

# Optimal Retirement Income Solutions in DC Retirement Plan

## Summary

The authors of this report were originally motivated by the thought that the next step in the transition from defined benefit to defined contribution (DC) retirement plans is for DC plans to offer retirement income programs that retirees can use to convert their account balances to periodic retirement income.

This report helps plan sponsors, advisors, and retirees achieve these goals by demonstrating an analytical framework and criteria helping them evaluate and compare a variety of possible retirement income solutions. The report specifically helps to further understanding of how to use various retirement income generators (RIGs) to meet specific retirement planning goals.

The report includes the following objectives and conclusions:

- Inform plan participants, plan sponsors, and advisors about a portfolio approach to developing retirement income strategies.
- Recommend that DC retirement plan sponsors conduct a disciplined and organized approach for developing and implementing a retirement income program.
- Illustrate an analytical framework using stochastic forecasts and efficient frontiers that will help retirees and their advisors make informed retirement income allocation decisions.

A follow-up effort to this report is currently underway.



### Authors:

Dr. Wade Pfau  
Joe Tomlinson, FSA, CFP®

Steve Vernon, FSA



### Who Might Read:

Retirees, practitioners and financial advisors



### Link to full report:

<https://www.soa.org/Research/Research-Projects/Aging/optimal-retirement-income-solutions.aspx>



### You Might Also Like:

The Next Evolution in Defined Contribution Retirement Plan Design: A Guide for DC Plan Sponsors to Implementing Retirement Income Programs  
<https://www.soa.org/Files/Research/Projects/research-2013-next-evol-dc-design.pdf>