The future of pensions
Henry Tapper

5 December 2013

How big is society?
Can we organise personal pensions?
Is pooling dead?
Who cares for the demented?
Is social media any use?
Can big data help little old me?

4 December 2013

Society continues to struggle with personal empowerment
A big problem with Small companies

Staging dates, volumes and staff size

Predictable misbehaviour

Behavioral model
There is no advisory model for AE

Competency of organisation against information sources

- High competency level advice and info from internal resources, trade press, industry-specific employees. Advice can be affordable.
- Low competency level—advice gap has increased, information generally found through search and TPR.

What's happening at retirement

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CHAMPAGNE MOMENTS DOUBLE IN A GENERATION!

But what choices do we really have?
“Will having these conditions give you a higher or lower pension?”

*Source: AIFA Financial Planning Through Retirement Benchmark Study – Nov 2010

- Having had cancer in the last five years but now in remission: 43%
- Having had a heart attack in the last five years: 44%
- A history of serious hereditary illness in the family, eg. heart disease, cancer, etc.: 41%
- Participating in dangerous sports or activities: 25%
- Being overweight: 42%
- Being a heavy smoker: 46%

What defines defined ambition?

And why does it make people so angry?

The arguments for

Table 3: Improvement in pension outcomes from a move to collectivity

<table>
<thead>
<tr>
<th>Description</th>
<th>Improvement</th>
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<tbody>
<tr>
<td>Lower Cost (0.6% vs. 0.3%)</td>
<td>+10%</td>
</tr>
<tr>
<td>No Annuity (Annuity Cost 80%)</td>
<td>+22%</td>
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<tr>
<td>Less Conservative Investment (1% for 5 years)</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>+37%</strong></td>
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Estimates vary, but it is our belief that for no additional cost, pension outcomes could be improved by 50% or more, compared to a typical DC pension which might be offered today.
Who benefits from pooling?

For men aged 60-69, only 32% did not have one of the major conditions examined (England, 2007)*

Care funding in later life (average £750pw nursing home)**

*Preliminary analysis performed by Legal & General using data from the General Practice Research Database. Data includes >1.5m patients registered with a general practice surgery in England (2007). Diseases examined include stroke, IHD, lung cancer, colo-rectal and/or prostate cancer, Alzheimer’s disease etc. **Laing & Buisson care of elderly people market survey
Is social media any use?

28 November 2013

Is big data any help to little me?

"The new way of thinking about it is more like trying to read the river, you're trying to spot patterns," Bayfield said. "There are numerous pots of information ... that agencies can tap into to try and understand more about the consumer and what the consumer wants. “Matthew Bayfield – Ogilvy and Mather

• in actuality, analytics and statistical models of customer behaviour are what will allow companies to personalize their approach to individual consumers and give them what they want with greater frequency

-InfoWorld
The small print

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