

Title: RETIREMENT INCOME PRODUCTS & SERVICES - A WISH LIST

Speaker: **WILLIAM F. SHARPE**
Professor Emeritis, Stanford University

Importance: Why this matters:

Many pressing needs of present and future retirees are poorly served by the available choices. In addition they are poorly equipped to make rational choices. His wish list includes:

1. Real return, zero coupon TIPS;
2. More TIPS maturities, especially on the long end;
3. A world Bond/Stock portfolio, run at low expense ratio;
4. Sustainable Social Security;
5. "M-shares" with properties of zero default and counterparty risk, low cost, that can be used to provide any desired market-based strategies and annuity payments;
6. "Lockbox " annuities: that pay off with a single payment at a pre-specified time;
7. "Tontine" annuities that allow (surviving) policy share holders to be rewarded for bearing actuarial table risk (by living longer!)

Investigation: "Speaker analyzed XXX data to address the questions yyy, zzz, etc."

Sharpe is working on a scenario-based analysis involving a very large number of scenarios embodying different clients personal states, market scenarios and effects of retirement income sources from Social Security, annuities and spending from investments.

Innovation: Are there new techniques of interest in the data or approach to the problem?

Animated scenario videos are something that Sharpe has used successfully before. Here he expands the scope with goal of valuing anything, including multitudinous combinations, constrained only within a state of equilibrium conditions.

Insights: 1-2-3, what are the three most important things the speaker offered?

1. For every horizon, a market portfolio of tradable bonds and stocks is efficient
2. Rather than solving a one period Markowitz problem, Sharpe applies a multi period Arrow Debreu multi period state preference formulation.
3. See Sharpe's wish list above.

Audience rating: 3.97