Financial Services Forum

Scoring Goals in a Changing World

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SYNOPSIS

DEFINED BENEFITS – MISSING LINK OR NEANDERTHAL?

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Key words: Superannuation, defined benefits, retirement, pension, solvency, remuneration, employment.

Purpose of your paper: To provide an update for actuaries not currently practicing directly in superannuation, as well as a forum for superannuation actuaries to consider and discuss some of the contemporary issues and developments in this important area of actuarial practice.

Synopsis: Defined Benefit superannuation and pension funds have been a traditional area for actuarial management in Australia. Despite a general trend away from new defined benefit plans (both in Australia and globally), the proportion of super fund assets supporting DB and hybrid-DB plans in Australia has remained steady over the last twenty years. However, the challenges facing actuaries involved in defined benefit funding have increased, with higher market volatility, increased vesting and more stringent regulatory measures. This session will provide an overview of some of these challenges, together with more recent developments, including:

- Managing closed defined benefits within a hybrid DB / DC environment
- The statutory solvency framework – the track record and a critique
- Dynamic investment strategies for short-term funding
- Alternative benefit designs – can we avoid throwing out the baby with the bathwater?