2006 Annual Report
1. Director’s Report

2. Purpose and Background

3. Operation
   3.1. Overview
   3.2. CPS Management Committee
   3.3. CPS Advisory Committee
   3.4. CPS Members
   3.5. CPS Supported Postgraduate Students
   3.6. CPS Visitors

4. CPS Research Output
   4.1. Research Projects
   4.2. Research Publications
   4.3. Events

5. Directions for 2007

6. Financial Summary

7. Contact Details
1. DIRECTOR’S REPORT

In 2006 the CPS continued to produce and facilitate quality research on issues relating to the finance and economics of retirement and retirement incomes. Highlights for 2006 included:

- Continued success in external grant funding, including two ARC Discovery grants and one ARC Linkage grants by CPS members. This builds on the outstanding success in 2005.
- Continued support of postgraduate research students.
- A large number of publications authored (or co-authored) by CPS members, including 2 edited books, 23 journal articles, 11 chapters in books, and 5 working papers and published conference papers.
- Another successful research conference - the 14th annual colloquium of superannuation researchers - on the theme of Choice in Retirement Funding. As well, two edited volumes based on the 2003 and 2005 conferences were finalised for publication by Edward Elgar Publishing in 2007.
- A significant contribution to Australian and international developments in academic research, policy development and industry practice through numerous seminar, conference and workshop presentations made by CPS members.
- Visits by high profile international visitors including Professor Olivia S Mitchell, Executive Director of the Pension Research Council (based at the Wharton School); Professor Erik Hernaes, Director of the Ragnar Frisch Institute of Economic Research (based at the University of Oslo); and Michael Orszag, Head of Watson Wyatt LLP (based in Europe).

Finally, as well as a year of success, 2006 has been a year of change. The future will see the CPS grow as an autonomous research centre, as well as contributing to the multi disciplinary aims of the newly established cross faculty Australian Institute for Population Ageing Research.
2. PURPOSE AND BACKGROUND

The Centre for Pensions and Superannuation (CPS) commenced in 2002 to provide a focal point for pensions and superannuation research in Australia and internationally. Particular areas of interest include public and private retirement benefits, retirement incentives, life-cycle investment strategies, the management, governance and performance of pension and superannuation funds and public policy development. In the context of global population ageing, these are increasingly important areas of research.

The overall aim of the CPS is to encourage, promote and disseminate theoretical and applied research. The activities of the CPS emphasize cross disciplinary research, as well as collaborations with retirement researchers in industry and the public sector.

In the five years since its inception, there has been a considerable increase in the range of research projects on pensions and superannuation issues undertaken by CPS members. To a large extent, this represents the success of various combinations of CPS members in their applications for external research funding (mainly through the various ARC schemes). This grant success has also provided financial support for a growing number of postgraduate research students supervised by CPS members.

Research findings are regularly disseminated in peer reviewed journals and industry publications, in the form of presentations at seminars and conferences, and as CPS working papers. As well, CPS members have provided expert academic input to inform public policy reform, such as through regular submissions to the previous Senate Select Committee on Superannuation.

In addition to undertaking research, the CPS facilitates research and research partnerships by hosting seminars and conferences. A highlight is the colloquium of superannuation researchers, organized annually at UNSW by the Centre for Pensions and Superannuation. Now in its 15th year
(and its sixth under the auspices of the CPS), the superannuation colloquium is highly regarded on the international pensions research calendar and regularly attracts internationally regarded academic researchers, industry experts and policymakers to UNSW.

Overall, the CPS is regarded internationally as an important research centre focusing on pensions, superannuation and retirement income issues. This is evident both in the high quality research academics who visit the centre as well as the involvement, influence and contribution of the CPS members in Australian international academic and policy debates.
3. OPERATION

3.1 Overview

The organisational structure of the Centre for Pensions and Superannuation in 2006 is shown below.

The Director and Deputy Director are advised by an Advisory Committee, and are accountable to the Management Committee. The CPS members comprise pensions and superannuation researchers drawn from across UNSW. Following a number of staff movements and retirements, the composition of the Management Committee and the role and composition of the Advisory Committees will be revisited in 2007.

**Director and Deputy Directors (in 2006)**

The Director and Deputy Director oversee the day-to-day operations of the CPS. In 2006, the Director of the CPS, Professor John Piggott, was appointed Acting Dean of the Faculty of Business. Associate Professor John Evans (Actuarial Studies) was appointed Acting Director of the CPS. The Deputy Director of the CPS was Associate Professor Hazel Bateman (School of Economics).
3.2 **CPS Management Committee (in 2006)**

The Management Committee is responsible for ensuring that the Centre objectives are pursued and its terms of reference implemented. In 2006, the Management Committee comprised:

- Acting Director, CPS (John Evans, Actuarial Studies, UNSW)
- Dean, Australian School of Business (or nominee)
- Head, School of Economics (or nominee)
- Head, School of Accounting (or nominee)
- Head, School of Banking and Finance (or nominee)
- Head, Actuarial Studies (or nominee)
- External member, Diana Olsberg, School of Sociology, UNSW

3.3 **CPS Advisory Committee (in 2006)**

The role of the Advisory Committee is to provide guidance on strategic directions for the research and to promote relationships with the public sector and the wealth management industry. In 2006 the Advisory Committee comprised:

- Raj Chhikara, Asian Development Bank Institute
- Richard Disney, University of Nottingham
- David Knox, Price Waterhouse Coopers
- Robert Holzmann, The World Bank
- Olivia Mitchell, Executive Director - Pension Research Council, The Wharton School, University of Pennsylvania
- Michael Orszag, Watson Wyatt Worldwide
- Susan Ryan, Executive Director, Australian Institute of Superannuation Trustees
- Noriyuki Takayama, Hitotsubashi University, Japan
## 3.4 CPS Members (in 2006)

The CPS members in 2006 are listed below.

**Associate Professor Garry Barrett, School of Economics, UNSW**

Garry Barrett joined UNSW after completing his PhD at the University of British Columbia. Garry’s research covers the broad areas of labour economics, welfare economics and econometrics. One particular branch of his research has analysed the labour supply of elderly Australians. This has included an analysis of the economic determinants of retirement decisions – which has taken into account income, wealth and health related factors, along with key parameters of the Age Pension. Another line of inquiry has examined the demand for health care and health insurance – which is a pressing public policy issue given the context of population ageing. As well, he has examined the distribution of economic well-being in Australia, and the impact of population ageing on the observed distribution of welfare.

**Associate Professor Hazel Bateman, School of Economics, UNSW**

Hazel’s current research includes pension fund performance, investment choice, delegated investment management and retirement benefits. She has been a consultant on retirement income issues to a range of Australian and international organisations including the OECD, the World Bank, the Asian Development Bank, APEC, CEDA and the Australian Institute of Superannuation Trustees. Before joining UNSW, Hazel worked for nearly 10 years with the Australian Treasury where she was involved in forecasting and taxation policy.

**Associate Professor John Evans, Actuarial Studies, UNSW**

John Evans joined the University of New South Wales after many years of industry experience with Towers Perrin, Palmer Gould Evans and PGE (Australasia) Pty Limited. John has provided advice to both institutions and superannuation funds on the application of quantitative techniques to asset portfolio management. John’s research interests include Investment issues related to pension funds and financial institutions and risk management of financial institutions. John is currently a Director of PGE (Australasia) Pty Limited and Emerging Leaders Investment Limited. He is also a chairperson for Vertex Capital Limited, Fiducian Financial Services Compliance Committee, Ausbil Dexia Compliance Committee; and Ipac Compliance Committee.

**Associate Professor David Gallagher, School of Banking and Finance, UNSW**

David R. Gallagher is an Associate Professor of Finance at The University of New South Wales, Director of the Centre for Research in Finance (CRIF) and Deputy Editor of the Australian Journal of Management. David’s research is primarily in the area of investment management. His research has been supported by competitive research grants from the Australian Research Council as well as institutional participants in industry, including...
Mercer Investment Consulting and Vanguard Investments. David is an active participant in the profession. He is a frequent speaker at academic and practitioner conferences, seminars and professional development events and has also undertaken extensive research and consulting on behalf of leading investment institutions and Government.

Associate Professor Geoffrey Kingston, School of Economics, UNSW
Geoffrey is currently an associate professor in the School of Economics, UNSW. He has published in the Quarterly Journal of Economics, the Economic Journal, the International Economic Review, the Journal of Money, Credit and Banking, and several of the specialist journals published by the Elsevier group. His co-authored book on superannuation was published in 2001 by Cambridge University Press. In addition to superannuation Geoffrey’s research interests include exchange rates and tax policy. His recent consulting assignments have included expert evidence to the Special Commission of Inquiry into the Medical Research and Compensation Foundation (the James Hardie inquiry) and research into retirement income policy on behalf of the CPA.

Dr Hodaka Morita, School of Economics, UNSW
Hodaka is currently a Senior Lecturer at the School of Economics, UNSW. His research and teaching interests include Industrial Organizations, Economics of Organizations and Institutions and Theoretical and Empirical Analyses of Japanese Business and Government. He is interested in company pensions as they relate to industrial organisation. Hodaka has published in leading academic journals including Economic Journal, Journal of Economics and Management Strategy, and Economica.

Dr Diana Olsberg, School of Sociology, UNSW
In 2006 Diana was Head of the School of Sociology and Anthropology, UNSW. Her major research interests concern economic decision-making and the financial aspects of ageing. She is an expert on international retirement income policies, pensions and superannuation. She has also been Director of the UNSW Research Centre on Ageing and Retirement. Currently, Diana is working on sociological studies of ageing and retirement, and has particular interest in issues of women and ageing.

Professor John Piggott, School of Economics, UNSW
John Piggott is Professor of Economics and was Director of the Centre for Pensions and Superannuation at the University of New South Wales from 2002-2007. At UNSW, he is also Associate Dean (Research) of the Australian School of Business. In 2006 John was appointed Acting Dean of the (previous) UNSW Faculty of Business. John has a long standing interest in issues relating to retirement and pension economics. For some years now he has had a policy and research interest in the evolving pension reform debate in the Asian region. Current research topics include retirement benefits and annuitisation, life-cycle asset allocation and insurance, self annuitisation within a group, and the role of housing as a retirement asset.
Dr Sachi Purcal, Actuarial Studies, UNSW
Sachi joined the University of New South Wales following a number of years in business and academia in North America and Australia. After a start with a major Australian life office, he travelled to Canada where he spent several years working in actuarial consulting. He returned to Australia to work complete his PhD in Economics, as well as pursue actuarial consulting in the area of superannuation. His research and teaching interests include optimal portfolio selection and the economic efficiency of mandated saving. He is an Associate of the Society of Actuaries.

Professor Michael Sherris, Actuarial Studies, UNSW
Michael is currently the Head of Actuarial Studies, UNSW. He is a Fellow of the Institute of Actuaries of Australia, the Institute of Actuaries (UK) and the Society of Actuaries (North America). He has been an active member of the Australian actuarial profession having served on the Council of the Institute of Actuaries of Australia. He is Secretary of the Asia Pacific Risk and Insurance Association. Michael’s research and teaching interests include, the application of financial economic theory to insurance and superannuation risk management, pricing and risk modeling, quantitative risk management and risk models, interest rate modelling and risk management, and electricity price modelling and risk management.

Professor Stephen Taylor, School of Accounting, UNSW
Stephen Taylor is Professor of Accounting at the University of New South Wales. The major thrust of Stephen's research focuses on the intersection of financial economics and accounting. In particular, his work has examined how corporations manage their disclosure policies, the effect of accounting and non-accounting data on firms' value, the economics of auditing, corporate governance issues and initial public offerings. Stephen is a member of the Institute of Chartered Accountants in Australia (CA), and was recently made an honorary fellow of the Finance and Treasury Association of Australia in recognition of his standing within academia and the professions.

Associate Professor Emil Valdez, Actuarial Studies, UNSW
Emil is currently an associate professor in the School of Actuarial Studies, UNSW. He is a Fellow of the Society of Actuaries and a Fellow of the Institute of Actuaries of Australia. Emil has been recognized for his research and has been awarded the David Halmstad Prize and the Edward A. Lew Award. He has published in several leading journals in actuarial science, risk and insurance including the North American Actuarial Journal, the Journal of Risk & Insurance, and Insurance: Mathematics & Economics. He has very varied research interests including managing retirement assets, copula modelling and dependencies, elliptical distributions and their applications, capital requirements and allocation principles, survival analysis, mortality investigations and the application of financial economics in actuarial science.
### 3.5 CPS supported research students (in 2006)

#### PhD students

<table>
<thead>
<tr>
<th>Student</th>
<th>Topic</th>
<th>Supervisor(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suzanne Doyle</td>
<td>Retirement Income Streams in a Mandatory Retirement Provision System</td>
<td>Hazel Bateman, John Piggott</td>
</tr>
<tr>
<td>Lu Bei</td>
<td>Issues in China’s Pension Reform initiatives</td>
<td>John Piggott</td>
</tr>
<tr>
<td>Yi Xin</td>
<td>Intergenerational Analysis of Pension Reform in China</td>
<td>John Piggott</td>
</tr>
<tr>
<td>Hong Bo Jin</td>
<td>Stochastic Applications in Pension Economics</td>
<td>John Piggott</td>
</tr>
<tr>
<td>Renuka Sane</td>
<td>Three Essays in Pension and Retirement Economics</td>
<td>John Piggott</td>
</tr>
<tr>
<td>Sudarto Dwi</td>
<td>Globalisation and Old-age Social Security Developments in Indonesia</td>
<td>Hazel Bateman, Peter Robertson</td>
</tr>
<tr>
<td>William Wise</td>
<td>Efficiency in life insurance</td>
<td>Sachi Purcal</td>
</tr>
</tbody>
</table>

#### 4th year honours students

<table>
<thead>
<tr>
<th>Student</th>
<th>Topic</th>
<th>Supervisor(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jon Eggins</td>
<td>Topics in Fund Manager Performance Evaluation: Portfolio Weighting and Benchmark Construction</td>
<td>Hazel Bateman, Robert Hill</td>
</tr>
</tbody>
</table>
3.6  CPS Visitors (in 2006)

**Michael Orszag**
Head of Research, Watson Wyatt LLP.
Editor, *Journal of Pension Economics and Finance*.
Chairman, Research Committee, International Network of Pension Regulators and Supervisors (INPRS).
Visiting Professor, Imperial College Business School.

**Professor Olivia S Mitchell**
International Foundation of Employee Benefit Plans Professor, Professor of Insurance and Risk Management and Business and Public Policy, Wharton Business School, University of Pennsylvania.
Executive Director, Pension Research Council.
Director, Boettner Center for Pensions and Retirement Research.

**Professor Erik Hernaes**
Director, The Ragnar Frisch Centre for Economic Research.
The University of Oslo, Norway.
4. CPS RESEARCH OUTPUT

4.1 Research Projects

Current research undertaken by CPS members covers the broad spectrum of applied and theoretical superannuation, pensions and retirement issues. Research is funded from competitive external sources including: the Australian Research Council Discovery and Linkage schemes, the National Medical and Health Research Council, the Japanese Government and the OECD.

Projects funded under external grants cover the areas of retirement risks, investment strategies for retirement, pension fund performance, older workers and the timing of retirement, population ageing and health, aged care and living expenses.

Current projects, their funding sources and chief investigators are listed below. The list includes ongoing projects as well as projects commencing in 2007 for which funding was secured in 2006. CPS member(s) in 2006 are highlighted.

Ongoing research projects

Notional Defined Contribution Plans, Population Ageing, and Pension Fund Reserves: Implications for Policy
ESRI (Japanese Government) 2005-2006
John Piggott and Olivia S Mitchell

This project comprises two parts, both which investigate issues associated with public pensions in an economy with an aging population. The first part investigates numerically the actuarial and economic implications of alternative notional defined contribution (NDC) rules in an aging economy, with particular focus on Japan where the population is projected to age dramatically over the next few decades. The second part investigates alternative approaches to managing ‘demographic reserves’ in countries which have them.

Economic, environmental and social psychological evaluation of Senior Living alternatives in Australia
ARC Discovery Grant 2005-2007
John Piggott, David Kennedy, Philip Bohle and George Earl

Retirement village accommodation in Australia is expected to grow by as many as 115,000 units over the next twenty years, a tripling of the current industry. This project investigates the economic, social, psychological and environmental impacts that accrue to a range of stakeholders. Topics under investigation include cost savings to government funded assistance and infrastructure, psychological and social benefits to residents and their families, project and asset management efficiency, and turnover of housing stock.
Risk Management for Bonds, Currencies and Commodities
ARC Discovery Grant 2005-2007
Geoff Kingston, Hazel Bateman, Lance Fisher, Mike Sherris, Ken Clements and Susan Thorp

This project investigates several of the new economic risks introduced by privatisations and deregulations during the 1980s and 1990s, particularly as they apply to retirement saving. Dynamic economic theory is used to understand emerging risks and develop management strategies. Economic risks and strategies analysed include: a maturity structure for public debt that diversifies interest rate risks to the budget; immunisation concepts in order to manage annuity rate risks; and portfolio allocation strategies to address currency risks for retirees.

An Examination of Strategic Investment Arrangements for Institutional Investors
ARC Linkage Grant (with Vanguard Investments & SIRCA) 2005-2007
David R Gallagher

The aim of this project is to examine the extent to which Australian superannuation funds are able to enhance their overall returns, achieve fund objectives, and minimise their operating costs through a centrally managed portfolio structure. Through an examination of alternative investment management processes (i.e. manager of managers arrangements) applicable to large and sophisticated Australian institutional investors (i.e. superannuation funds) this research will describe how these funds should optimally configure their portfolios, and the extent to which investment managers of different styles and strategies are complimentary in the achievement of fund objectives.

The Theory and Measurement of Stock Market Indexes
ARC Discovery Grant 2006-2008
Robert Hill and Hazel Bateman

Stock-market indices have evolved as largely mechanical devices produced by private sector firms, and have been subjected to surprisingly little academic scrutiny given the important role they play in a market economy. The main contribution of this project is to develop the theory of stock-market indices, by exploring current and potential uses of indices and the problem of designing indices to meet these needs. In the process new classes of indices will be proposed, and possible mismatches identified between the ways indices are constructed and used (particularly by fund managers). Implications for superannuation fund performance benchmarks will be investigated.
The Structure, Performance, Trading Activity and Portfolio Composition of Australian Small-Cap Equity Managers
ARC Discovery Grant 2006-2008
David R Gallagher, Terry Walter and Carole Comerton-Forde
This project examines a number of characteristics of small-cap Australian equity portfolios. These include measures of fund performance, understanding the importance of portfolio design and trading activity in fund return generation, and examining the impact of both portfolio and share registry concentration. This research will significantly enhance our understanding of the Australian small-cap market, which will assist superannuation fund trustees and their advisors to enhance fund performance.

Working Longer: Policy Reforms and Practice Innovations
ARC/NHMRC Ageing Well Ageing Productively (AWAP) Program 2006-2010
John Piggott, Philip Bohle, xx Choi, Peter McDonald, Alan Woodland
A popular response to increased longevity is to suggest that older workers should work longer. But working longer involves changes to established policies, practices, and institutions, which are currently built around retiring earlier. The project will forecast demographic and health transition in Australia and develop capacity to analyze the likely economic and workplace adjustments that population ageing will generate. It will examine the extent to which ‘working longer’ is an appropriate response to this transition, and analyze how the labour market for older workers might evolve, taking account of individual circumstances (health, financial status, dependant care) and institutional practices (age discrimination, employment conditions, work organization), as well as regulatory and policy impacts. Overall there will be a more precise analysis of policies and practices that make working longer more feasible for the worker and more productive for the employer.

Supply challenges to the provision of annuities
OECD 2006
Sachi Purcal
This project examines the supply constraints faced by life insurance companies when offering annuity products, with particular emphasis on risk management issues. Annuity providers in Australia, the US, the UK and Germany are examined.
Grants awarded in 2006, for projects commencing in 2007 include:


ARC Linkage Grant 2007-2010 (with Department of Family and Community Services and Indigenous Affairs):

**Garry Barrett, John Piggott,** Alan Woodland, Bob Gregory

Increased longevity coupled with declining fertility rates has led to the call for older workers to work longer. This project will investigate the extent to which delaying retirement is an appropriate and feasible response to demographic transition. The analysis will examine the labour supply and retirement decisions of older workers while taking account of individual circumstances, regulatory and policy impacts. The overall objective of the project is to provide a knowledge base to inform integrated public policy and institutional improvement in the labour market for the elderly. The research will contribute to improved institutional arrangements and policy, ensuring a more vibrant labour market for older workers.

Understanding the saving behaviour of Australian households: private retirement provision and the policy of forced saving

ARC Discovery Grant 2007-2009:

**Garry Barrett, Tom Crossley and Y.P. Tseng**

The project examines the economic determinants of household saving, especially for retirement. The analysis will evaluate the impacts of unique Australian policies designed to encourage retirement saving - such as forced saving (the ‘Superannuation Guarantee’) and public co-contributions to superannuation. The impact of unique features of the Australian social security system (such as the Age Pension means test) will also be assessed. The knowledge generated by this research will make fundamental contributions to the international literature on the determinants of retirement savings, and on the efficacy of public policies and institutions.

Innovations in Enterprise Risk Management: Risk Aggregation, Dependence and Efficiency

ARC Discovery Grant 2006-2008:

**Mike Sherris** and John van deer Hoek

This project aims to develop innovative approaches to aggregating and assessing risks at the enterprise level for business corporations with an emphasis on financial intermediaries including insurers and reinsurers. A new discipline of Enterprise Risk Management is emerging that is critical to the successful and profitable operation of all business enterprises. This project will develop new approaches to fundamental areas underlying enterprise risk management including; modelling dependencies, development of a framework for market consistent pricing and capital allocation, pricing models for securitisation of credit risks (CDO’s, CLO’s) and pools of insurance linked risks and application of frontier analysis to capital efficiency and risk.
4.2 Publications

Research output is disseminated in peer reviewed journals, books, industry publications, in the form of presentations at seminars and conferences, and as CPS working papers\(^1\). Research output for 2006 is listed below.

**Publications in 2006\(^2\)**

**Books**


**Journal articles**


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\(^1\) The CPS working paper series is being reintroduced in 2007.

\(^2\) This list also includes a number of publications which were accepted for publication in 2006 for actual publication in 2007.


**Chapters in books**


Evans J (2006), Study of Australian Superannuation Funds Attitudes to Hedge Funds, Australian Hedge Fund Yearbook, June 2006


Monographs
Bateman H (2006), Saving the Future: Can the under 40s afford to grow old, Saving the Future Summit, Finsia, July 2006.

Conference publications

Working papers


4.3 Events

Seminars and presentations

February


March

Purcal S: A stochastic control model for individual asset-liability management, Department of Actuarial Studies Seminar, Macquarie University, Sydney, Australia, March 2006.

May


June


July


Sherris M (with Luiz Augusto Cameiro), Demand for Reinsurance: Evidence from Australian Insurers, Asia-Pacific Risk and Insurance Association, 10th Annual Conference, July 30 to August 2, 2006, Meiji University, Tokyo, Japan.

**August**


Sherris M (with Luiz Augusto Cameiro), Corporate Demand for Interest Rate Derivatives in Australia, American Risk and Insurance Association Annual Meeting, August 6-9 2006, Washington DC, USA.

**September**


Sherris M: Solvency, Capital Allocation and Fair Rate of Return in Insurance, Q Group Colloquium, September 14, Manly, NSW, Australia.

**October**


November

Piggott J: Population Aging and Capital Markets in Developing Countries, Korea Securities Research Institute, November 6-7 2006, Seoul.


Purcal S: Supply challenges to the provision of annuities, Actuarial Studies Research Symposium, Sydney, Australia, November 2006.

December

Conferences/workshops/seminars organised

14th Annual Colloquium of Superannuation Researchers - Choice in Retirement Funding

The annual colloquium of superannuation researchers is the only research conference on the economics and finance of superannuation, pensions and retirement in Australasia. For the first seven years the annual colloquium was held at the University of Melbourne. It has been held at UNSW since 2000. The CPS has had responsibility for the annual colloquium of superannuation researchers since 2002.

The papers from the 14th annual colloquium of superannuation researchers - Choice in Retirement Funding - are listed below. The annual colloquium continued to achieve its aim of facilitating high quality research from academics, industry and policymakers both in Australia and overseas.

<table>
<thead>
<tr>
<th>Papers</th>
<th>Presenters</th>
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<tbody>
<tr>
<td>1. Will there be choice in 2020?</td>
<td>Dr David Knox</td>
</tr>
<tr>
<td></td>
<td>(Mercer)</td>
</tr>
<tr>
<td>2. Assessing the rationality of workers' choice of retirement age and saving accumulation</td>
<td>Professor Garry Burtless</td>
</tr>
<tr>
<td></td>
<td>(Brookings)</td>
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<tr>
<td>3. Desirability of the limits on choice</td>
<td>Professor Eytan Sheshinski</td>
</tr>
<tr>
<td></td>
<td>(Hebrew University)</td>
</tr>
<tr>
<td>5. UK pension fund trustees' solutions to the asset allocation puzzle</td>
<td>Professor Gordon Clark</td>
</tr>
<tr>
<td></td>
<td>(Oxford)</td>
</tr>
<tr>
<td>6. Recent trends in superannuation and pension fund flows</td>
<td>Nigel Pittaway (Citigroup)</td>
</tr>
<tr>
<td>7. Do investors make rational decisions? And does it really matter?</td>
<td>John Livanas</td>
</tr>
<tr>
<td></td>
<td>(FuturePlus)</td>
</tr>
</tbody>
</table>
8. What happens to trustee prudence and standards of care in an environment of investment choice? Scott Donald (Russell)

9. Investment choice through the ages Dr Paul Gerrans (Edith Cowan University)

10. Some observations on member investment choice Professor Doug Foster (UNSW)

11. Benign neglect: participant trading in 401(k) plans Takeshi Yamaguchi (Wharton)

12. Choice issues in ‘Kiwisaver’ Dr Susan St John (University of Auckland)

13. Some Observations on Financial Literacy & Retirement Planning Ms Elyssia Silberstein (Mercer)

14. Why knowing our biases is not enough - how we are hard wired for failure (examples from neuroscience) Mr Gareth Abley (MLC)

15. The Evaluation of retail investment funds Joseph Clark (University of Queensland)

16. Evaluation of asset allocation strategies for DC plan default investment options Anup Basu (QUT)

17. Factoring health and aged care needs into retirement planning Dr David Cullen (Australian Department of Ageing and Health)

18. The effects of AASB119 Adam Butt (ANU)

19. The shape of things to come - the impact of choice and APRA licensing Ross Clare (ASFA)

20. Is conventional financial planning good for your health? Professor Laurence Kotlikoff (Boston University)

21. Do not panic: Choosing investments wisely Anthony Asher (Trowbridge Deloitte)

22. Saints or sinners? Portrait of Australia’s managed fund investors Ms Tracey McNaughton (BT)

23. After the ball is over: what happens after a ‘member’retires? Professor Linda Rosenman (University of Queensland)
5. DIRECTIONS FOR 2007

2006 was a productive year for the Centre for Pensions and Superannuation, but also a year of transition. Key members of the CPS were involved in the establishment of a new University-wide research centre called the Australian Institute of Population Ageing Research (AIPAR). This new research centre has a much broader brief than the CPS and encompasses all aspects of population aging – including health, aged care, technology as well as economy wide and financing impacts. The establishment of AIPAR will enable the CPS to re-focus on issues associated with financial provision for retirement – and well as to contribute to the wider agenda of the new Institute.

A further implication of the establishment of AIPAR is a number of personnel changes within the CPS. Professor John Piggott, the inaugural Director of the CPS, has been appointed the inaugural Director of the Australian Institute of Population Ageing Research, while Associate Professor Hazel Bateman (previously Deputy Director of the CPS) has been appointed Director of the Centre for Pensions and Superannuation form 1 July 2007.

These changes, as well as a number of retirements and movements elsewhere in UNSW, provide an opportunity to revisit the centre’s organisational structure. In 2007 the management team will work with CPS members, and public and private sector advisors to rejuvenate the management and advisory committees. A particular aim will be to improve our engagement with public policy makers and industry professionals.

As baby boomers around the world start reaching retirement age in greater numbers issues associated with the provision of adequate and secure retirement incomes becoming increasingly important. In 2007 the CPS will continue to contribute by producing high quality research and facilitating a well informed and sophisticated debate on retirement income issues.
6. FINANCIAL SUMMARY

Centre for Pensions and Superannuation
Statement of Financial Performance
for the Year Ended 31 December 2006

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005*</th>
<th>2004</th>
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<td></td>
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</table>

**Income**

- External Funds** (i) 50,414.50 22,978.36 20,068.17
- Internal Revenue 268.18 20,365.00 0.00
- UNSW Contribution 0.00 0.00 2,465.00
- Total Income 50,682.68 43,343.36 22,533.17

**Expenses**

- Payroll 2,776.32 1,357.64 0.00
- Equipment 0.00 0.00 0.00
- Materials 18,935.37 24,879.18 37,275.84
- Travel 15,666.88 13,757.68 15,404.40
- Total Expenses 37,378.57 39,994.50 52,680.24

**Operating result** 13,304.11 3,348.86 -30,147.07

**Surplus(Deficit) Bfwd from Prior Year** 8,827.96 5,479.10 35,626.17

**Accumulated Funds Surplus(Deficit)** 22,132.07 8,827.96 5,479.10

* Incorrect figures were reported in the 2005 Financial Statement due to an accounting oversight. The revised figures are shown here.

** External revenue totalled $54,005.47, minus unpaid debtors of $3,590.97 = $50,414.50.
7. CONTACT DETAILS

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