

## SYNOPSIS

### **Designing successful and resilient lifetime retirement income products**

*Jules Gribble and Cary Helenius*

#### **Key words:**

Retirement income, income stream, longevity, older retirees

#### **Purpose of your paper:**

We propose a retirement income product that provides older retirees with an income stream for the rest of their lives, managing longevity risk. This is put in a broader context, including consumer and regulatory matters, to support successful delivery.

#### **Synopsis:**

The design and successful delivery of lifetime income streams to individuals is a long standing challenge, in Australia and globally. With an increasing proportion of the population living longer in their retirement, this is an important challenge to take up and fund, both now and as the superannuation system matures. The 2016 federal budget of May 2016 contained several technical proposals intended to assist the development of retirement income products in the Australian Defined Contribution superannuation environment.

Key to the success of a product is that it works from multiple perspectives. It needs to work from a technical point of view, but it also needs to work and be accepted from a consumer perspective and a regulatory perspective. Each of these perspectives or dimensions has a number of topics to consider and all need, to a necessary minimum level, be successfully addressed. The recent proposed changes may provide an opportunity for new products and approaches, however they still need to meet the relevant consumer and supervisory criteria for success.

We take up the challenge of managing longevity risk in the context of receiving a regular income stream in later life through until death. This is one aspect of a more comprehensive retirement plan, albeit important. We characterise the group of people for whom this type of product is relevant and specify a number of criteria a successful and sustainable product needs to meet.

From this basis we examine a number of product designs that are in the market place and assess them against our criteria. This leads us to develop an improved product design that better matches the needs of multiple stakeholders, providers, consumers and supervisors.