

**Presenting
debate on
contemporary
and emerging
portfolio
construction
issues**



portfolio
construction

CONFERENCE

15 & 16 August 2007 | AJC Convention Centre, Randwick, Sydney

[Portfolios]

I've been thinking about...
emerging trends in portfolio construction

Presentation

I've been thinking about...
longevity risk

David Williams, Principal, My Longevity



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I've been thinking about... longevity risk

- How long will I really live
- Why
- Taking control

David Williams

My Longevity Pty Limited

Presentation to PortfolioConstruction Conference 2007

Life Expectancy

The majority of people who see a financial planner are likely to live longer than “average”. Why?

- The Life Tables are the wrong guide to use (the Australian Government Actuary says so).
- Actuarial calculations show that the better “cohort” numbers for remaining life expectancy are typically around 10% more than the “period” numbers in the life tables
- The socio-economic status of typical planning clients adds another 10%

“Predicted” Average Age at Death

Age Now	ALT Male	Cohort & SES Male	ALT Female	Cohort & SES Female
50	80	86	84	90
60	82	86	85	90
70	84	86	87	90
80	88	89	90	91

Healthy Ageing

Major progress in five areas which influence healthy ageing:

- Surroundings
- Health
- Attitude
- Parents
- Eating

Understanding and acting on each of these key areas is likely to extend the period of healthy ageing and overall life expectancy

Summary of SHAPE factors

Factor	Increased Longevity From	To
Surroundings	1	2
Health	2	5
Attitude	2	5
Parents	4	10
Eating	2	5
TOTALS (can we?)	11	27

Conclusions from SHAPE research

- An Analyser using the SHAPE research has been designed
- People who self – assess using this Analyser will be better informed about how to influence their own longevity.
- The Analyser will give better life expectancy numbers on which to plan
- Well over half the clients of planners will outlive their age cohort average

Indicated Average Age at Death

Age Now	ALT Male	SHAPE Male	ALT Female	SHAPE Female
50	80	92	84	96
60	82	93	85	97
70	84	94	87	97
80	88	96	90	98

Gender Issues

- Women have 10% greater remaining longevity than men of the same age
- Men and women have similar potential to influence longevity
- Men and women die from similar causes - circulatory, cancer, respiratory, endocrine

but

- Men are significantly less disabled as they grow older than women and their costs are lower

Conclusions

- People on average are living significantly longer than typical planners provide for
- Individuals can significantly influence their personal outcomes
- Individuals should be providing their own longevity assessments to planners, using the SHAPE findings
- Planners should encourage clients to repeat their longevity assessments each time they review and change financial strategies
- Women are far more vulnerable than men to financial and personal disability in retirement

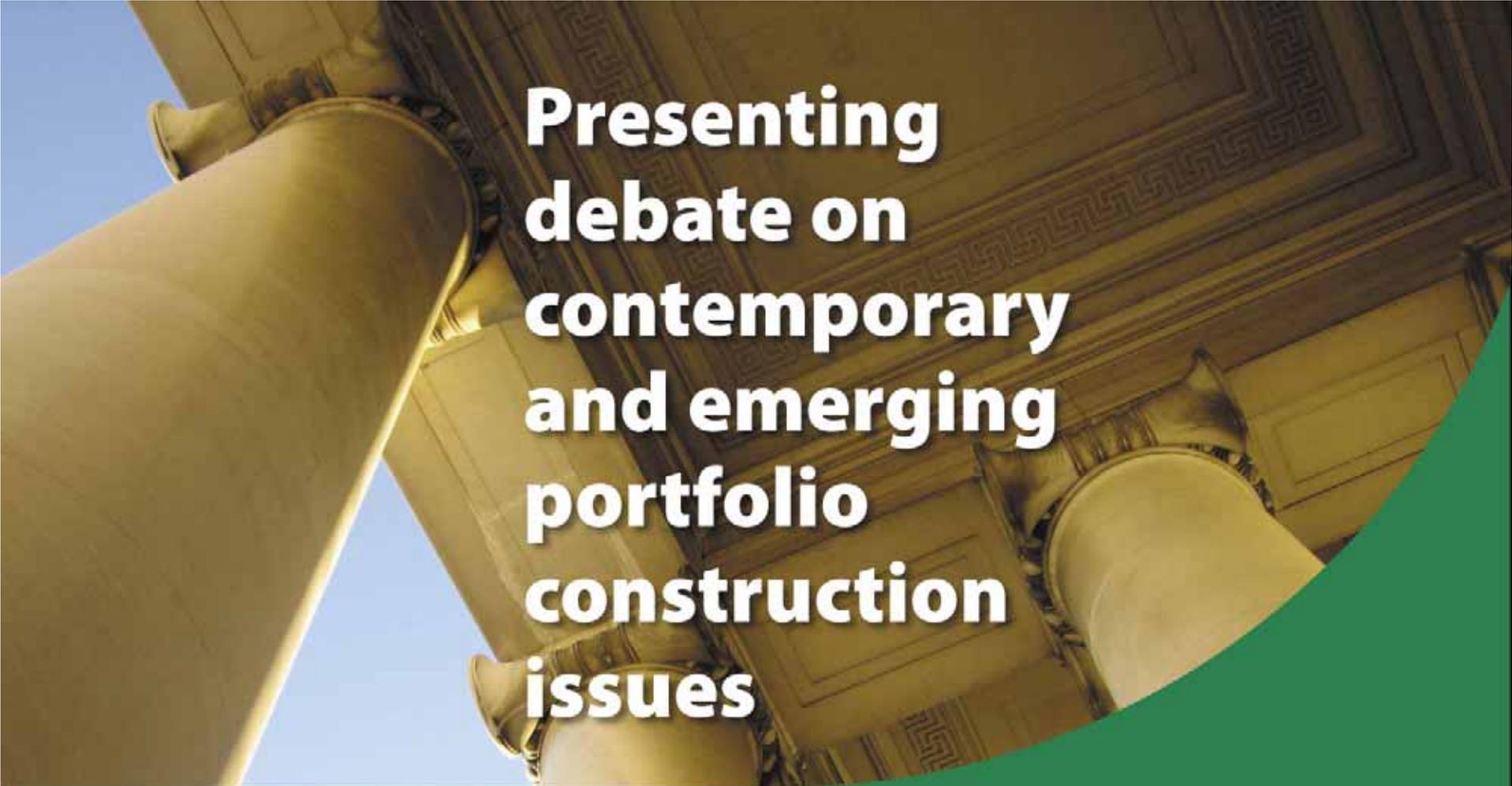
Contact Details

David Williams

My Longevity Pty Limited

david@mylongevity.com.au

0417 248 583



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