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Portfolio Choice During Retirement

As individuals live longer in retirement, the issue of how they invest during their retirement becomes more pertinent. The paper reviews models of optimal asset allocation during retirement and points to the potential welfare benefits for the individual from more innovative retirement income products. In addition, allowing better-off individuals with more flexibility to invest in retirement could lessen the strain on the solvency margins of pension funds and life insurers from a heavy reliance on guaranteed income products throughout OECD countries