



# The Changing Face of Retirement: The Young, Pragmatic and Penniless Generation



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## Agenda

- Introduction
- About the survey
- Key findings
- Recommendations



## Introduction

- Welcome to *The Young, Pragmatic and Penniless Generation* survey.
- Governments and employers around the world are implementing measures to de-risk their retirement programs and, in doing so, transferring much of that risk to those who are much less equipped to deal with it: individuals and their families.
- This survey examines how these issues are impacting young employees between the ages of 20 and 29 years and identifies ways to help them take on personal responsibility for their financial future.
- The objectives of the survey are to:
  - ▶ Provide a clear picture of retirement readiness among young employees,
  - ▶ Promote awareness of personal responsibility for retirement,
  - ▶ Make recommendations for young employees, employers and public policy/makers to increase levels of retirement readiness.

## About the Survey

### Partners

- Transamerica Center for Retirement Studies®
- Cicero Consulting

### Survey Methodology

- 2013 Survey: online, nationally representative research conducted in 12 countries between 22<sup>nd</sup> Jan – 11<sup>th</sup> Feb 2013:
  - ▶ Canada, China\*, France, Germany, Hungary, Japan, The Netherlands, Poland, Spain, Sweden, the United Kingdom, the United States
  - ▶ In total 10,800 employees including 2,722 between the ages of 20 and 29 years (i.e. not self employed, students, and homemakers) and 1,200 retirees

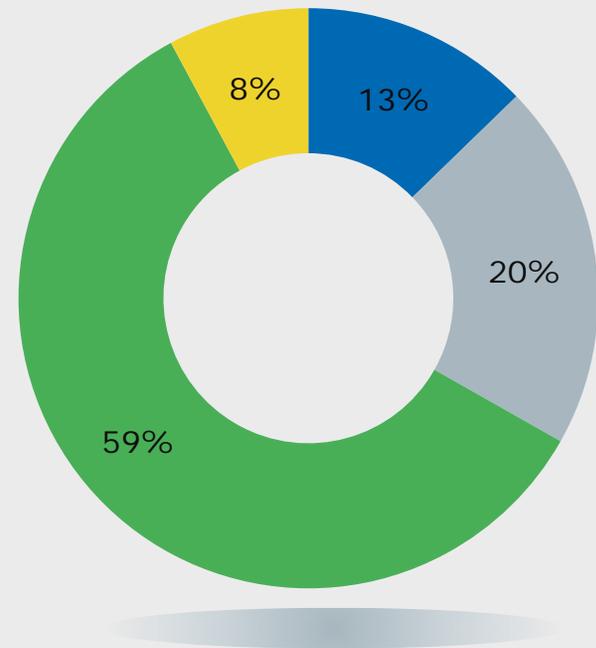
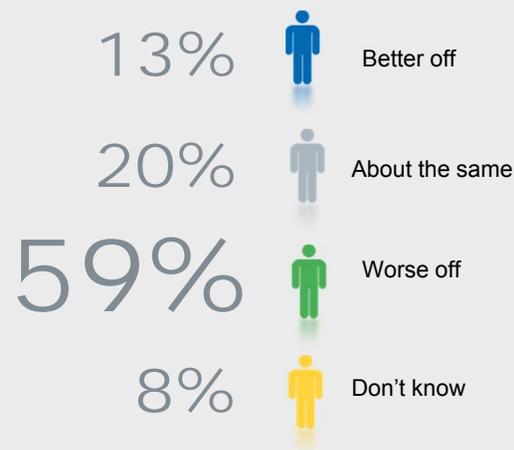
**...making this one of the largest studies of its kind in the world**

\* The results for China are biased toward people living in urban areas.

# 1. Young employees are realists in a changing world

Fifty-nine percent of employees in their 20s expect to be worse off in retirement than their parents' generation.

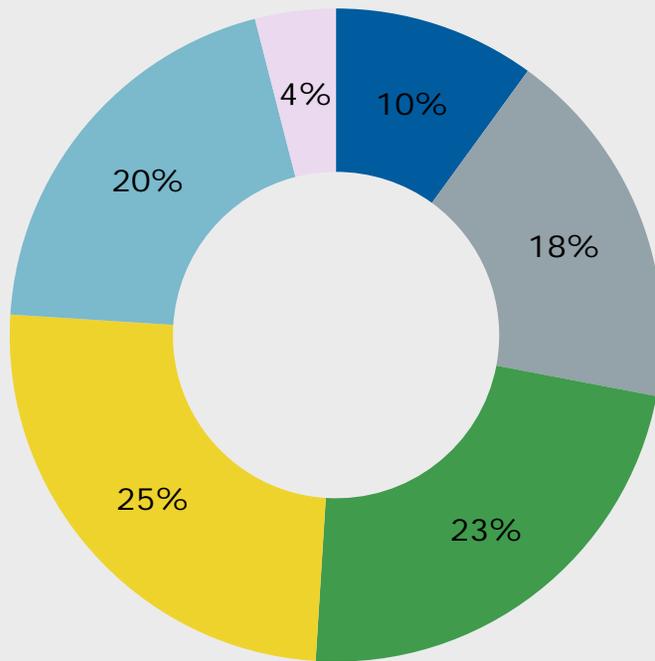
In France 79% think that they will be worse off in retirement compared to their parents; in China this is shared by only 21%.



Q. Do you think that future generations of retirees will be better off or worse than those currently in retirement?

# 1. Young employees are realists in a changing world

Only 28 percent of employees in their 20s are optimistic that they will be able to choose when to retire.



- Very optimistic
- Somewhat optimistic
- Neither pessimistic nor optimistic
- Somewhat pessimistic
- Very pessimistic
- Don't know

28%  
NET: Optimistic

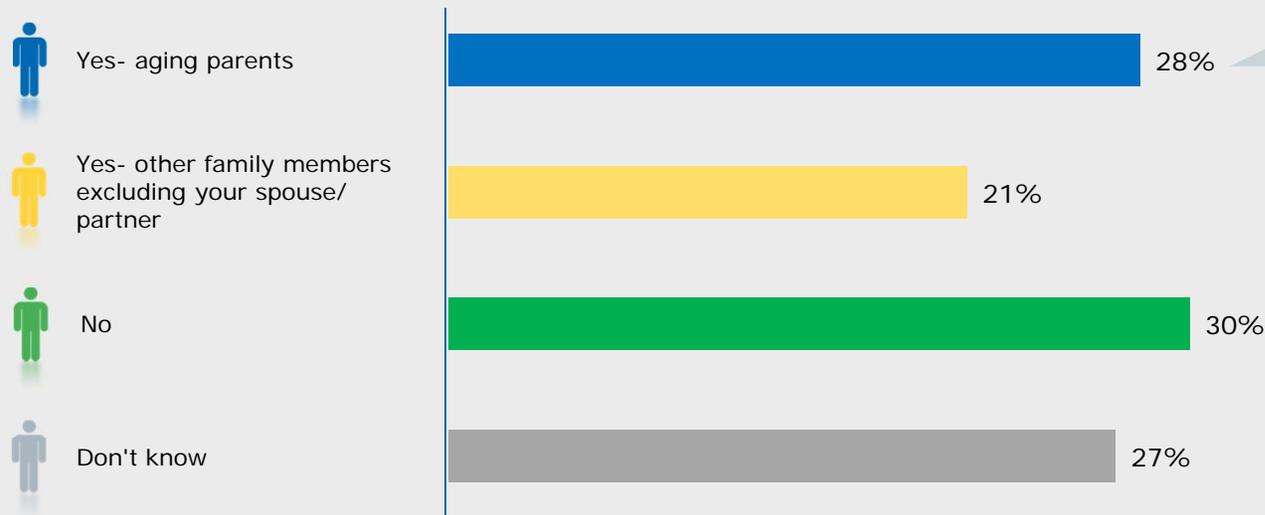
44%  
NET: Pessimistic

A few respondents are optimistic they will be able to choose when they retire – Poland (15%), Spain (19%) and France (18%).

Q. Being able to choose when I retire - When thinking about your retirement, how optimistic are you about each of the following aspects of it?

# 1. Young employees are realists in a changing world

In their own retirement, 28 percent of young employees believe they will need to financially support their parents, and 21 percent other family members.

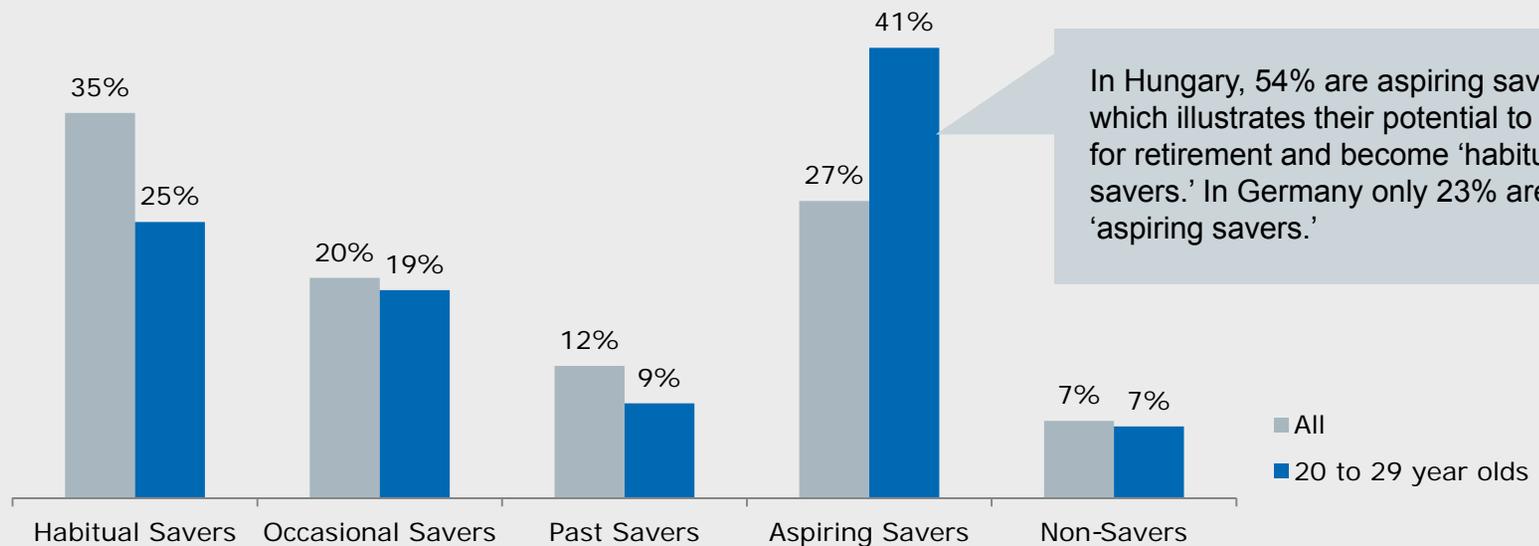


In China, 47% expect to support aging parents compared to 12% in the Netherlands.

Q. Do you expect that you will need to provide financial support for your family (other than your spouse/ partner) while you are retired? Please check all that apply.

## 2. Young employees are ready to save for retirement

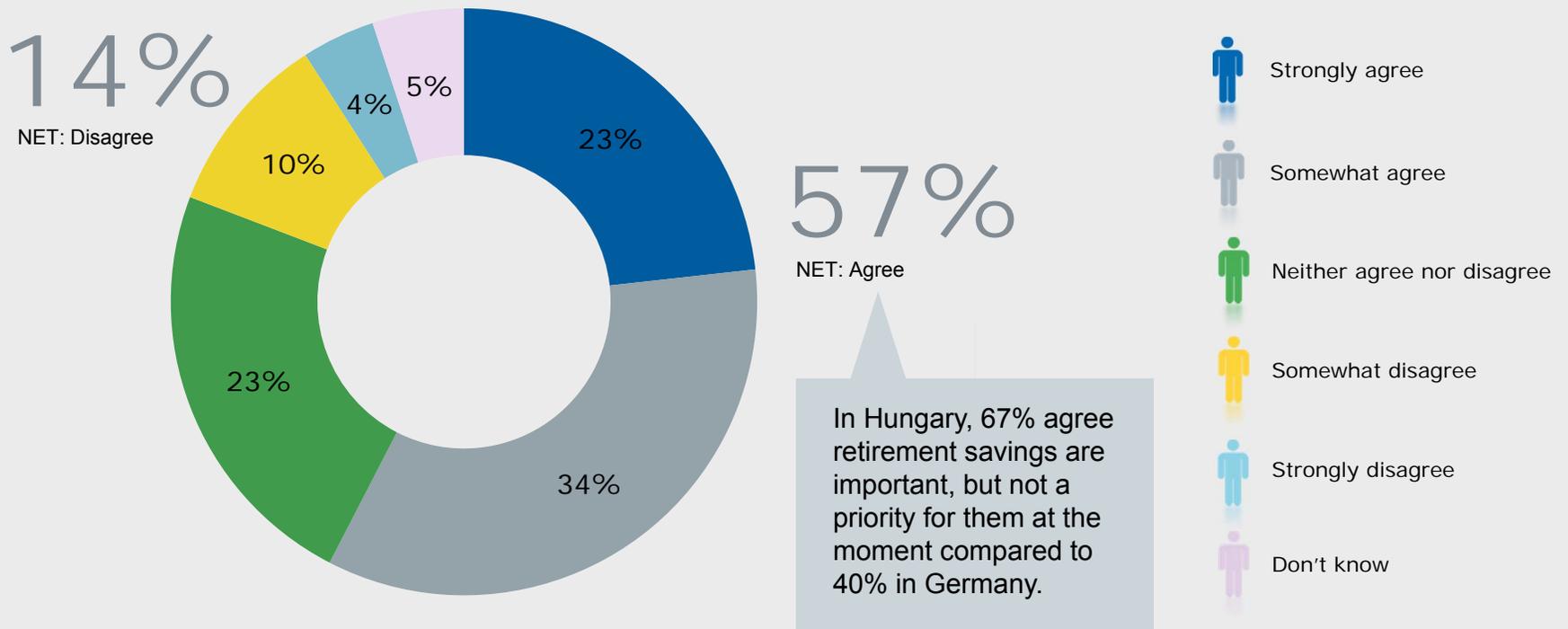
One in four young employees (25 percent) are already 'habitual savers' who 'always make sure' they are saving for retirement; 41 percent are 'aspiring savers' who 'intend to save.'



Q. Which of the following best explains your approach to saving for retirement? This can include money you contribute to any long-term investment including pensions, stocks and shares, investment-linked insurances, property, etc.

## 2. Young employees are ready to save for retirement

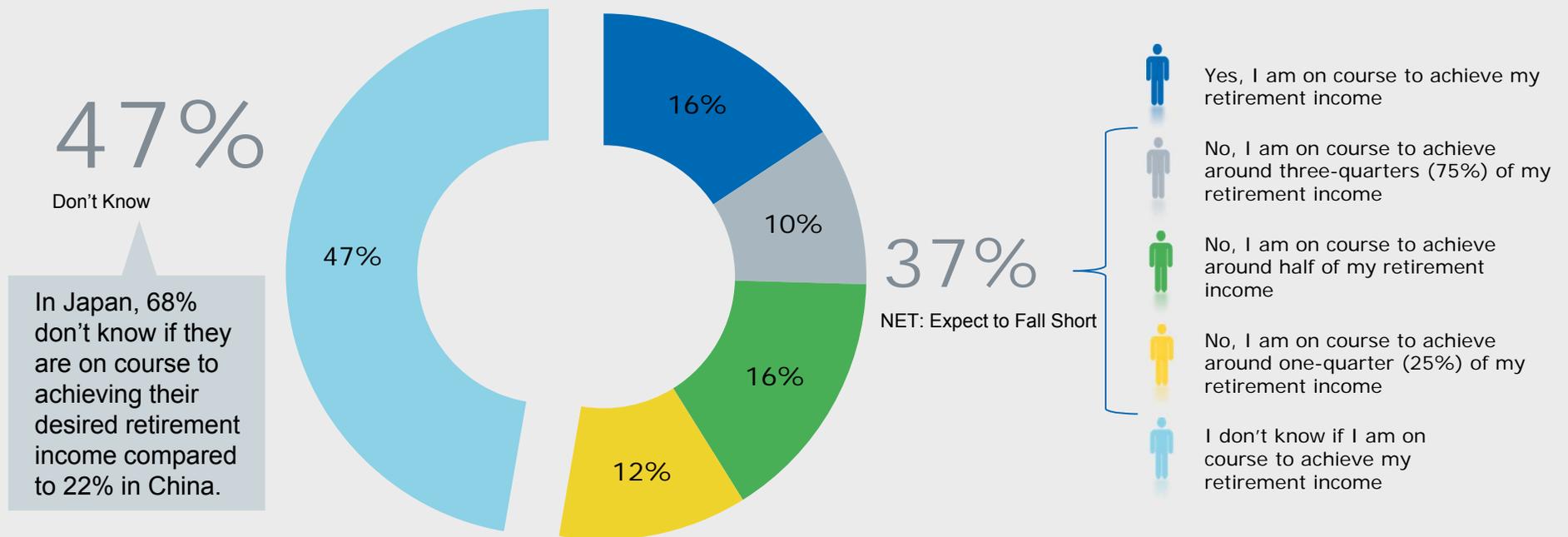
The importance of saving is widely recognized: 57 percent of young employees agree that saving for retirement is important, but it is not a priority for them at the moment.



Q. It is important to save for retirement, but it is just not a priority for me right now – And please indicate on a scale of 1 to 5 how strongly you agree or disagree with the following statements...

### 3. Aspiring savers can become habitual savers with better education, advice and information

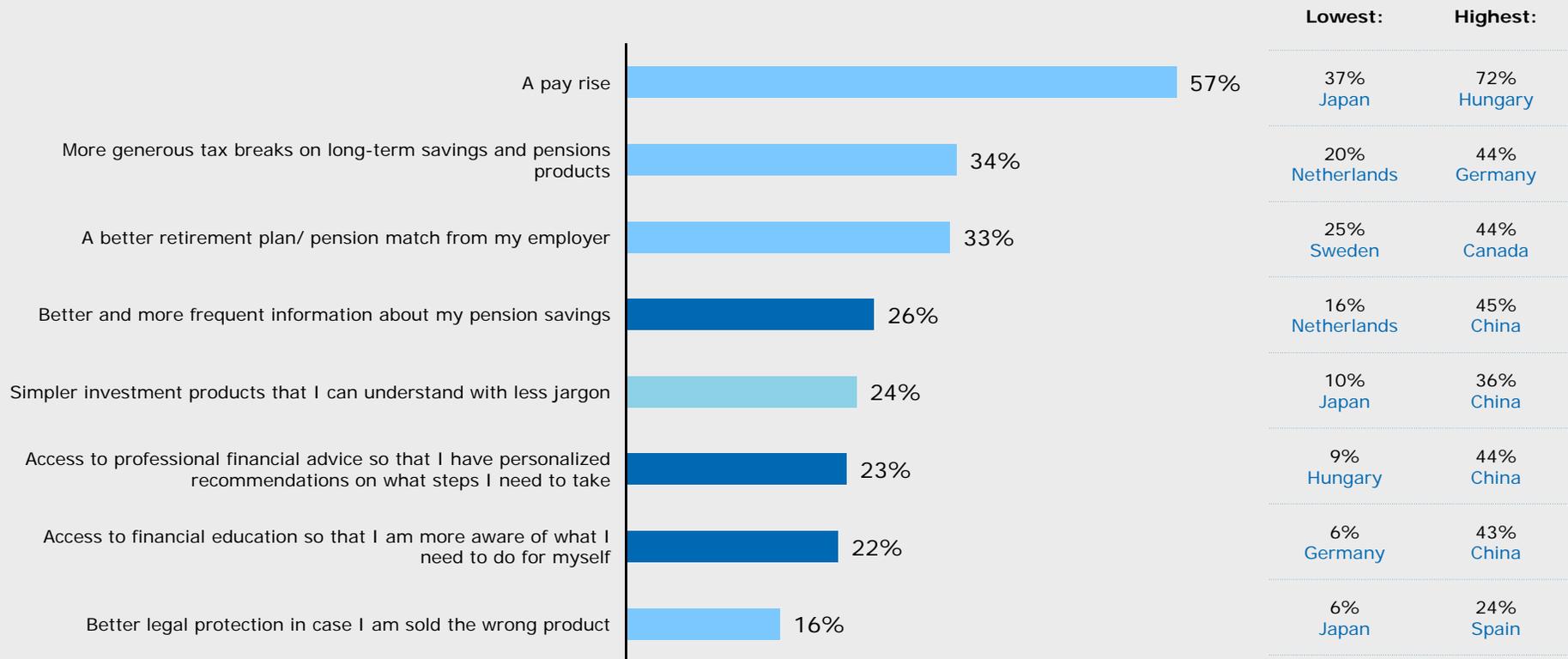
Forty-seven percent of young employees do not know whether they are on course to achieve their desired retirement income. And 37 percent already think that they are likely to fall short of their retirement income needs.



Q. Do you think you will achieve this income [your estimated income needed in retirement]?

### 3. Aspiring savers can be turned into habitual savers with better education, advice and information

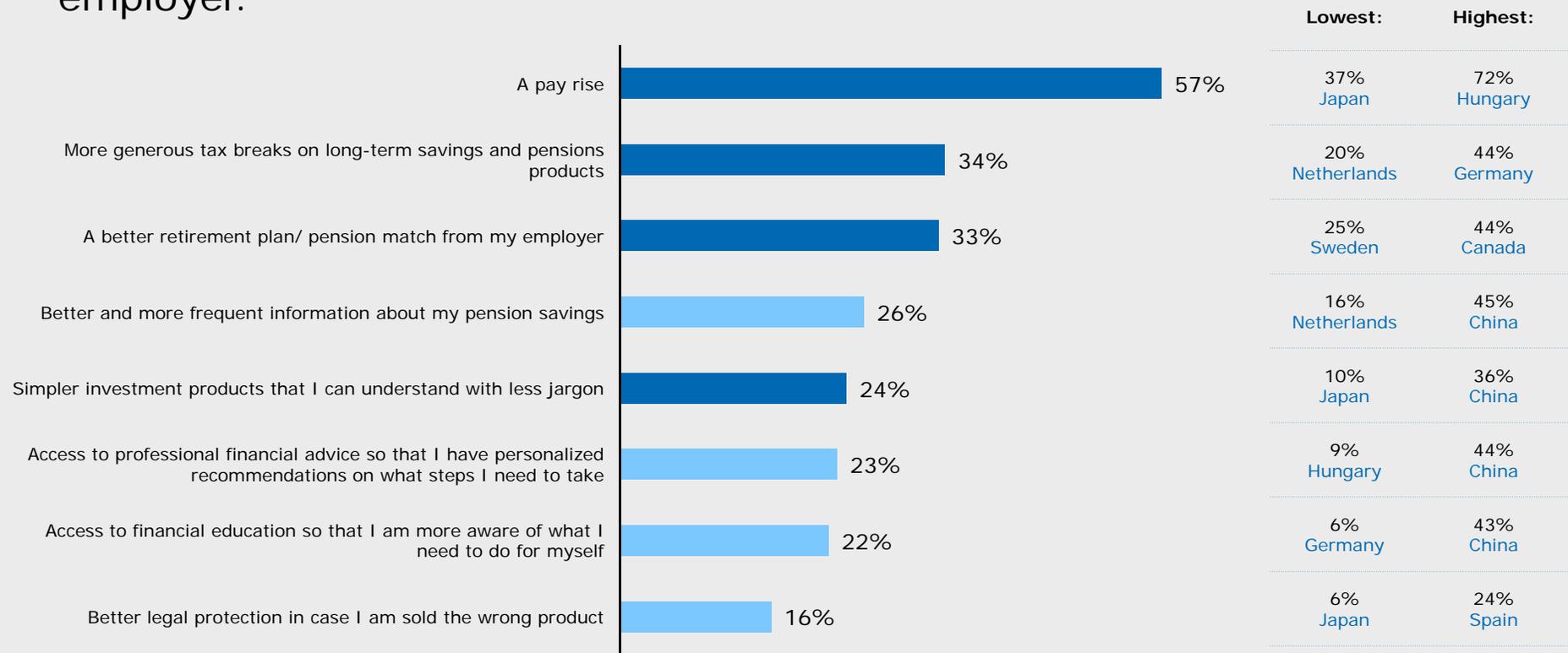
Many young employees would be encouraged to save if they receive better education and information about saving and planning.



Q. Which, if any, of the following would encourage you to save for retirement?

## 4. Young employees can reach their retirement goals with better benefits, access to tax incentives, and financial products

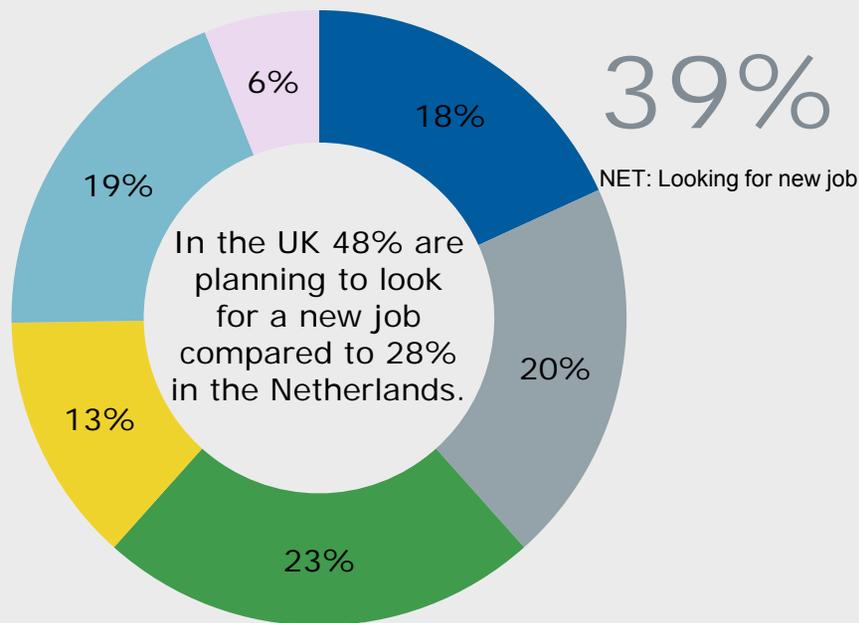
More than half would be encouraged to save more with a higher salary, 34% by generous tax breaks, and 31% with higher pension contributions by their employer.



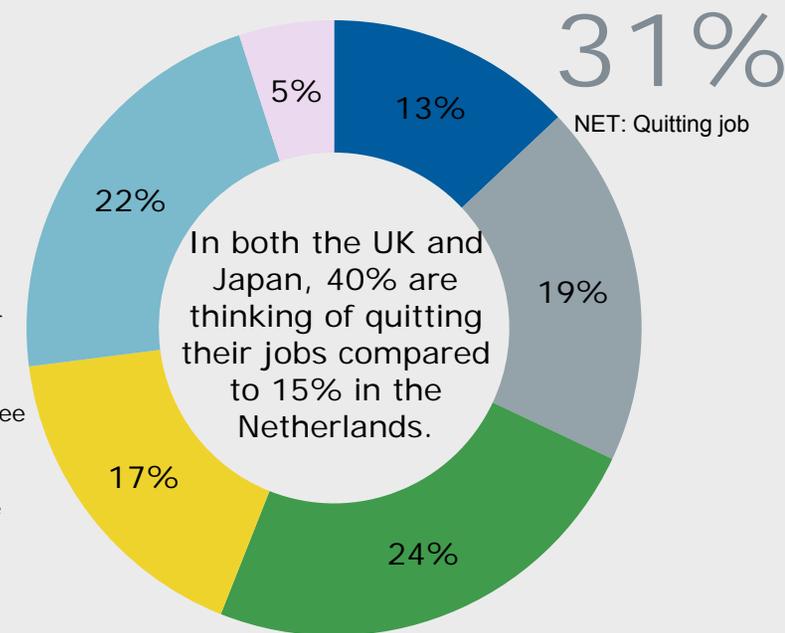
Q. Which, if any, of the following would encourage you to save for retirement?

## 4. Young employees can reach their retirement goals with access to tax incentives, financial products, and employer benefits

Thirty-nine percent of young employees are planning to look for a new job in the next twelve months (compared to 29% of all employees) and 31 percent are thinking about quitting their jobs.



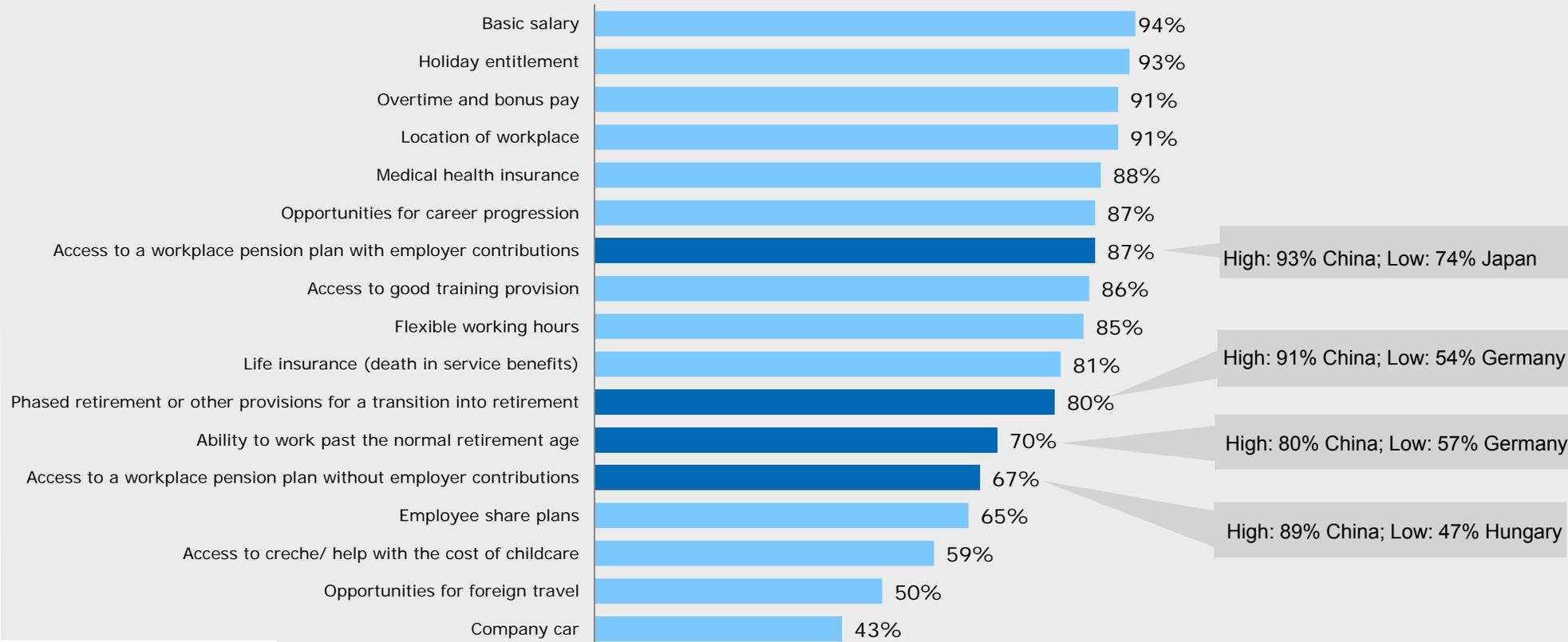
Q. I am planning to search for a new job during the next 12 months - Please indicate on a scale from 1 to 5 how strongly you agree or disagree with the following statements about your work...



Q. I frequently think of quitting my job - Please indicate on a scale from 1 to 5 how strongly you agree or disagree with the following statements about your work...

## 4. Young employees can reach their retirement goals with access to tax incentives, financial products, and employer benefits

Employers should take note: a strong majority of young employees value retirement-related benefits as important when evaluating job choices.



Q. How important to you would the following workplace benefits be if you were choosing your next job?

## Summary key findings

1. Young employees are realists in a changing world.
2. Young employees are ready to save for retirement.
3. Aspiring savers can become habitual savers with better education, advice and information.
4. Young employees can reach their retirement goals with access to tax incentives, financial products, and employer benefits.

## Recommendations

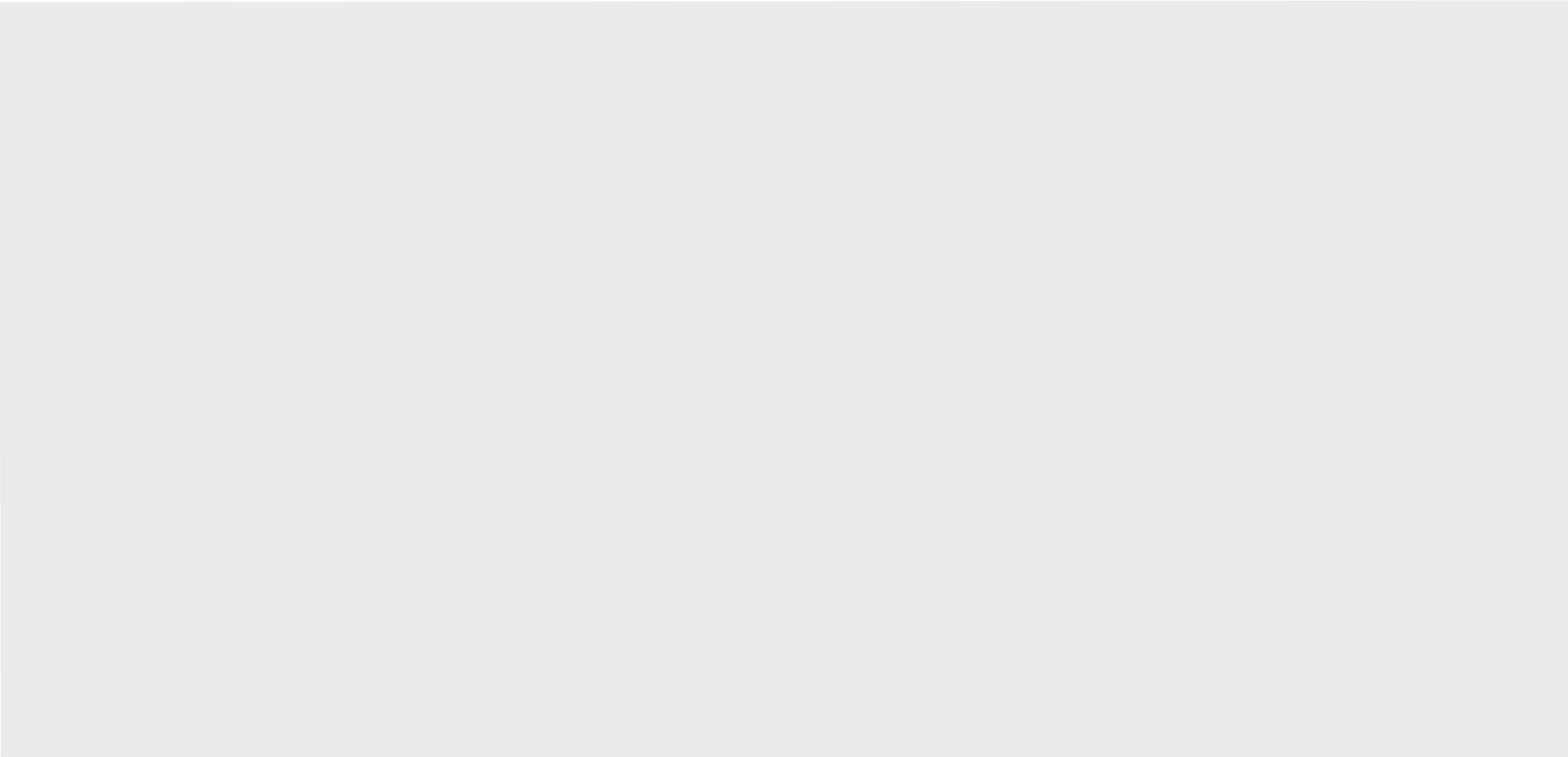
### Young employees

- Determine how much income you need in retirement.
- Seek out a financial advisor.
- Start saving now and save consistently.
- Ask your employer about workplace retirement savings plans and other retirement benefits.

### Employers and policy makers

- Auto-enroll employees into a workplace retirement plan.
- Provide more flexible savings products through the workplace. Make company retirement plans more portable.
- Make tax incentives more effective.
- Make better education central to the workplace retirement offer.

# Questions?



Thank you

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### **Aegon**

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[www.aegon.com](http://www.aegon.com)

In 2010, Aegon became a founding member of the Global Coalition on Aging, which seeks to raise awareness of aging issues among policymakers and the general public. A major aim of the coalition is to transform the way we think and speak about aging: replacing the familiar rhetoric of “problems” with a more positive discussion of “possibilities” and “opportunities.”

[www.globalcoalitiononaging.com](http://www.globalcoalitiononaging.com).

### **Transamerica Center for Retirement Studies®**

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