



Retirement Insights

Developing effective
retirement strategies

May 2023





CSBA Super
CX Program

- ✓ Independent
- ✓ Benchmarked
- ✓ Key CX metrics

We survey
thousands of
super fund
members
every year





CSBA Super CX Program

Annual Stats

1,000
employers

11,000+
members

CSBA
understand
the
experience of
super fund
members



We know
how
members
feel about
retirement





Retirement
confidence

Only **56%** of
members have
high retirement
confidence

How confident are you that you have, or will have, enough money so you can have a comfortable retirement?



Retirement confidence

Retirement confidence lower for

- 👎 Members 35-44 yrs (48%)
- 👎 Females (51%)
- 👎 Default investment (52%)

How confident are you that you have, or will have, enough money so you can have a comfortable retirement?

Retirement
Empowerment

4 in 10

members **disagree**
their super fund
empowers them to
plan and prepare
for retirement

To what extent do you agree or disagree that [Fund Name] empowers you to plan and prepare for your retirement?



Retirement Empowerment

What members want

“Clearly explain various investment options available. Communicate various strategies I can consider at different stages of my life. Better or easier to understand future earnings and retirement income projections.

Fund member 45-49 years

“A personalised follow up/ check in to see what I should be doing based on where I'm at in life.

Fund member 35-39 years

“Provide advice and information for people to better understand super.

Fund member 30-34 years

“Talk to me about my situation and what options I have. Sound like you actually care at all about me since I have been with you most of my working life.

Fund member 55-59 years

“Reach out to over 50's and provide financial support or suggestions for the best possible outcome in retirement.

Fund member 50-54 years

“Online tools to help me understand how much is in my fund and how long that will last me in retirement.


Fund member 55-59 years

CSBA's
RIC Journey



OUR BELIEF:
There is a continuum in response





OUR APPROACH:
Provide our clients
with a deep, nuanced
understanding of
their membership

OUR APPROACH:
Work in partnership
with our clients



What we
discovered





Impact for
our clients



A final thought
to leave you with



Thank you



For better customer experiences
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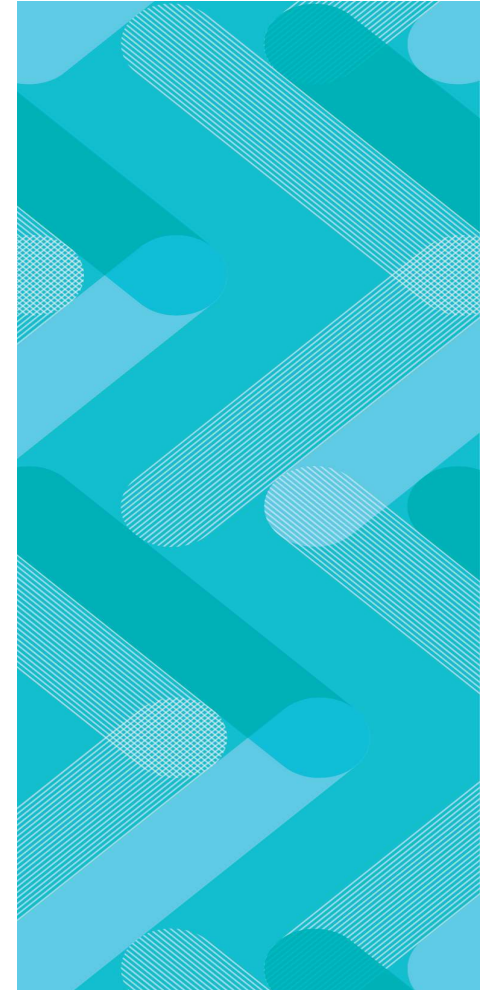
HERBERT
SMITH
FREEHILLS

Solving the pension income riddle

FEAL Roundtable

May 2023

Michael Vrisakis, Partner



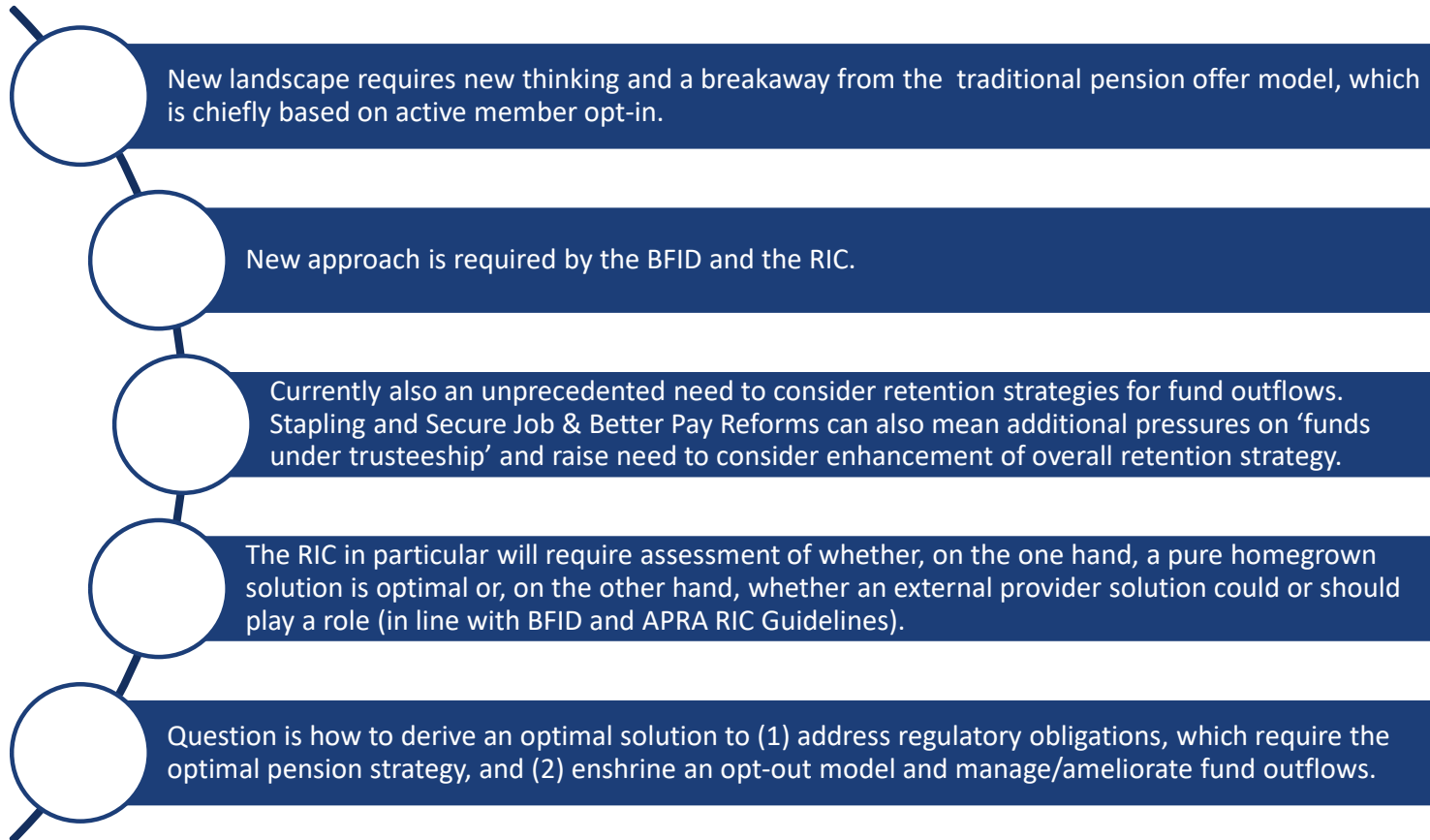
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Solving the pension income riddle

- Current complex regulatory matrix governing retirement income streams is difficult to navigate.
- Obligations relating to:
 - formulating and effecting the **RIC**
 - **pension opt-in** under the Corporations Act (i.e. application form requirements)
 - **anti-hawking** requirements making conversations with members about transitioning from accumulation phase to pension phase challenging
 - **personal advice** risk in the wake of *ASIC v Westpac* decision (i.e. member conversations)
 - satisfying the **BFID**
 - for longevity (e.g. lifetime income streams), the need to comply with the **insurance covenants** in the SIS Act



Solving the pension income riddle



Solving the pension income riddle

- One of the mindset issues is that the regulatory framework has made trustees always think in terms of member election, e.g. investment options, death benefit nominations, etc.
- But the possibility of a default strategy coupled with an ‘opt-out’ ability is nowhere near as prevalent.
- **So arises a new PDS – the ‘Pension Default Strategy’.**
- In essence, the **Pension Default Strategy** will operate on the basis of:
 - ‘packaging’ the default pension as a default strategy in the fund governing rules and (product) PDS;
 - importantly, as an integral part of this default strategy, providing a suite of disclosure, opt-out and economic protections for members;
 - in the case of the trustee utilising an external provider solution, maintaining the trustee as having the ‘effective purchasing decision’ in relation to the underlying source of funding the default pensions (e.g. an underlying acquired annuity).

Solving the pension income riddle

- Third party providers will twig to this **Pension Default Strategy** model as they will be very well-placed to assist.
- If this model takes off, then it could easily become a new norm, as well as a paradigm that not only aligns with the regulatory landscape, but which will become enshrined into it.
- Tax issues and social security issues will need to be considered.
- In addition, trustee options will emerge around funding an externally provided solution, such as using fund assets (including reserves) to purchase a group policy that can be allocated across the default pension cohort.

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