

The Retirement Challenge for Advisers

IMAP Managed Accounts Roadshow 2018



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22 MARCH 2018

Building the perfect retirement income

Experience to date



Agenda

The retirement challenge for advisers

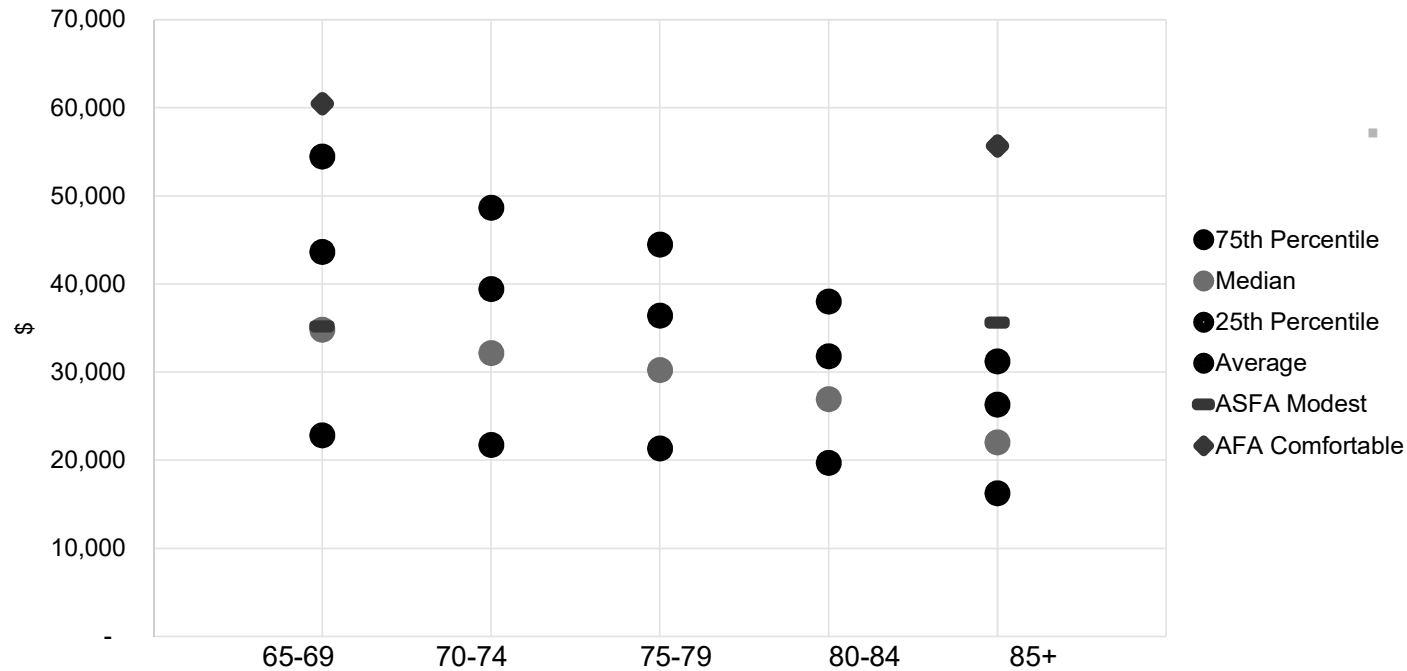
- **What do retirees need (in the way of retirement incomes)?**
- **How can managed accounts deliver retirement incomes?**
- **Case studies**



What do retirees need?

Reality vs benchmark

Couples annual spend by wealth and age band



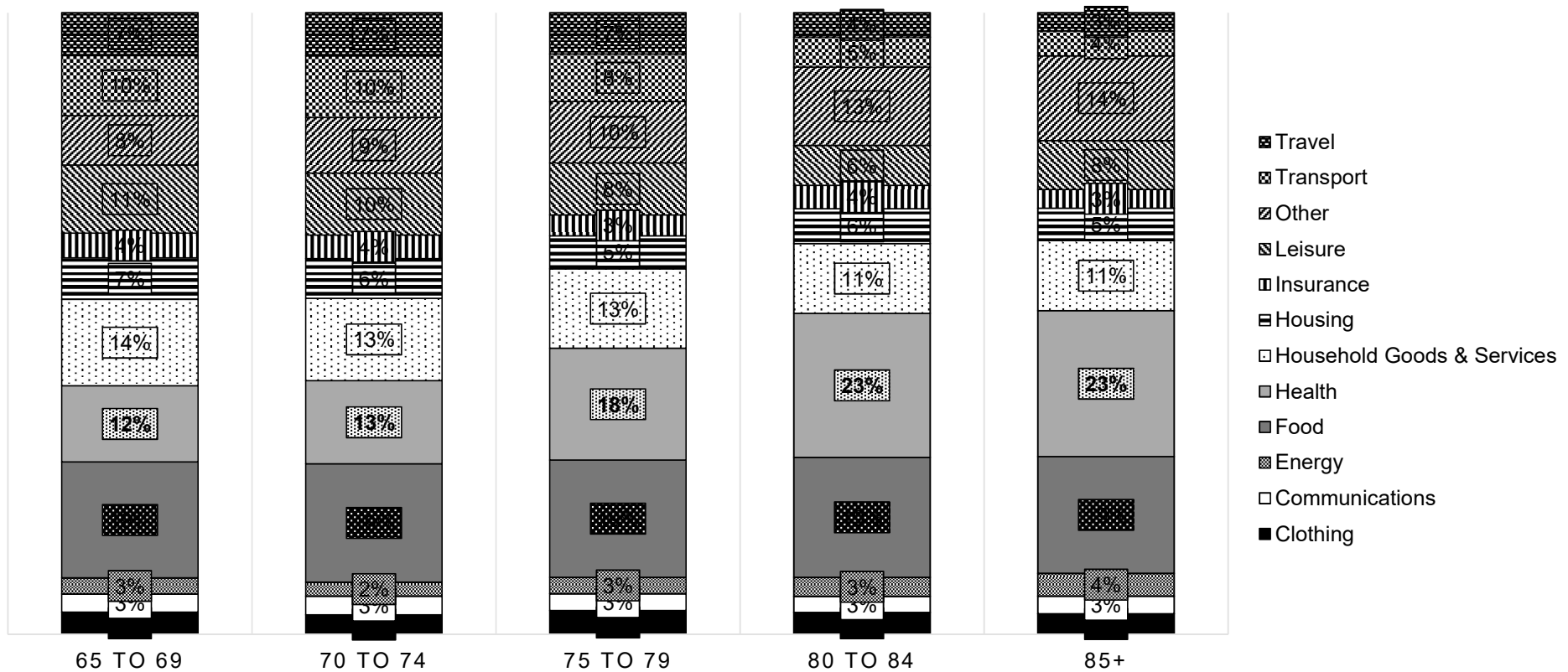
Source: Milliman Retirement ESP 2017-Q2, ASFA September 2017

- Variation of over \$30k between top and bottom quartiles
- Location matters. There is a further 30% variation in annual spend between capital cities and regional areas
- Averages are skewed by big spenders. The median is the middle of the road retiree

What do retirees need?

What's in the basket?

Couples composition of spend by age band

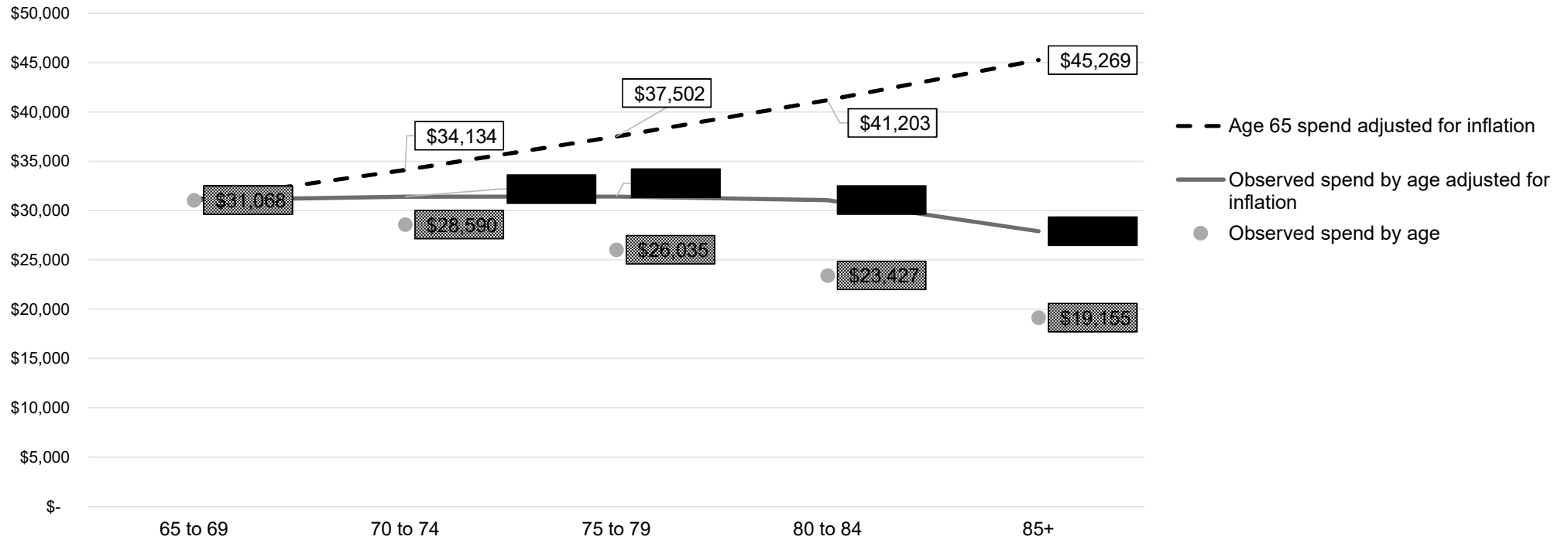


Source: Milliman Retirement ESP 2017-Q2

What do retirees need?

Projected through retirement

Median household spend by age band



Source: Milliman Retirement ESP 2017-Q4



How can managed accounts provide retirement incomes?

Issues with some retirement products

- Built for the masses
- Inflexible
- Opaque
- Expensive

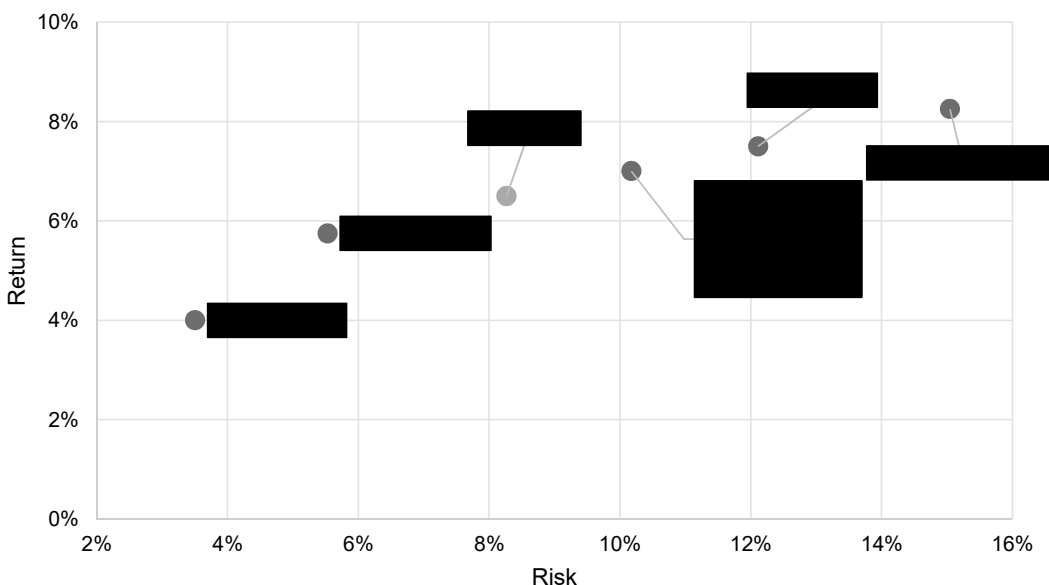
Managed accounts

- Tailored
- Flexible
- Transparent
- Efficient

Case Study: Constructing Model Portfolios

Milliman Goals Based Analytics (GBA)

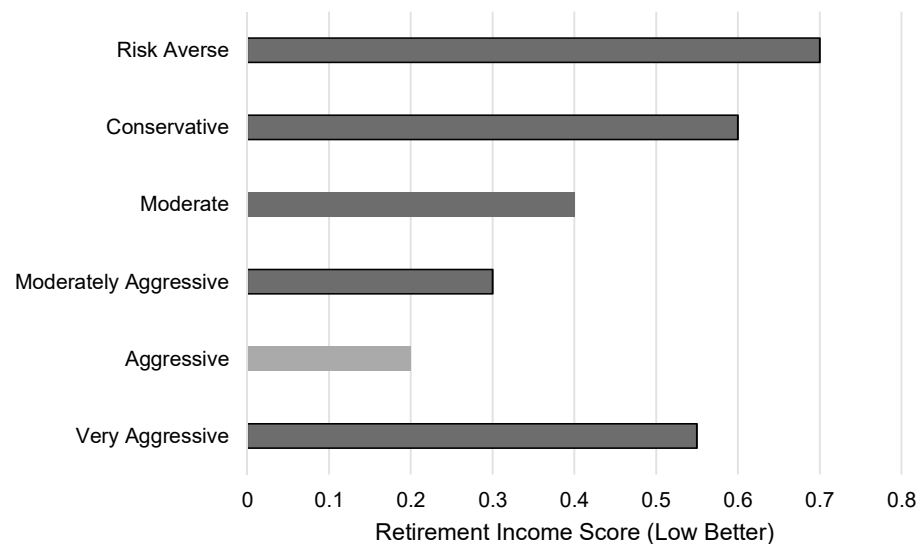
Model Portfolios - Risk vs Return



Requires self-identification of risk profile

How does risk translate to the ability to meet goals?

Retirement Income Scores by Portfolio



Income goal calibrated to real world spending needs

Retirement score rewards meeting income goals and penalises shortfalls

Source: Milliman Analysis (Stylised)

Case Study: Managing Sequencing Risk

Even Keel

- Risk management strategy offered as standalone unit trusts
- Designed to provide a smoother, more predictable investment experience
- Fits in existing managed account advice frameworks
- Create risk managed versions of existing model portfolios without changing existing fund managers
- Flexible, transparent, and cost effective

EVEN KEEL.
INVESTMENTS

Milliman Financial Risk Management

Even Keel Strategy

ARSN 620 402 226

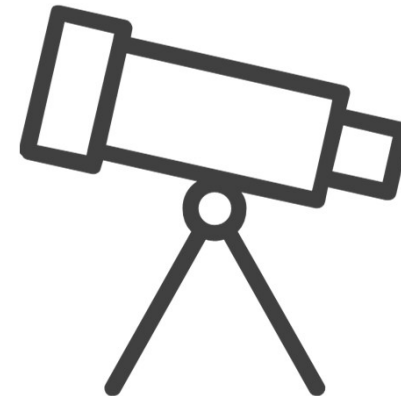
Product Disclosure Statement
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Conclusion

A personalised retirement income

- Data leads to empathy, understanding, and trust
- Technology enables advice based on real world goals rather than mathematical concepts
- Managed accounts support customised investment portfolios ultimately leading to deeper engagement with clients





Thank you

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