I believe the key to greater longevity of superannuation is about more engagement by superannuants.

If given a choice most employees would opt for more cash now and no super – the majority are just not engaged.

A culture change is required.

Rather than try to fix it by changing the nature of the products we need to focus on member education.

This can be achieved in 2 ways:

        Long-term view – **introduce education into secondary schools** to build more financial literacy – a component of this would be superannuation, the lifecycle of investing through accumulation to income phase, protection through personal insurances and other practical issues such as budgeting, home loans etc…

        **Encourage financial advice** – apart from the strategic advice provided which is the focus of ASIC, done correctly advisers provide a motivation factor for clients encouraging greater accumulation of wealth and in the retirement phase and awareness realistic longevity of retirement savings, comfort they will maintain their living standard in retirement and discipline to live well now but think of the future.

In addition it is important that people that actually have real hands on experience with retirees participate in structuring a system that works. There is too much modelling using spreadsheets and this becomes law. I have seen presentations from actuaries funded by product manufacturers that present data to try to sell the idea of lifetime income. A lot of their argument is around sequencing of returns but this can be easily overcome with a transparent portfolio of many specialist funds rather than one “Balanced Fund”. When you structure a retirement plan for someone the plan is that the funds will most likely outlive the individual – this is one of the key factors in having a comfortable retirement. Once they are gone what is left can go to their children but this is not the focus – just a safety net that if anything should befall them a product provider will not benefit at the expense of their family.

Hard to put all this into words  but if you are interested happy for a chat.

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