

Actuarial Presentation.

How Much You (or Your Parents) need for retirement?

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Summary.

\$100,000 per year?

A lump sum of a million dollars?

As much as possible?

It depends.

This is the second lecture in the series of talks that attempt to explain what actuaries in various fields do.

We will show that the amount needed for retirement depends on future lifetimes. But, more importantly, we will decide on what question to ask:

Is it

“How much is needed on average to provide for payments?”

Or is it

“How large a fund would be needed for an average person who survives an average time into the future?”

After answering the correct question from the viewpoint of an insurance company, we will then proceed to answer it from the individual retiree’s point of view. We’ll review some probability ideas and explain the importance of risk pooling.

At the end of this talk the answer to our question will still be: “It depends”, but we will now know more about what it depends on, and how.