

## **MEDIA RELEASE**

### **Traditional social security systems and company pension plans no longer feasible for retirees globally**

***Superannuation industry encouraged not to wait for further government intervention and regulation to improve the retirement outcomes for millions of Australians***

**MELBOURNE, 21 March 2018** – Established to comprehensively address Australians’ longevity risk, Optimum Pensions today encouraged the superannuation industry to transform its approach to fulfil the true purpose of superannuation or face the risk of losing members to market challengers. With both male and female Australians now outliving standard longevity tables, post retirement income streams have the potential to deliver the inflation-linked income retirees need.

For David Orford, CEO and Founder of Optimum Pensions the superannuation industry now has the single largest opportunity to transform the retirement phase of the superannuation journey for Australians since the introduction of superannuation in 1992.

“Lifetime income streams are able to address the challenge we have for members to maximise their retirement standard of living. A real lifetime income should successfully deliver around 30% more income for a retiree than a traditional account-based pension. For a superfund it is a great way to lock in your members for life, which is not the case if members cash out lump sum payments.”

Orford also cautioned super funds not to be complacent about the ‘member for life’ approach many take to existing relationships.

“If you do not address the longevity risk Australians are facing, together with the challenges of housing, cost of living and inflation as an industry, you may find your industry disruptors at your door. Whilst the players in the superannuation sector wait for CIPRs to be resolved, other participants of the financial services sector, such as insurance may take the lead.”

Speaking this week at an industry conference Orford cautioned policy makers to undertake educational programs to expand financial literacy and improve understanding of the main features, cost, and performance of different retirement products.

“Australians need to enjoy their retirement and not be scared to spend their savings. Account based pensions don’t provide the income that can keep pace with inflation over the course of your lifetime. We need more offerings and greater education,” he outlined.

#### **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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