



Inspiring a World of Habitual Savers

The Aegon Retirement
Readiness Survey 2015



27 May, 2015

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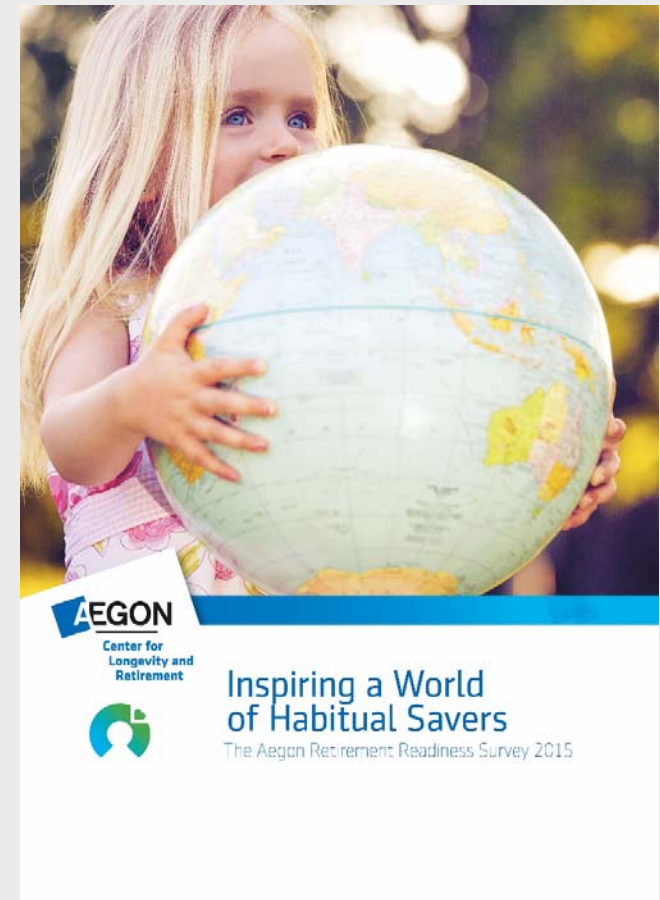
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Agenda

- Announcing the Aegon Center for Longevity and Retirement
- The 4th Annual Aegon Retirement Readiness Survey
 - ▶ Introduction
 - ▶ About the survey
 - ▶ Key findings
 - ▶ Recommendations
 - ▶ Q&A

www.aegon.com/theCenter



Announcing the Aegon Center for Longevity and Retirement (The Center)

- The Center's mission is to conduct research, educate the public, and inform a global dialogue on trends issues, and opportunities surrounding longevity, population aging, and retirement security
- It is a collaboration of experts assembled by Aegon with representation from the Americas, Europe, and Asia
- Aegon has established this Center to demonstrate its commitment in the field of aging and retirement research
- It will work in close collaboration with U.S.-based Transamerica Center for Retirement Studies, a nonprofit, private foundation



Introduction

- This year's survey demonstrates the benefits of habitual saving and highlights the need for making it a global trend where responsibility is shared by individuals, employers and governments
- It aims to:
 - ▶ Gauge the level of retirement readiness in 15 countries,
 - ▶ Identify the steps needed to make active retirement an aspiration for all, and
 - ▶ Provide a roadmap for individuals, employers and policymakers to make habitual saving a global trend.



About the Survey

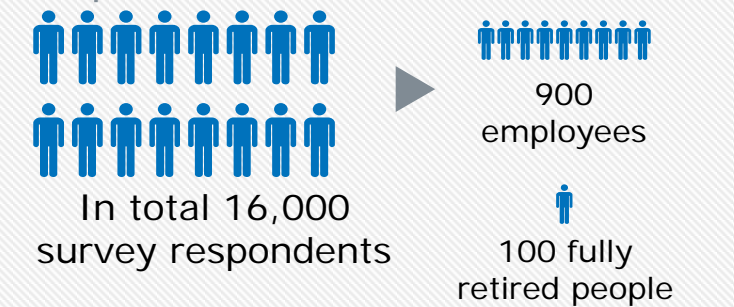
Survey Methodology

- 2015 Survey: an online and nationally representative survey conducted in local languages in 15 countries between 6th – 23rd Feb 2015

Countries included:



Respondents



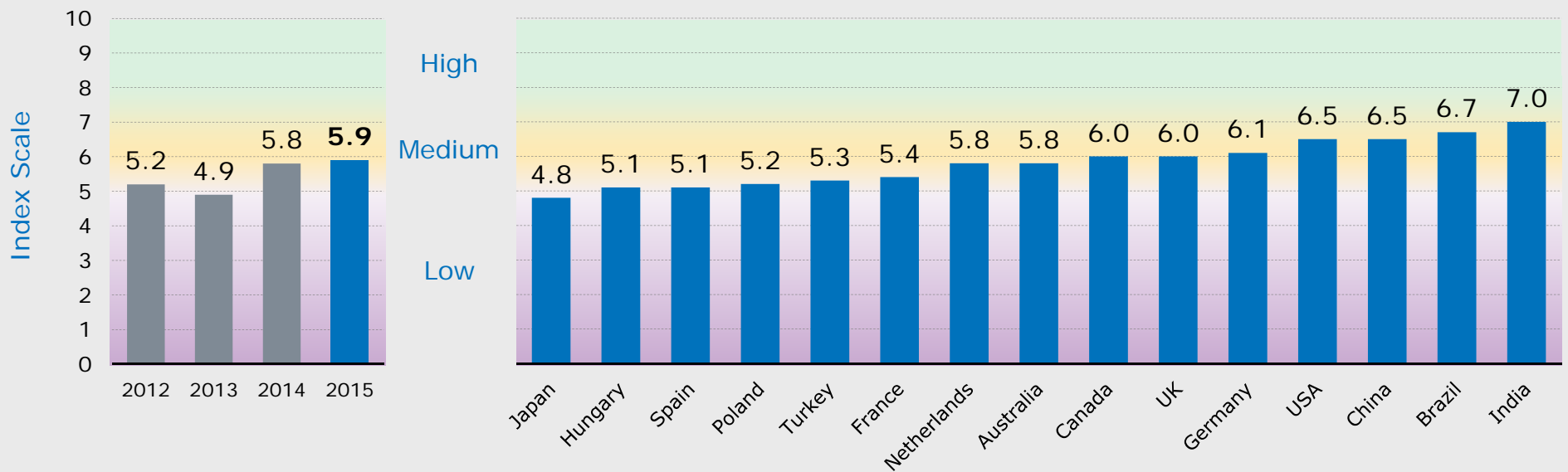
This Survey is a collaborative work between the Aegon Center for Longevity and Retirement, the Transamerica Center for Retirement Studies® and Cicero Consulting

Key findings

- 1 The improving state of retirement readiness: reality or illusion?
- 2 Active retirement: promoting greater health and vitality in retirement
- 3 Making habitual saving a global trend is a shared responsibility
- 4 Employers make a major contribution toward improving the financial well-being of their employees in retirement
- 5 Governments can significantly help by encouraging individuals to work longer and save more

1. The improving state of retirement readiness: reality or illusion?

Aegon Retirement Readiness Index (ARRI) increased slightly in 2015

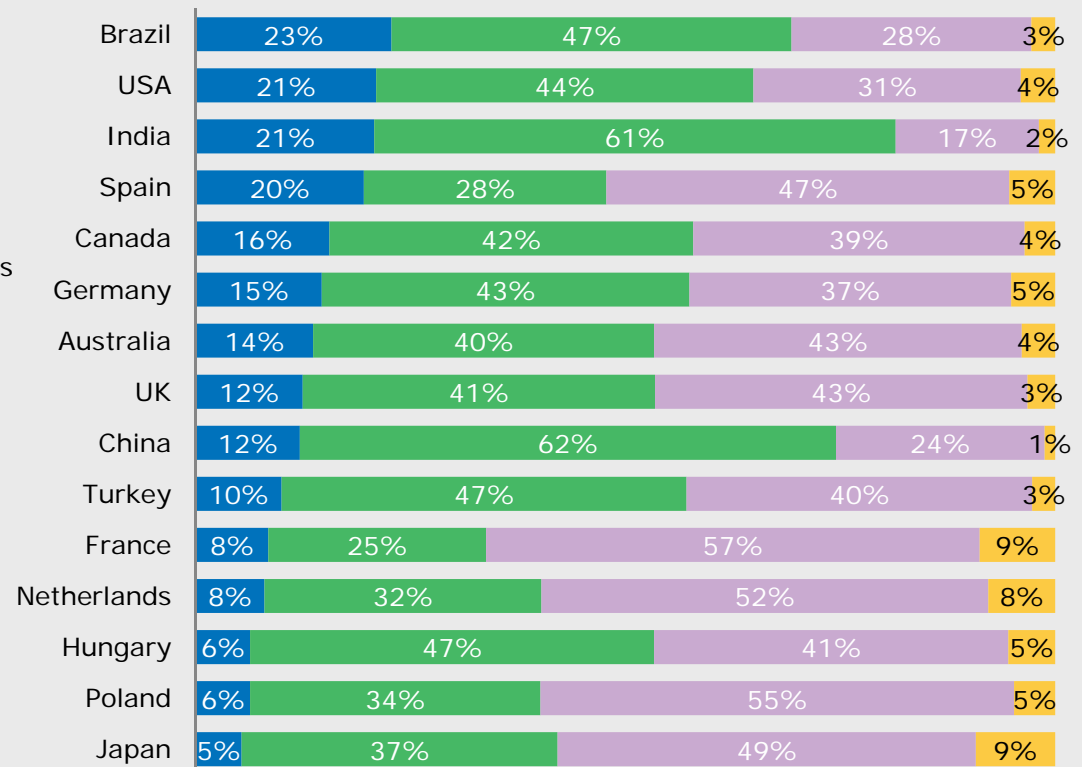
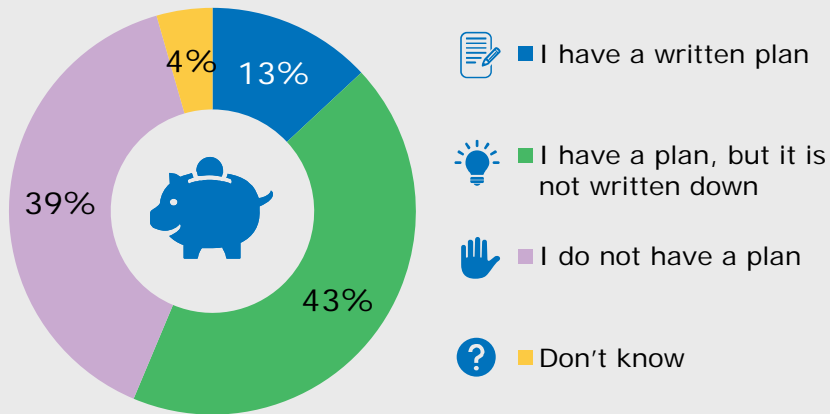


The ARRI is Based on Six Key Measures:

1. **Personal responsibility** for income in retirement
2. **Level of awareness** of need to plan for retirement
3. **Financial Capability/Understanding** of financial matters regarding planning for retirement
4. **Retirement planning** – level of development of plans
5. **Financial Preparedness** for retirement
6. **Income replacement** – level of projected income replacement

1. The improving state of retirement readiness: reality or illusion?

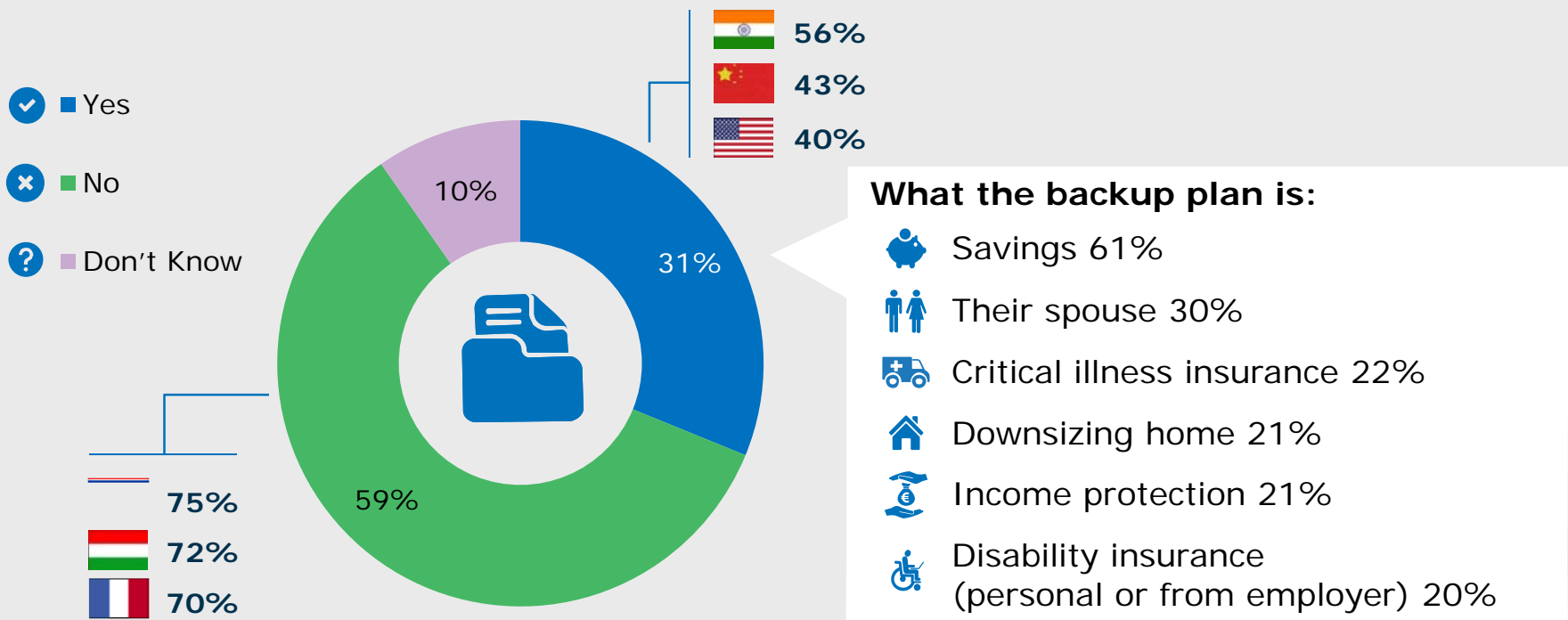
However, many fail to plan properly – fewer than one quarter of workers in every survey country have a written retirement strategy



Q. Which of the following best describes your retirement planning strategy?

1. The improving state of retirement readiness: reality or illusion?

There is a potential widespread lack of financial resilience if forced into retirement sooner than expected – many employees fail to develop a backup plan



Q. In the event that you are unable to continue working before you reach your planned retirement age, do you have a backup plan to provide you with an income?
 Q. Which, if any, of the following are part of your backup plan for an income in the event that you are unable to continue working due to ill health or job loss?

2. Active retirement: promoting greater health and vitality in retirement

Retirement – a time for more leisure or for continued work?



58%

See retirement as an opportunity to spend time with family and friends



49%

identified taking up new hobbies as a aspiration for their retirement



63%

say they want to travel more in retirement



16%

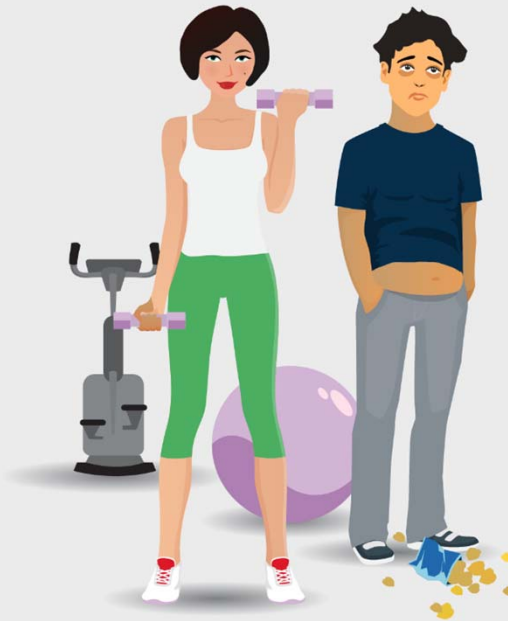
Aspire to continue working in the same field, and 11% would like to consider working in a different field when they retire

2. Active retirement: promoting greater health and vitality in retirement

Health is a key determinant of a happy and prosperous retirement



74% of habitual savers rate their health as "excellent or good," compared with just **62%** of non-savers



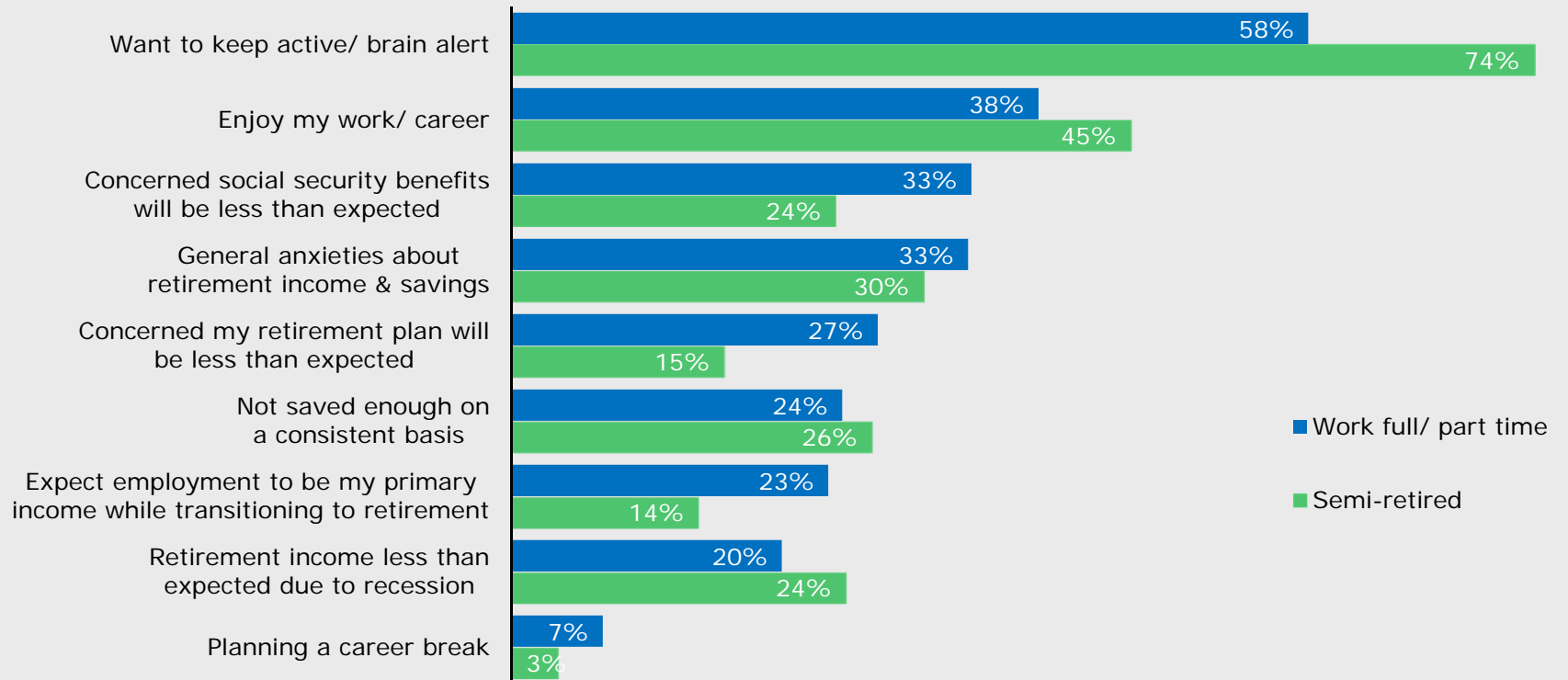
Among those not fully retired, excellent health equates to confidence in living a comfortable retirement lifestyle: **42%** versus just **7%** of those in poor health

Q. How would you describe your health overall?

Q. Overall, how confident are you that you will be able to fully retire with a lifestyle you consider comfortable?

2. Active retirement: promoting greater health and vitality in retirement

Keeping active is the biggest motive for working beyond retirement age



Q. Which, if any, of the following are important reasons for you continuing to work to some extent in retirement?

3. Making habitual saving a global trend is a shared responsibility

Saving habitually is the best way to improve retirement savings

Habitual Saver Portrait



42% of men save habitually versus **36%** of women



45% of those aged 55-64 versus **29%** of those aged 18-24 years



74% in excellent / good health
3% in poor health



34% feel economy will improve in next 12 months



39% feel their own financial situation will improve in next 12 months



80% positive associations about retirement



36% are confident they will have a comfortable retirement



25% have a written retirement strategy
54% have a non-written strategy

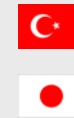


48% have a backup plan

By Country

Less than 30% are habitual savers

More than 50% are habitual savers



Q. Which of the following best explains your approach to saving for retirement?
"I always make sure that I am saving for retirement"

3. Making habitual saving a global trend is a shared responsibility

Yet the biggest opportunity lies in turning aspiring savers into habitual savers

Aspiring Saver Portrait



Younger and women: median age 35 years with **58% female** and **42% male**



65% in excellent/good health
4% in poor health



21% feel economy will improve in next 12 months



33% feel their own financial situation will improve in next 12 months



61% positive associations about retirement



10% are confident they will have a comfortable retirement

By Country

Less than 15% are aspiring savers



More than 30% are aspiring savers



Q. Which of the following best explains your approach to saving for retirement?
"I am not saving for retirement though I do intend to"

4. Employers make a major contribution toward improving the financial well-being of their employees in retirement

Providing employees financial planning and advice support



Only **21%** of employees globally say they receive an annual retirement statement

Lowest:



8%

Highest:



47%



Only **14%** of employees say they receive educational materials



5%



23%



Just **12%** were able to manage their retirement savings via an online portal



5%



23%

Q. Thinking of your current employer which, if any, of the following services does your employer (or retirement plan administrator) offer ...?

4. Employers make a major contribution toward improving the financial well-being of their employees in retirement

Providing employees the opportunity to stay in paid work



Only **24%** of employees say that their employer offers employees the opportunity to move from working full-time to part-time in the run up to retirement

Lowest:



16%

Highest:



34%



Only **19%** of employees say that their employer offers access to flexible retirement plans (which allow people to work beyond the usual retirement age)



8%



37%



Only **17%** of employees say their employer offers employees access to occupational healthcare in retirement



6%



42%

Q. Which, if any, of the following services does your employer offer to help employees phase into retirement?

4. Employers make a major contribution toward improving the financial well-being of their employees in retirement

Automatically enrolling employees into workplace retirement plans



Habitual Savers

- **72%** find auto-enrollment appealing at **6%**
- **68%** find auto-enrollment appealing at **8%**

Aspiring Savers

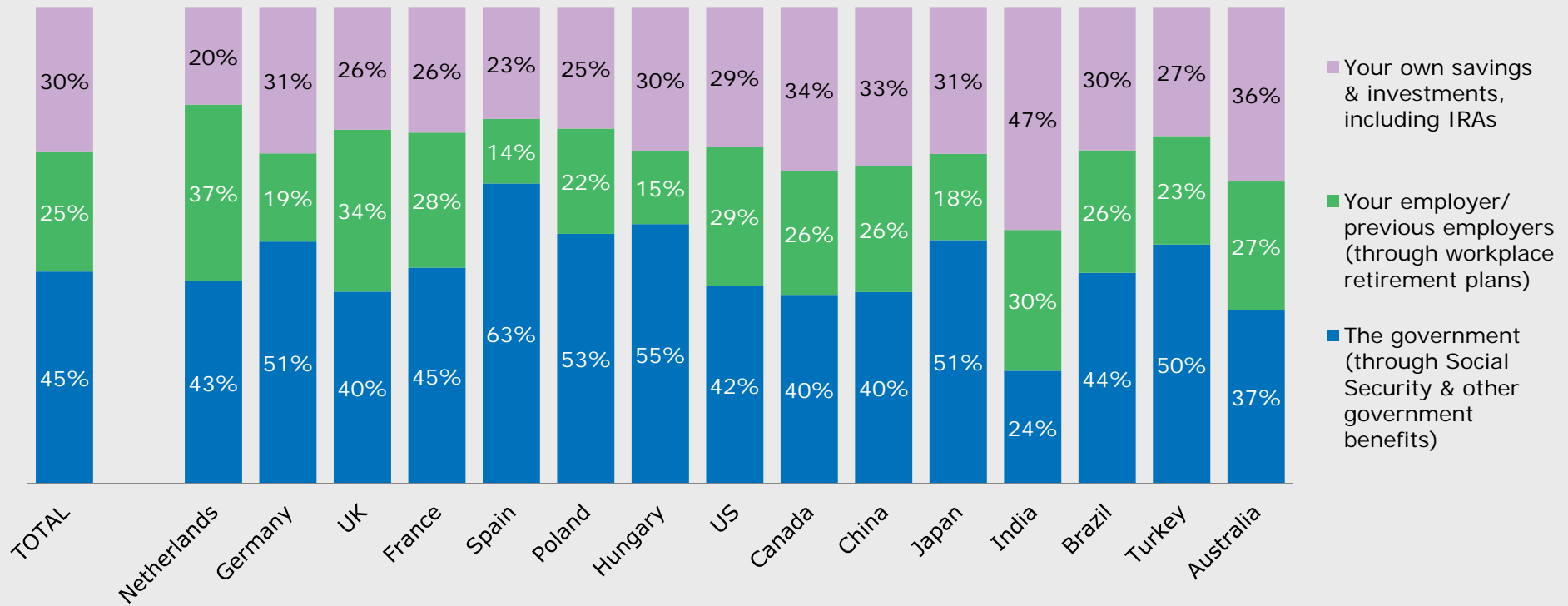
- **59%** find auto-enrollment appealing at **6%**
- **53%** find auto-enrollment appealing at **8%**

Q. If you were automatically enrolled into a workplace pension and you were expected to contribute 6% of your annual salary or wages to it, on a scale of 1 to 5, where 1 is very unappealing and 5 is very appealing, how appealing would this seem to you?

Q. If you were automatically enrolled into a workplace pension and you were expected to contribute 8% of your annual salary or wages to it, on a scale of 1 to 5, where 1 is very unappealing and 5 is very appealing, how appealing would this seem to you?

5. Governments can significantly help by encouraging individuals to work longer and save more

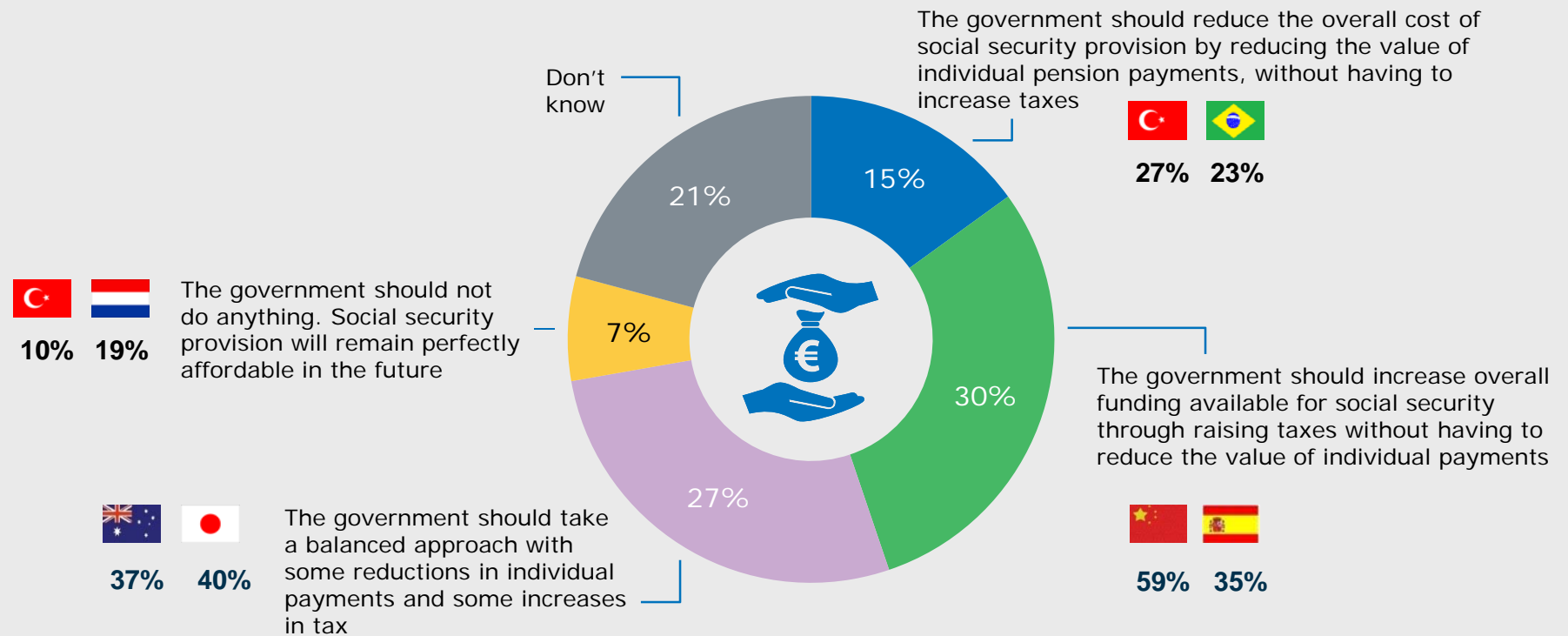
Many expect to rely on the state to provide them with retirement income



Q. Thinking of your own current or likely circumstances, approximately what proportion comes from or is likely to come from each of these three broad sources?

5. Governments can significantly help by encouraging individuals to work longer and save more

With the cost of social security becoming a greater concern, many individuals believe that some form of social security reform is necessary



Q. With the cost of social security becoming a greater concern as people live longer which, if any, of the following do you think the government should undertake? Please select the option which is closest to your view.

Recommendations

The role of governments

- Governments can help encourage more employers to implement workplace retirement savings plans by reducing the cost and regulatory burden for employers in sponsoring such plans.
- Governments can also implement reforms to enable employees to work longer, retire later, and phase into retirement. They can also provide additional incentives for employees to defer commencement of their retirement benefits and receive an actuarial increased pension at the date they elect commencement of their benefits.
- By better integrating tax, social security and healthcare systems, governments can facilitate workplace financial education and wellness programs by sharing the costs with employers and employees.

The role of employers

- Employers can facilitate and promote habitual savings by designing retirement savings plans that overcome obstacles to save. Such designs can include auto-enrollment and auto-escalation features.
- Employers are encouraged to adopt age-friendly employment policies. Examples of workplace changes can include more flexible work schedules and

ergonomically tailoring workspaces to employees needs (e.g., computers with larger type fonts, lighting, accessibility).

- Employers can promote better health among employees. Wellness programs can help reduce health insurance costs and boost productivity. They also help to retain mature employees, thereby reducing recruitment and training costs when replacing employees.

The role of individuals

- Habitual savings is most effective when started early and therefore should be taught and ingrained in the culture at an early age. Upon entering the workforce, individuals should be encouraged to save for retirement through employer benefits or on their own. Parents can and should help teach children basic financial skills at a young age.
- Those who are at risk of falling short with their retirement plans - for example, women and younger people - need to give particular attention to their specific financial planning needs. Using freely available planning tools and financial education materials is good starting point.

Questions and Answers



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Company information

Aegon Center for Longevity and Retirement

The Aegon Center for Longevity and Retirement (The Center) is a collaboration of experts assembled by Aegon with representation from the Americas, Europe, and Asia. The Center's mission is to conduct research, educate the public, and inform a global dialogue on trends issues, and opportunities surrounding longevity, population aging, and retirement security.

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Transamerica Center for Retirement Studies®

The Transamerica Center for Retirement Studies (TCRS) is a division of the Transamerica Institute, a nonprofit, private foundation. TCRS is dedicated to conducting research and educating the American public on trends, issues, and opportunities related to saving, planning for, and achieving financial security in retirement. Transamerica Institute is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third-parties. TCRS and its representatives cannot give ERISA, tax, investment or legal advice. www.transamericacenter.org

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