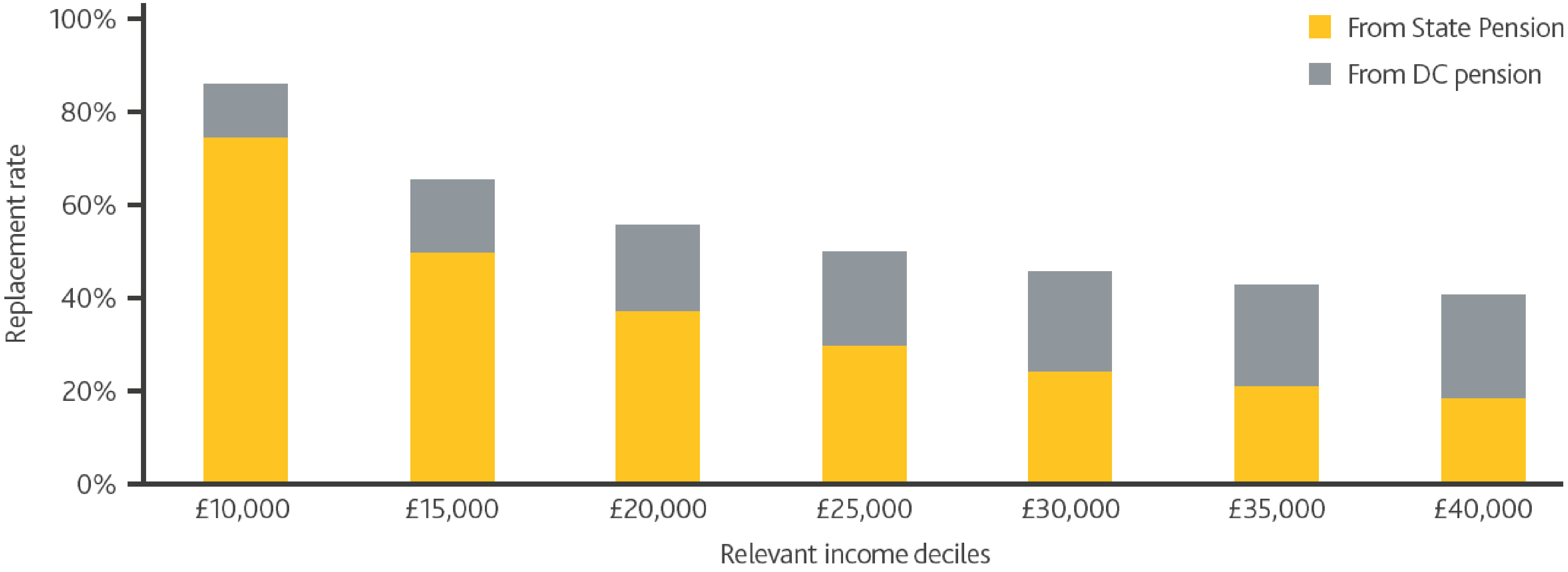
Meeting members' needs in retirement

NEST Corporation: Paul Todd

The ‘DC dependent’ generation



Source: NEST

Ready to engage?

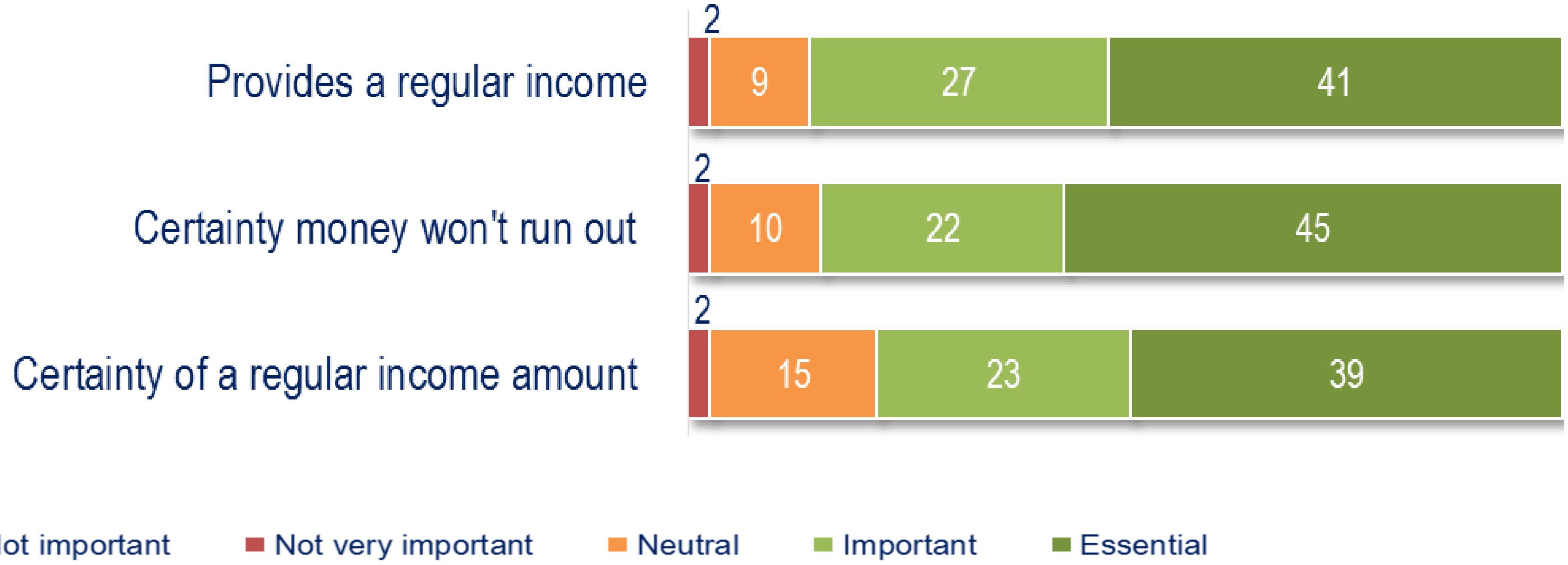
There are three categories of pension scheme members:

High
- Financial capability
- Willingness to pay for advice

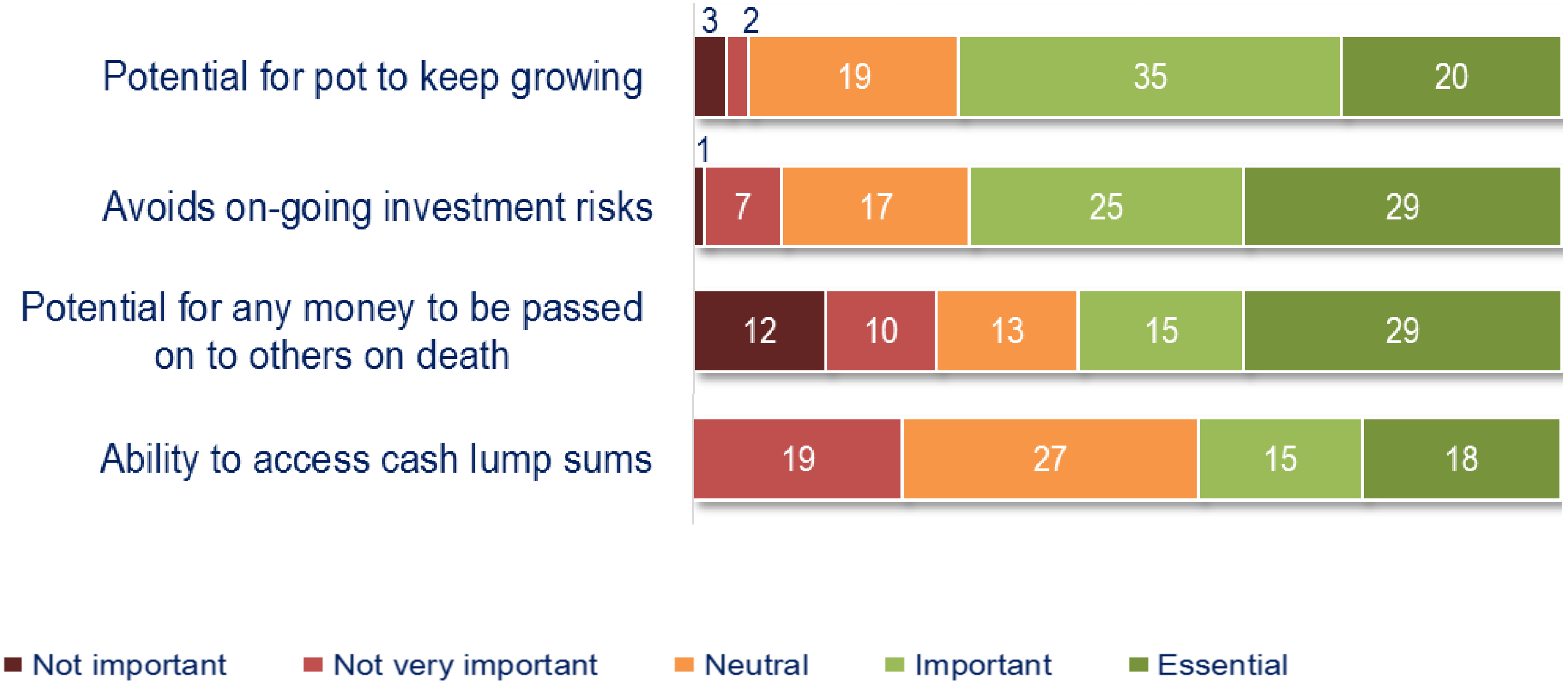
Less
- Financial experience
- Less likely to pay for advice

Very little
- Financial experience
- Very little engagement

How important are the following features?



...but other things are important too



Behavioural biases and drivers

Perception of annuities as poor value

Present bias

Loss aversion

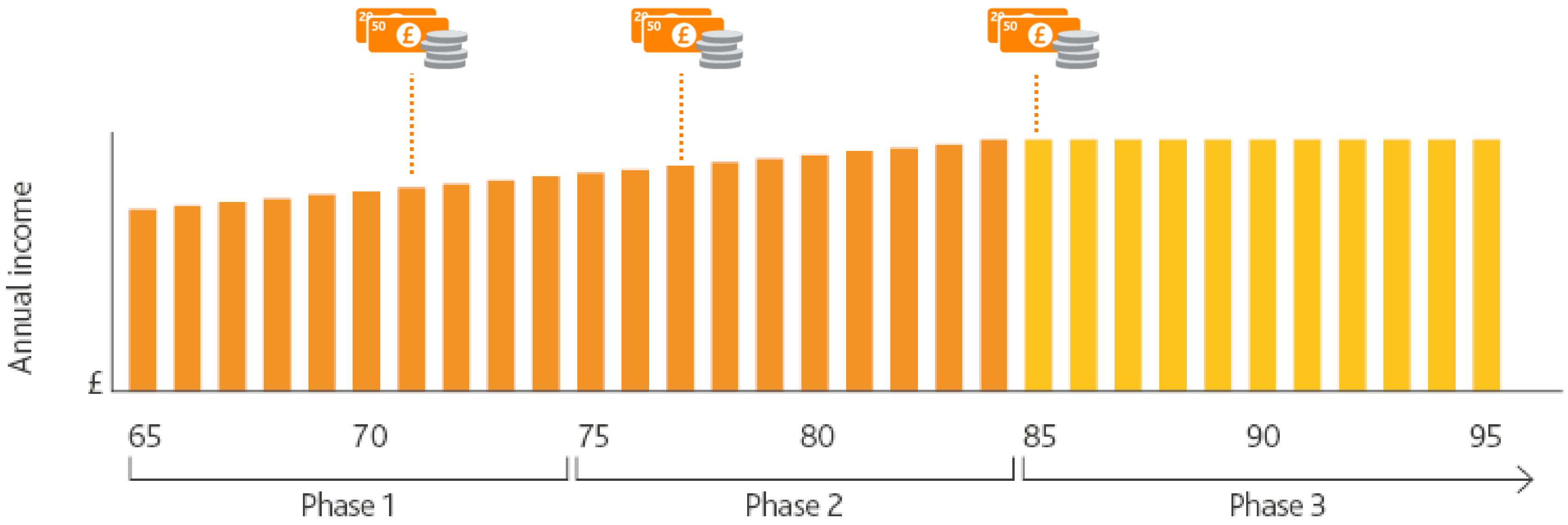
Difficulties in probabilistic thinking

Mental accounting

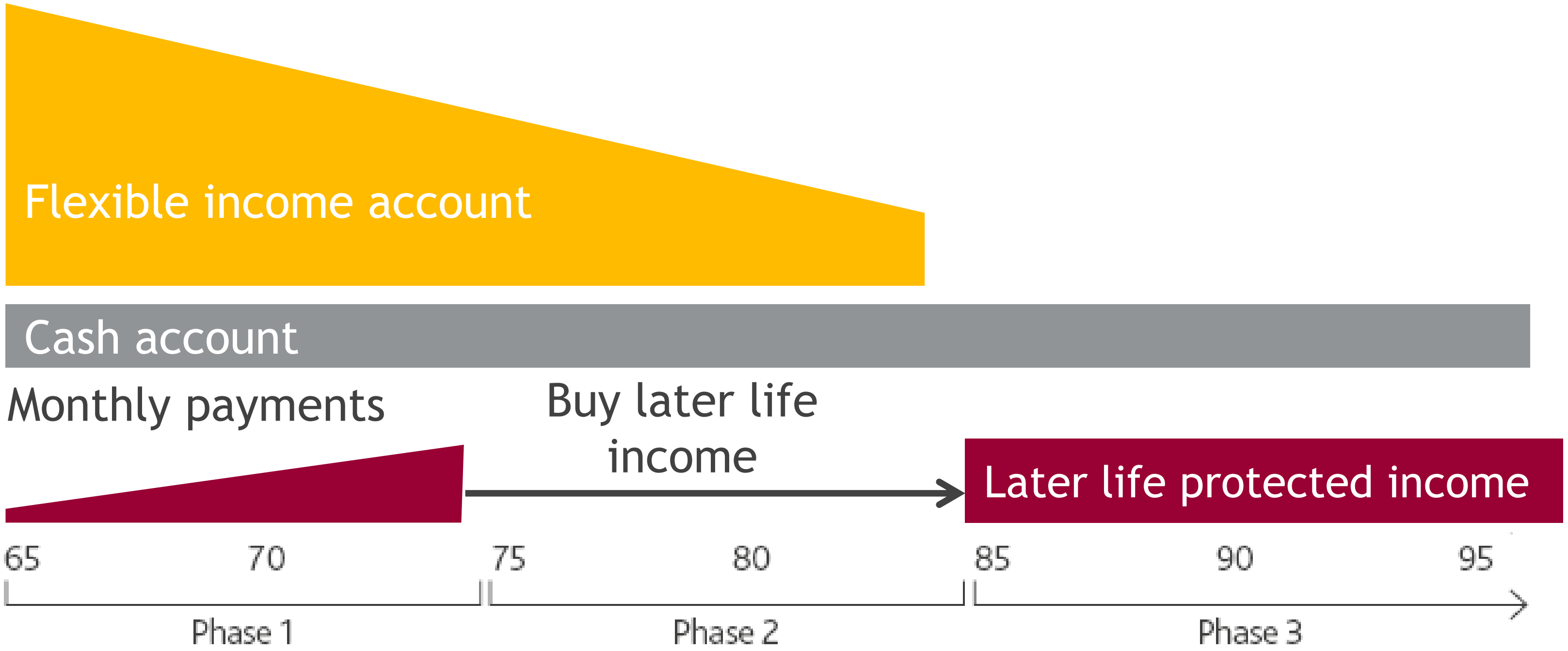
Harness or overcome?

NEST blueprint core strategy - what a saver sees

Regular secure income with ad hoc access to cash



Building blocks and three phase strategy



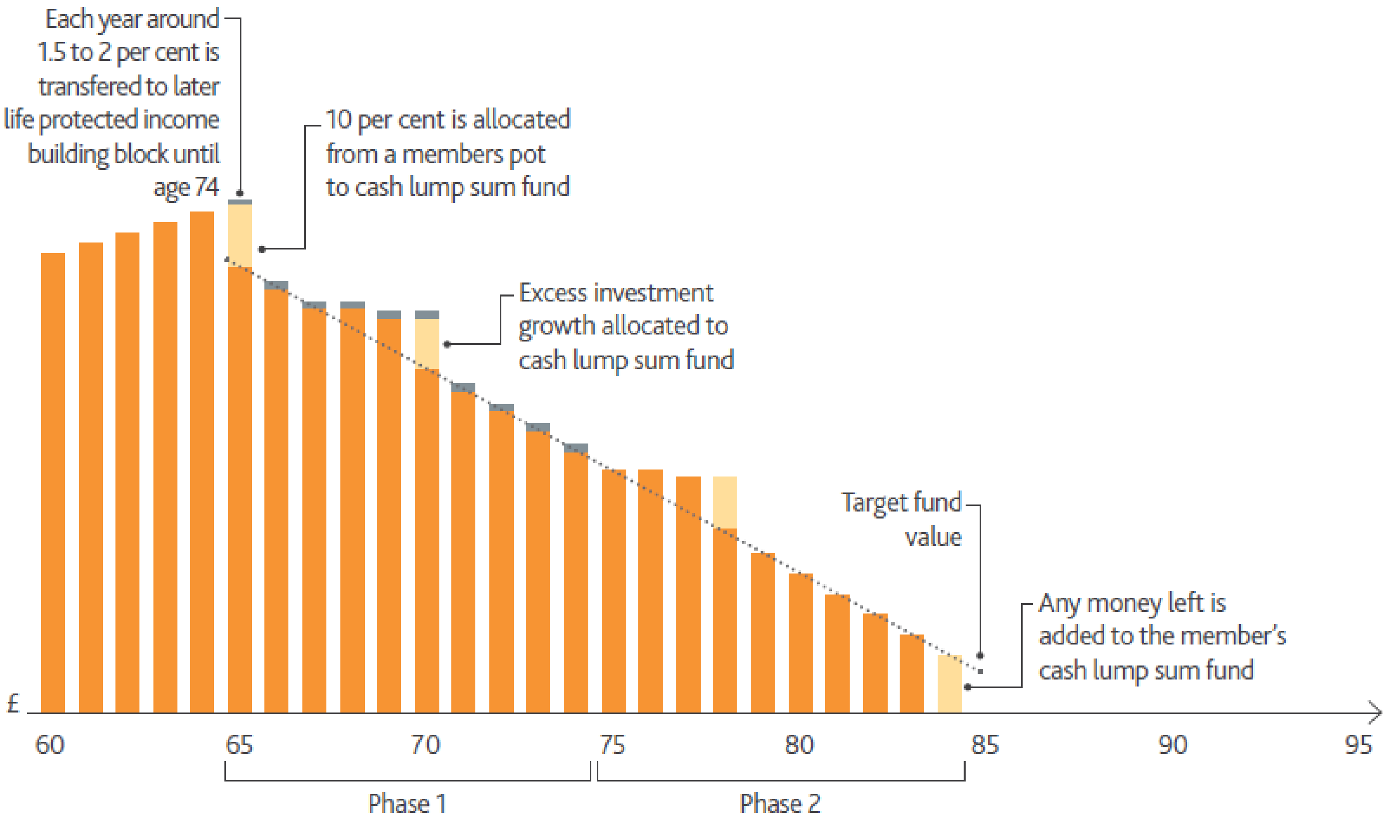
Flexibility

Securing the future

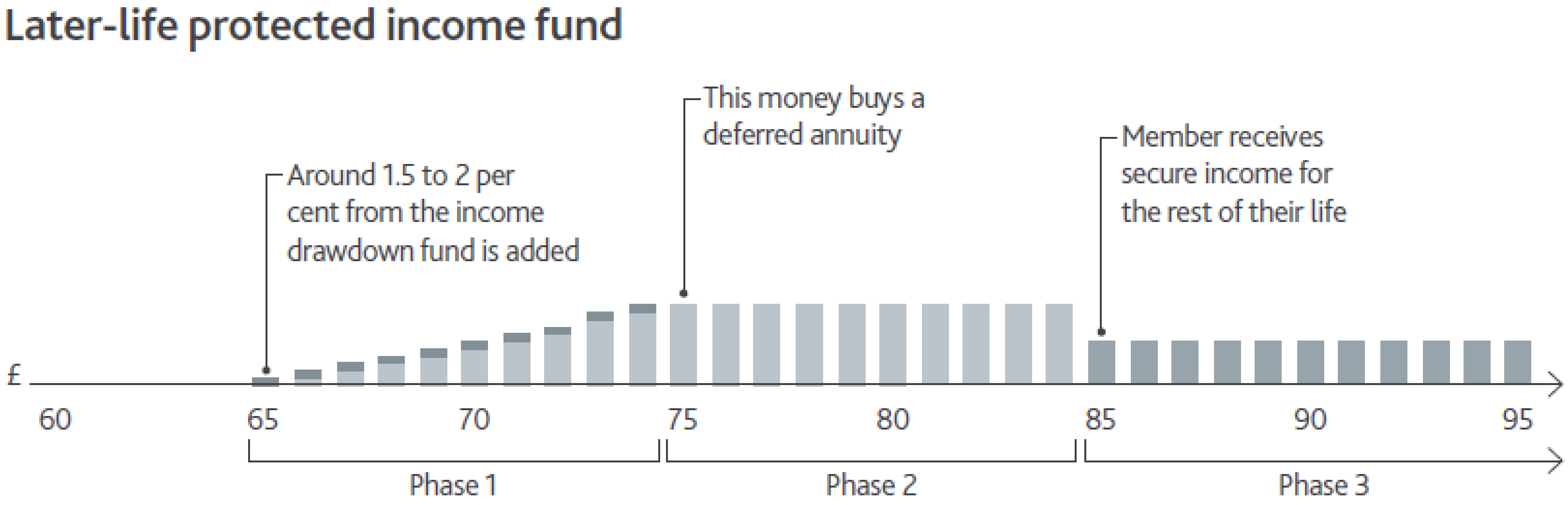
Security for life

Blueprint strategy – flexible income pot allocation

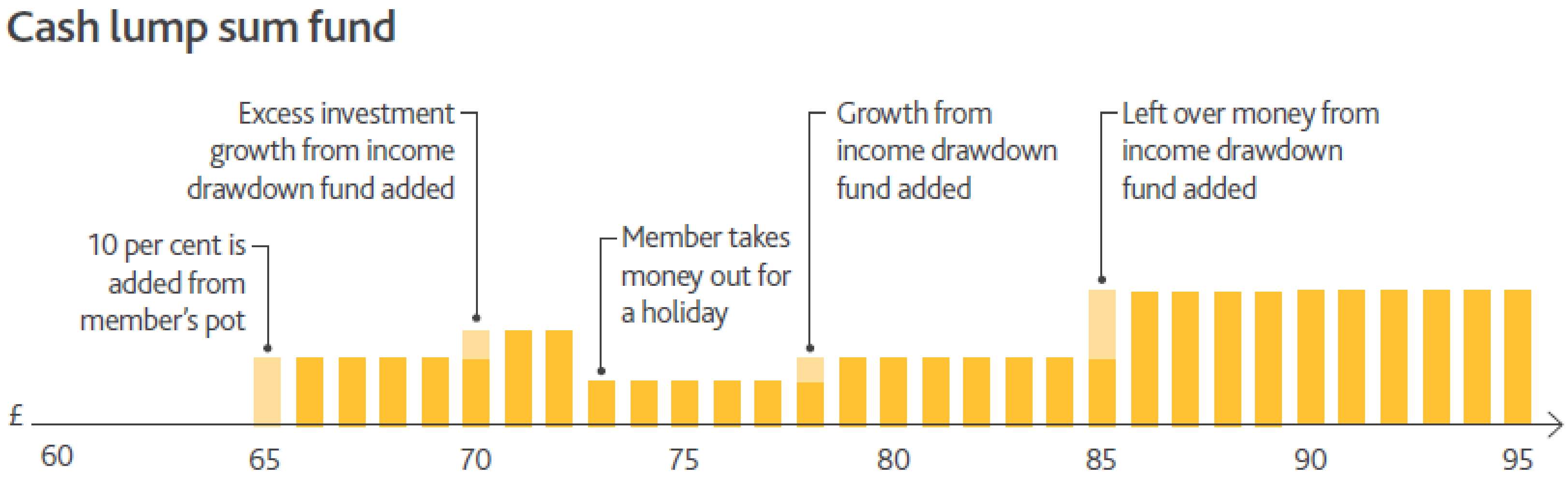
Income drawdown fund



Blueprint strategy - securing a later life income

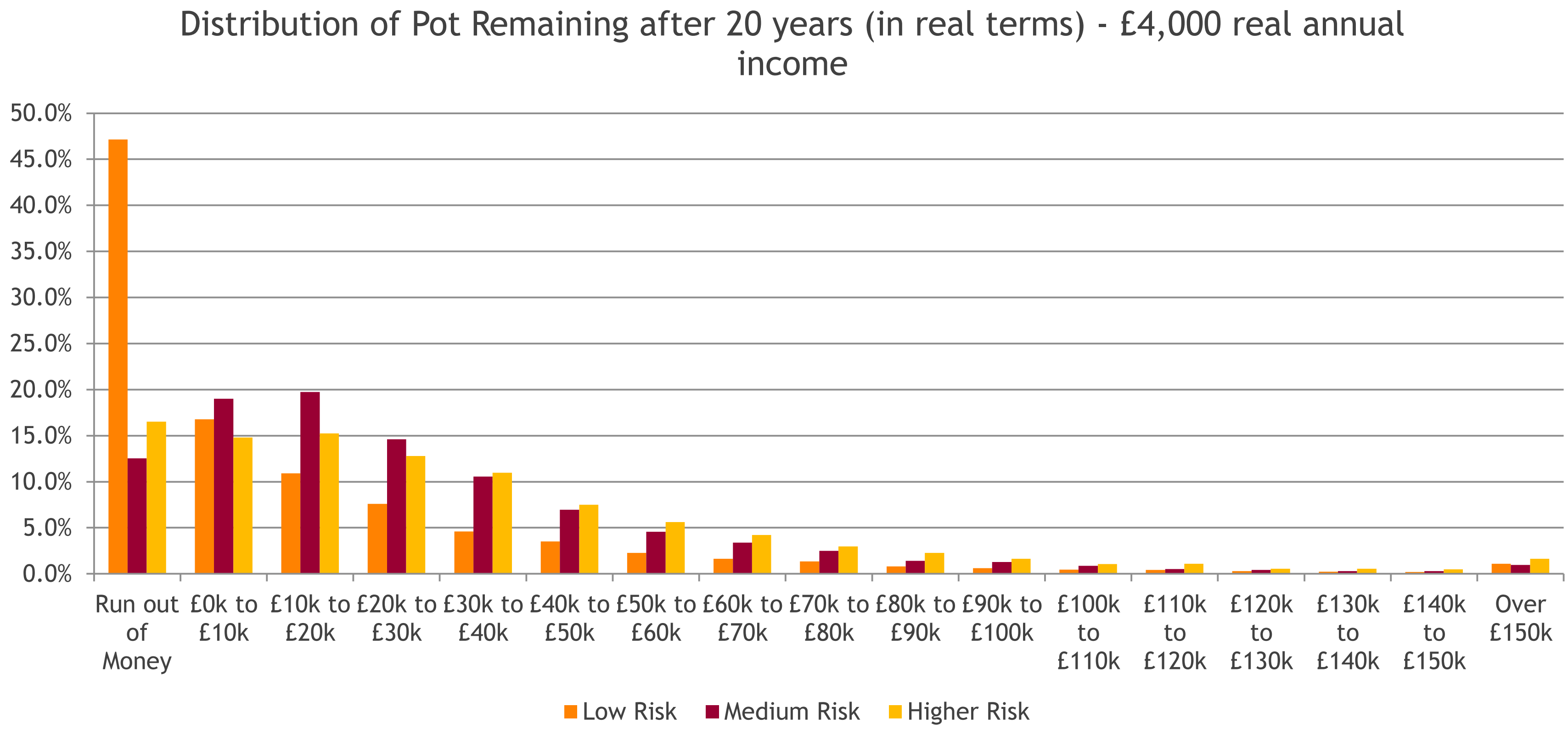


Blueprint strategy - providing ad hoc cash access

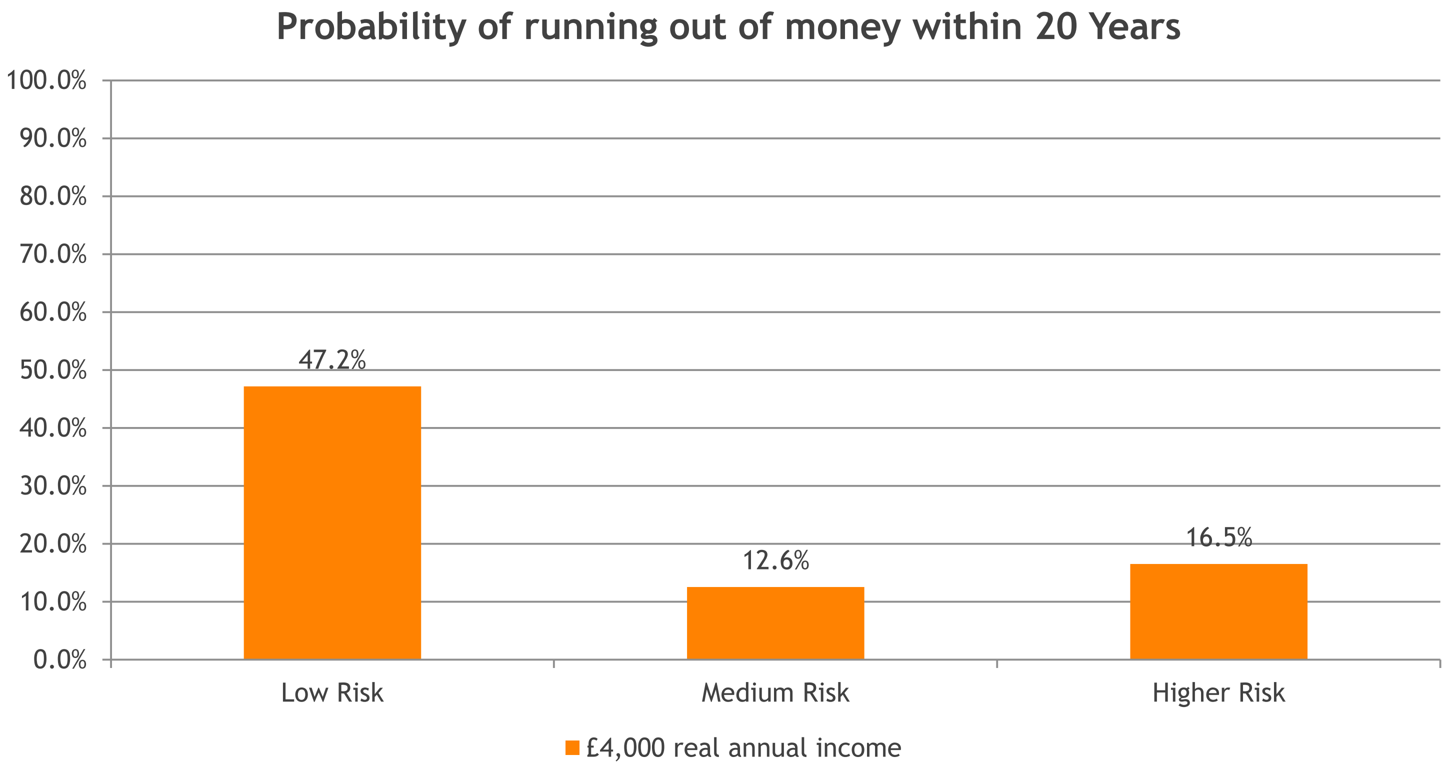


Annex

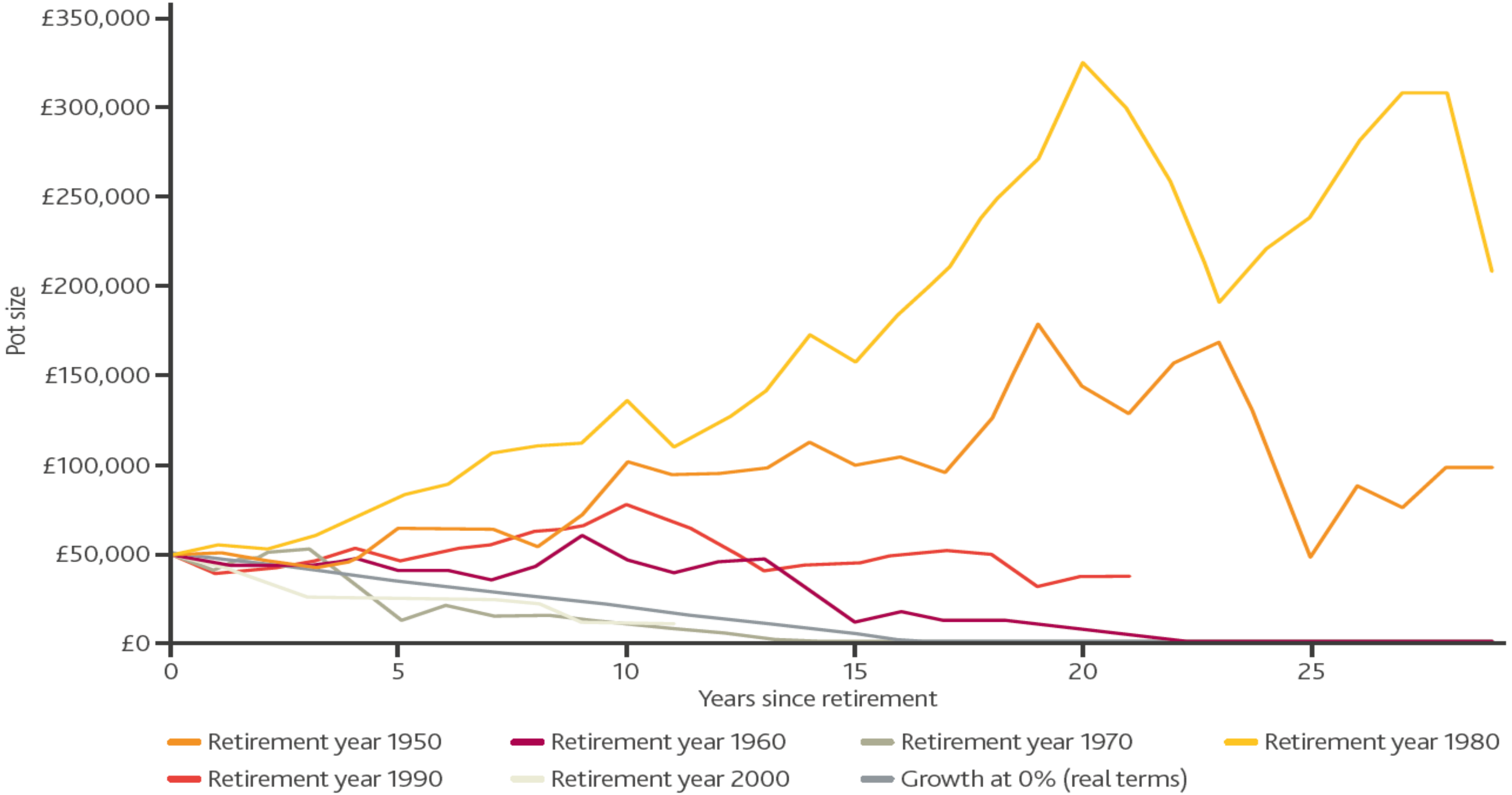
Likely excess cash



Fixed investment horizon simplifies risk management



Investing through retirement – sequencing risk



Source: Dimson, Marsh, Staunton and NEST 2014