

**MEDIA RELEASE**

**Addressing three key needs for retirement CIPR solutions necessary to deliver superior Post-Retirement Outcomes for Australians**

**Melbourne, 9 May 2018** – Sustainable retirement incomes specialist, Optimum Pensions today outlined key policy and development considerations for superannuation funds implementing lifetime retirement income policies.

Superannuation funds will need to balance the three key needs for retirement: access to capital; an inflation-linked lifetime income and the ability to leave an inheritance for their families. Offering a Comprehensive Income Product for Retirement (CIPR) means superannuation funds must architect flexible offerings that address expected changes as Australia’s population continues to mature.

Optimum Pensions also advised industry to work with experts to deliver a fully insured and transparent lifetime retirement option to sit alongside existing superannuation options, and which members can easily understand and invest in.

The good news is that the government is clearly committed to allow a new range of retirement products to suit the needs of all retirees. Importantly, with the right support, superannuation funds can administer longevity products themselves, rather than being restricted to using traditional lifetime annuities from an insurer.

**Benchmarking risk for fund and member needed**

The goal for today’s superannuation funds is to deliver the most appropriate retirement income solution for the member whilst helping members make informed decisions about potentially complex issues. Whilst no timeframe for the introduction of the lifetime retirement income policies has been set, they will need to be transparent. Members, funds and advisers need to understand how the different product options work, plus the risks need to be clearly outlined within each policy.

For Optimum Pension’s CEO, David Orford this is the superannuation industry’s greatest opportunity to meet the true purpose of superannuation. “The 2018-19 Budget has tackled the single biggest issue facing everyday Australians – longevity.”

“Longevity is one of the greatest risks we face in retirement as more than 50% of Australians outlive their life expectancies, which continue to rise. Living longer than expected increases the chance that we will suffer declining income as we age. We applaud the decision to introduce new levels of support for lifetime retirement income products. This has established a new benchmark for post-

retirement for Australians, giving them more options and extra value and protection for their future,” he said.

### **Combining the Account Based Pension, a Real Lifetime Pension and the Age Pension**

Orford believes the clarity around the compulsory offering of CIPRs by superannuation funds is in the best interests of all Australians. It can provide Australians with a better level of income for their life and alleviate the country’s economic pressures on the Age Pension.

“There are a number of challenges for industry to design a transparent methodology for comparing CIPRs however we believe having a set of measures to address the post-retirement planning for Australians will significantly help meet the true purpose of superannuation,” he concluded.

### **Optimum Pensions Ground-Breaking Offering**

Launched in late 2017, Optimum Pensions Real Lifetime Pension is designed to operate alongside the regular income stream of an Account Based Pension and offer the same or similar investment choices people already have. It is designed to provide better returns than those provided by traditional annuities in the marketplace. The Real Lifetime Pension is paid for life, no matter how long you live. This is made possible via re-insurance of the longevity risk with one of the world’s largest reinsurers.

The design also includes the option of having the Real Lifetime Pension revert to a partner or spouse after their death, ensuring the standard of living for the partner can be broadly maintained. Minimum payment periods (and insurance) can be added, which reduces the pension income, but ensures people can have 100 percent of their initial investment returned should they so want.

**/Ends**

### **Optimum Pensions**

Optimum Pensions was launched in 2017 to provide a superior solution to longevity risk and help Australians lead a more comfortable retirement.

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