



FEAL - 2018 Strategy Seminar

A Focus on Retirement

October 2018

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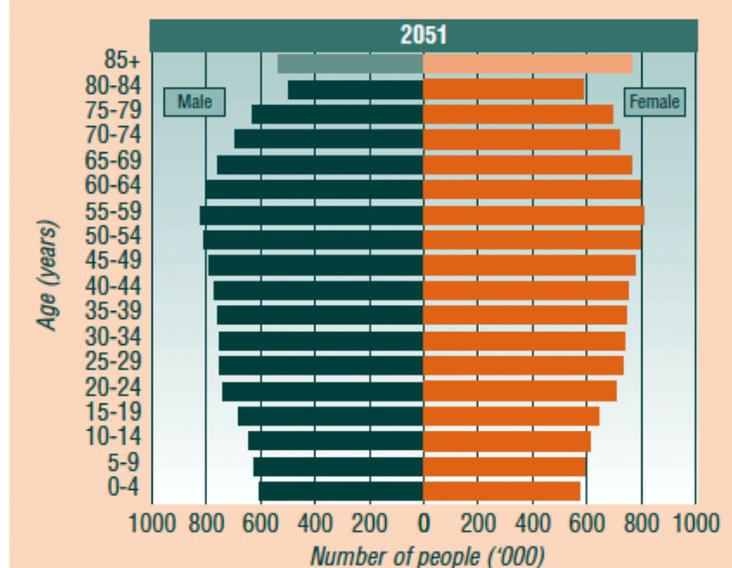
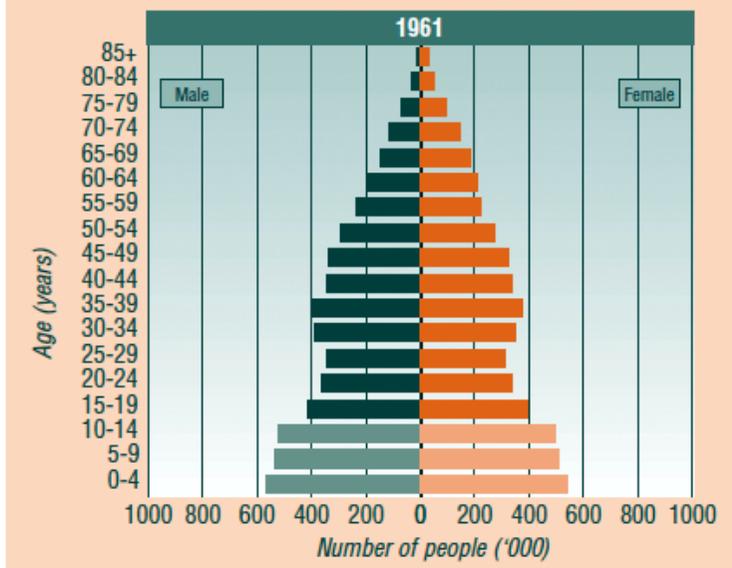
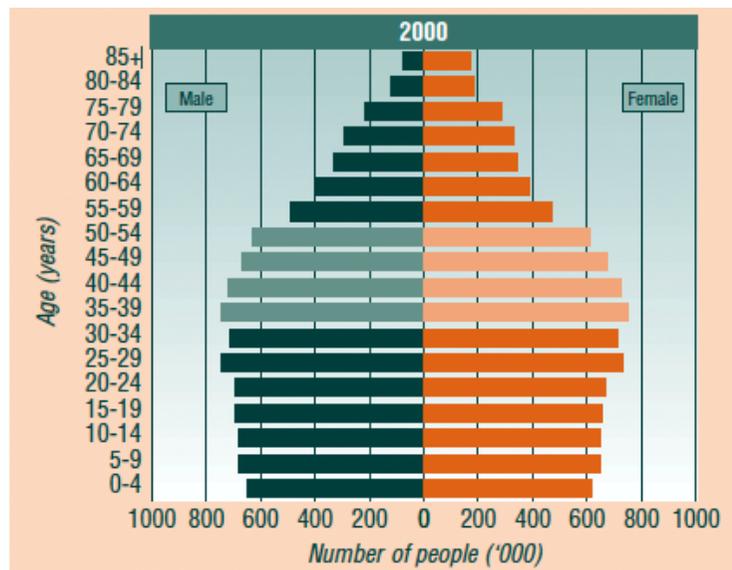
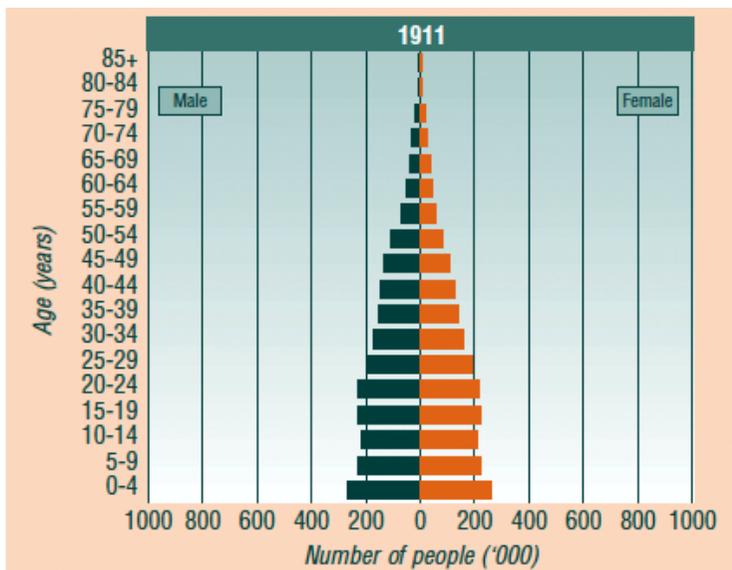
A focus on retirement is critical but barriers exist

Everyone agrees, a focus on retirement is critical for all funds but barriers continue to exist:

- Legislation and guidance material continues to be stalled within Government
- Many account balances continue to be relatively low at retirement age
- Financial literacy remains a challenge
- Member engagement and education is improving but remains minimal
- Many funds still do not maintain detailed knowledge of their membership bases (and non-super assets)
- Trust in the advice process and superannuation more generally is at an all time low
- Many funds are still not appropriately structured to be able to meet retiree needs

In spite of this, for those funds that succeed, the outcomes are likely to be material

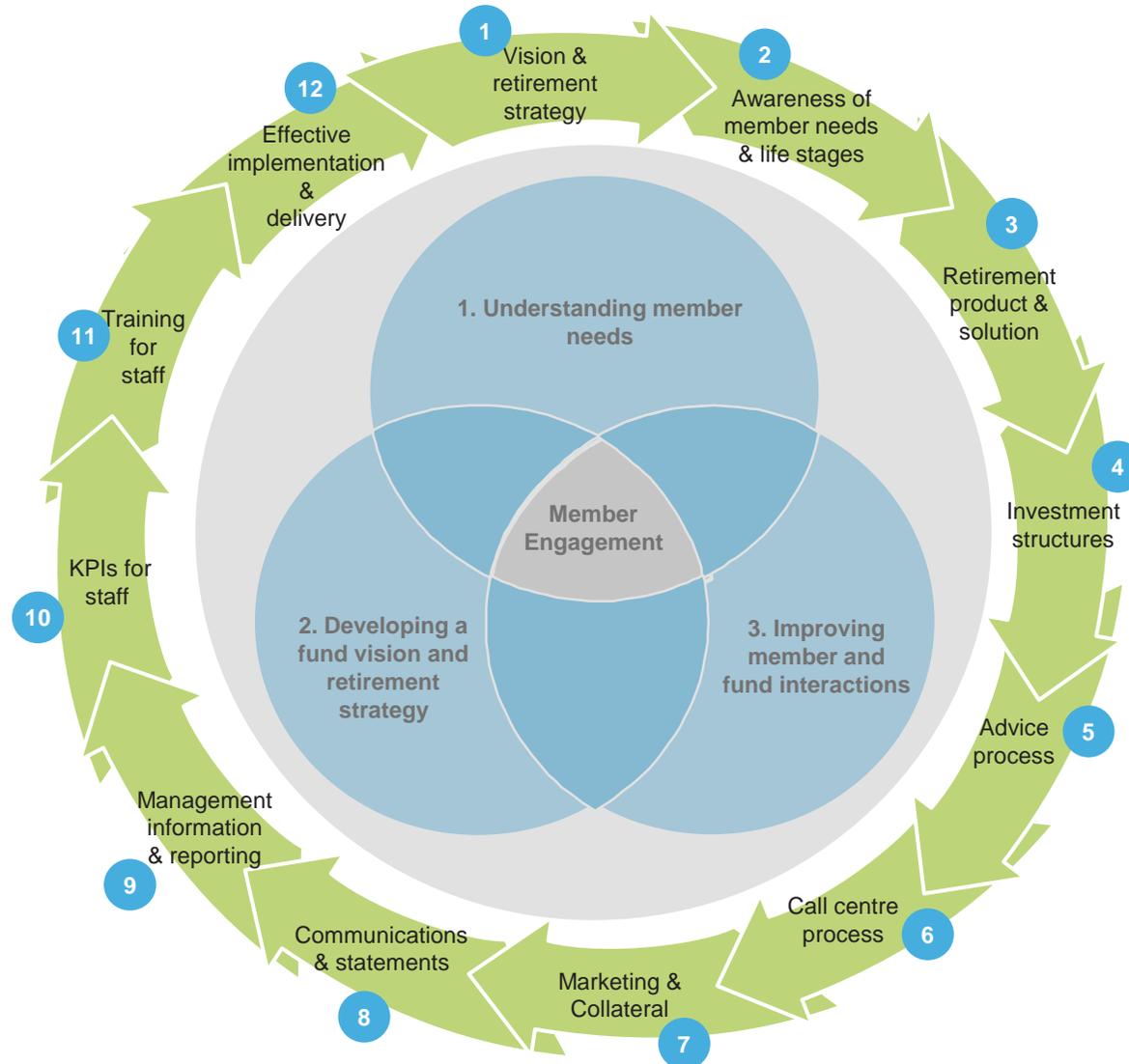
The aging population





The Fund Retirement Strategy

The vision for a fund retirement strategy



The vision for a fund retirement strategy

1

Vision & retirement strategy

A member centric retirement philosophy, strategy and vision has been approved by the fund's board. This forms the foundation of the customer and retirement strategy with an emphasis on "Member for Life"

2

Member needs & life stages

Member needs are effectively identified and understood through data analysis and segmented to identify clear 'life stage' and to support effective tailoring of propositions

3

Retirement product & solution

A solution has been developed and exists, and is integrated into the fund offering

4

Investment arrangements and processes

With more members beginning to draw down on monies out of the fund, an appropriate investment strategy that manages liquidity will be critical

Similarly, a pension-specific investment option exists to tailor investment outcomes for retirees

5

Advice process

An integrated advice process which embeds the retirement framework, solution and philosophy is defined with a focus on meeting the needs of the member. The process includes talking points to improve retirement outcomes for members

6

Call centre process

A defined call centre process for staff to include checklists, talking points and supporting tools and analytics to deliver a seamless member experience, while improving member outcomes around retirement

7

Marketing & collateral

Marketing collateral which clearly articulates the benefits and features of the retirement solution and drives members to online calculators and engagement tools

8

Improved communications & statements

Innovative member communications and statements which are engaging (based on a individual members circumstance/balance)

9

Management information & reporting

The fund has a robust management information framework to support the monitoring and measuring of success of the retirement solution and use of suggested processes/approaches

10

Key Performance Indicators

Key performance indicators must be developed which align to the customer needs and encourages adoption of the solution by advisers and call centre staff

11

Training for staff

Training materials and courses are developed and executed for advisers and selective personnel from relevant business units

12

Effective execution and delivery

An implementation plan, roadmap and approach which ensures the methodology is effectively implemented, engages members for life and improves their outcomes



The pillars of a successful strategy

Component 1 – Vision & Retirement Strategy

Each fund must develop a vision, philosophy and strategy around retirement, incorporating:

- The strategy should outline the vision, retirement solution overview (features), benefits of the solution, targeted members, approach and process to execute
- Retirement vision and strategy is embedded in the fund's operations, is understood and accepted by all staff
- Retirement vision is shared publicly for members and the industry
- Strategy is documented in a clear manner
- Strategy is seen as a critical / core product proposition for current and future members
- Strategy details the approach for engaging with members and raising awareness about the retirement philosophy and solutions
- Key success factors are agreed and understood

Component 2 – Member needs and life stages

Each fund must understand their members' retirement needs, incorporating:

- Identification and understanding of (typical) member financial needs throughout life interaction points and key life events
- Segmentation of members with common characteristics to enable improved interaction and engagement
- Consider the manner in which the fund will develop a multi segment engagement approach to engage members throughout life
- Identification of preferential and effective communication points, given member needs
- Obtaining additional data to assist in understanding members' non-superannuation requirements and assets held outside of super

Component 4 – Investment structures

Each fund must ensure they appropriately structure their investments, incorporating:

- Ensuring that, as pension assets increase, the fund maintains sufficient liquidity within its portfolios to pay ever-growing pension payments
- Consideration of segregation of pension assets and implications
- Each fund should structure their investment options in retirement to maximise dividends and the tax benefits associated with pension investments
- Provision of benefits so as to provide for tax refunds on transfers out of accumulation products
- Determination of investment choice, which may or may not incorporate specific pension-designed investment options

Component 5 – The advice process

Each fund must determine the type of advice offered, and how to offer it, incorporating:

- In spite of the whatever the Royal Commission may determine, each fund must determine how it will provide advice
- Each fund must determine the type of advice provided and adviser remuneration structures
- Ensure advisers have a deep understanding of the retirement philosophy and solution including the associated benefits
- Each adviser should agree with and be an advocate of the retirement solution
- Advisers are supported by appropriate tools and techniques to direct members to the solution and deliver the best outcomes for members
- The fund must maintain a standardised advice process, which is consistent with and supports the fund's retirement philosophy, vision and strategy
- Ensure advisers utilise the advice process and supporting tools to deliver the solution to members

Component 6 – The call-centre process

Each fund must determine how to engage with members over the phone, incorporating:

- Ensure the call centre operators have an understanding of the retirement framework, philosophy, solution and its associated benefits
- Call centre operator improves member awareness and engagement in the retirement solution through intra-fund advice and referrals to comprehensive advice
- The call centre operator is supported by appropriate tools and techniques to deliver the best outcomes for members
- There is a standardised call centre process and procedure which aims to raise awareness and direct members to the retirement philosophy, framework and solution
- Call centre operators have access to member information and supporting data analytics from the customer database to inform their interactions and conversations with members
- The call centre operator is rewarded for quality of call rather than speed



Summary

Summary – Retirement more than just another product

There are a number of critical decisions a fund needs to make in relation to their retirement strategy:

- Determination of the fund's retirement vision and the strategy to implement it
- The types of products that will be offered to deliver the retirement strategy
- The engagement strategies and tools that will be utilised to assist members understand their needs and deliver the outcomes needed
- The services that will be delivered to support members meet their retirement objectives
- The manner in which success of the fund's retirement strategy will be measured and benchmarked
- The regularity of review of the strategy to ensure continual improvement



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