



Preservation of Retirement Savings – Can we reach consensus?

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The Business of Change: 2010 and Beyond



Why is preservation an issue?

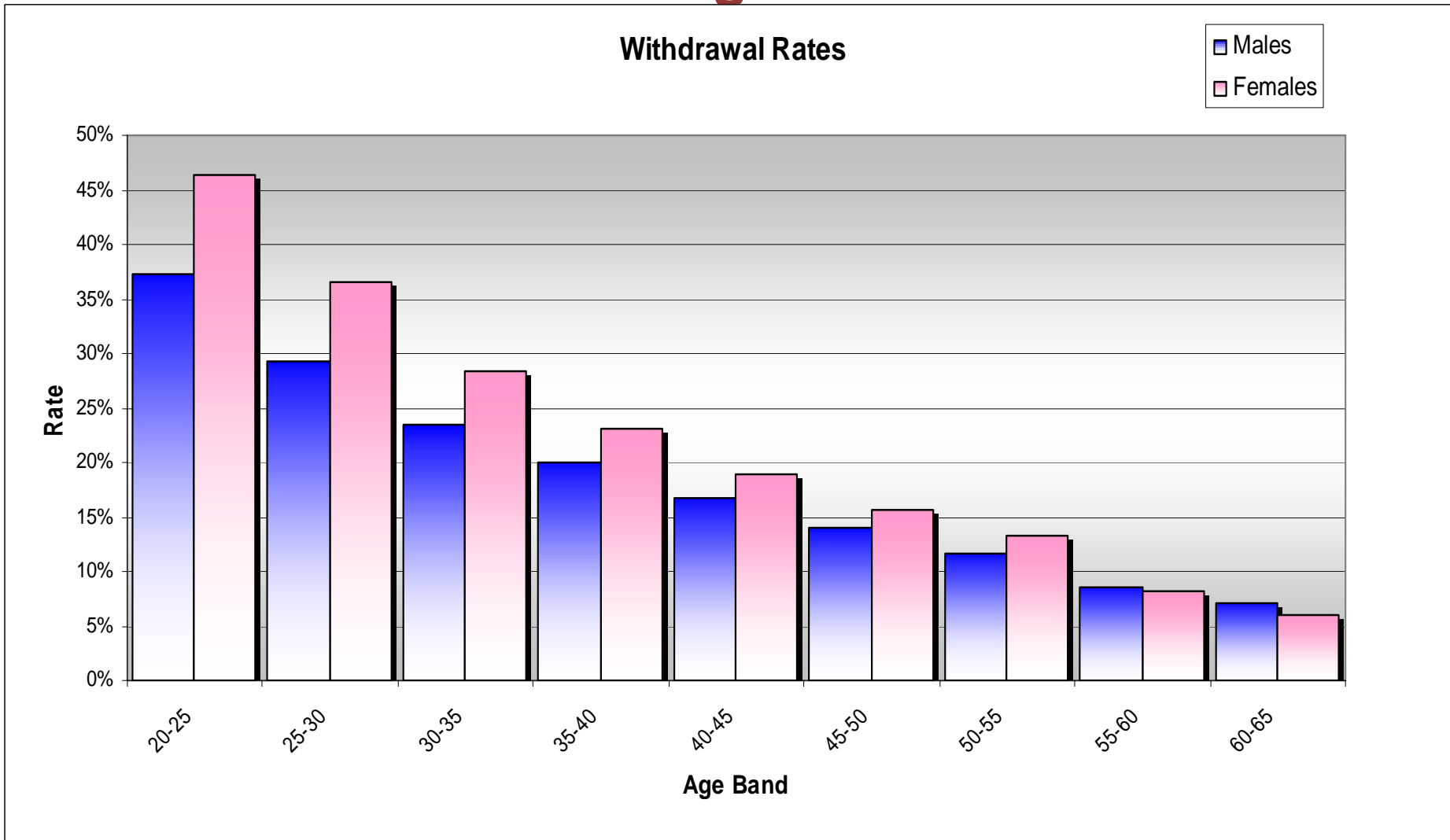
- Observed Retirement Benefits are inadequate
- Costs and insufficient contributions are often the accused?
- What is the real retirement killer?

Non - Preservation

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What is the risk of leakage?



Source: Alexander Forbes Member Watch

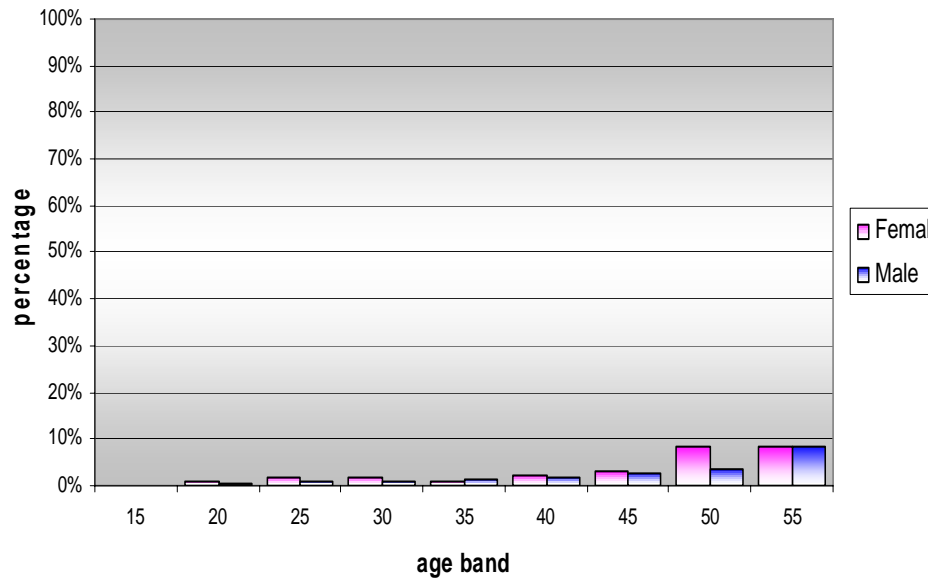
2008 CONVENTION 23 – 24 OCTOBER



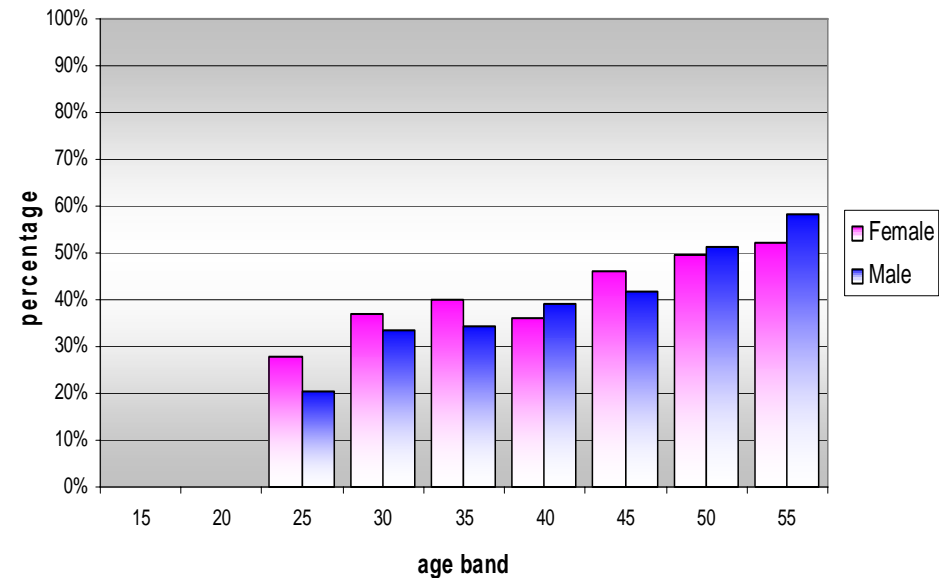
What is the extent of leakage?

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Average % of Exiting Members' Benefits Preserved
Salary 0 to 75 000



Average % of Exiting Members' Benefits Preserved
Salary 300 000+

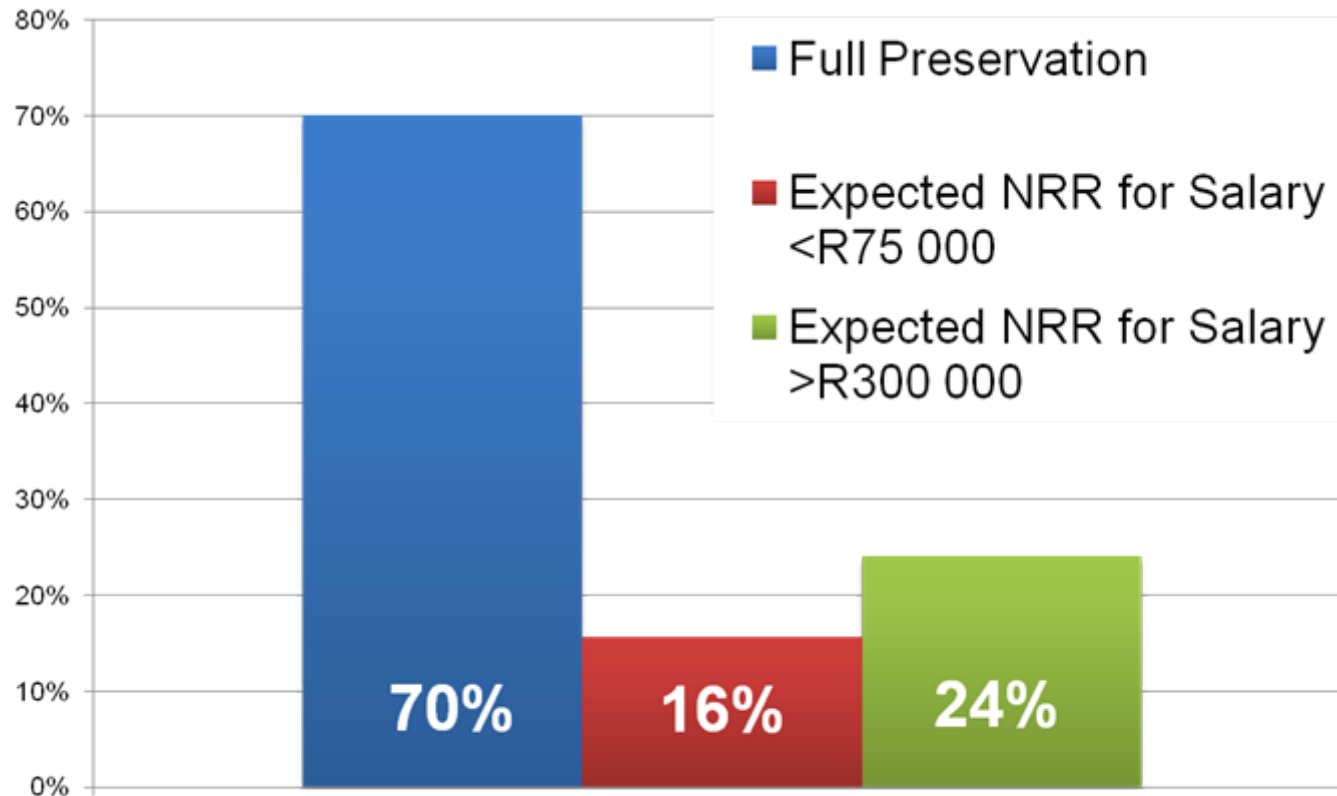


Source: Alexander Forbes Member Watch

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What is the impact of leakage on NRR?



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Based on Model using actual observed preservation rates & average contributions towards retirement



What is the debate?

- Median member is retiring with 28% NRR
 - 19 yrs service
 - 4 years early
- System would deliver NRR of 79%
 - 40 yrs service
 - Retiring at 65

Surely it is a no brainer to compel participants to preserve?

- Deliver adequate pensions over reasonable contribution periods
- Nearly treble assets in existing system

