



# THE PROBLEM WITH WITH PROFITS ANNUITIES

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# TRANSITION ... EMPLOYMENT TO RETIREMENT



aspirations / decisions

realistic income potential



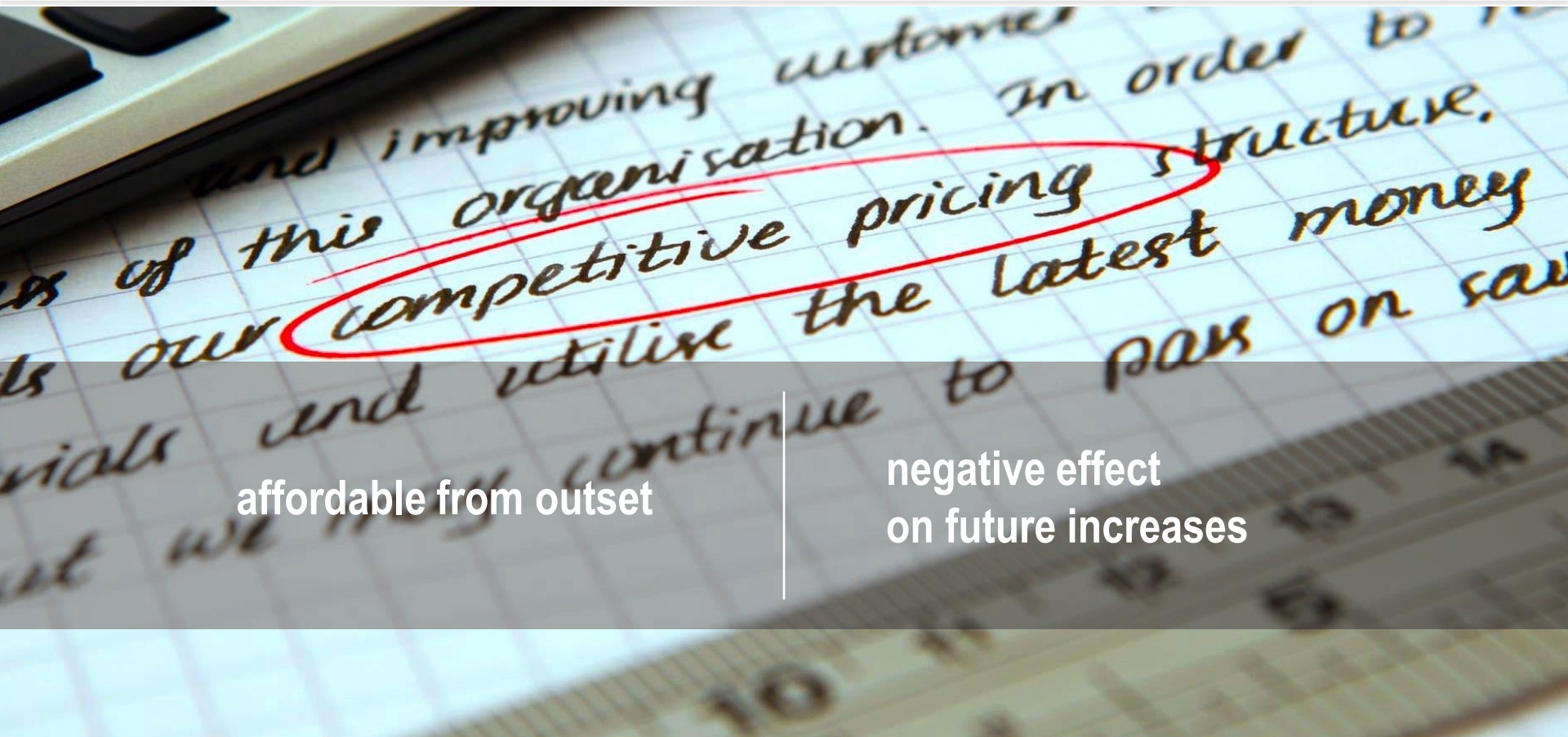
# INTERESTING CHALLENGE ...



design better  
annuity products

volatile markets  
returns below norms  
longevity - healthcare

## IN SOME CASES ...



affordable from outset

negative effect  
on future increases



# WITH INSUFFICIENT CAPITAL ...



maintain current lifestyle

living annuity



# INDUSTRY RESPONSIBILITY ...



poor decisions

depletion of funds



# ADVISER ... CLEAR-CUT DECISIONS DIFFICULT



pressure to maintain  
standard of living

balancing act

# DOCTOR / PATIENT RELATIONSHIP ...



**ideal world**  
optimise life-long health



**reality**  
advise on restoring current health



# DOCTOR / PATIENT RELATIONSHIP ...



diagnostic questions



patient understanding





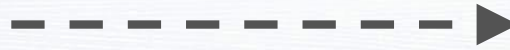
**we face a similar situation ...**



# EMPLOYMENT TO RETIREMENT ...



biggest single  
financial decision



procrastination  
... decisions inevitable

limited  
understanding

no decision  
is a decision





# WEIGHTED IN ONE DIRECTION ...



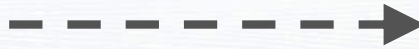
lifestyle      - - - - - ► living annuity



# LIVING ANNUITY ... LIKE BROAD SPECTRUM ANTI-BIOTIC



immediate  
financial health gain



short-term?  
overlooking underlying  
financial health problem

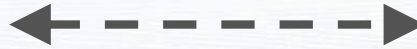




# INCREASING AWARENESS ...




health risks  
or side effects



unaware / blind eye  
... pensioners battling



A photograph of a woman with dark skin and her hair wrapped in a patterned headwrap, holding a young child. The woman is looking down at the child with a gentle expression. The child is looking towards the camera. The background is dark and out of focus.

**#NeverBeenABetterTime**  
step up level of engagement ...





**better  
information**

**better  
member  
education**

**better  
annuity  
options**

**increased level of engagement**



←..... **higher risk**                      **lower risk** .....→

living annuity

with profit  
annuity

guaranteed  
annuity

RISK



investment  
volatility  
longevity





←..... **higher risk**                      **lower risk** .....→

living annuity

with profit  
annuity

guaranteed  
annuity

RISK

investment – better control  
longevity – reduces risk



←..... **higher risk**                      **lower risk** .....→

living annuity

with profit  
annuity

guaranteed  
annuity

CONCERNS

**pricing**  
balancing starting  
income against  
acceptable future  
increases





←..... **higher risk**                      **lower risk** .....→

living annuity

with profit  
annuity

guaranteed  
annuity

RESPONSIBILITY

do the right thing  
limited number  
of service providers



←..... **higher risk**

**lower risk** .....→

living annuity

with profit  
annuity

guaranteed  
annuity

longevity risk - eliminated  
increases - specified

PROTECTION

income  
fixed or inflation linked

CONCERN



←..... **higher risk**                      **lower risk** .....→



←..... **comfort**                      **discomfort** .....→

←..... **discomfort**                      **comfort** .....→





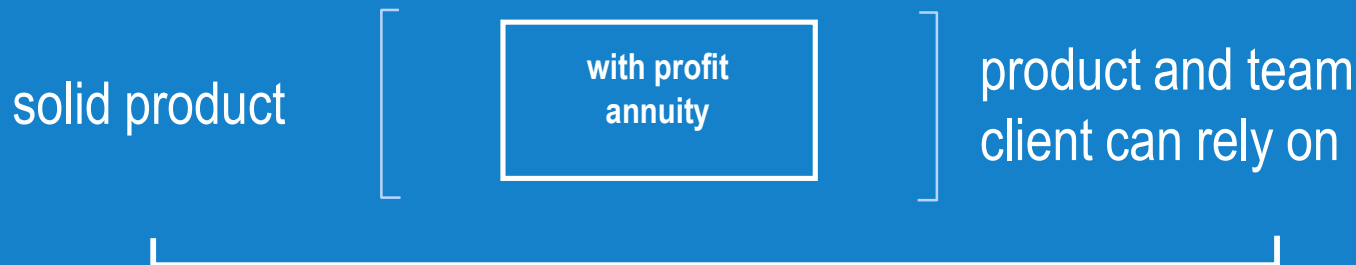
living annuity

with profit  
annuity

guaranteed  
annuity

sensible option?  
trade-off?

# RE-THINKING OUR WITH PROFIT ANNUITY ...



ethical and sustainable decisions



# RE-STRUCTURING OUR WITH PROFIT ANNUITY ...



relative basis

competitive  
fees

maintain  
future  
increases

solid option  
- default  
annuity

do the right thing  
- realistic future

positive  
feedback



# WITH PROFIT ANNUITY ... OVERVIEW



**underlying  
balanced  
fund**

drives increases

returns smoothed  
to reduce market  
or volatility risk

**mortality**

based on  
actual experience  
(shared P&L)

**bonuses  
transparent**

reflect:  
returns  
mortality  
purchase rate  
deductions

**competitive  
pricing**

ideal for defaults



# EVALUATE

technical | emotional



Q.

will client relate to firm  
standing behind this  
WPA?

crucial decision | long-term | need security





Q.

how will they rate  
the admin  
and service  
capability?

previous experience elsewhere of  
below par service



Q.

long-term  
investment  
track record?

realistic returns | sustainable increases

# IS THERE AN ULTIMATE SOLUTION?...



diverse / unique  
financial health  
problems

close fit  
affordable / sustainable  
transparent / solid default

living annuity

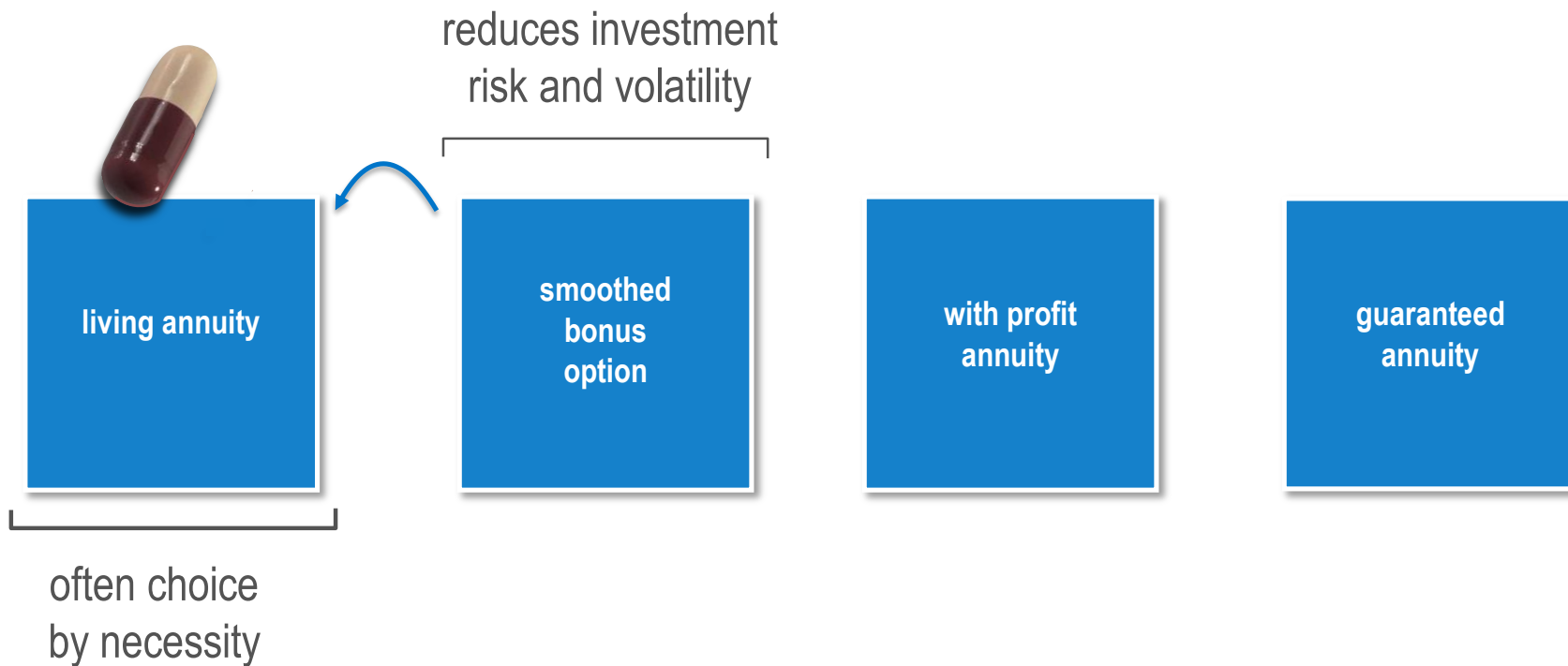
with profit  
annuity

guaranteed  
annuity

responsibility to do the right thing



# IS THERE AN ULTIMATE SOLUTION?...



# TRANSITION ... EMPLOYMENT TO RETIREMENT



aspirations / decisions

realistic income potential

living  
annuity

with profit  
annuity

guaranteed  
annuity



# WITH PROFIT ANNUITY ... MORE CONSERVATIVE OUTLOOK



- solid admin capability
- positive relationship

- pricing longer term view
- sustainable returns
- realistic increases

A photograph of a Black woman with her hair wrapped in a patterned headwrap, holding a young Black child. The woman is looking down at the child with a gentle expression. The child is looking directly at the camera with a curious expression. The background is a solid dark grey. Overlaid on the image is the hashtag #NeverBeenABetterTime in a large, white, sans-serif font.

**#NeverBeenABetterTime**



