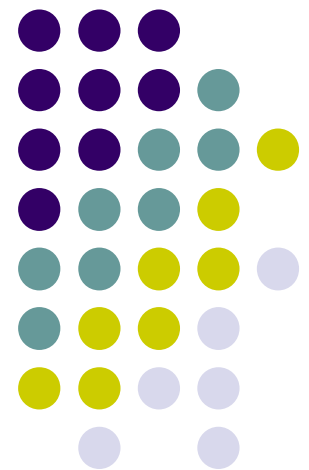


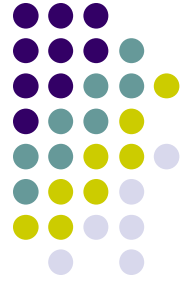
The Future of Retirement

Zvi Bodie

RIIA Conference

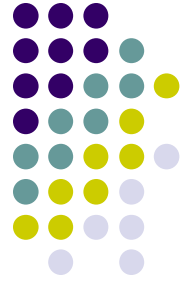
February 12, 2007





Key Points

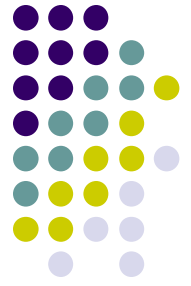
- In analyzing the future of the retirement system, customers should be viewed as *consumers* rather than as *investors*. The products that will replace DB pensions should be viewed first and foremost as insurance for consumers against a significant decline in standard of living in their old age.
- Modern financial technology has not yet been effectively or efficiently applied to the issues faced by consumers in the mass market for retirement products.



Major Trends

- Boomers will retire *gradually* in stages. Healthy boomers will continue to participate in the labor force *as needed*.
- They will convert retirement wealth into income *as needed*.
- New insurance products will address the needs of middle income people who cannot save enough to cover all contingencies.

Cooperation between industry, universities, and government



- Whom can people trust?
- From mutual funds (MPT) to structured products (MIT) with guarantees.
- Competition will improve quality and drive down prices.
- The role of government in the pension system of the future
- Conference on the future of life-cycle saving, investing, and risk management.

The Future of Life-Cycle Saving & Investing



Sponsored by Boston University, Federal Reserve Bank of Boston and the Research Foundation of CFA Institute

Overview

We live in a time of great changes in the way Americans save, invest, and manage the risks to their standard of living. Baby boomers are the most prosperous, healthiest, and longest-lived generation of Americans ever. They also face more choices about saving and investing than their predecessors. More choices mean more decisions. Voluntary tax-advantaged accounts are now available for retirement, college tuition, and health care. It seems everyone is talking about personal finance. Should you open an IRA or 401(k) account? An ordinary IRA or a Roth IRA? How much to contribute? How to invest the funds? How to time withdrawals from the account?

Economists have been studying consumers' optimal saving and investing decisions for many decades. Since the 1950s there has been enormous progress in the underlying theory, and since the 1970s major innovations in the financial markets and advances in technology have facilitated implementation of that theory. Furthermore, in the past two decades, research in behavioral economics and finance has considerably advanced our understanding of how consumers actually make saving and investment decisions. Life-cycle saving and investing have become a science, or at least the foundations have been laid for such a science.

The goal of this conference is to bring together academic researchers, practitioners, and public-sector policymakers to discuss the current state of this science and to explore its implications for households, businesses, and government. By facilitating this dialog, we hope this conference will stimulate the adoption of best practices in the development of both new financial products and future public policies.

[Overview](#)

[Agenda](#)

[Conference Highlights](#)

[Participant Biographies](#)

[Accommodations, Directions,
and Parking](#)

**Read the Financial
Engineering News article:
[The Future of Life-Cycle
Saving and Investing](#)**

**Read the Hogan Financial
Management, LLC article:
[2006 2nd Quarter - Life
Cycle Investing Part 1](#)**

**Read the Hogan Financial
Management, LLC article:
[2006 3rd Quarter - Life Cycle
Investing Part 2](#)**

**Read the Post-Conference
Update by Anna
Barnhart: [Expanding](#)**