

# Perspectives on SOA Post-Retirement Risk Research and What it Tells About the Implications of Long Life

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# Perspectives on SOA Post-Retirement Risk Research and What it Tells About the Implications of Long Life

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## Introduction

This paper reviews selections from the 15 years of Society of Actuaries (SOA) post-retirement risk research and discusses its implications with regard to a long life. The research has been organized around major topics and the findings related to the challenges in older life. Practical suggestions are included. Other research is brought in where it fills in the picture and supplements the SOA work. Discussions about the relationship between different projects and the rationale for the work are based on my recollections. I have been involved with this work since its inception. All of the work of the Committee on Post Retirement Needs and Risks (“the committee”) is available at the committee’s SOA web page.<sup>1</sup>

The paper combines the results of the research with the opinions of the author. The paper begins with a discussion of the SOA research program and highlights major projects. The committee has defined major risks in “Managing Post-Retirement Risks: A Guide to Retirement Planning.” The *Risks and Process of Retirement Survey* series, or *Retirement Risk Surveys*,<sup>2</sup> are a key component of this research, and the most important findings from the six surveys to date are highlighted. The surveys build on the definitions of the risks. Insights are provided about planning, the planning process and perceptions about longevity. Finally, results are grouped around major issues including the importance of Social Security, age at retirement and working in retirement, family issues, health and long-term care, the importance of housing and challenges related to finding advice. The next section of the paper provides research findings on risk management. The paper then offers an overall summary of key conclusions and some recommendations for the future. A review of the risks and a discussion of special issues for women are in the appendices. One of the interesting features of this research is that the results of different projects complement each other. Most of the research focuses on middle income market<sup>3</sup> Americans, but several studies focus on people with above average wealth. The studies considered are based on samples of the general population and not linked to specific financial service companies or employers.

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<sup>1</sup> <http://www.soa.org/research/research-projects/pension/research-post-retirement-needs-and-risks.aspx>

<sup>2</sup> The surveys are conducted every two years starting in 2001. These surveys are discussed throughout this paper and in other articles and on the SOA website. Each survey has several reports as explained in this paper. At times, other terminology such as post-retirement risk surveys is also used to describe this work.

<sup>3</sup> There is no common definition of middle income market, but the SOA’s “Segmenting the Middle Market” study looks at the 25 percent to 75 percent percentiles by wealth as middle mass and the 75 percent to 85 percent percentile as middle affluent.