

**SURVIVE THRIVE**



# Natural Selection

**Financial Services Forum**

---

21-22 May 2018 • Hilton Sydney



**Actuaries  
Institute**



# Data Analytics and Super

**Jeff Gebler, Milliman**

© Milliman

*This presentation has been prepared for the Actuaries Institute 2018 Financial Services Forum.  
The Institute Council wishes it to be understood that opinions put forward herein are not necessarily those of the  
Institute and the Council is not responsible for those opinions.*

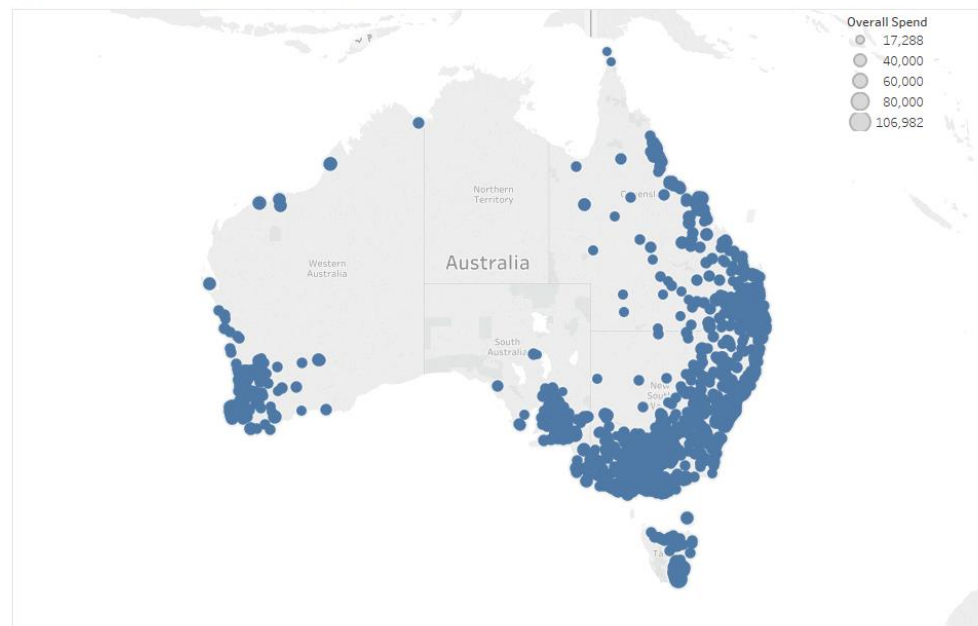
# Retirement Expectations and Spending Profiles (ESP)

- Data
  - Spending data for 3 million households, 300k in retirement
  - Postcode level
  - Composition of spend
  - Discretionary vs essential
  - Varying affluence and preferences
- Insights
  - Powered by Milliman's Goals Based Analytics platform (GBA)
  - Distributions of future assets and liabilities including interactions with the Age Pension



## Milliman Retirement Expectations and Spending Profiles

Average household retirement spend by post code

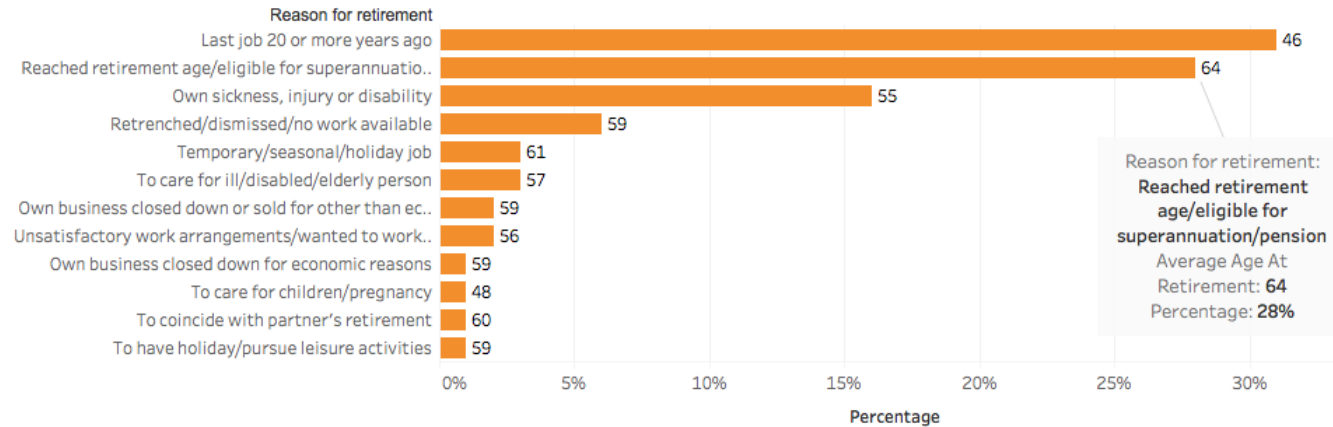


# Why Retire?



## Milliman Retirement Expectations and Spending Profiles

### Reason for retirement and average age



# Key Findings

Older retirees today (85+) spend 38% less than 65 year olds

There is a cohort effect here as older retirees have participated in less wage growth and time in the superannuation system

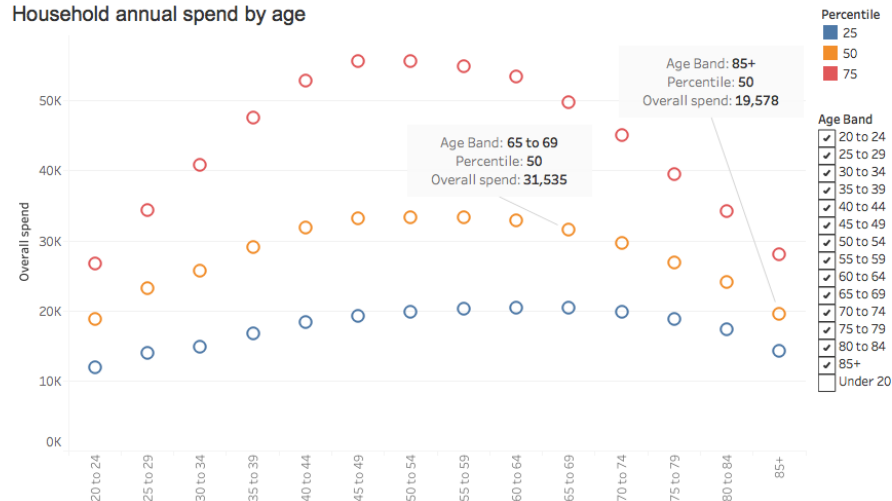
Spending peaks around age 50

30% variation in retirement spending between capital cities and regional areas



## Milliman Retirement Expectations and Spending Profiles

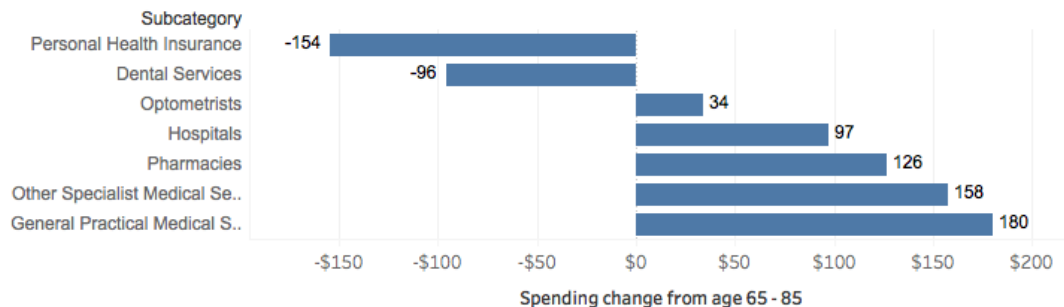
Household annual spend by age





## Milliman Retirement Expectations and Spending Profiles

Change in Health spend from age 65 to 85



### Category

- Clothing
- Communications
- Energy
- Food Retailing
- Health
- Household Goods & Servi..
- Housing
- Insurance
- Leisure
- Other
- Transport
- Travel

### Health breakdown

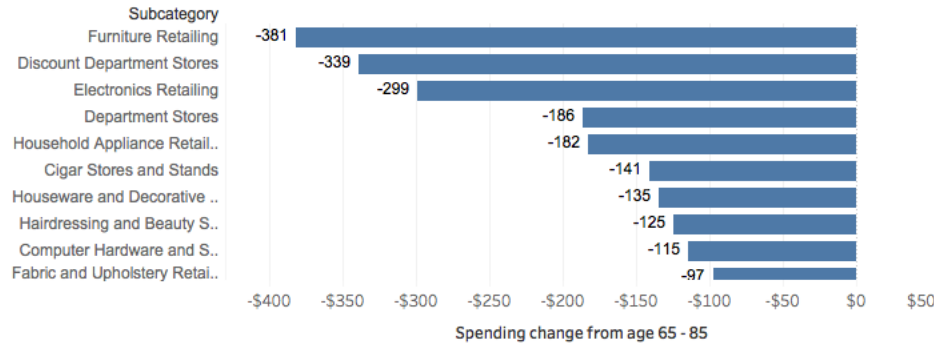
Age 65	4,349
Age 85	4,728
Change	379

What changes through retirement?



## Milliman Retirement Expectations and Spending Profiles

### Change in Household Goods & Services spend from age 65 to 85



#### Category

- Clothing
- Communications
- Energy
- Food Retailing
- Health
- Household Goods & Servi..
- Housing
- Insurance
- Leisure
- Other
- Transport
- Travel

#### Household Goods & Services breakdown

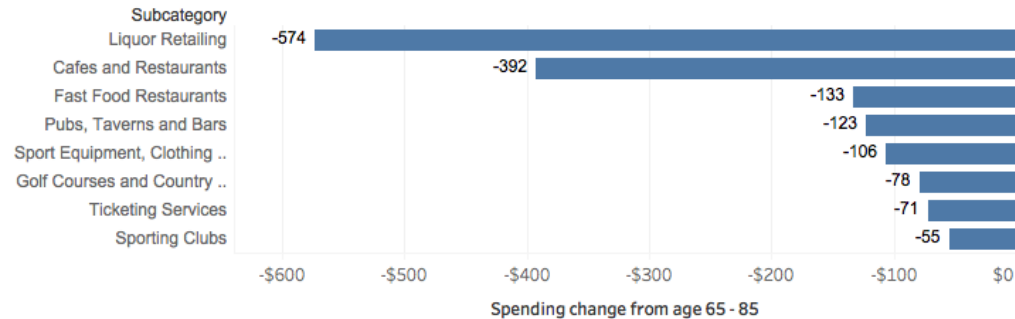
Age 65	5,699
Age 85	2,756
Change	-2,943

# What changes through retirement?



## Milliman Retirement Expectations and Spending Profiles

Change in Leisure spend from age 65 to 85



Category

- Clothing
- Communications
- Energy
- Food Retailing
- Health
- Household Goods & Servi..
- Housing
- Insurance
- Leisure
- Other
- Transport
- Travel

Leisure breakdown

Age 65	3,789
Age 85	1,680
Change	-2,109

What changes through retirement?



# Retirement Incomes Case Study

Median household nationwide

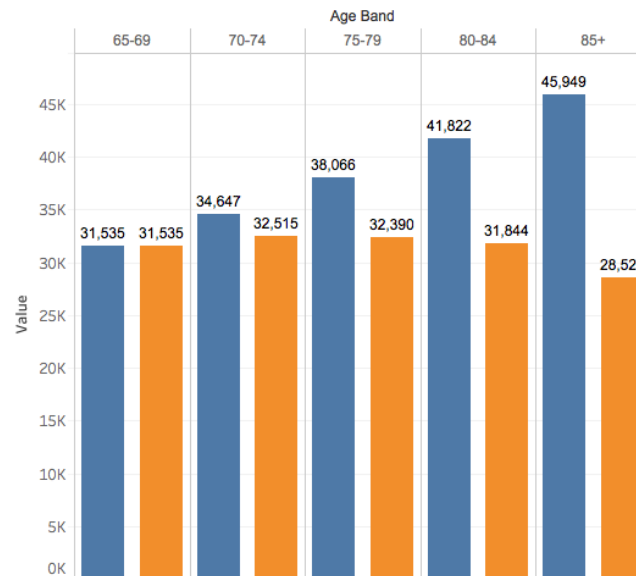
Real world spending compared to maintaining age 65 spend in real terms

Income needs are overstated by **22%** through retirement



## Milliman Retirement Expectations and Spending Profiles

Forecasting spending



Measure Names

■ Age 65 spend held constant in real terms

■ Observed spend adjusted for inflation

# Thank You

- [Jeff.Gebler@Milliman.com](mailto:Jeff.Gebler@Milliman.com)