

# Amundi World Investment Forum

## FLEXICURE RETIREMENT SOLUTIONS A PART OF THE ANSWER TO THE PENSION CRISIS?

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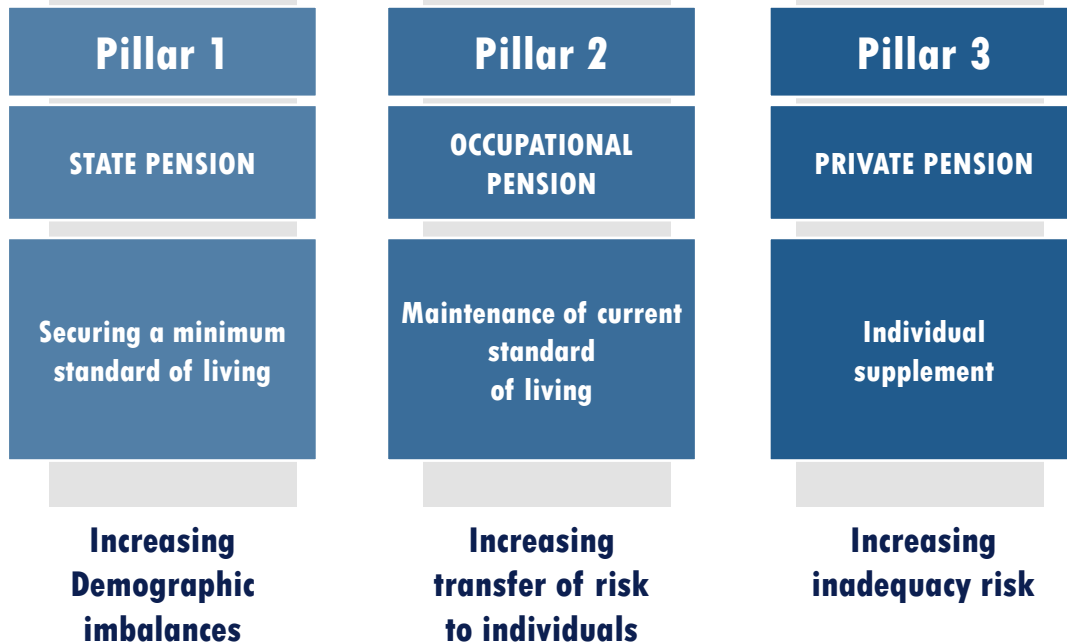
LOOMING PENSION CRISIS



**The House is Burning**



## 3 PILLAR SYSTEM



LOOMING PENSION CRISIS ► The House is Burning

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THE LANDSCAPE: RETIREMENT PRODUCTS

► Fire Fighters are Busy Playing Games

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INSURANCE PRODUCTS ► **Security**

**Annuities provide security in retirement**  
**Cash and bonds do not**



INSURANCE PRODUCTS ► **Security without Flexibility**

**“Security without liberty is prison“**

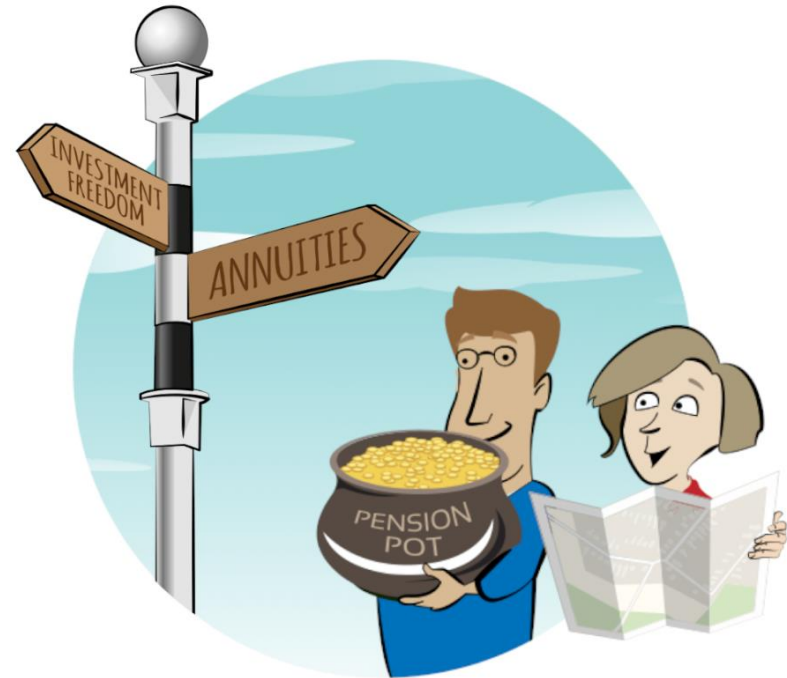
**Benjamin Franklin**



INVESTMENT PRODUCTS



**Flexibility**



INVESTMENT PRODUCTS



**Flexibility without Security**

## The jungle of investment Products



# How can we get out of this impasse?





LOOMING PENSION CRISIS ► The House is Burning

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THE LANDSCAPE: RETIREMENT PRODUCTS

► Fire Fighters are Busy Playing Games

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THE SOLUTION: FLEXICURE RETIREMENT SOLUTIONS

► Making Finance Useful Again

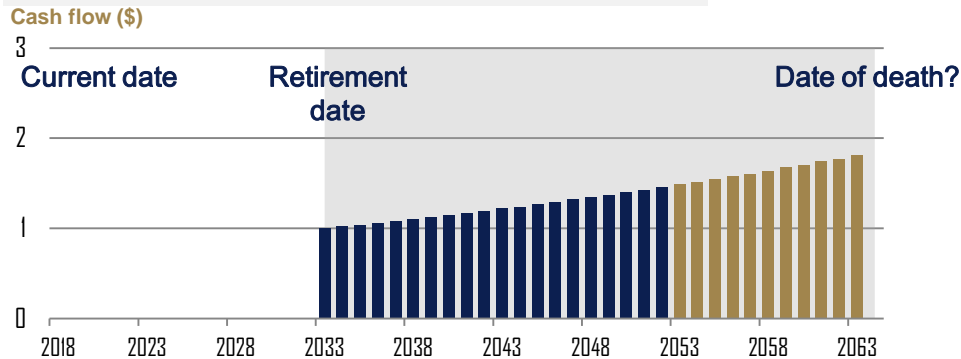
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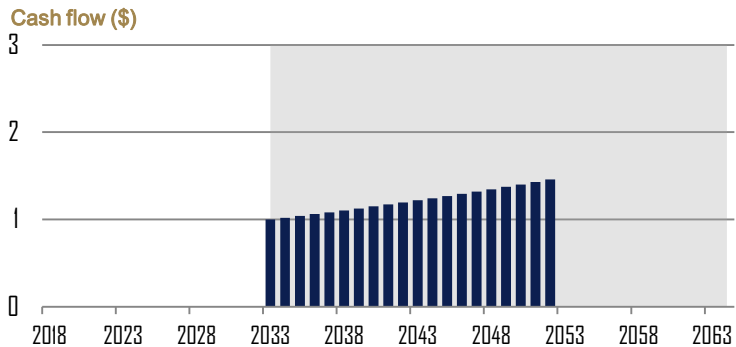


## INTRODUCING RETIREMENT BONDS

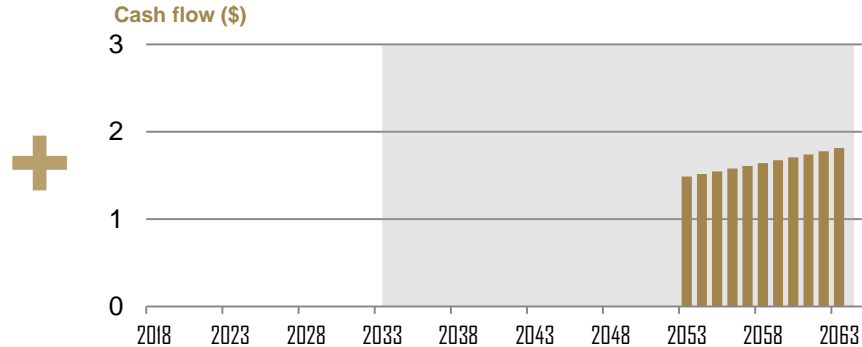
Replacement income needs / Annuity with COLA CFs



Retirement (goal hedging) bond (portfolio)



Late life annuity

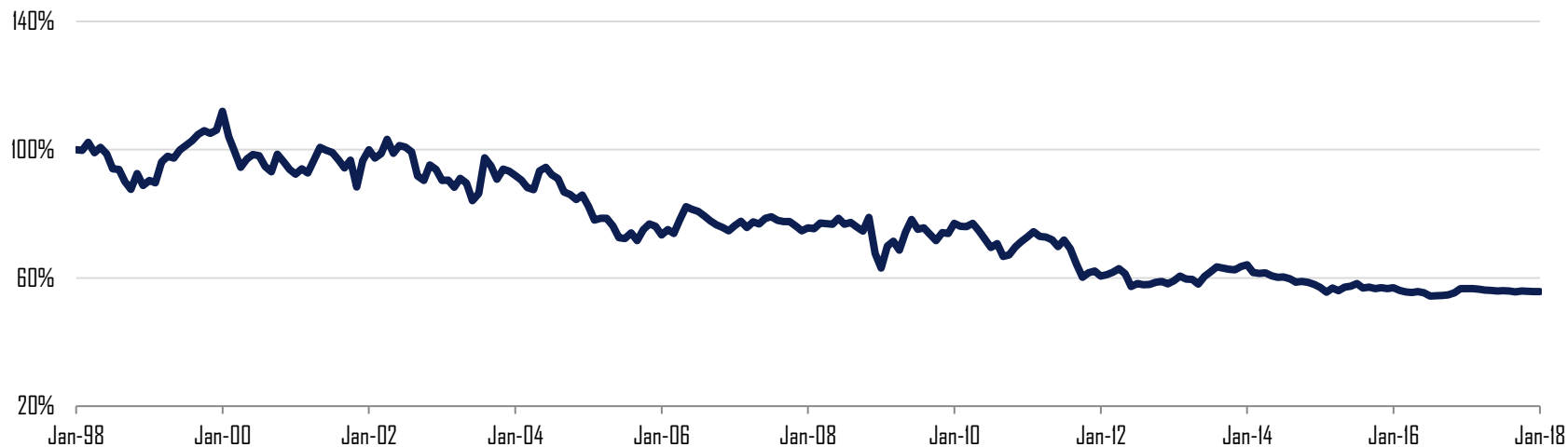




## Improving Target Date funds

Funding ratio: 1998 - 2018

— Bond index



Bond

Funding ratio  
volatility

11.46%



## Improving Target Date funds

Funding ratio: 1998 - 2018



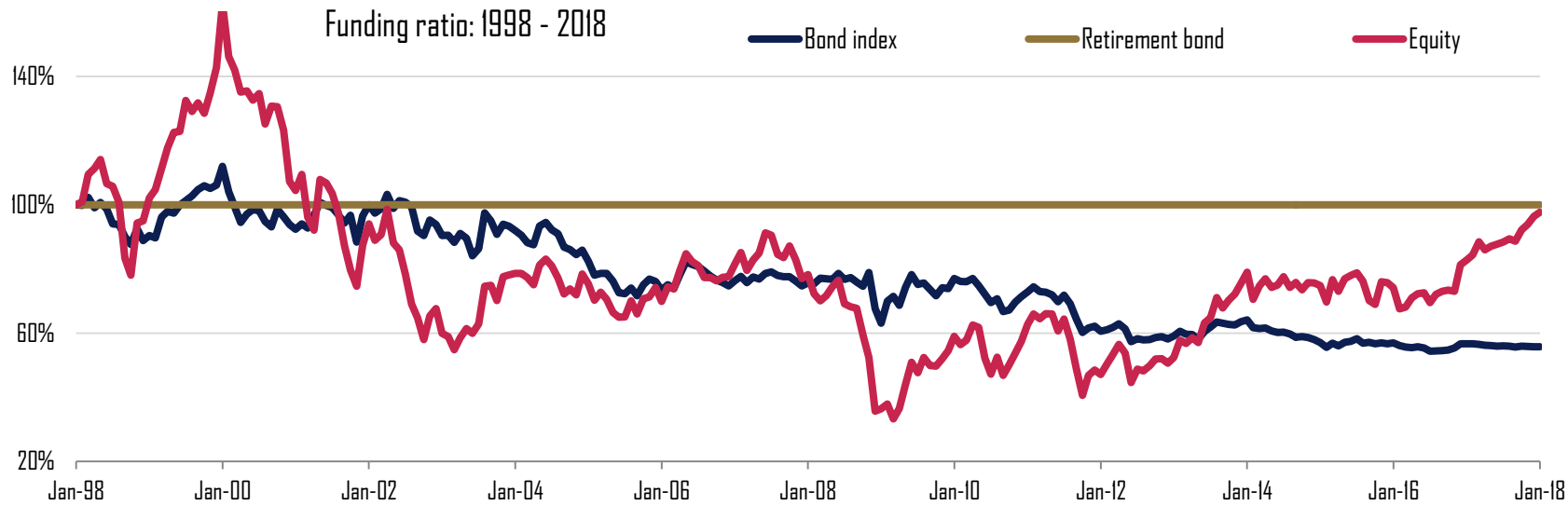
	Bond	Retirement (goal hedging) bond (portfolio)
Funding ratio volatility	11.46%	0.00%

Funding ratio volatility

11.46%

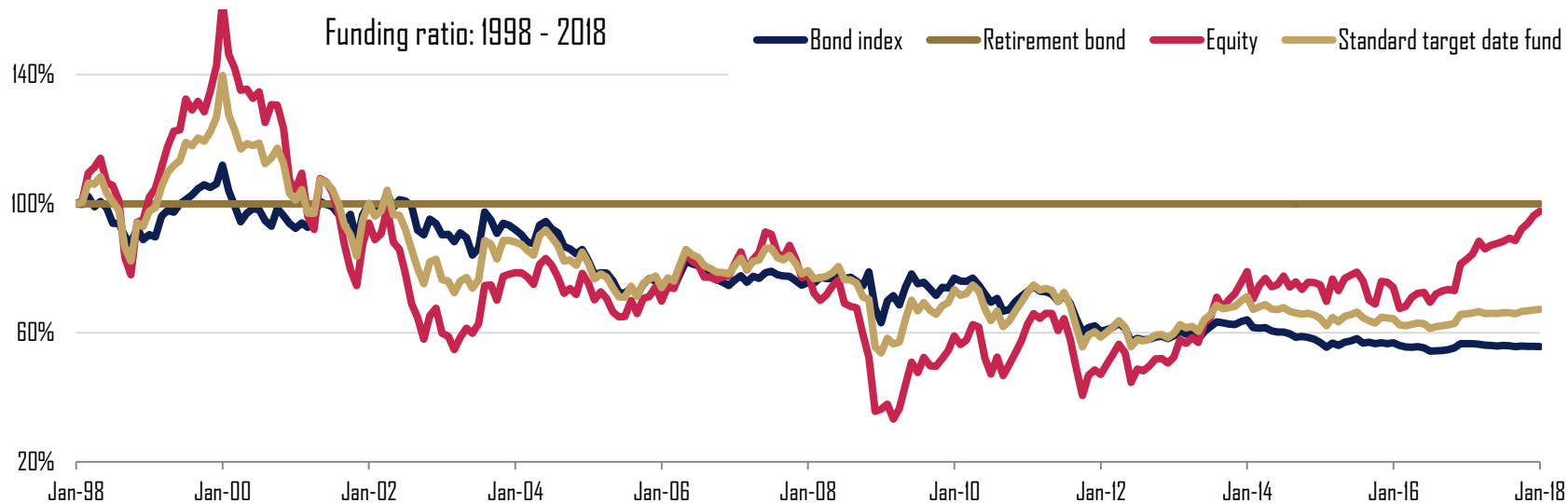
0.00%

▶ Improving Target Date funds



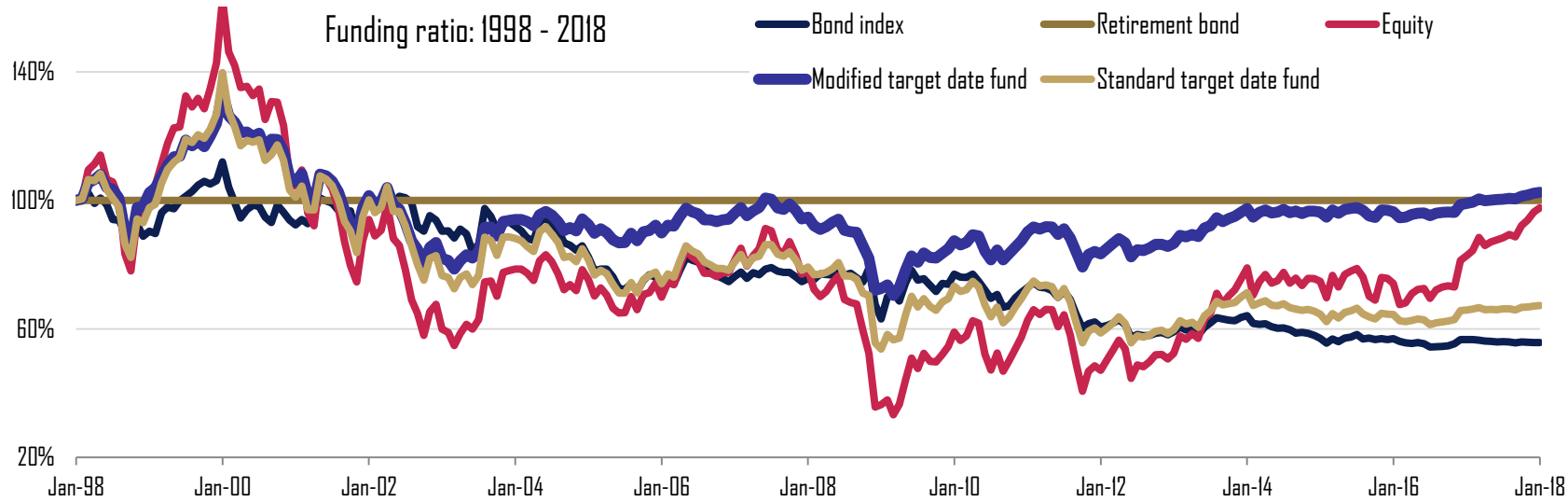
	Bond	Retirement (goal hedging) bond (portfolio)	Equity
Funding ratio volatility	11.46%	0.00%	31.30%

▶ Improving Target Date funds



	Bond	Retirement (goal hedging) bond (portfolio)	Equity	Standard target date fund
Funding ratio volatility	11.46%	0.00%	31.30%	18.86%

▶ Improving Target Date funds



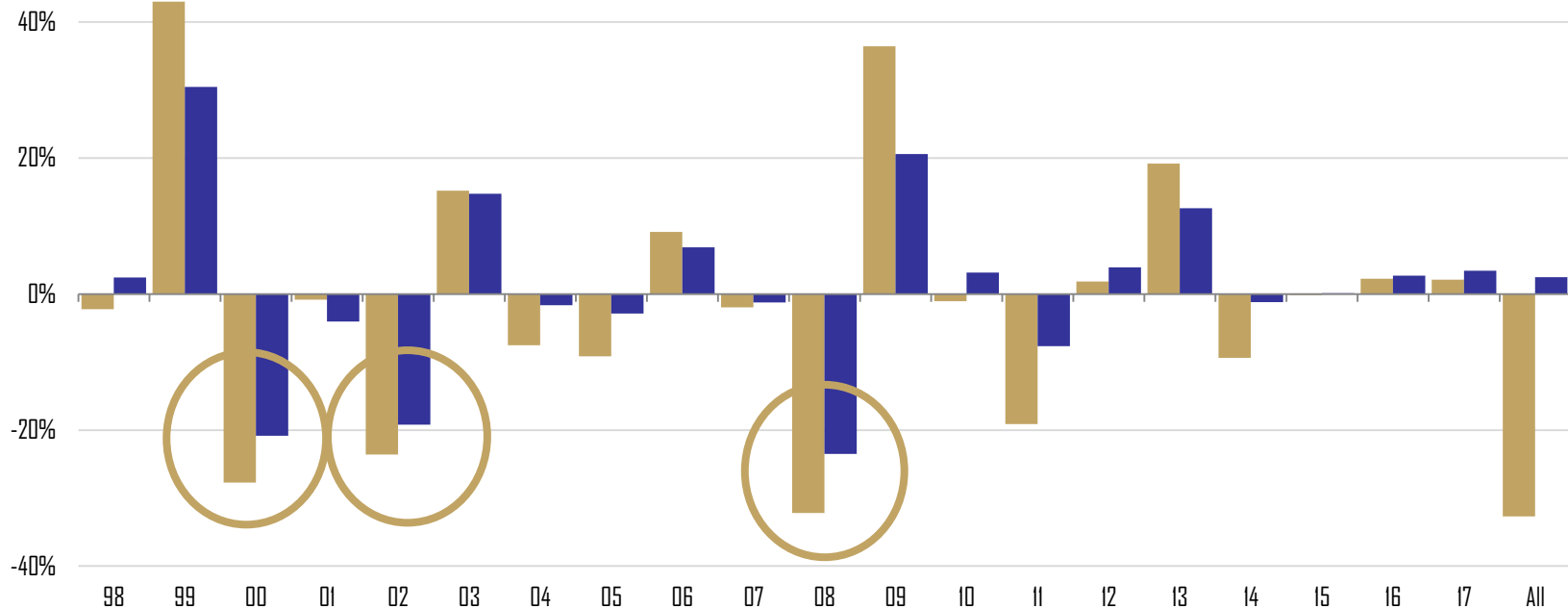
	Bond	Retirement (goal hedging) bond (portfolio)	Equity	Standard target date fund	Improved target date fund
Funding ratio volatility	11.46%	0.00%	31.30%	18.86%	13.16%

## ▶ Improving Target Date funds

Risk of large losses in terms of replacement income is lower for improved funds, but it remains high.

Annual returns relative to replacement income: 1998 - 2018

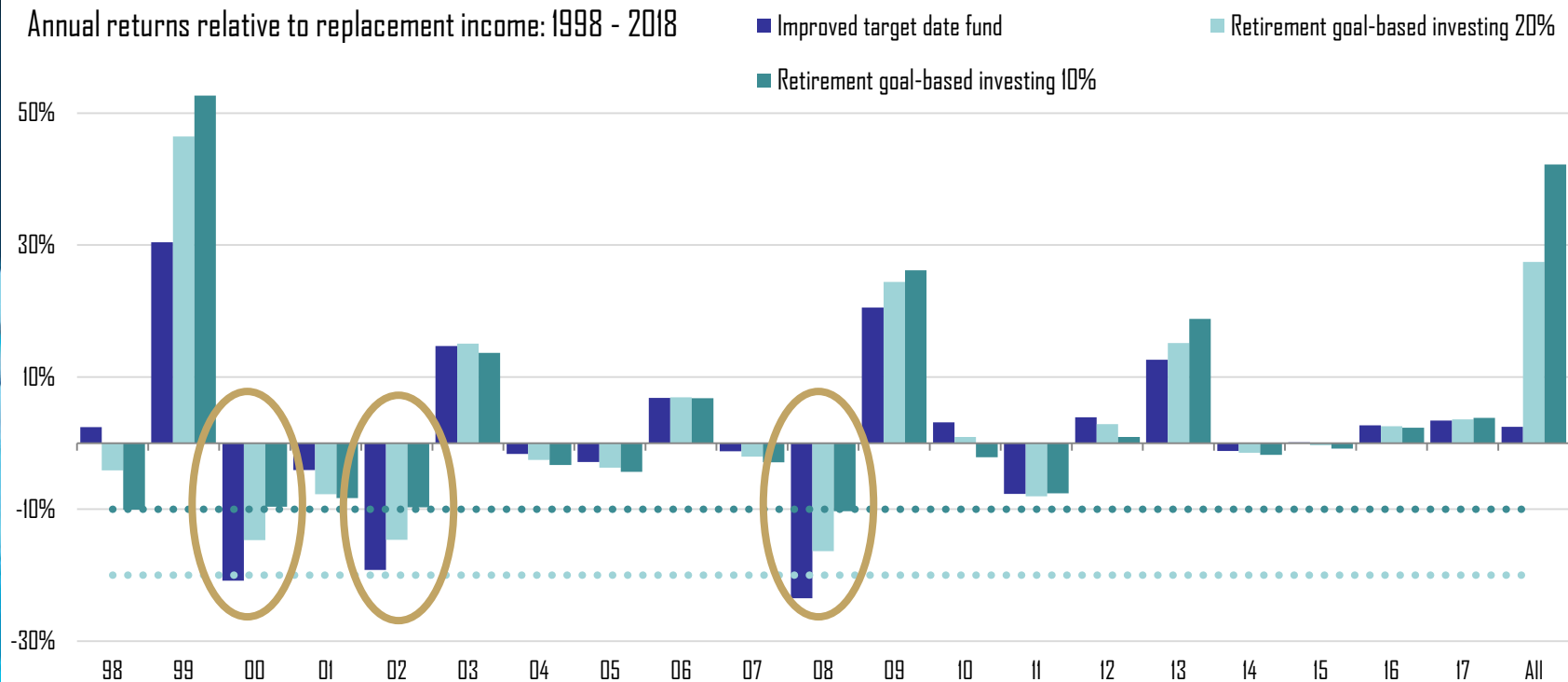
■ Standard target date fund    ■ Modified target date fund



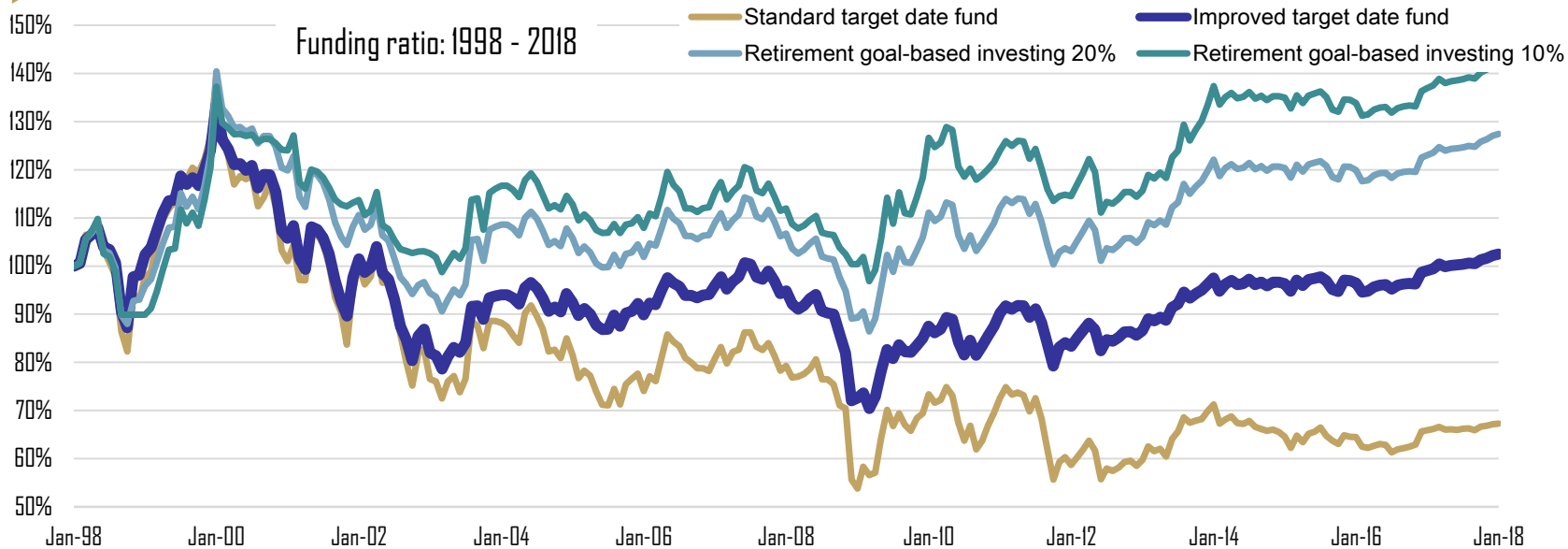


## ▶ Improving Target Date funds

Control of short-term risk with goal-based investing strategies



## Adding Short-term risk Control



	Bond	Retirement (goal hedging) bond (portfolio)	Equity	Standard target date fund	Improved target date fund	Retirement goal-based investing 20%	Retirement goal-based investing 10%
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Funding ratio volatility

11.46%	0.00%	31.30%	18.86%	13.16%	13.33%	13.41%
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## RETIREMENT GOAL BASED INVESTING STRATEGIES

Why do we have to choose between security and flexibility?

# TDFs 2.0

