

RESEARCH REPORT

How do we make retirements more epic?

AUGUST 2024

Allianz Retire+
POWERED BY PIMCO

EPIC Retirement



Foreword

An epic retirement is the aspiration of many Australians, yet the question remains: what constitutes an epic retirement, and how can we ensure that every component aligns to surpass our clients' retirement goals?

As Allianz Australia Life Insurance CEO Adrian Stewart puts it, *"Australians are living longer and healthier lives, with today's retirees enjoying a more active lifestyle than ever before. However, these extended lifespans and enhanced quality of life come with their own financial implications. Retirees must now manage their savings over potentially decades, navigating unpredictable market conditions and personal challenges."*

A recent term in retirement discussions is 'FORO'—the fear of running out. This fear extends beyond just the total amount of savings; it encompasses concerns about inflation eroding savings, market volatility impacting income-generating assets, and the risk of outliving one's savings, leading to sole reliance on the Age Pension.

In collaboration with Bec Wilson, a bestselling author, podcaster, and leading authority on modern retirement and midlife, we have delved into what matters most to Australians approaching retirement today. Bec Wilson remarks, *"Australians aspire to enjoy a vibrant second half of life, which may span 25 years or more post-retirement. Our research reveals that rather than succumbing to fear and uncertainty, many Australians are eager to embrace a positive outlook on their retirement and are open to guidance and education to achieve their goals."*

Our research offers a fresh perspective by examining how pre- and post-retirees in the Epic Retirement community are responding to the prevailing data that highlights longer lifespans, more active retirements, and the necessity for comprehensive financial planning beyond reliance on the Age Pension.

Insights from nearly 850 respondents—62 percent of whom are aged 55-65, with a smaller segment aged 45-55 and others already retired—reveal valuable perspectives on how they are preparing for and experiencing retirement. Adrian Stewart adds, *"The insights we have gathered are categorized into critical areas such as longevity planning, financial confidence, retirement planning needs, and understanding retirement income products. These findings will help Allianz Retire+ provide Financial Advisers with conversation starters to better assist clients nearing or already in retirement."*

Given that over 50 percent of survey respondents and 11.8 million Australians remain unadvised, as noted by Investment Trends¹, there is a significant opportunity to initiate meaningful conversations with potential clients, emphasizes Bec Wilson.

The power lies in empowering retirees with access to knowledge and education. As retirement potentially spans decades, adept navigation is crucial. This level of empowerment is best facilitated by financial advisers armed with the expertise and tools to guide Australians toward an epic retirement.

We extend our gratitude to the members of the Epic Retirement Community who contributed to this research. We hope these insights enhance the understanding of how engaged individuals are approaching their retirement years and identify opportunities for education and advice to help more Australians achieve a truly epic retirement.



Bec Wilson
Author, Podcaster
& Entrepreneur



Adrian Stewart
CEO, Allianz Australia Life Insurance

¹ Investment Trends, 2023 Financial Advice Report, March 2024

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Introduction

As we explore the insights within this report, it's essential to acknowledge a significant demographic shift occurring in Australia: a growing number of people are living longer and healthier lives. While this increased life expectancy is undoubtedly positive, it brings with it the challenge of ensuring that our savings can support us throughout these extended years.

According to the Australian Bureau of Statistics, women who reached age 65 between 2019 and 2021 are expected to live until 88, while men can anticipate living until 85.3 years¹. However, when accounting for improvements in mortality rates due to advances in medicine, healthcare, and technology, these life expectancies extend to 90 for women and 88 for men².

This increased longevity has profound financial implications: our retirement savings need to stretch further than ever before. But how much further?

Ensuring that retirement savings last through an uncertain and extended retirement period is a top priority for many. In response, some individuals may opt to cut back on spending to preserve their savings, potentially locking themselves into a lower standard of living and missing out on the fulfilling retirement they have worked so hard to achieve.

What if there was a better way?

This report delves into findings from the Epic 'Retirement Planning' Survey to offer a clearer understanding of the Epic Retirement Community and provide guidance for the industry. We examine how this community perceives retirement planning, the tools they are using, and their progress. Our findings highlight seven key aspects of retirement that are currently most significant to this cohort of consumers.

Additionally, we provide crucial insights for financial advisers and industry professionals on how to connect with and educate retirees who are striving for an epic retirement.



1 Australian Bureau of Statistics, Life expectancy and deaths, 2023.

2 Australian Government Actuary, Australian Life Tables 2015-17 with 25-year mortality improvement factors.

SECTION 1

Longevity planning

The landscape of retirement has undergone a significant transformation compared to just a generation ago, and it will continue to evolve as Australia's retiree population expands. With not only the number of retirees increasing but also their life expectancies, the very nature of retirement is changing. As a financial adviser, it is crucial you continue to guide your clients in proactively preparing for this evolving reality.

Many retirees tend to underestimate the implications of longevity, making it essential for advisers to lead with discussions about life expectancy. By helping clients understand how long they need to plan for, you can foster a proactive and enthusiastic approach to retirement planning.

Over the past decade, life expectancy has risen by 1.3 years for men and 1.0 years for women. This shift is well-recognized by both advisers and consumers (figure 1). However, while fewer

than 10 percent of individuals have not considered their life expectancy, 28 percent still fail to incorporate it into their retirement planning (figure 2).

Addressing longevity is a crucial aspect of retirement planning. As individuals age, their expenses and financial needs can evolve significantly. One of the most common concerns among Australians is the risk of outliving their retirement savings. To provide your clients with confidence and financial security,

it is vital to make longevity a central element of their retirement strategy.

Introducing the concept of longevity into client discussions can be done effectively in several ways. By encouraging clients to envision a long and fulfilling retirement, you can turn the challenge of longevity into a motivating factor for more comprehensive and thoughtful retirement planning.



FIGURE 1

How long do you think you're likely to live?

26%

expect to live beyond 92

24.5% expect to live to 89-91

22 % expect to live to 86-88

18.5% expect to live up to 85

8.5% haven't considered their life expectancy

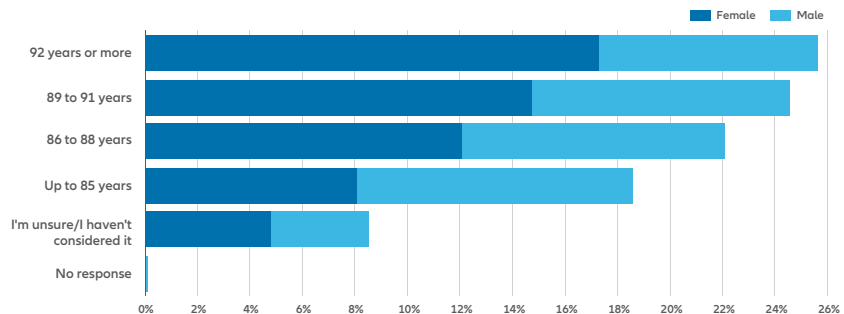


FIGURE 2

To what age have you planned?

28%

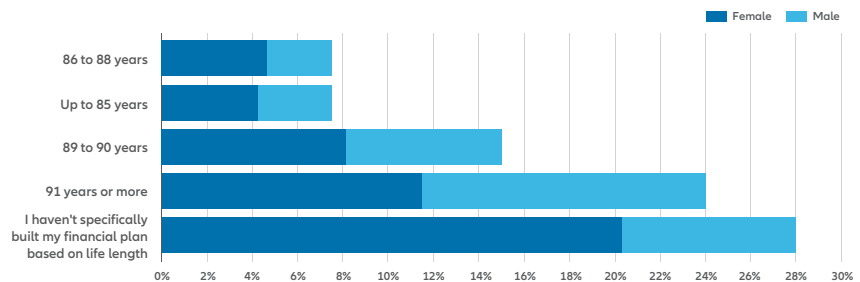
haven't built their plan to a specific life length

24% have built to 91 or more

15% have built to 89-90 years

7.5% planned 86-88 and

7.5% planned to 85



Conversation starters

Visualise the future

It's hard for a client to start planning for a longer, more fulfilling retirement until they can visualise themselves living that life. The first step toward driving better engagement between your clients and their retirement is to invite them to consider what their longer lives could look like and to set a series of measurable retirement goals. Rather than being financial goals, these should be lifestyle driven.

For lifestyle goals to be achievable, they need to be financially viable and sit within a spending plan. It's one thing to plan an epic retirement, it's another to be in a position to fund it.

You can ask questions such as:

- What can you do to maximise your health and fitness?
- Who do you want to spend time with and how do you like to spend that time?
- Do you enjoy learning?
- How would you like to engage with your community?
- Would you like to volunteer?
- What hobbies or interests do you plan to pursue in retirement?
- Do you plan to travel?

Plan for a longer than average life expectancy

Advisers can refer to the Australian Life Tables (ALT), created by the Australian Government Actuary (AGA), and can be used to estimate how long a client's retirement income should broadly last. The tables use historic data to estimate how long people are likely to live on average.

With medical advances, societal changes and technological developments, your clients are likely to live longer than these historically observed averages. To account for this improvement in mortality, ALT figures should be used in conjunction with AGA 25 year improvement factors.

Broadly, it is prudent for advisers to plan for clients to reach the 50th or 75th percentile of life expectancy, including 25 year mortality improvement factors (figure 3).

FIGURE 3

For how long *should* clients plan?

Adjusted life expectancy - 65 year old today			
Percentile	Male	Female	Couple
50th percentile / Median	88	90	94
75th percentile	94	95	97

Adjusted life expectancy - 42 year old today (who is assumed to reach the milestone age of 65)			
Percentile	Male	Female	Couple
50th percentile / Median	91	92	95
75th percentile	96	96	99

Based on Australian Life Tables 2015-17, with 25-years mortality improvement factors - published by the Australian Government Actuary

What is the 75th percentile or commonly called '25% age'?

When determining the retirement planning horizon for a healthy client, the top quartile of life expectancy, or 'the 25% age' can be used instead of the average life expectancy.

The general rule of thumb for identifying the 25% age for a healthy person around retirement age is to add three years to life expectancy for couples (calculated allowing for mortality improvements), five years for a single female, and six years for a single male.

For example, an estimate of the 25% age for a single female aged 65 is their life expectancy of 25 years plus five - bringing it to age 95.

Today's retirement
landscape is different
to that experienced a
generation or so ago...



SECTION 2

Financial confidence

It's a dichotomy. On one hand, baby boomers are presented as affluent and spending so hard they're pushing inflation higher. At the same time we hear about the financial distress causing that same cohort to hoard their superannuation and 'self-insure' against running out of money and/or to bequeath their nest egg to their children.

As an industry, we know the answer is 'a bit of both'.

Confidence in retirement is good for the individual, good for their community and good for the economy; rather than living frugally, confident retirees will spend in their community, support business and live the retirement lifestyle they've looked forward to.

Of the respondents to this survey, anxiety is present in some individuals approaching (or in) retirement but is not as prevalent as some might expect (figure 4).

It's important to remember these are people that are engaged with the idea of retirement. The majority – 56 percent – believe they can 'probably' achieve a comfortable retirement. Another 24 percent are 'supremely confident' they can do so.

However, about 20 percent are more pessimistic and are either uncertain about or do not believe they will have sufficient savings to provide a comfortable retirement.

Of the respondents, 71 percent are planning for retirement as a couple (figure 5).

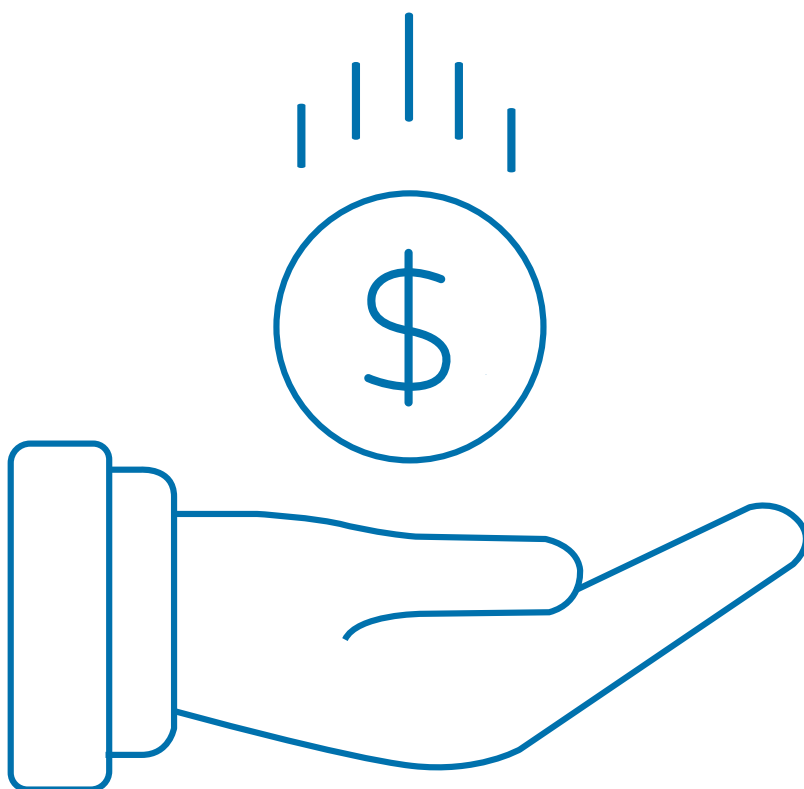


FIGURE 4

Do you think you'll have enough to provide you with a comfortable retirement?

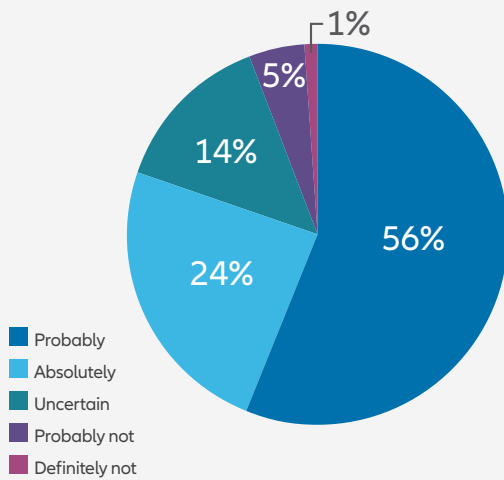
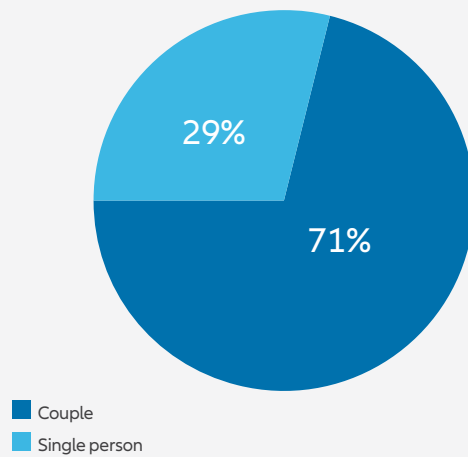


FIGURE 5

Are you planning for retirement as a couple or a single person?



When we compare the confidence of couples (figure 6) versus single people (figure 7), confidence is higher for couples. This is not an unexpected outcome given that the cost of living is significantly higher on one income.

FIGURE 6

Confidence level of couples about retirement funding for whole of life

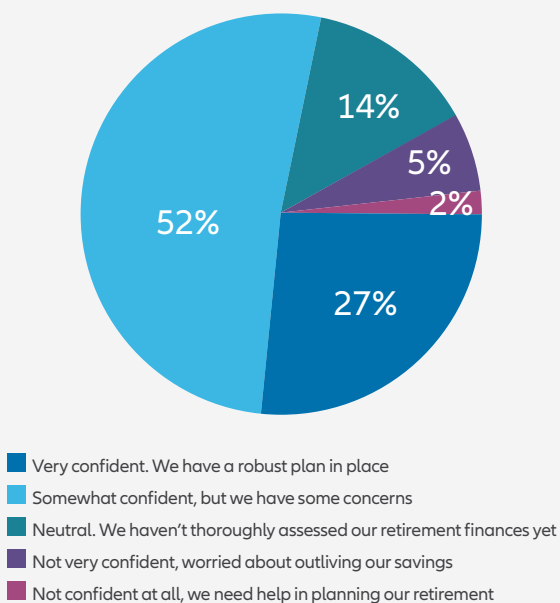
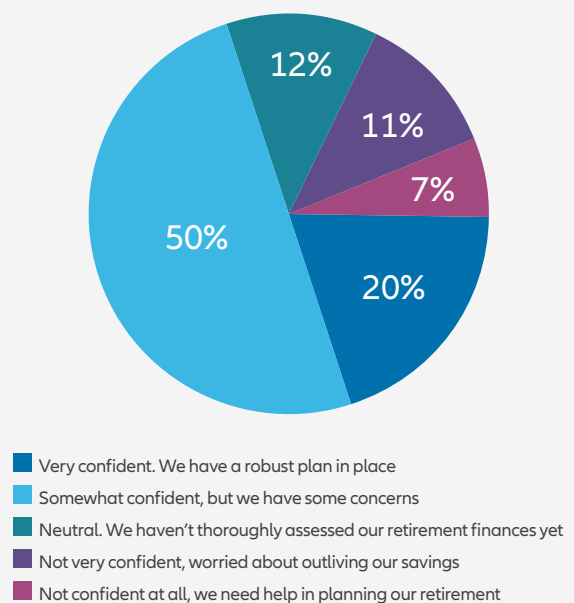


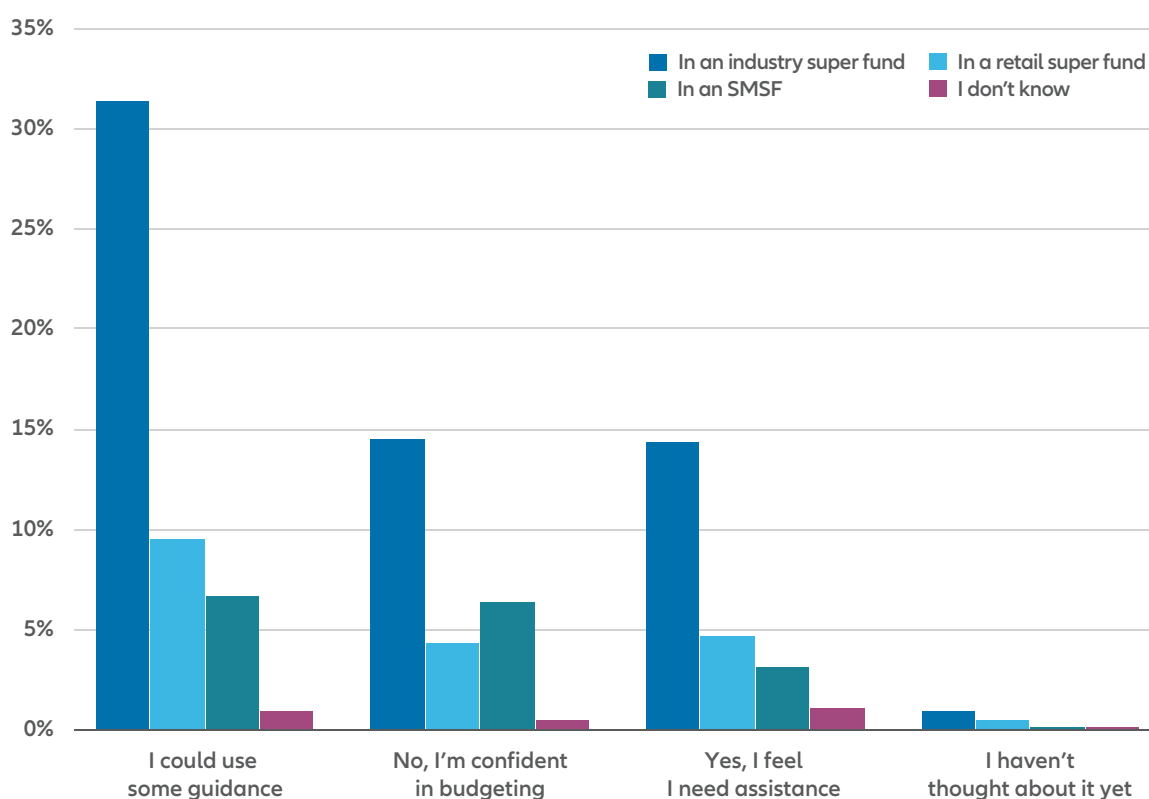
FIGURE 7

Confidence level of singles about retirement funding for whole of life



Finally, people are eager to take responsibility for managing their finances. The majority expressed the confidence to budget and construct retirement plans with 'some assistance and direction' (figure 8). Despite this confidence, many pre- and post- retirees do not have the knowledge and skills required to develop a retirement plan that will enable them to traverse the retirement years with certainty and attain their desired outcomes.

To ensure financial confidence in retirement, clients need secure income streams (certainty), the knowledge to navigate retirement systems (education) and achievable retirement goals.

FIGURE 8**Do you need help to budget and plan your finances for retirement?**



Conversation starters

Education

Informed people are usually confident people. There's a lot to know about the retirement system and navigating it can be a challenge.

Throughout the accumulation phase, clients may have been less interested in superannuation; the combination of employer contributions and salary sacrifice (for some) invested for decades often result in a satisfactory outcome with minimal input.

At retirement, everything changes. There's a greater need to understand how superannuation works and how it will provide retirement income. There's a need to understand retirement income products both within and outside the client's super fund. There is also the need to understand how the client's assets, income and superannuation interact with the Age Pension and other government entitlements.

Once a client has a clearer understanding of how the retirement system can support them, the conversation can move on to specific retirement income strategies; from where each individual will get their retirement income and how they expect to spend it.

Certainty

Australians close to retirement are often wary of the risks posed by longer life expectancies and market factors – volatility, inflation, changing interest rates. As the new wave of retirees – flush with ever-larger superannuation balances – rolls into the post-work phase, they need strategies that address their very reasonable concerns and provide them with certainty.

Retirees need the certainty of:

- Guaranteed lifetime income
- Protection from market volatility
- Opportunity for their investment to grow
- Access to capital if required.

By including retirement products that meet these intrinsic needs, advisers can provide clients with certainty, which is the first step to achieving financial confidence.

SECTION 3

A spending plan

A well-structured spending plan is critical to ensure financial stability and peace of mind during retirement. This plan should account for fixed expenses such as housing, utilities, food and healthcare; these are often the largest and most predictable costs. It should also include discretionary spending for travel, hobbies and entertainment, to allow for a fulfilling and enjoyable lifestyle.

A comprehensive spending plan should also factor in inflation, potential aged care needs and unforeseen expenses. Regularly reviewing and adjusting the plan ensures it's adapted to changing circumstances and best placed to ensure that your clients' retirement savings last throughout their lifetime.

Our research suggests a propensity to front load expenditure, with 67 percent of respondents expecting to have higher spending in early retirement (figure 9). Interestingly, 44 percent of respondents anticipate retirement spending that is higher than their basic needs, while 38 percent plan to be more measured in their expenditure.

The propensity to expect to spend more in active retirement and at a level above meeting basic costs may suggest a lack of planning for later retirement, where health and aged care costs can be significant.



FIGURE 9

How do you expect to spend your retirement income in retirement?

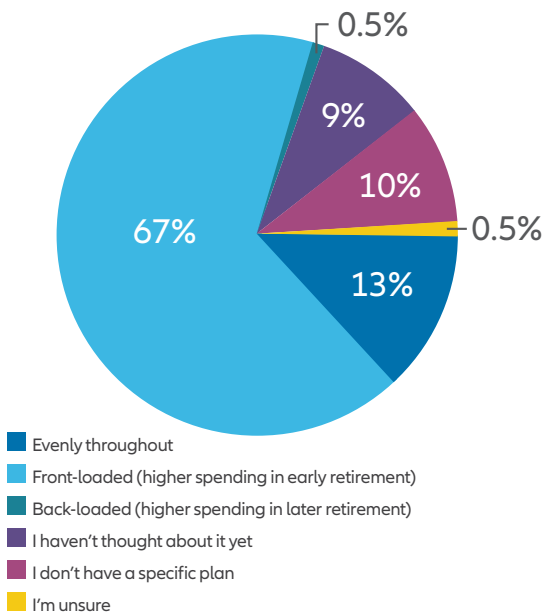
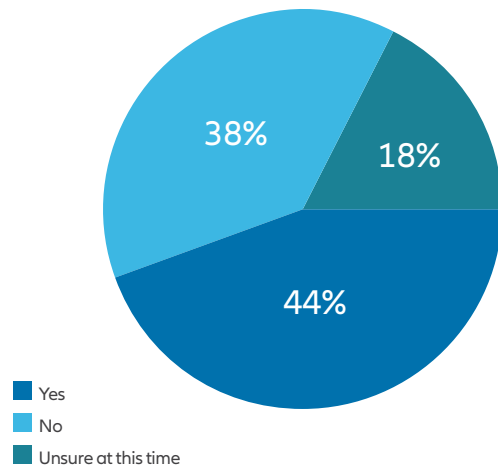


FIGURE 10

Do you plan to spend significantly above your needs or basic required cost of living on lifestyle and experiences?



Conversation starters

Spending patterns over time

Retirement typically spans a number of stages, each of which will have variable patterns of expenditure. How do your clients expect to spend their money over time? How will this vary between the more active years of retirement versus the later, passive years?

Once your client has identified their lifestyle goals, a spending plan can help them to see what's achievable. A spending plan needs to firstly account for the fixed expenses to ensure they are covered. It then needs to consider possibilities – the cost of major medical events, the need for in-home care that will often cost more than the government provides and the possibility of residential aged care.

Finally, the spending plan can cover the discretionary expenditure, the 'epic' parts of life that many look forward to in retirement, particularly in the early stages. This is an opportunity to offer visual projections to explain the patterns of spending applied.

An understanding of how a client wants to spend their retirement savings is a natural segue into retirement income and how to best generate the level of income to meet the client's retirement goals and ensure there's sufficient savings to meet needs across retirement.

SECTION 4

Work and retirement

Retirement used to be a hard finish line, but not anymore. It's evident that work of some description will continue to play an important role in the life of many Australians, both in the lead up to retirement and post-retirement (figure 11).

The research data indicates that at least one third of respondents plan to Transition to Retirement (TTR) slowly, gradually stepping down their workload over a period of two or more years. A further 15 percent plan to step down their work over a period less than two years and nearly 13 percent plan to technically retire and get access to their superannuation before returning to some form of part time or casual work.

These scenarios are one where a TTR strategy can make a significant difference to both retirement savings and a successful transition to retirement life.

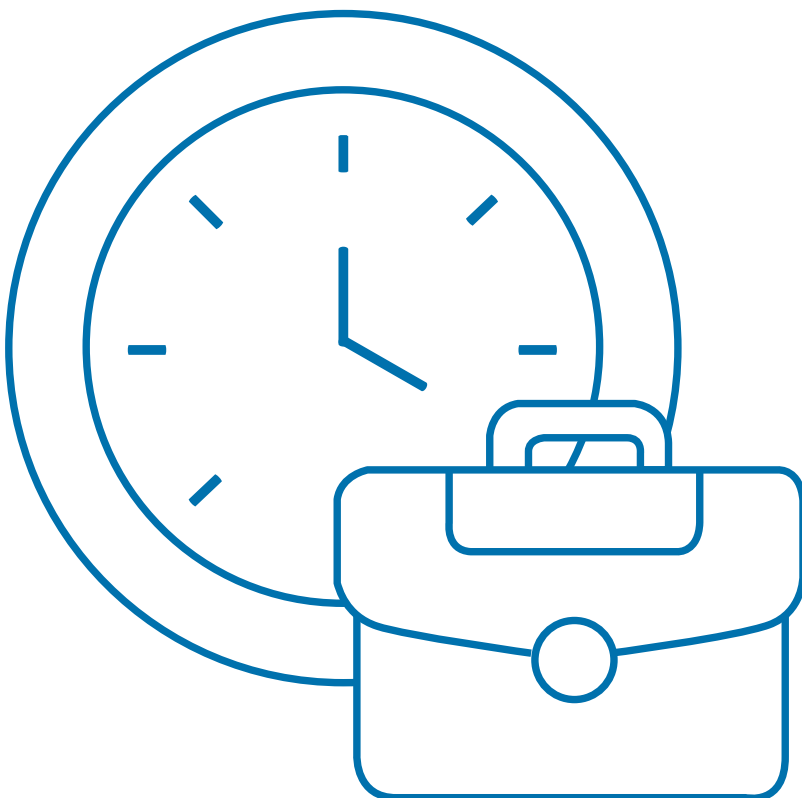
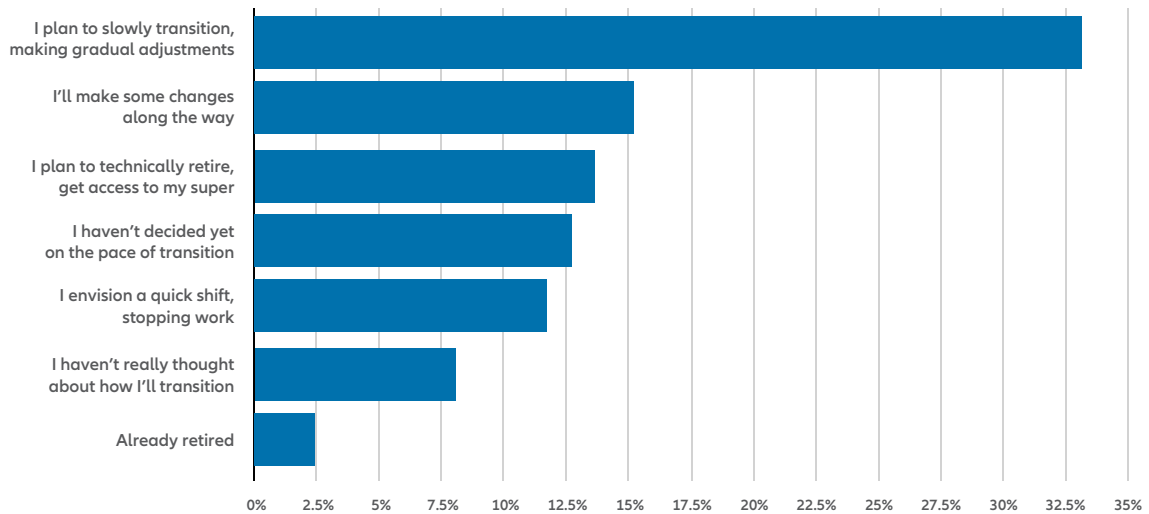


FIGURE 11

How do you envision the transition from work to retirement?

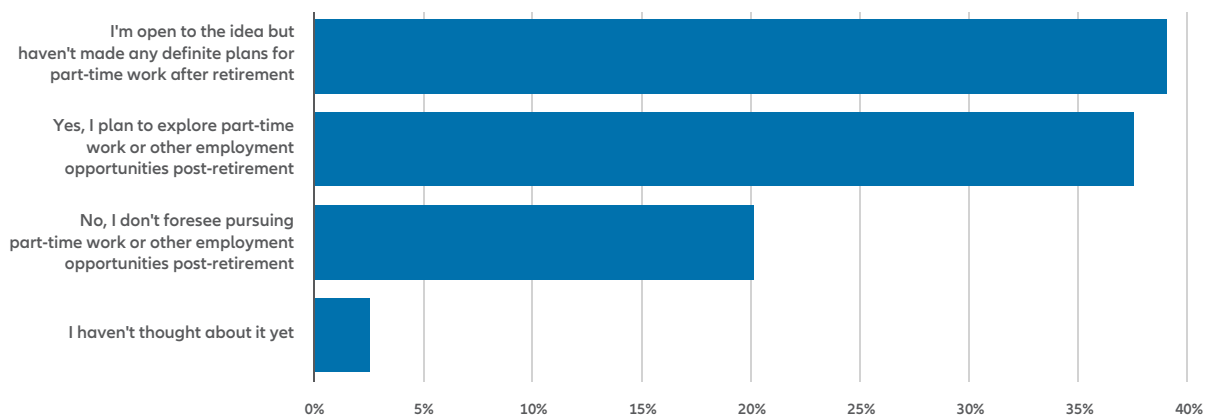


There is interest in continuing some form of work post-retirement (figure 12). This may be for financial reasons, social contact or to retain engagement in a specific sector or workplace. The research reveals 38 percent of respondents plan to explore part time work or other employment opportunities post-retirement, with a further 39 percent open to the idea.

FIGURE 12

Have you considered part-time work or other employment opportunities post-retirement?

38% plan to explore part time work or other employment opportunities post retirement





Conversation starters

The financial impacts of working longer

Work can play an important role in the more active initial stages of retirement, especially for those clients who would like to increase their retirement savings. For some, ongoing employment can be an essential layer of income; when added to the Age Pension and other retirement income streams, it may enhance both the standard of living and financial confidence.

It is important to demonstrate how ongoing work and the income received can yield financial benefits; however, it's also vital to discuss how work income may impact Age Pension entitlements. The benefits and downsides need to be considered when discussing ongoing work as part of a client's retirement strategy.

The role of work and a strong sense of purpose

Understanding the significance of one's sense of purpose is a significant contributor to wellbeing and longevity. Work plays a pivotal role in shaping people's sense of purpose and satisfaction in life and there have been a number of research studies that have consistently shown that fulfilling work tends to lead to longer, healthier lives.

By gauging the importance of work to each client prior to retirement, you can discuss whether or not some form of part time work would be beneficial to them. While there may be a financial motivation for some, it's the potential contribution to overall wellbeing that's most important.

Retirement used to
be a hard finish line,
but not anymore

SECTION 5

The importance of planning early for retirement

Retirement planning involves many factors but one that's often overlooked is selecting the right time to retire – if clients even have a choice. Injury, illness and job loss in later years can all result in an earlier than expected retirement. While the average age Australians intend to retire is 65.4 years, the latest data reveals the average age at retirement to be 56.9 years¹.

When asked about their retirement plans, Australians are engaged. As illustrated in figure 13, more than half of respondents 'absolutely' want to create a retirement plan and better understand their retirement finances. Figure 14 highlights the propensity to commence planning in advance of retirement.

Are respondents planning to use a formal transition to retirement strategy as part of their retirement plan?

The data shows that less than a quarter of respondents plan to adopt a formal transition to retirement strategy (figure 15). The remainder who don't plan to (38 percent), are undecided

(28 percent) or are unfamiliar with the concept of transition to retirement (11 percent) highlight the opportunity to actively engage with clients (or prospective clients) to assist them with the transition.



1 Retirement and Retirement Intentions Australia, May 2024

FIGURE 13

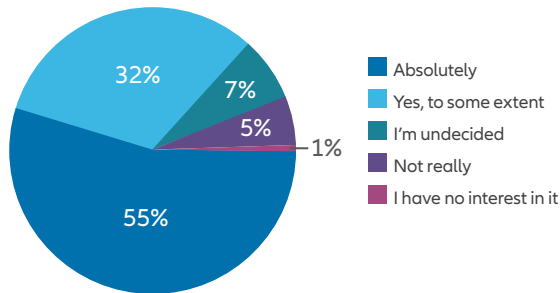
Do you want to create a retirement plan and better understand your retirement?

FIGURE 14

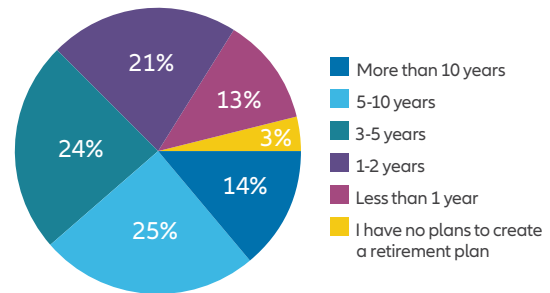
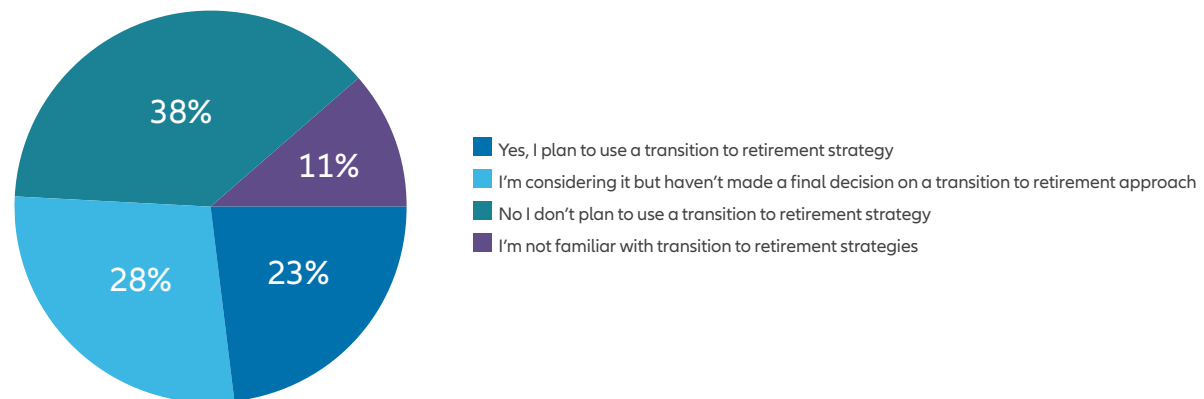
How long before retirement will/did you create a retirement plan?

FIGURE 15

Do you plan to use a transition to retirement strategy?**Help clients take control over the timing of retirement**

Empowering clients to take control of the timing of their retirement can make a difference to their physical and mental wellbeing. While some clients might want a hard and fast stop, others might prefer to transition to retirement more slowly. This enables the client to adjust gradually and gives them the freedom to choose when and how they cease work.

However, not all clients will be able to control the timing of retirement.

In the 2022-23, the top three reasons retirees ceased their last job were:

- Reached retirement age or eligible for superannuation (31 percent)
- Own sickness, injury or disability (13 percent)
- Retrenched, dismissed or no work available (5 percent)¹.

Conversations about the timing and shape of retirement are best held early. Planning for the unexpected should be an integral part of retirement conversations.

1 <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/latest-release>

Retirement income

Each type of income has its benefits. As with any astute investment approach, tapping into diverse sources of retirement income is key when it comes to balancing risk and return. An effective retirement portfolio helps to manage the risks faced by retirees and ensures savings work hard at every stage of retirement, including the transition period.

Those strategies that pay a higher level of income based on time invested should form part of a transition to retirement strategy. While accumulation continues to be important, so is positioning the client to benefit from the best retirement income strategies available.

'Practice' retirement

Prior to pulling the trigger on retirement, some clients may wish to reduce their hours and work part-time. In some cases, the income shortfall could be made up by a transition to retirement strategy, in others, the part-time income may be sufficient. However, by reducing the hours worked, your client can get a taste for retirement and the activities they might like to incorporate into the next stage of life.



Conversation starters

Transition to retirement strategy

A transition to retirement (TTR) pension can be useful for clients who have reached their preservation age and are still working. It can also be a useful marketing tool and conversation point for prospective clients of pre-retirement age.

A TTR pension lets clients receive payments from super whilst they work. It can be used to provide supplemental income for clients who are reducing their work hours without ceasing employment completely. It can also be used to access more income whilst clients continue working full-time. This extra income, up to 10 per cent of the TTR account balance each year, could be used for expenses, to improve their lifestyle or to top up super through an effective salary sacrifice arrangement with their employer. At age 65, a TTR pension automatically switches to the rules of a full account-based pension, which has fewer restrictions and better tax benefits.

SECTION 6

Understanding retirement income

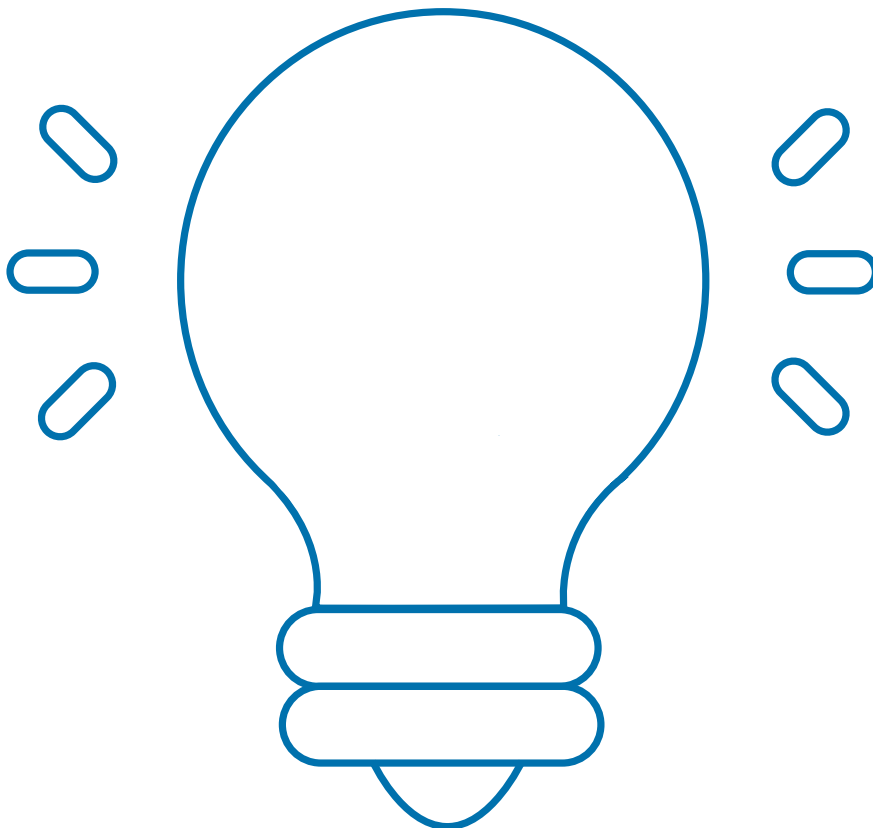
The federal government's Retirement Income Covenant (July 2022) has put retirement income streams under the spotlight. It has resulted in much needed evolution in retirement income products, which comes with a need to educate consumers to ensure their understanding of the nuances and outcomes of each.

Income layering

As consumers approach retirement, there is stated intent to use superannuation as the primary retirement income stream; 84 percent of respondents intend to rely on their superannuation for retirement income (figure 16). This contrasts with about 31 percent of retirees accessing their super as an income stream today¹.

Further, 40 percent of respondents plan to continue part time work, 39 percent will layer in dividend or investment income and 20 percent will have rental income.

The small number of respondents who will rely on lifetime annuities (6 percent) suggest the complexity of traditional annuity products may impede the take up (refer figure 20).

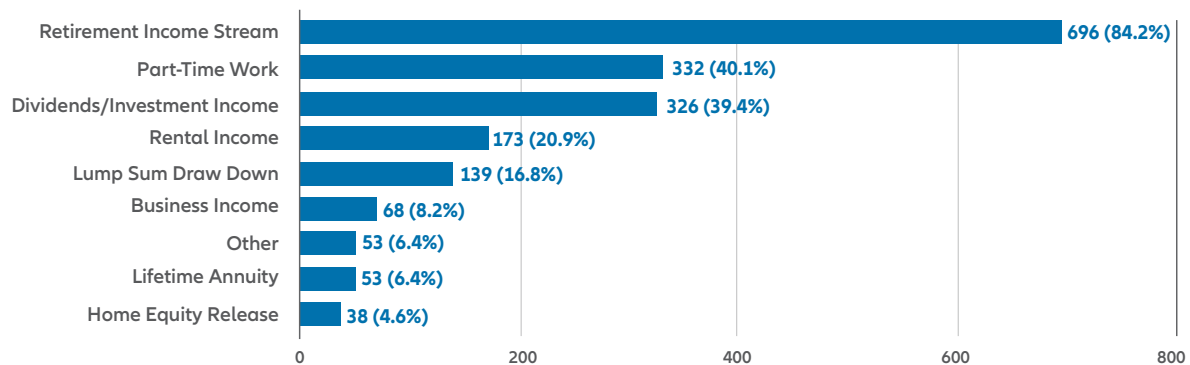


1 APRA Annual Fund Level Superannuation Statistics <https://www.apra.gov.au/annual-fund-level-superannuation-statistics>

FIGURE 16

Income sources during active retirement (respondent selected all that apply)

Where do you think your income will come from in the first half of your retirement phase (active retirement)?

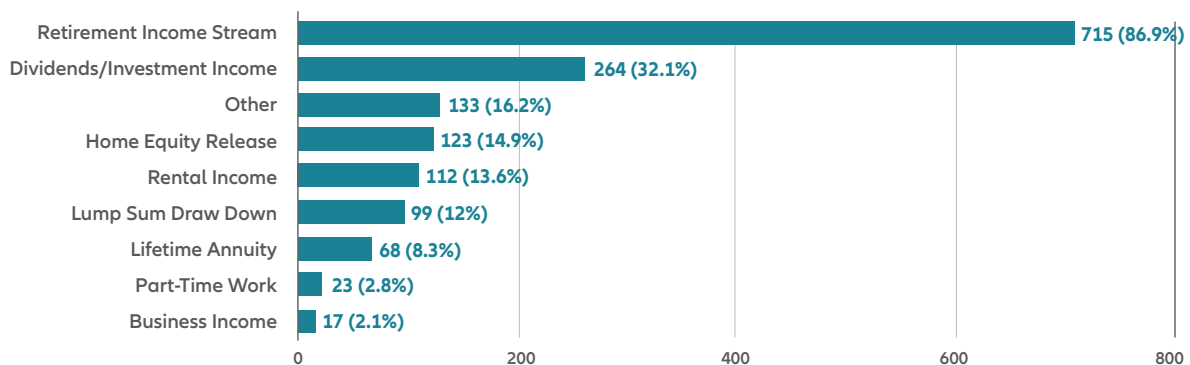


When asked to project anticipated changes to income in passive (or later) retirement, not surprisingly there is a significant decrease in the desire to earn income through work (figure 17). There is an increase in both sourcing income from home equity release (15 percent) and the use of lifetime annuities (8 percent).

FIGURE 17

Income sources during passive retirement (respondent selected all that apply)

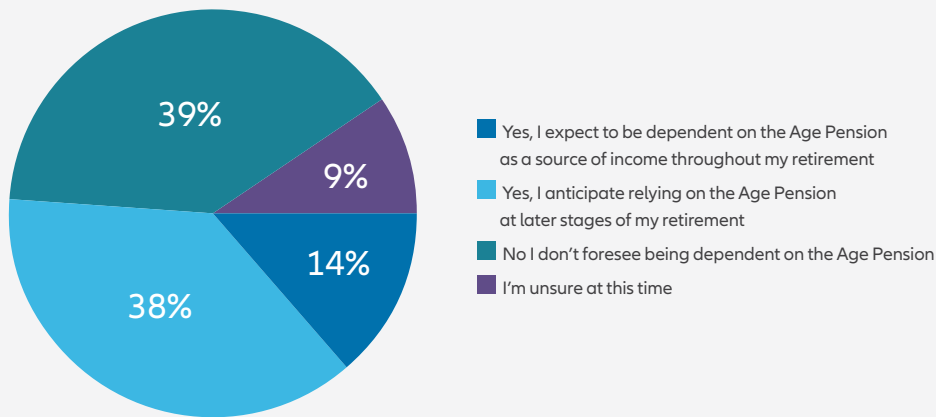
Where do you think your income will come from in the second half of your retirement phase (passive retirement)?



The insights gained from our research indicate that the Age Pension will continue to play an important role for the majority of Australians at some point during retirement (figure 18).

FIGURE 18

Do you believe you will be dependent on the Age Pension at any stage of your retirement?



And, quite rightly, nearly 82% of people believe the Age Pension is insufficient to support a comfortable retirement. This is supported by the latest ASFA Retirement Standard (March 2024), which suggests that a couple needs \$72,663 and a single \$51,630 for a comfortable lifestyle. In fact, the Age Pension barely meets the basic lifestyle outlined in the Retirement Standard. At 20 March 2024, the maximum Age Pension (including the maximum pension supplement and energy supplement) was \$43,752.80 p.a. for a couple and \$29,023.80 p.a. for a single.



Conversation starters

The intersection between different sources of retirement income

Explaining how income streams from super, annuities, other forms of saving such as dividends or interest and the Age Pension intersect provides valuable perspective. Access to the Age Pension is a goal for many; not just for the income, but for the other benefits that eligibility conveys.

Understanding the relationship between different income streams and, in particular how it affects pension entitlement, allows you to work together to navigate the options to spend more effectively in retirement.

SECTION 7

Retirement income products

Most people don't understand the retirement products designed to provide them with a regular, certain income stream. While a significant 80 percent of survey respondents indicated awareness of annuities, only 17 percent said they would consider them as a source of retirement income (figure 19).

However, 59 percent indicated they would 'maybe' consider them as a source of income in retirement, which suggests that with education, this evolving product category could be more appealing to consumers than the annuities of the past.

Those who responded no to the question in figure 20 were asked why they wouldn't consider an annuity. The largest response was not inflexibility (31 percent), worry about death benefits (39 percent) or lack of knowledge and information (31 percent). 44 percent of respondents who have not considered an annuity assumed a lack of access to money.

Lifetime income streams were also underutilised and lesser known (figure 21). Four percent of respondents hold a lifetime annuity in the cohort. Nearly 50 percent have heard of them but don't know much about them opening the door for discussion and education.

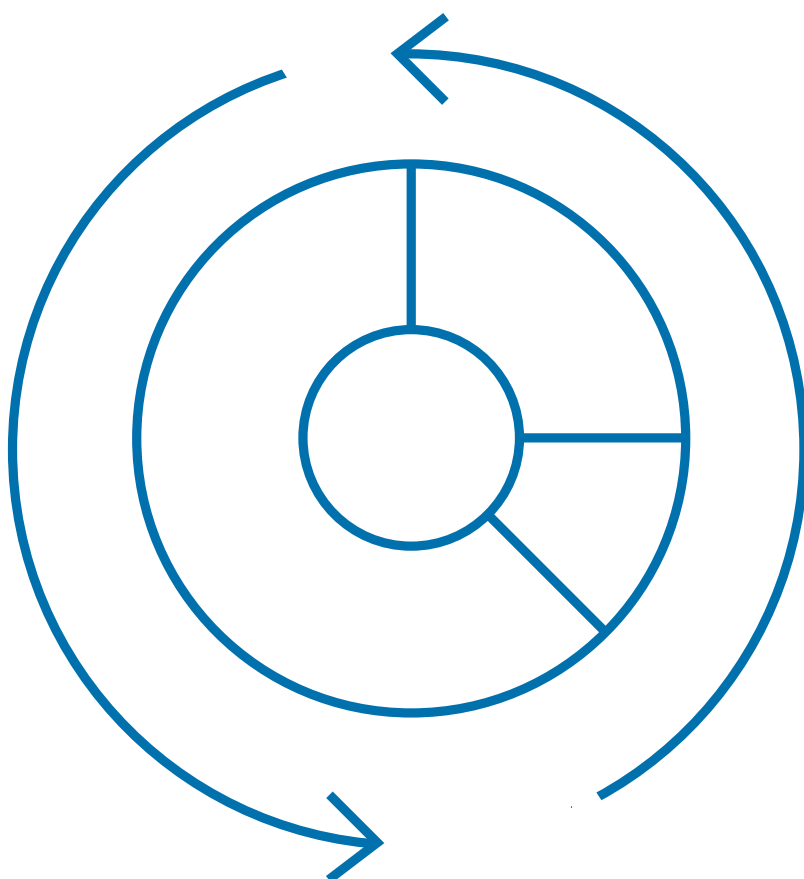


FIGURE 19

Would you consider annuities as a source of retirement income?

76%

say 'yes' or 'maybe' to considering annuities as a source of retirement income

24% said no

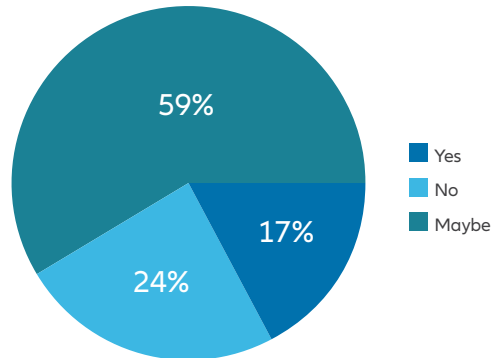


FIGURE 20

If you have not considered an annuity why not?

44%

assume lack of access to money

39% worry about death benefits

31% don't know how to get information on them

31% suggest they are inflexible

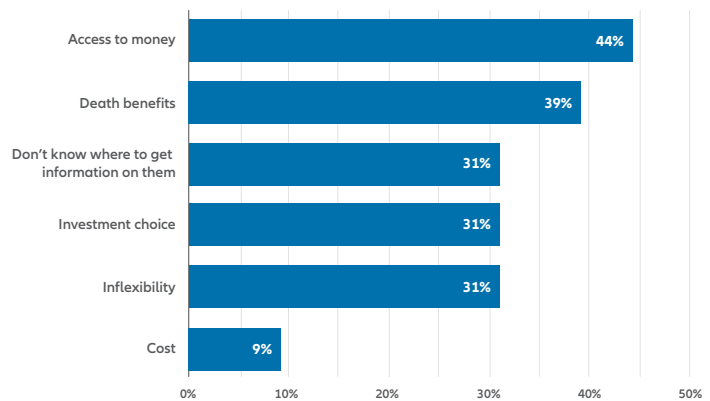


FIGURE 21

Have you heard about lifetime income streams or lifetime annuities?

49%

have heard of lifetime income streams but don't know much about them

30% are familiar with lifetime income streams

11% are completely unfamiliar with lifetime income streams

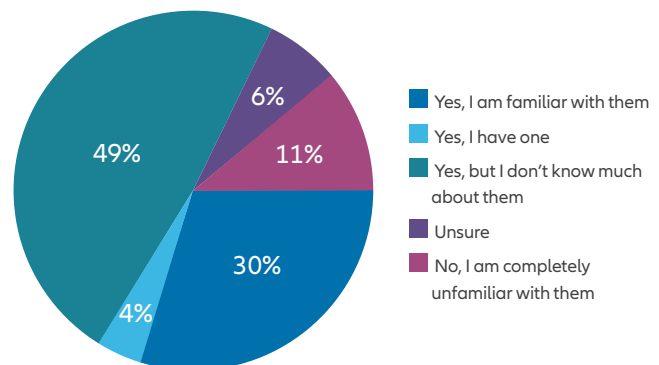


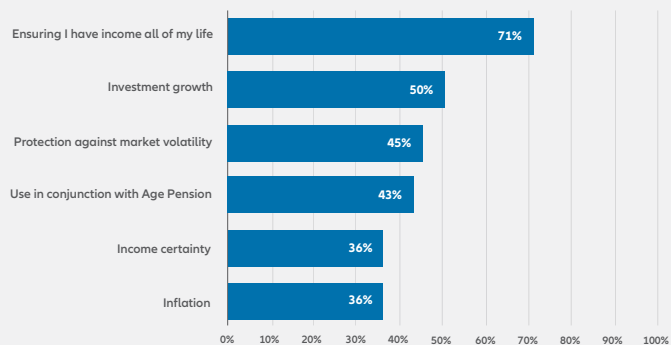
FIGURE 22

What are your priorities for retirement income?

71% say 'ensuring I have income all my life is important'

50% want investment growth

43% want to use in conjunction with the age pension



When it comes to individual's priorities for retirement income, 71 percent identified lifetime income as the most important element (figure 22), followed by investment growth at 50 percent. Protection against market volatility (45%) and use in conjunction with the age pension (43%) were also identified as important. The picture is clear – people want to ensure they have sufficient income – as well as access to capital – to fund the years ahead.

Consumers have clearly articulated what they want from their retirement income:

1. Guaranteed lifetime income
2. Income certainty
3. Easy access to their money
4. Investment growth
5. Protection against market volatility.

The picture is clear – consumers want to ensure they have enough money for their long lives ahead of them. And the ingredients are there today to make this happen for them.



Conversation starters

Guaranteed lifetime income

Who wants a guaranteed income for life?

The government, the media and the broader finance industry can do more to help consumers understand annuities or lifetime income streams. There's a terrific opportunity to educate clients about retirement income streams. In particular, there's an opportunity to discuss those that meet the stated needs for guaranteed lifetime income, capital protection, access to capital and certainty.

Superannuation funds are becoming more focused on providing retirement income solutions as required by the government's Retirement Income Covenant. This sector will likely embark on member education and engagement programs that highlight lifetime

income products in the mix. Getting a step ahead with these conversations will ensure your clients see you as leading the way for them.

The data points we should all be concerned with and aware of are those around life expectancy and FORO, and how we can manage for both in a client's life. Guaranteed lifetime income products offer a way to support people and will become an increasingly important part of the retirement portfolio to manage both concerns. And, as a result, the discussion will move, from whether to hold a guaranteed lifetime income product to how to best use one.

As it does, advisers and super funds need to be prepared for this change in the narrative.

Methodology

This research report was made possible thanks to a collaboration with Bec Wilson and aims to shed light on the needs and desires of modern retirees. It aims to foster transparency and understanding, empowering the industry to better serve consumers by listening and responding to their needs effectively. Bec in no way endorses Allianz Retire+ or the products we offer.

The How To Make Retirements More Epic research is based on a survey of a nationally representative sample of 827 pre- and post-retirees from the Epic Retirement community. The report represents 43 percent males and 57 percent females with 71% planning for retirement as a couple.

This report represents a sample that are highly engaged around retirement and have demonstrated an eagerness to learn more and take control. Based on these insights, we've formulated seven guiding recommendations for the industry to consider when developing services, products, and customer interactions.



Bec Wilson
Author, Podcaster & Entrepreneur

Bec Wilson is one of Australia's most respected authorities on modern retirement and an expert on modern ageing and midlife. She's the bestselling author of *How to Have an Epic Retirement*, the #1 bestselling retirement book in 2023 and the #2 bestselling self-help book by an Australian author in 2024.

Bec hosts the weekly podcast, *Prime Time*, the ultimate guide to navigating the juicy, potential-filled years leading up to and beyond retirement. She also runs the enormously popular 6-week *How to Have an Epic Retirement* flagship course. A frequent speaker at events, Bec provides retirement education for companies and super funds and regularly appears on ABC and Nine radio, boosting retirement confidence across Australia.

She writes a widely-read weekly syndicated finance column for *The Age*, *The Sydney Morning Herald*, and other Nine newspapers, and publishes a weekly newsletter at www.epicretirement.net, connecting with a community of over 50,000 pre-retirees and retirees. Bec also manages the vibrant Facebook group, *The Epic Retirement Club*.

On a personal note, Bec is a mother of three teen and adult children (plus two noisy and cuddly Shih Tzu Poodles!), loves to travel, and is in her own *Prime Time*, dreaming of her epic retirement—one day! To get in touch just visit www.epicretirement.com.au.

Consumers want to
ensure they have enough
money for their long lives
ahead of them

Our new era retirement solution

To ensure certainty, comfort and peace of mind throughout retirement, Australians need a regular income for life and flexible access to capital.

While we're working, we have the comfort of knowing there's a regular pay cheque coming in each month. But that all changes when we retire.

Instead, we're required to live off other income sources such as super, investments and even the Age Pension. When we don't know what's down the road, it can be daunting working out how to make these income sources last.

Allianz Guaranteed Income for Life (AGILE) is a retirement income solution that delivers certainty in life after work – and it has the potential to transform your retirement.

AGILE provides the confidence that comes from combining a protected investment with potential for performance growth, with a guaranteed lifetime income. Importantly you have the flexibility and control to determine when your clients start to receive his or her lifetime income, which is paid monthly and guaranteed for life. This diversified income source can enhance the overall portfolio and help plan your clients retirement with increased confidence.



AGILE is designed to meet two goals specific to investing in retirement:

1. The potential to grow retirement savings while reducing or limiting investment risk
2. Securing the certainty of a stable and sustainable guaranteed income for life

Retirees need innovative solutions that provide for longevity without sacrificing financial flexibility; retirement strategies need to incorporate a more comprehensive suite of features including guaranteed lifetime income, market-linked returns, downside protection and the ability to make withdrawals.

The next generation of retirement income products help Australians make informed and confident spending decisions so they can flourish in retirement and enjoy this next well-earned phase of life.

¹ During both Growth and Lifetime Income Phases, investors are free to make Full or Partial Withdrawals from their Investment Value at any time. During the Growth Phase, investors have access to a Free Withdrawal Amount (FWA) equal to 5% of their initial Investment Amount, available annually. Withdrawals in the first 10 years may be subject to a Market Value Adjustment. Withdrawals will also reduce their potential Lifetime Income Payments. If an investor selects the Age Pension+ Option, they will no longer have access to the FWA in the Growth Phase, and the available Withdrawal Value will be limited to the maximum amount allowable under the social security Capital Access Schedule.

² An investor can start their guaranteed lifetime income anytime after the third year of commencing the AGILE investment. Lifetime income payments will automatically commence on the next Anniversary Date after an investor reaches 100 years of age (or after they reach Life Expectancy, if the Age Pension+ Option is selected).

Help your clients swap their pay cheque for a guaranteed retirement income



Guaranteed income - for life

Your clients can retire with confidence whenever they are ready¹ and receive guaranteed income payments for the rest of their lives (think of it as a 'retirement pay cheque'). In addition, the payments are guaranteed to **never** decrease or run out.



Flexibility

Ability to withdraw some or all of the investment value - money is not locked away and your clients can make a partial or full withdrawal at any time².



Growth with in built protection

AGILE's investment options provide exposure to market-linked returns (up to a maximum return) with partial or total protection options, providing the opportunity to safely grow the investment value while your clients are waiting to switch on their lifetime income. They may also be able to take on additional risk elsewhere in the portfolio knowing you have an income anchor in place for them.



Death benefit

In the event of death, your clients have peace of mind knowing that their remaining investment value³ is paid to their beneficiaries or estate.



Optimise eligibility for the Age Pension

For some, the Age Pension will be one source of income in retirement. If this is the case, the Age Pension+ Option may help your clients become eligible for, or receive a higher level of, the Age Pension⁴.

- 1 An investor can start their guaranteed lifetime income anytime after the third year of commencing the AGILE investment. Lifetime income payments will automatically commence on the next Anniversary Date after an investor reaches 100 years of age (or after they reach Life Expectancy, if the Age Pension+ Option is selected).
- 2 During both Growth and Lifetime Income Phases, investors are free to make Full or Partial Withdrawals from their Investment Value at any time. During the Growth Phase, investors have access to a Free Withdrawal Amount (FWA) equal to 5% of their initial Investment Amount, available annually. Withdrawals in the first 10 years may be subject to a Market Value Adjustment. Withdrawals will also reduce their potential Lifetime Income Payments. If an investor selects the Age Pension+ Option, they will no longer have access to the FWA in the Growth Phase, and the available Withdrawal Value will be limited to the maximum amount allowable under the social security Capital Access Schedule.
- 3 In the event of death, if the Age Pension+ Option is chosen, the amount payable on death will be subject to a maximum known as the Age Pension+ Maximum Benefit on Death, which may be greater or less than the Investment Value at that time.
- 4 It's important to be aware that selecting the Age Pension+ Option would vary the death, withdrawal value and lifetime income payable from AGILE. Access will be limited to the amount prescribed under the social security Capital Access Schedule. The investor's applicable Lifetime Income Rates would also vary.

Enjoy today knowing that tomorrow is assured

With so many unknowns in life, it's important to know that your client's money is in safe hands - now and in the future.

The lifetime income that we pay to AGILE investors is **guaranteed** to be payable for life - backed by a Life Company who is regulated by the Australian Prudential Regulation Authority (APRA). By having this guarantee, clients can plan for and spend more confidently in retirement knowing how much income they will have, secure in the knowledge it will never run out.

Your client's retirement future-proofed

Income certainty is an essential ingredient that gives your clients the confidence and freedom to spend and enjoy their retirement, safe in the knowledge that they have the financial ability to make the most of their retirement. AGILE is the foundation for creating confidence heading into the retirement phase. By including AGILE as an investment option for your clients, you can 'future-proof' a portion of their retirement income.

By allocating a portion of your client's super or savings into AGILE, you are locking in a known lifetime income rate¹ which is guaranteed to increase every year until you commence their AGILE lifetime income. The money is invested in one (or a combination) of protected investment options so that the AGILE investment balance continues to grow while at the same time providing clients with peace of mind knowing that AGILE is cushioned from downside market movements. Allocating to AGILE may also provide you with added confidence to maximize the returns and risk appetite of their remaining investment options.

How it works

Invest
Allocate a portion
of your client's savings
or super into AGILE



Exposure to sharemarket-linked returns so the investment value has the potential to keep growing². When combined with an increasing lifetime income rate, you have greater potential to increase the amount of guaranteed lifetime income your clients will receive.



Access
Retire your way,
with enhanced income



Access to a guaranteed lifetime income as early as 3 years after starting AGILE investment³.
Be rewarded for waiting: the lifetime income rate increases each year, so the longer you defer, the higher it will be.



Enjoy
Retire with confidence
and peace of mind



Retire with confidence and peace of mind that comes with guaranteed monthly payments for life that will never run out or decrease.

¹ Lifetime Income Rates are known at commencement and will vary, depending on whether the investor chooses to receive Rising or Fixed payments, whether the investor has selected the Age Pension+ Option and whether the investor has selected the Spouse Insured Option.

² AGILE's protected investment options provide exposure to market-linked returns (up to a maximum return) while eliminating or reducing losses resulting from market falls – giving investors the opportunity to safely grow their investment value before converting it into a lifetime income.

³ An investor can switch on their lifetime income anytime after the third year of starting their AGILE investment. Lifetime income payments will automatically commence on the next Anniversary Date after an investor reaches 100 years of age (or after they reach Life Expectancy, if the Age Pension+ Option is selected).

About Allianz Retire+

We are a global leader in providing innovative retirement income solutions and part of one of the world's largest insurance companies, Allianz.

Allianz' purpose is 'we secure your future', and since 1890 it has secured the future of 122 million¹ customers in more than 70 countries across the globe. In Australia, Allianz has protected customers for 110 years, currently with 4 million customers.

As part of the Allianz family, Allianz Retire+ brings together Allianz' world-class insurance know-how with PIMCO's unrivalled investment expertise to deliver security and stability throughout retirement.

Get in touch

We're here to support you in delivering an independent and rewarding retirement to your clients and members. Reach out to your Allianz Retire+ representative or contact us at:

p. 1300 421 060

e. enquiries@allianzretireplus.com.au

w. allianzretireplus.com.au

Allianz Retire+
POWERED BY PIMCO

¹ Insurance only, including non-consolidated entities with Allianz customers. Source: allianz.com

This material is issued by Allianz Australia Life Insurance Limited, ABN 27 076 033 782, AFSL 296559 (Allianz Retire+). Allianz Retire+ is a registered business name of Allianz Australia Life Insurance Limited.

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Use of the word 'guarantee' in this material refers to an assurance that certain conditions or contractual promises will be fulfilled by Allianz Retire+ from the available assets of its Statutory Fund No 2, in relation to the product terms. This includes 'guaranteed' income payments in the Lifetime Income Phase which will be paid from the available assets of Statutory Fund No 2, noting that Allianz Retire+ may terminate the product in certain limited circumstances as outlined in the Product Disclosure Statement referred below.

Allianz Australia Life Insurance Limited is the issuer of Allianz Guaranteed Income for Life (AGILE). Prior to making an investment decision, investors should consider the relevant Product Disclosure Statement (PDS) and Target Market Determination (TMD) which are available on our website (www.allianzretireplus.com.au).

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