



**OPTIMUM**  
PENSIONS

# Providing Retirement Income Solutions

AIST Retirement Products SIG

March 2021

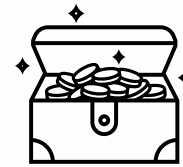
*Redesigning  
Retirement*



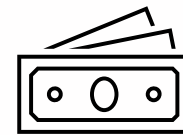
Much of the focus on the retirement income system is currently on the superannuation balances people may need in retirement.

With balances at retirement continuing to grow as the superannuation system matures, greater innovation is needed to deliver retirement incomes that meet retirees' needs.

# Retirees' choices:



Lump sum



Income stream

# Income stream choices

## Lifetime annuity

- ✗ Locks in low interest rates for life
- ✓ Guaranteed income for life

## Account-based pension

- ✗ Sequence risk
- ✗ Can run low or run out
- ✓ Investment choice
- ✓ Access to capital



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# Optimum Pensions Solutions

An account-based pension (ABP) with longevity benefits

(An investment-linked lifetime pension with variable income based on member investment choice)

## Real Lifetime Pension (RLP)

- Starts immediately
- Income payable for life
- Member investment choice
- Use with ABP
- Longevity risk fully insured

## Deferred Real Lifetime Pension

- Starts at agreed future date
- Income payable for life
- Member investment choice
- Use with ABP
- Longevity risk fully insured

## Options

- Reversionary spouse pension
- Death benefit

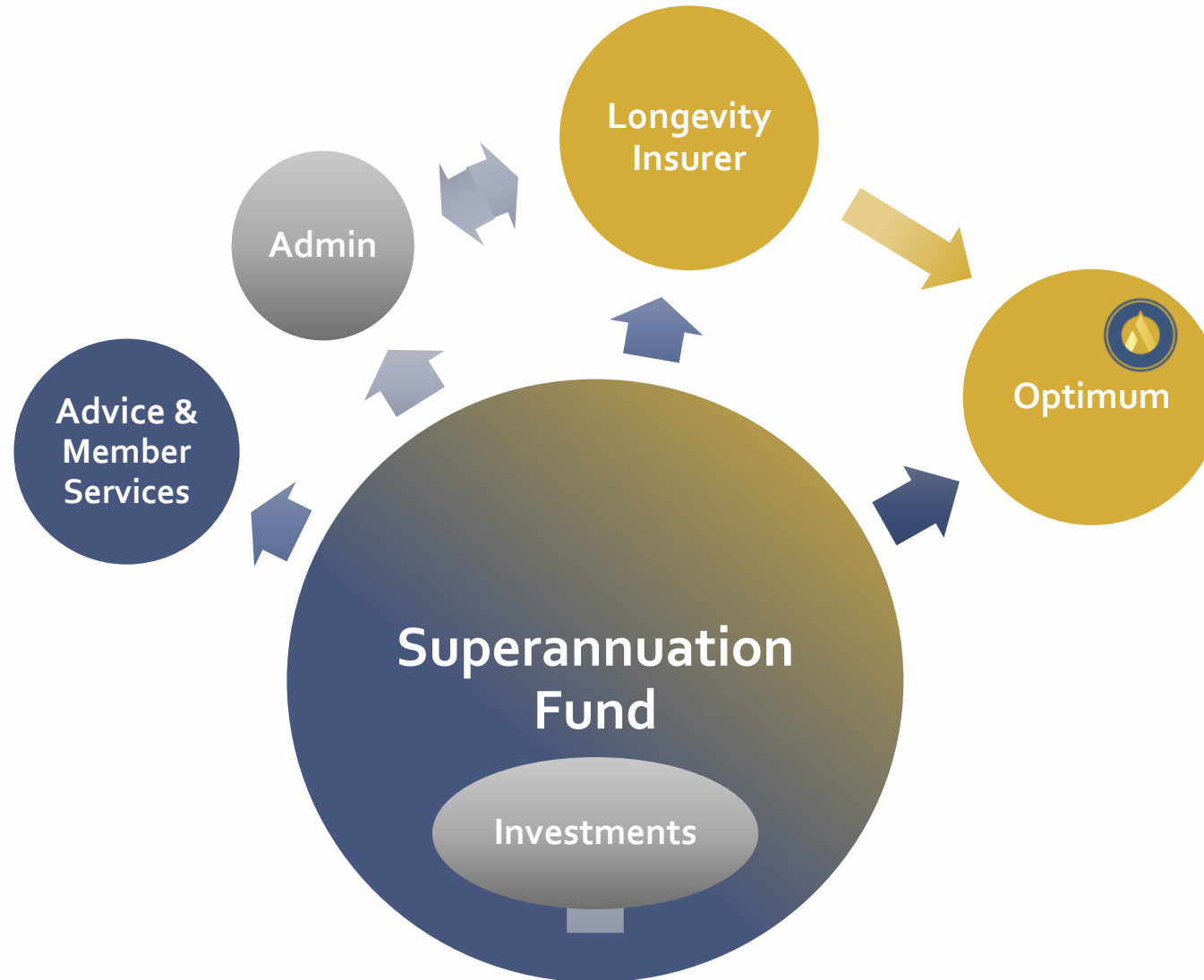
# How it works: a simple example

<b>Step 1</b>	Agree investment amount	\$200,000
<b>Step 2</b>	Select investment option(s) e.g. Balanced with unit price \$1.00	200,000 units
<b>Step 3</b>	Select product options e.g. reversionary spouse or death benefit	
<b>Step 4</b>	Determine pension factor	Say 18
<b>Step 5</b>	Use pension factor to determine annual units e.g. $200,000 / 18$	11,111 units p.a.

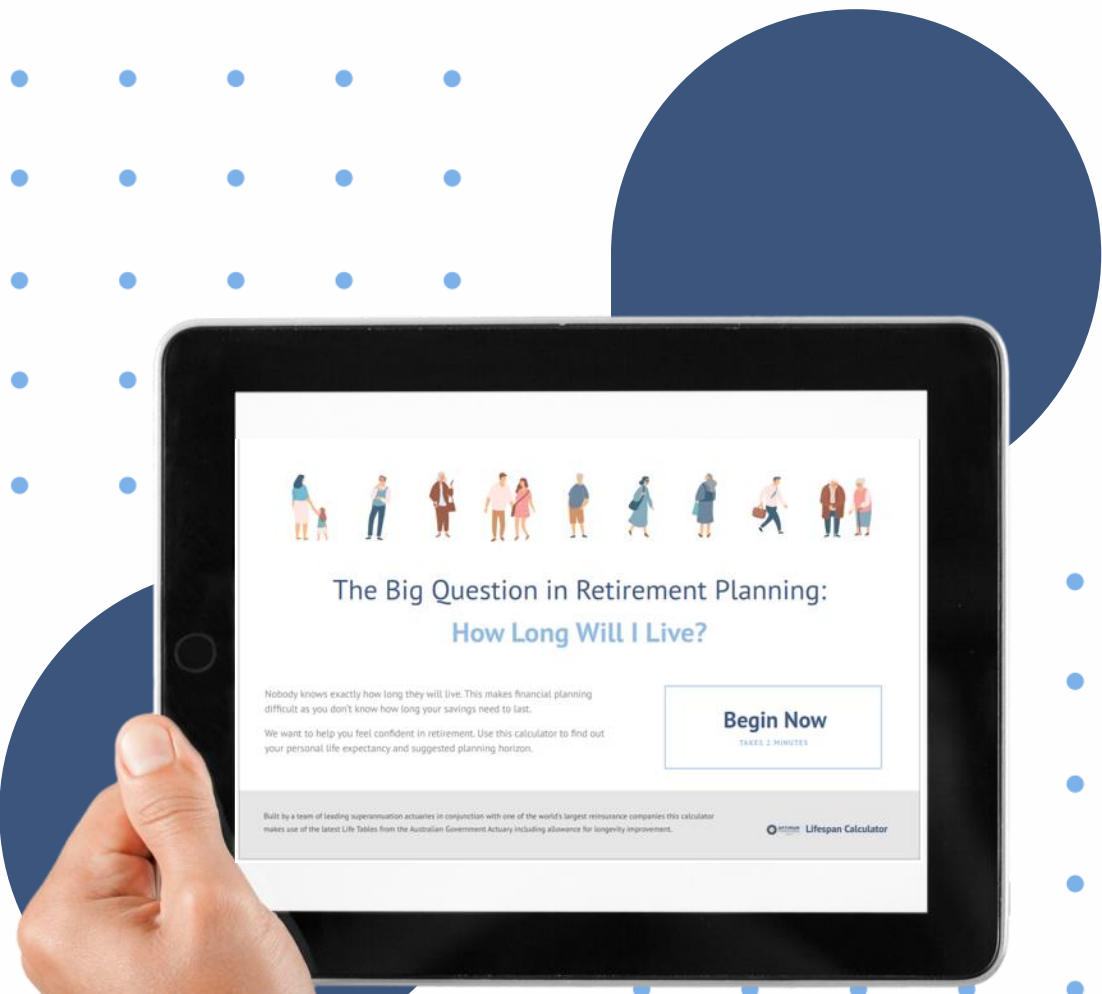
# Income is linked to investment performance

Year	Unit price	Units income	Annual income
1	\$1.00	11,111	\$11,111
2	\$1.05	11,111	\$11,667
3	\$0.95	11,111	\$10,555

# How it all works







# LifeSpan Calculator

 BY OPTIMUM PENSIONS

Determine your personal life expectancy and suggested planning horizon for your retirement income to last.