

Media Release

Retirement Income Covenant: PFL research shows 57% of the retirement industry have not yet analysed member data

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New research from Plan For Life has identified a large degree of variation across Registrable Superannuation Entity Licensees in their published strategies to meet the Retirement Income Covenant requirements. “Some of the strategies are minimal, others are more expansive, while in a few cases, longer and more detailed summaries have been released,” said Plan For Life.

Plan For Life developed a set of six RIC Benchmarks based on the Retirement Income Covenant Position Paper (Treasury) and Implementation of the Retirement Covenant (APRA) that focused on the key criteria for comparing the Retirement Income Strategies (RIS) formulated by Registrable Superannuation Entity Licensees. Key findings of the research include:

1. Member Data Analysed

The extent to which member data has been analysed.

“The benchmarking analysis shows that 57% of the industry has “Not analysed” member data, 9% have conducted “Minimal analysis”, whereas 14% have “Fairly Well analysed” data using a few parameters e.g. age and account and 20% have “Well analysed” data analysed using several parameters.”

2. Cohort Definition

The extent to which member cohorts have been determined or defined.

“The benchmarking analysis shows that 6% have not used a Cohort Definition. 51% of the industry use a “Minimal definition” of cohorts (i.e. One to two cohorts), 20% is “Fairly well defined” (Three cohorts) and 23% is “Well defined” (Four cohorts and over; age pension based; asset-based).”

3. Provision of Calculators & Tools

Provision of three types of calculators or tools e.g. Risk Profile, Benefit Projection, Longevity Projection, Planning Projection.

“The benchmarking analysis shows that 57% of the industry has “Two” types of calculators or tools, 20% have “Three”, 12% have “One” and 11% have none advised.”

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4. Products and Meeting Longevity

The range of income-generating products available.

“The benchmarking analysis shows that 74% of the industry offer a pension with ready-mix and choice options, plus extra features, 23% offer a pension with ready-mix and choice options, annuity or group pension or other income-stream products and availability of other investment strategies and product selection.”

5. Member Services

The extent of member services are provided, ranging from no services advised, a limited number of services (website with some retirement-type information), a much fuller set of services (website, webinars, seminars and education) and a very full set of services with availability of additional advice and planning assistance on the use of innovative products such as group lifetime pensions.

“The benchmarking analysis shows that 83% of the industry offer “Medium High” range of member services.”

6. General and Personal Advice

The degree of advice provided extends from no advice provided, provision of only general advice and provision or access to both general and personal advice.

“The benchmarking analysis shows that 78% of the industry offer a full “High” range of, or access to, both general and personal advice.”

About the RIC Benchmarks

Plan For Life developed a set of Benchmarks based on the Retirement Income Covenant Position Paper (Treasury 19 July 2021) and Implementation of the Retirement Covenant (APRA 7 March 2022) that are focused on the key criteria for comparing the Retirement Income Strategies (RIS) formulated by Registrable Superannuation Entity Licensees. Benchmarking factors include: (1) Member Data Analysed, (2) Cohort Definition, (3) Provision of Calculators and Tools, (4) Products and Meeting Longevity (5) Member Services, (6) General and Personal Advice and (7) Strategy Approach and Application.

More Information:

<https://www.pflresearch.com/product-descriptions/2022/10/6/retirement-market-review-2022>

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