

ERIKSENS ACTUARIAL

Actuaries & Investment Strategists

Management of Decumulation Risks

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An answer:

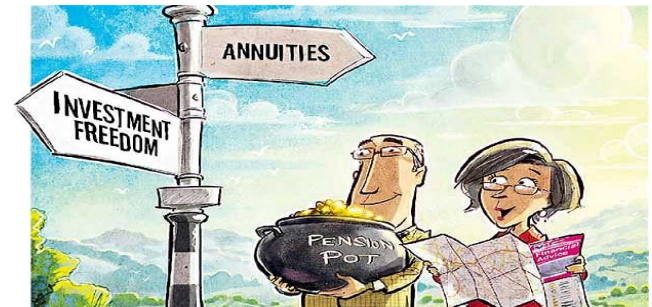
Life time annuity products

- One current provider
 - Fidelity life
- Practically non-existent market
- Lack of public knowledge / demand



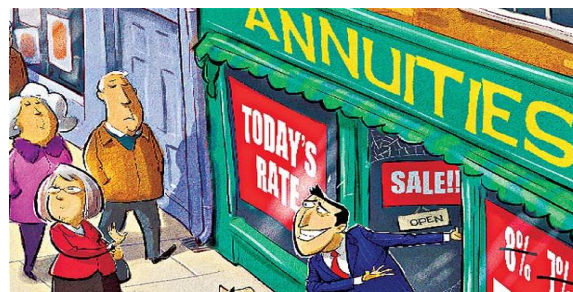
Life time annuities – current limitations

- Low interest rates – poor terms
- A bad deal for those (and their families) who die prematurely
- Solution: 10 year guarantee?
- Tax?



Possible draw down providers

- Life insurers



- KiwiSaver managers and Master Trust providers
- What about corporate super schemes?

Role of the government and/or private sector

- Education?
- Compulsion?
- Tax change
- Appropriate assets are essential to match annuity liabilities...



Long term assets for investment

- Government issue 25 year nominal and inflation linked bonds
- Innovation – longevity bonds?

