses
- 4.5 Explain how past experience can and should be used to set future assumptions
- 4.6 Explain how future trends that may impact future assumptions can be determined (e.g. improving longevity)

Key Performance Outcome 5:

On the basis of new environmental and scheme information make appropriate adjustments to retirement schemes

Learning Objectives

- 5.1 Explain how experience, as it emerges, will potentially affect changes in the various stakeholders (for instance on investment policy and contribution policy)
- 5.2 Determine how experience and other sources can be used to identify trends and how the various parties can use the information to improve retirement outcomes

Unit 5: The Trend Towards Individual Risks

Key Performance Outcome 6:

Formulate and implement DB to DC transfers and scheme amalgamations using appropriate modelling techniques

Learning Objectives

- 6.1 Discuss the context and propose key drivers behind most DB to DC transfers or scheme amalgamations
- 6.2 Propose and explain the key objectives, risks, issues and concerns of the various stakeholders when conducting DB to DC transfers and scheme amalgamations
- 6.3 Explain the techniques used to model and communicate a sample DB to DC offer and describe how the process works

Key Performance Outcome 7:

Identify the effects of the trend towards individual risks

Learning Objectives

- 7.1 Examine the implications of the shift from DB to DC for various stakeholders
- 7.2 Describe the role of the actuary in the management of DC retirement income systems

Unit 6: Defined Contribution Scheme Management

Key Performance Outcome 8:

Analyse and explain critical factors relating to the management of a Defined Contribution (DC) superannuation scheme

Learning Objectives

- 8.1 Examine and discuss the strategic issues associated with managing a DC scheme, including capital management and reserves for various contingencies
- 8.2 Interpret and discuss how superannuation and an employer's HR policies interact and subsequently impact on the scheme management
- 8.3 Explain how unit pricing systems and crediting rates are used to distribute investment returns and the associated operational risks are managed.

Key Performance Outcome 9:

Explain how to effectively assess outcomes of DC schemes against specific choices

Learning Objectives

- 9.1 Describe how to monitor the progress of a defined contribution scheme in order to manage pre-identified risks
- 9.2 Explain the potential impact of under insurance and other poor choices
- 9.3 List data that should be collected to when monitoring the experience of a DC scheme and describe how it should be interpreted
- 9.4 Explain how past experience should be used to adjust the scheme, for example in benefit design, expense management, rates of contribution, etc.

Unit 7: Individual Decisions

Key Performance Outcome 10:

Identify and explain the issues that face individuals when making financial decisions around retirement funding and the key factors that influence them

Learning Objectives

- 10.1 Identify various factors that influence whether or not individuals receive an adequate retirement benefit and interpret their potential consequences
- 10.2 Explain the different ways that risks are managed on group versus individual basis and how that impacts on retirement outcomes
- 10.3 Identify and analyse the key risks associated with tools that are designed to help individuals to make decisions that affect their retirement income (such as web based calculators)

Key Performance Outcome 11:

Explain the key issues, drivers and stakeholder concerns that a provider should consider when delivering projections

Learning Objectives

- 11.1 Explain the context and key drivers most projection tools
- 11.2 Identify the key objectives, issues and concerns of the various stakeholders when building web-based projection tools
- 11.3 Explain the range of technical issues that can emerge when delivering projections, for example integration with age pension, present vs future dollars, allowing for risk etc.
- 11.4 Explain how to effectively communicate the key issues arising in the delivery of projection tools with the end user in order to improve their understanding

Unit 8: Designing Retirement Income Products

Key Performance Outcome 12:

Perform risk analysis to appropriately design retirement income products

Learning Objectives

- 12.1 Identify the various risks relating to retirement incomes and explain how they impact on retirement income product design
- 12.2 Describe the different types of retirement income products that currently exist in the market and interpret how they address the different risks of various stakeholders
- 12.3 Explain the processes involved in developing new products from initial research through to product development, testing and go-to-market strategies
- 12.4 Identify the major areas in which applicable government regulations should be anticipated in respect of retirement income products and explain the implications for product design

12.5 Outline, in broad terms, the taxation treatment of the various retirement income products from the provider's and consumer's perspective and interpret how it impacts upon product design