

# Actuaries in Policy with Aidan Nguyen

## Interview Transcript

**Julia Lessing:** Hi everyone. Today we're talking about actuaries working in policy roles and joining us for this discussion is experienced actuary Aidan Nguyen. Aidan is an actuary working in public policy, and in his current role within the Actuaries Institute Public Policy Team, he helps to channel the voice of the actuarial profession as a trusted advisor and honest broker to get better retirement income and life insurance policy and regulation. Aidan previously worked in policy at a peak industry body and before that as an actuarial consultant, both within the superannuation and the life industries. Aidan, welcome, and thanks for joining us today.

**Aidan Nguyen:** Hey Julia, it's great to be here. Long-time listener to first-time podcaster.

**JL:** Excellent, excellent. Well, welcome to the show. It's great to have you here and it's really nice to be having a conversation with you because I think the last time we caught up, was about four or five years ago, and a mutual friend had put us in contact because you were wanting to make some decisions about where to take your career. And we had a really great coffee chat about that at the time. And it's been wonderful to see the career path you've carved out for yourself in policy since that coffee.

**AN:** Yeah, that's right. I remember just recently qualifying, doing a bit of six months sabbatical, and coming back and thinking about what next, where can I apply my actuarial skill set in a different domain in areas that I'm really interested in? So, it was really good to have that chat and now we're here.

**JL:** Yeah, that's great. That's great. Well, looking forward to hearing more about that journey in today's discussion. So, talking about policy, so let's start with why public policy is important to you, Aidan?

**AN:** Well, Julia, I guess the short answer is that it matters. It matters a lot. You know, public policy is something that affects us all every day. And I suppose probably the first place to start is just defining maybe in my words, kind of like what I think of when I say public policy. It's really any areas of society that that we collectively decide we want to an interest in, in getting the policy right, whether it's our environment, whether it's our health, our health system, and whether it's our financial health and our financial system.

And then it's how we come up with those common rules to improve our lives. And policy starts from, you know, the very beginning, from when that idea gets incepted into someone's mind, through convincing others to, you know, support that idea, to make it a reality, designing and passing law, and then actually once it's in law, maintaining and reshaping those laws to better reflect, you know, the modern context and our values over time.

So, you know, when we think about it, us both being here in Australia and democracy together was a democracy where we're responsible collectively, right, for thinking about and setting the rules that we choose to be governed by. So, sort of that, with that broader context as to what is public policy and why it's important to me. My working background is in financial services, and, you know, everyone is affected by it by finance. It's how we operate in our society. It's how we plan for our future. It's just as important to our physical and mental health, arguably, is our financial health. So, you know, like financial services, specifically, you know, where I've worked, we think about super, which is how we plan and how we finance our retirement.

You know, one of the most important public policies is that we've compulsory super here in Australia, where everyone is, you know, required to contribute 11%, I think, now to their retirement and for that to be invested. And they can't touch that till they reach retirement age. And, you know, 17 million Australians have super, and then out of that, you know, we have life insurance as well, which many

people have default group life insurance cover through their superannuation. I think it's about 10 million. So that's a significant amount of us working now in the population.

And when you think about policy like that, which is one, mandatory and two, default, it does require a high level of trust that at least from us it's working. And we kind of just expect things to work. We kind of just expect our super to get invested. And then, you know, we don't necessarily need to touch it. And then we get that at a time and to spend, I'm saying with our life insurance, we kind of just take that, you know, hopefully for granted, and we leave it to the professionals. When it comes to the policy, we leave it to the policymakers, but the policymakers are really just the politicians.

And so, there's a need for policy advisors, those with access to the subject matter expertise that can take the time to make sure to craft the policy to make it as right as it needs to be. So that's really why I think it's really important.

**JL:** I can see why you say that it matters, and it matters to all of us because it does affect all of us in lots of different ways, whether it's in financial services or outside. And I really like your point around, we all have mandatory superannuation. So, we need to make sure that that's being looked after, and good decisions are being made about that. We have to contribute that money, but we can't touch it for a long time. So those policy decisions affect us all in a growing way. Yeah, yeah, okay.

So, I can see why it's really important to you and how it affects all of us. That's quite a different kind of role though. You know, the process you've described from traditional actuarial work, where our processes day to day might be gathering data, crunching some numbers, building a model, you know, sharing some results, you know, what you've described is quite different from what many actuaries might be doing day-to-day, so how did you get started in a policy role, and how did you make that transition?

**AN:** Yeah, yeah, that's a great question. It's a bit different from, I suppose, the traditional actuarial training that we have, but in some ways, there are many parallels. But in terms of how I started, the short answer is that I finished my studies first as a Fellow, which is, of course, the prudent thing to do. That was about four years ago. And I started in a policy role actually, by putting my toes in the water, by getting involved through the Actuaries Institute.

So, there was a working group that was formed at the time called the Customer Outcomes Working Group. And just for context as to why that was formed, if we sort of cast our mind back then, pre-COVID, that was just when the Financial Services Royal Commission, the findings from that and the report from that was being released to the public and made known. And I think many will recall some of the quite egregious instances where community expectations were not being met and even, you know, the behaviour fell well short of what was required by the law at the time.

So, there was a big, big push around community expectations. And I remember that's probably when I started hearing, you know, that does that pass the pub test? That sort of common-sense check has now become commonplace speak, right? So, I joined that working group, what is a good customer outcome? And in the end, you know, just exploring that, and I've penned an article for Actuaries Digital.

The short answer is that really all roads led back to the concept of financial well-being, whether it's in superannuation, whether it's in life insurance, whatever it is, it's all about the work that we do as actuaries, in financial services, it's all about making sure the customer feels and actually, is in a good financial position. So that's how I started the policy, that's how I really enjoyed it. And after that, I saw a very evidently well-targeted job ad through LinkedIn for a life insurance policy role within an industry body.

So, I was feeling very courageous, and this time, I jumped in with my whole body and got accepted into the job. So yeah, that's kind of how I did it. It was very different, leaving the Excel modelling and getting really busy in all things policy and regulation, but it's the same actual mindset. You know, we

have to think about what is the best evidence, analyse the evidence, and then recommend a way forward. And that's what we do as actuarial advisors every day as well.

**JL:** So volunteering was kind of a good way to dip your toe in, so to speak, and sort of test out whether or not you wanted to work in that space or, you know, how that might look. And then the opportunity came up for you to actually make that leap and go full-time into a policy role.

**AN:** That's right. Yeah, it was really challenging at the start, actually. It was a bit of like baptism by fire. I remember my first day because back in 2019, this was when there was a lot of Royal Commission-related regulatory reform. And so, the first day, you know, APRA released a letter publicly that it was looking to intervene into the life insurance industry because the practices were not sustainable in disability income insurance.

So, we had to pull together all the CEOs of the life companies to meet and discuss what we need to do next. And actually, I remember one of the contributions I had around that was there was a question of, OK, well, we need to get a task force together or a working group together at short notice to prepare a submission to APRA's intervention. What shall we call it? And so, I just, oh, how about we just call it the SWAT team? And that name stuck.

**JL:** That was your idea?

**AN:** That was my idea. So yeah, little things like that. And then, you know, over Christmas as well, when I started the role, there was new legislation to make insurance claims handling a financial service. And because of the mood of the government of the day, they decided to release the draft legislation for that over Christmas to make everyone in the insurance industry work on it. So that's what I kept occupied with over Christmas. And it's fine. Anyway, I had no I had no leave at the time, so happy to work on that.

**JL:** Because you had just started.

**AN:** Yes, that's right, that's right.

**JL:** Wow, so such a big leap though, really, from being an actuary and a newly qualified actuary where you could have taken lots of different paths with your career, but to make that step into probably less quantitative and more qualitative kind of work with at your industry peak. So, what was maybe the hardest thing you had to learn to be successful in that new role, moving out of actuarial consulting into policy?

**AN:** So, yeah, where there's policy, there's politics. And that was something that I had never leaned into, growing up or even working as an actuary. I think it's something that, to be honest, turns a lot of people off because there's so much conflict that happens in politics, and sometimes the messaging can be quite negative.

But, you know, knowing the process of how policy ideas come to reality, which does involve politics is critical to understanding. I remember when I started, I didn't even know the difference between regulation versus legislation. But that little difference actually makes a significant impact in the ease at which regulation gets made versus legislation, which has to go through parliament, to get passed.

**JL:** So, you have to learn a whole lot of terminology and, you know, new sort of legal jargon and things as well.

**AN:** Yeah, that's right. That's right. And I think also, we're so accustomed in our actuarial mindset to be good at going deep to get that technical expertise. But one of the differences in policy is that it's more favoured to knowing a little bit about everything so you can see how the parts piece together.

**JL:** Okay.

**AN:** And so, it's really important to stay up to date on the latest information that gets, you know, that gets dispersed in the news cycle. You know, when I started the policy role, I wasn't reading, say, for example, the AFR or following, you know, Insiders or Q&A, those sorts of programs, but since starting it's sort of become part of my mandatory bedtime reading, so to speak. So, getting adjusted to the daily news cycle around politics is part of the job I think this was the biggest challenge for me.

**JL:** The biggest challenge, yeah. Yeah, interesting. Okay, so that's the challenging aspect of working in public policy. What about your career highlights? I mean, can you tell us about one of the career highlights that you've had as an actuary working in public policy?

**AN:** Yeah, for sure. I think probably the biggest highlight so far, it's not a long career by any means to date, but the biggest highlight has been developing and promoting research on a roadmap for Australia's retirement income policy. So that was something that I did in my previous role at the industry body at the FSC, where we got to pitch an idea.

We thought about, okay, well, where is the superannuation system going at the moment? We've got compulsory super for the past 30 years, but have we really figured out the decumulation stage? And we just had the retirement income review, the retirement income covenant, which is a new obligation now on trustees to make sure they have a plan and a strategy to help their members in retirement had just recently come into effect. But with the new government, with Albanese coming in last year, there was essentially no plan for what happens after that.

So, we thought we would do a forward-looking optimistic piece, going, well, where is Australia at, and how does that compare to other nations overseas? Doing a bit of a desktop benchmark, and then understanding, well, what is the size of the prize if we really got the decumulation settings, right? And the real problem statement that we came up with, and that evolved over the research, which I was very happy to be with from start to end was that, for many reasons, retirees are not spending and drawing down an income, that is optimal to maximise their living standards and retirement. So how do we help give people the confidence to be able to draw down that income and then spend it? And there's a whole host of reasons for that.

So, we essentially consulted with different parts of the industry, of the sector, and developed the roadmap, did some modelling as well to support the recommendations in there. And, you know, ultimately bringing that to life, launching the research, doing a, doing a launch event, going down to Canberra, meeting with, agencies and policymakers to explain the research, was all extremely rewarding in, in the end. And, you know, I'm really proud to say that I think the government's sort of listening to, to the work of that research, but also from others. And they're looking to release a consultation paper I think in the coming weeks and months about how to improve a retirement income policy setting. So that's been the most rewarding highlight so far is just being able to make a tangible impact in setting the direction for where we need to go with our retirement policy.

**JL:** Wow, that's so exciting. And that's not just, you know, research that's going to sit on the shelf. That's research that's going to affect all of us. As you said right at the start, you know, this stuff matters. And that decumulation challenge, that's something that we will all face in growing magnitude as we're accumulating more super, more of us have super. What do we do at the other end? So, what amazing research that was. Then you were able to socialise and talk to others about that as well and really make a big contribution. So, what a great career highlight. Congratulations.

**AN:** Yeah, yeah, that's right. Thank you, Julia. And yeah, you're right. Like, you know, superannuation has been a bit of an experiment, right, in Australia. It's a pretty unique system. And we're building the plane as we're flying it. And the decumulation part is how do we land it in a safe way, given that, you know, we've got an ageing population, we've got the baby boomers who are now, you know, entering

into retirement, the SG rate still increasing, and we're going to have to have people in the next couple decades, be the first ones to retire with a significant portion of the SG for all of their working lives. So, it's a question that's here to stay. And yeah, you're right, I hope that the research doesn't sit on the shelves. And it's just used going forward to help guide where one of the important areas that reform needs to happen.

**JL:** Certainly, important work, Aidan. Very good. Okay, so that's your career highlight to date. No doubt there'll be many more career highlights in your career ahead. So far, what have you found most interesting about working in public policy?

**AN:** Probably the most interesting is getting the opportunity to think deeply about what the right policy solution is to the tricky problems. I think sometimes I might sound a bit idealistic in terms of, okay, well, we need to get the best policy. But really, at the end of the day, there's a lot of trade-offs that that have to be managed when it comes to getting to the right policy solution.

So, to take an example, in recent years in superannuation, some will say the trickiest problem has been "How do we make the superannuation system work as efficiently and effectively as it can be?" And so, the government decided to implement what they call Your Future, Your Super reforms, and as part of that put in place a superannuation performance test which tests each My Super product to make sure, that the returns there are high enough and meet a certain bar so that they can deliver good financial returns to the members and if they don't then they're out, they're forced to close.

**JL:** Right.

**AN:** Now that's been extremely, extremely controversial because they want to extend the performance test through from My Super products to choice products, using the same type of test. But when you think about the difference between My Super products and choice products, they're fundamentally quite different in nature. You know, My Super products people are generally defaulted into them. It's one investment strategy. And so, it's a very different type of consumer that is entering into that and a higher bar that's needed for consumer protection.

When it comes to the choice products, people are often in there because of very specific reasons. They may pick an ESG product, or they may pick a faith-based product. They often do that with the help of a financial advisor. And so, there's a real question, a policy question as to "where do you calibrate the right level of consumer protections that's required for the performance tests, and how do you make sure that you appropriately design a test that caters to the wider range of investment strategies that are available in choice products?" So, I need to think about those questions, and debating the solutions has been very interesting for me.

**JL:** That does sound like a really interesting challenge and so many different dimensions to that and different stakeholders and looking at that from different perspectives. What do different people need? What protection do they need? But also, what choice do they need? and how do you balance that and design something that kind of allows everybody to do what they need to do when everyone's got such different and diverse needs? Yeah, it's tricky.

**AN:** That's right, yeah. And I came in after those reforms were made into law and the government decided, okay, well, it's so controversial that we need to do a review after only two years. So, I was coming in, looking at all the evidence, understanding where consumer groups felt, where industry bodies felt, where super funds felt, and just trying to find and navigate an appropriate solution in the middle.

**JL:** Yep. Yep. Very interesting. It does sound like a very interesting challenge to work on. So, okay, so we've talked about what you found challenging working in public policy. you talked a bit about understanding politics, you sort of touched on that. Was there anything else that you wanted to share about that before I asked you some other questions a bit more broadly?

**AN:** I think with the politics, it's really understanding that you know, we think of our work in financial services occurring in a vacuum. But ultimately, everything needs to be done by understanding what the priorities are of the government of the day and figuring out how we can better work with those government priorities. So, you know, it's so often that we think about it from our perspective when we have our issues in terms of policy problems to solve, what's most effective is actually finding a way to connect the issues that are important to, you know, an industry or to superannuation consumers, or even for the Actuaries Institute. And finding a way to show that this is something the government needs to care about too.

**JL:** Okay, so lots of different considerations, the overlay of what the government of the day's priorities are. In that context then and in the role that you're playing with the institute, what do you see as one of the key public policy questions that you think actuaries could be playing a greater role in?

**AN:** I think it's intergenerational equity. If I were to pick one, think intergenerational equity is a big one. You know, I think, when you ask a lot of people, maybe what is the biggest issue of our generation, some might say "climate change." I think of, you know, climate change is almost a subset of the broader issue of intergenerational equity, which is, how do we ensure that we're leaving the world in a better place, or as good of a place for the next generation that comes after us, right? Is it a fair deal?

And I think as actuaries, you know, we deal so much with questions of how do we balance equity and fairness across different cohorts of people, you know, we've even got our own like term for that actuarial fairness that we learned about in uni. And, you know, the Actuaries Institute, for example, has done an intergenerational equity index, so it's something that we have contributed into. And we've been making regular updates to that index since I think 2020.

So, you know, just to take an example, dig a bit more into intergenerational equity. The government, every few years produces what's called an intergenerational report, which sort of is a forward-looking 40-year window into what society will look like based on how we're currently tracking. And it's not often that there are publications like that that come along that allow you to really step back and think about, okay, well, "how are we going as a society? Is this where we want to be going?" And one of the issues that the report touched on was the sustainability of our ageing population and the impacts that might have to how we finance retirement, aged care, and healthcare, given that people are living, by and large, longer and healthier lives.

So, you know, someone aged 25 today is expected to retire at 65 and enjoy that retirement for about 4 to 5 years longer than someone who's 65 today and retires tomorrow.

**JL:** Wow.

**AN:** And the overwhelming majority of those that increase four to five years increase is actually an increase in a healthy lifespan. So that means you know, we've got more time and we need to figure out how to finance that. But the interesting observation in the intergenerational report was that spending on the age pension is actually going to reduce.

And that's because superannuation is starting to play a more important role in funding people's retirement. And that contrasts with the experience of all other developed nations pretty much overseas where their public spending on the government support for the age pension is actually going to increase. But at the same time, it looks at the other interrelated factors.

So, you know, probably the most important influence on someone's retirement is whether or not you own your own home. And the report touched on that, that, you know, homeownership rates are declining, particularly amongst younger age groups. And so, some of the assumptions that we take for granted in terms of having that security of retirement that you do own your own home may not no longer be there 40 years from now. something they brought out. Yeah, that's right.



So, I think it's intergenerational equity is a key issue, a key public policy issue that actually is a really well placed to think about and to make contributions in. And it's a public policy issue that's here to stay as well.

**JL:** Yeah, absolutely. I think about, you know, my eldest daughter is almost 25. And so, she's in that bucket that you've just said that will have that longer, healthy lifespan. And I think about that generation and what they've been through with COVID impacting their university studies and the cost of living, it's not hard to see that many of those assumptions we've made will not hold for much longer and will not hold for that younger generation either. And I can see why as actuaries it's something that we're well placed to advise on with our training around those long-term projections and use of assumptions and different scenarios as well. So yeah, very interesting, very interesting.

**AN:** That's right. That's right, Julia. Like, you know, we're already doing it, actually, we're already advising in those areas and health policy, disability policy, social welfare policy. Actuaries can and do and, but you know, can be doing a lot more to have a stronger, credible voice and, you know, it's something that the Institute is looking to play a more active role in going forward as well.

**JL:** Excellent. So, Aidan, it's been great hearing your definition of public policy and why you think that's important and how it affects all of us, that it matters, matters to all of us. I've enjoyed hearing about how you made that transition from being an actuary and an actuarial consultant into a policy role, which at first sounds like it's quite a different role and I'm sure there are aspects that are different, but I can also see that there's a lot of parallels in the thinking and the mindset that you need to bring that forward-thinking and long-term planning type way of thinking.

And it's been interesting to hear about some of your interesting projects and career highlights as well, and some of the challenges and how you've overcome them by broadening out what you're reading and what you're watching and how you're staying up to date and keeping your skills current and relevant.

I want to finish with one question, Aidan, and it's this. What is one tip that you'd have for actuaries wanting to work in public policy or policy?

**AN:** Good question. And a great question to end up. So, it's, my one tip is this. Find an area of policy you're interested in and search inside for that little bit of courage to pursue it. So, you know, that article I wrote on what is a good customer outcome, I was really interesting in writing about it, and it wasn't a particularly good first draft. But I enjoyed doing the readings, I enjoyed doing the research, it wasn't a chore at all. And I got excellent feedback from my working group. And you know, in the end, I'm proud I had that published in Actuaries Digital.

The second aspect, yeah, the second aspect of that tip is finding that bit of courage. And, you know, I mentioned the claims handling consultation that came out of your Christmas when I started, in that new policy role that I was responsible for. You know, I sent a first draft of that submission out, um, with, you know, the big three points to, um, all of the working group. You know, I got some technical points down wrong. I wasn't expansive enough. The feedback was critical, but constructive. And, you know, in the end, that ultimately helped make the second draft and the final draft so much better.

So, I think, you know, it was intimidating for me, and it's probably intimidating for a lot of people to be stepping into a role that's a bit different, but at the same time, like the work that we do as actuaries takes an evidence-based approach and thinks about well what is the best customer outcome.

So, for younger people I think wanting to get involved it's you don't know everything and that's okay and I certainly don't, I still don't. I wish I told myself to accept the fact that you won't be able to please everyone because you know while you do know it's important to remind yourself that and you feel it every time you don't, please everyone so it's a bit of a humbling experience. But I think in the end, you know, you just got to be courageous, be provocative when you need to. And in the end, that's what that's how you're able to make the best positive contribution. And that's what it's all about.

**JL:** That's great advice. So being courageous and finding an area that you are interested in and then being brave enough to have a go and know that you might not get it right the first time you might have to put yourself out there but listening to that feedback. taking that on board and ultimately creating something really great. So fantastic. Thanks for your advice today, Aidan. It's been really great having this conversation, hearing a bit about your journey, and also hearing some of your tips for other actuaries wanting to work in a policy role. Thank you, Aidan.

**AN:** Thank you, Julia. It's been a pleasure to be here and have this conversation.

**JL:** Thanks so much.