



Institute
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of Actuaries

Life Conference 2022

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#LifeConf





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Supporting the retirement journeys of the future

Kirsten Wilkie
Karen Brolly

#LifeConf



Today's speakers



Karen Brolly

Head of Products

karen.brolly@hymans.co.uk



Kirsten Wilkie

Life Consultant

kirsten.wilkie@hymans.co.uk



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The retirement market is big...

**700,000 new
pots**

**£45 billion in
value**



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But difficult to get engagement



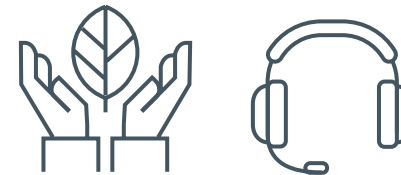
Emotional response,
where to start



Timing and when to start
planning



Where to get information
and feel connected



Keep things on track with
a bit of support



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There is a lot to think about

Inflation
Income sustainability
Means testing
Tax
Health
Debt
Partner
Scams
Charges
Shopping around
Guarantees

v

The core questions

What have I got?
Is it enough/what do I need?
What should I do next?



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The current economic considerations

Affordability

Delays to retirement due to cost of living concerns

Market volatility

Highlighting the investment risks of drawdown

Annuity pricing

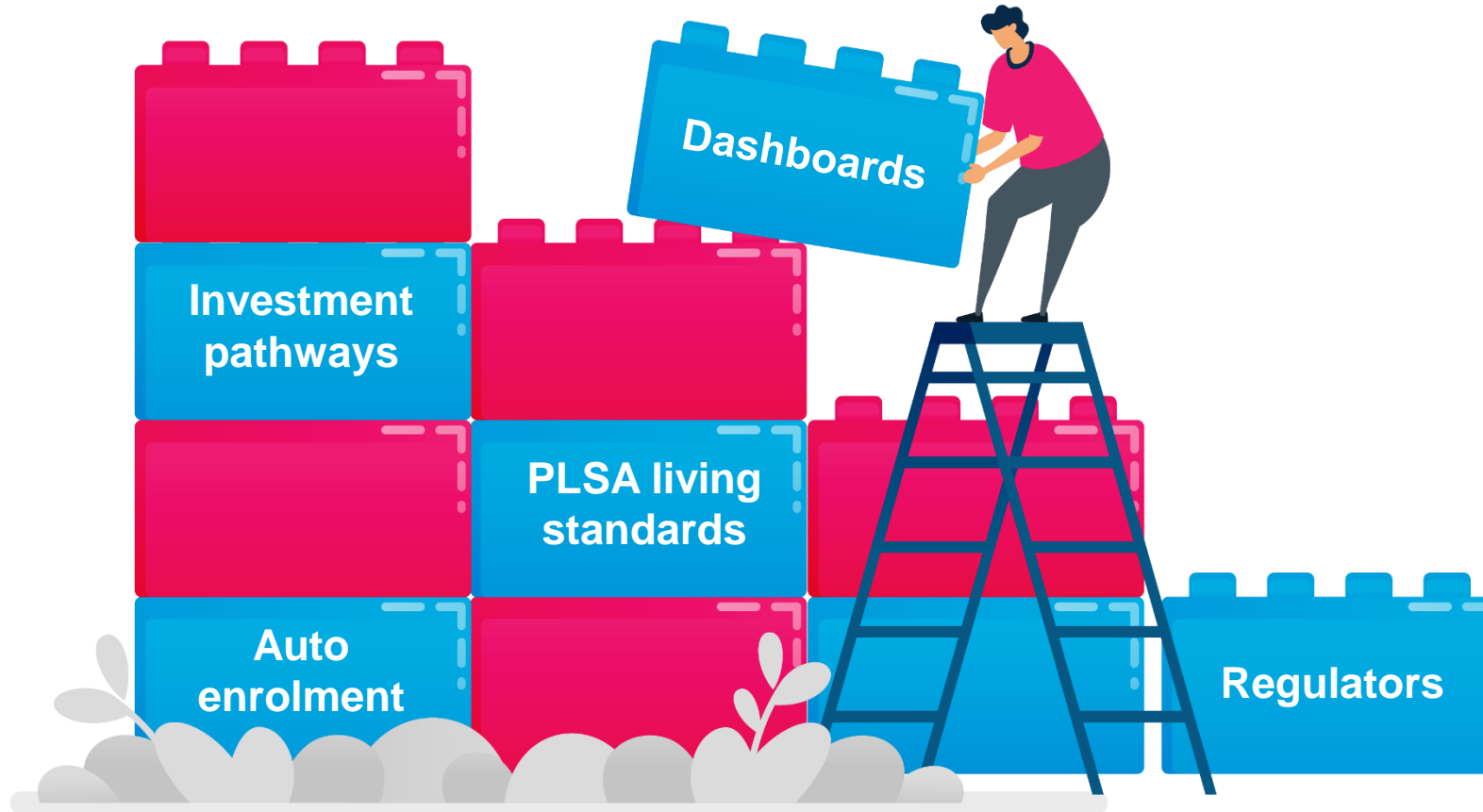
Increase in interest rates/gilt yields has led to improved annuity pricing

High inflation

Should retirees be incorporating an inflationary link to their income



Where things have been working well



Retirement living standards

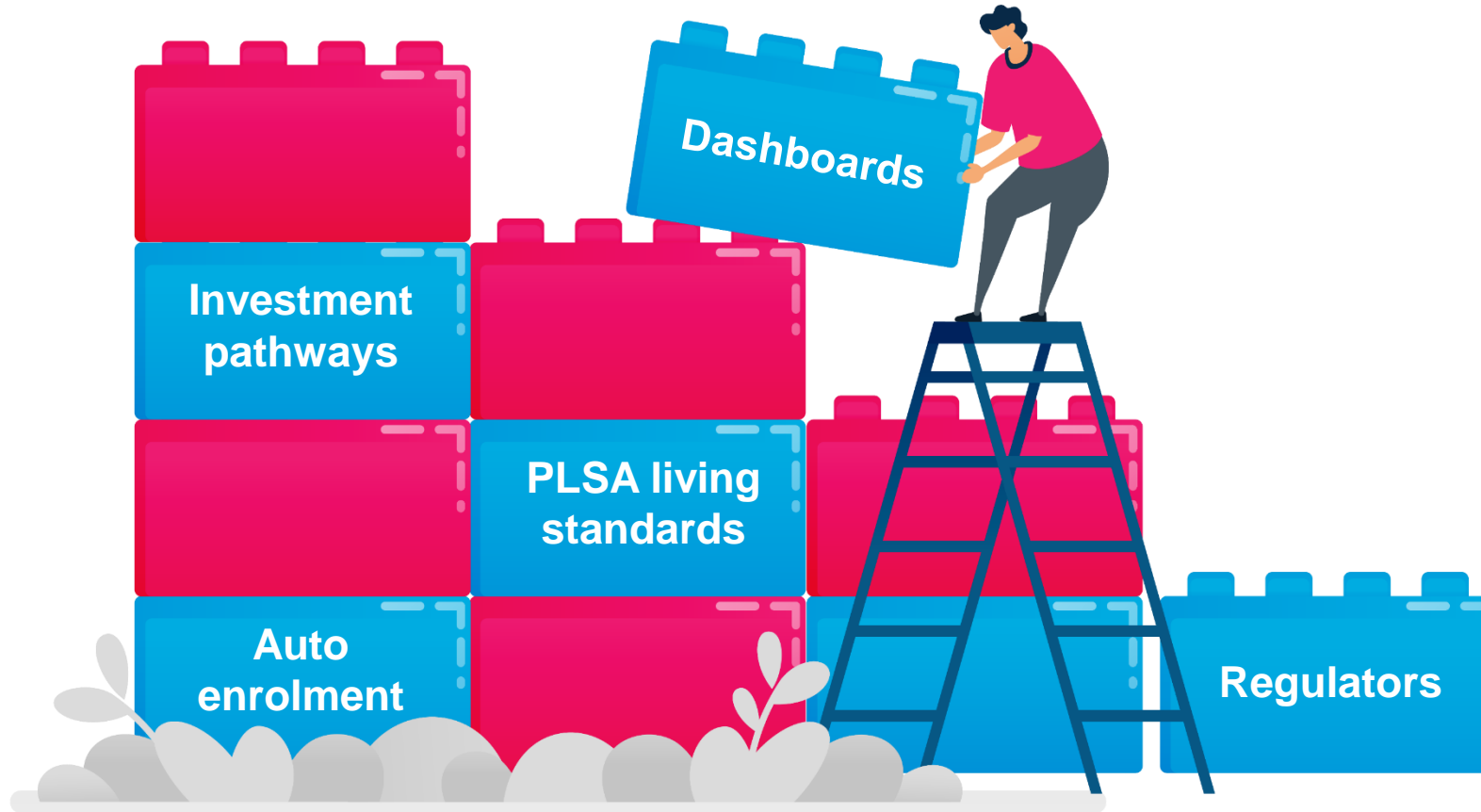
	 SINGLE	 COUPLE
MINIMUM Covers all your needs, with some left over for fun	£10,900 <i>LONDON £13,200</i>	£16,700 <i>LONDON £21,100</i>
MODERATE More financial security and flexibility	£20,800 <i>LONDON £24,500</i>	£30,600 <i>LONDON £36,200</i>
COMFORTABLE More financial freedom and some luxuries	£33,600 <i>LONDON £36,700</i>	£49,700 <i>LONDON £51,500</i>



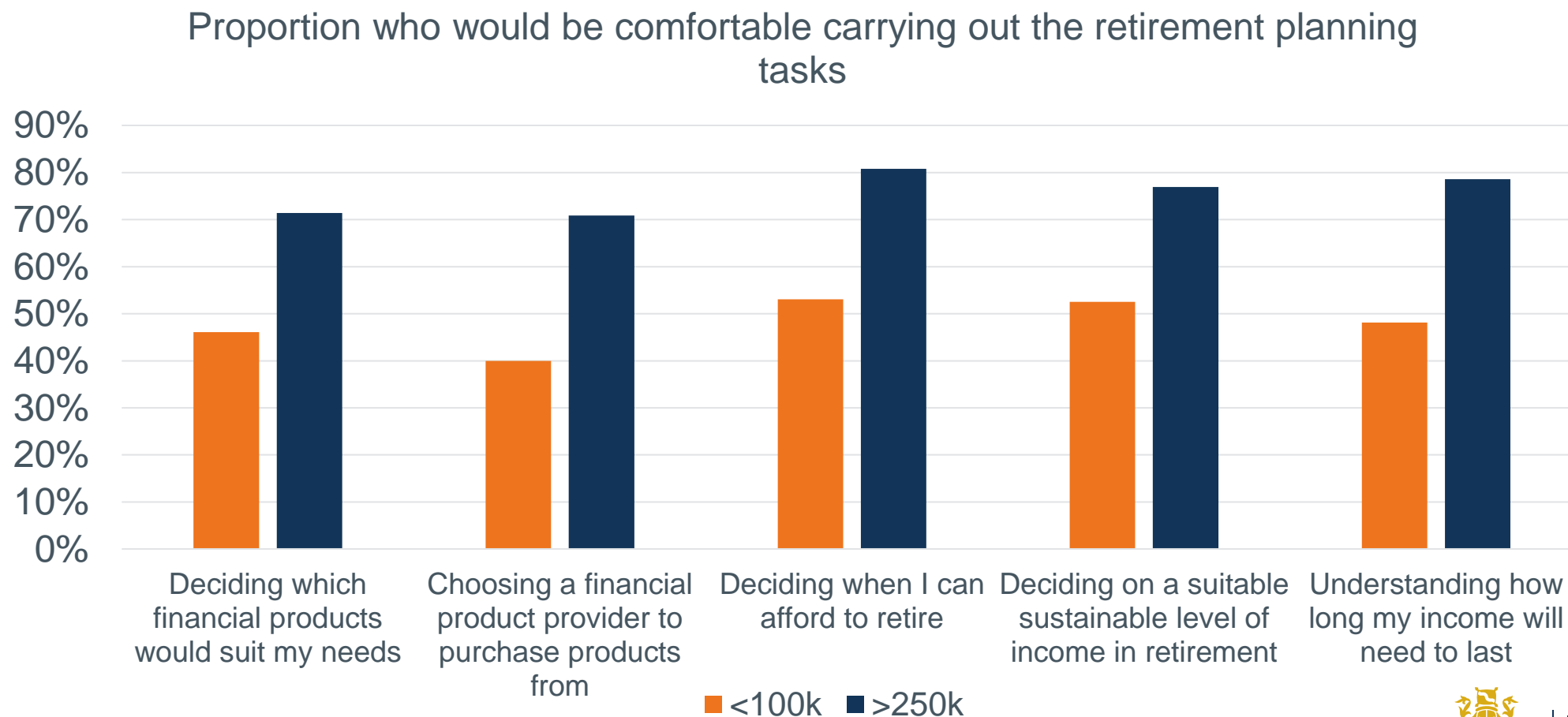
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Source: PLSA

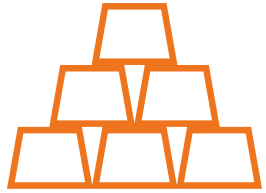
Where things have been working well



Pot size is a differentiator

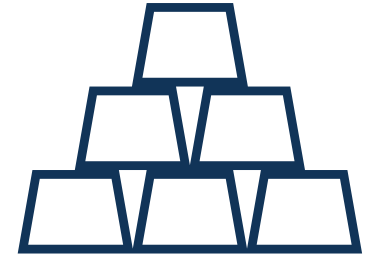


Pot size is a differentiator



<£100k

>£250k



60%

Understanding:
Do you find information you receive easy to understand?

76%

21%

Engagement:
% who have changed retirement date

36%

47%

Advice:
% who have never accessed advice

22%

18%

Priorities:
% who say minimising their tax obligations is important

35%



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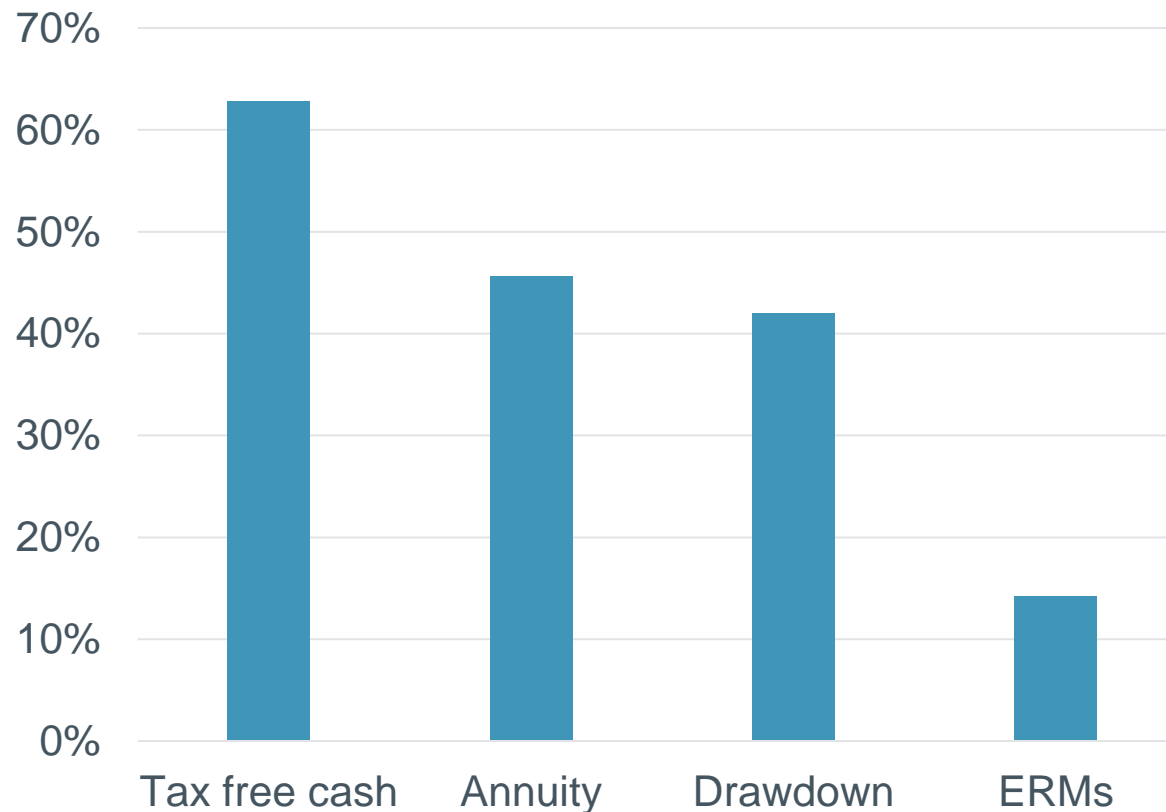
Equity Release Mortgages



**£48
billion**

projected annual
shortfall in retirement
income

Proportion of those aware of
each retirement product, that plan
to use them



**£5.46
trillion**
current UK
housing wealth



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Product innovation

Hybrid approach

Longevity pooling

**Collective Defined
Contribution**

**Drawdown specific
funds**



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Innovation in how products are accessed

Over 50% are likely to use online tools to plan their retirement

Your target





Based on the pension savings available to you we estimate that an appropriate target retirement income could be **£35,700 per year** from age 65. This is in line with the PLSA's '**comfortable**' lifestyle. Use link to discover more about what this means for your spending.

Changing your target income

[Visit PLSA](#)

You can change your target income above by selecting different lifestyles or by inputting your own target income.

Lifestyles

			
Minimum <input type="radio"/>	Moderate <input type="radio"/>	Comfortable <input checked="" type="radio"/>	Input your own target income <input type="radio"/>
£11,140p.a.	£21,670p.a.	£35,700p.a.	
A 'minimum' lifestyle covers all your needs, with some left over for fun and social occasions.	A 'moderate' lifestyle provides more financial security and more flexibility.	A lifestyle that allows you to be spontaneous with your money.	Enter the amount of yearly income you would want to receive.
			<input type="text" value="£50,000"/>



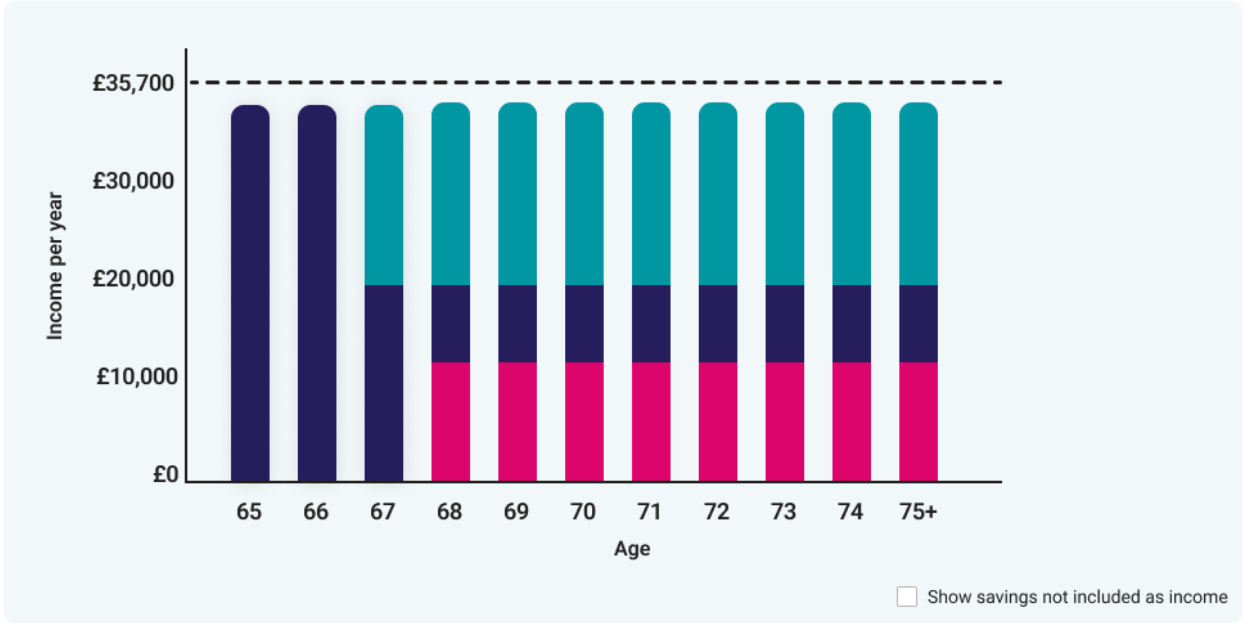
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Innovation in how products are accessed

Your retirement

Based on the pension savings available to you we estimate that an appropriate target retirement income could be **£35,700 per year** from age 65. We made some assumptions to calculate this figure. You can amend or view your target using the tabs below.

Based on what you've told us, the probability of achieving your target retirement income is: **75%**



- About you
- Your state pension
- Your private pension
- Your final salary pension
- Other savings
- Property

What now?

To find out what to do next click the button below:



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Conclusion

**Huge market with
lots of potential**

**Positive steps by
regulators &
industry bodies**

**Pot size is a
differentiator**

**Product & digital
innovation is key in
the future**



Questions

Comments

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.



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