



## Mutual Pensions

Harnessing the Power of Averages.

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### RETIREMENT INCOME CONSULTATION PAPERS

1. Wannabe Group Self Annuitisation (GSA) provider Mutual Pensions Pty Ltd has published its response to government's December 2018 retirement income discussion papers at <http://www.mutualpensions.com.au/wp-content/uploads/2019/03/MX001.pdf>.
2. The submission noted that the discussion papers were annuity centric. While GSAs were not mentioned and protected investment products were little mentioned, Mutual Pensions® noted they fitted into the framework of the papers. Mutual Pensions® urged that the government be inclusive of these products when it finalises its disclosure and risk positions. Separately, Mutual Pensions® director Dennis Barton commented that "GSAs combined with investment protection are the way of the future provision of retirement products."
3. Mutual Pension® noted the wide variety of treatment of spouse reversionary benefits and warned that including them in the disclosure regime will greatly complicate it.
4. The submission urged Treasury to ensure that GSAs can operate across a range of funds. "The more people participating in a GSA, the smoother it works" said Barton. "It is important for smaller funds to be able to offer top quality retirement products. Multi fund GSAs will give them this".
5. Mutual Pensions® urged the publication of standard assumptions for all projections down to the level of detail of specifying random numbers used in simulations. "Regrettably, the Royal Commission has ensured we have to contemplate the possibility of funds trialling 25 iterations of simulations until they get the answer they want." Barton commented after the release.

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**Mutual Pensions Pty Ltd** ACN 131 963 114

Level 13, 251 Adelaide Terrace Perth WA 6000

Telephone: +61 (08) 9225 5899

Info@MutualPensions.com.au

MM003G.docx

P.O. Box Y3584 Perth WA 6832

Facsimile: +61 (08) 9225 5877

www.MutualPensions.com.au

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6. The submission also highlighted the volatility of inflation noting that while consumer prices doubled in six years from the election of the Whitlam government, it took 28 years for them to double from June 1980. This makes it hard for consumers to weight their aversion to inflation risk.

Ends