Center for Longevity and Retirement

Inspiring a World of Habitual Savers

The Aegon Retirement Readiness Survey 2015

Retirement income responsibilities

Preparing for your retirement is something you should start early in life. The sooner you start planning your retirement, the more you will benefit. That's why, in this survey, we've chosen photography which involves children in "grown-up" situations.

The children pictured in the photos represent the most common retirement aspirations. For example; starting a business, continue working in the same field and traveling.

Contents

Center for Longevity and Retirement

Foreword

Aegon's mission is to help people take responsibility for their financial future, and this has never been more important than today. The fact that people are living longer than ever before is – of course – cause for celebration. Yet, although the majority of people can now look forward to a long retirement, with opportunities unimaginable to previous generations, global aging also poses profound challenges to society.

How financially prepared are people across the world for retirement? Are they saving enough to meet their retirement goals? And what role should individuals, employers and governments play? In this, Aegon's 4th Annual Retirement Readiness Survey, we seek to address these questions and many more. In addition, this year's report offers new features, such as case studies which highlight companies' best practices in developing an age-friendly workplace, and advice from retirees to those preparing for retirement.

This year's results saw a very slight increase in the Aegon Retirement Readiness Index. Despite this being a positive finding, it is also best described as "work in progress" because the majority of people are still not saving enough to secure the sort of retirement that they desire. While it may come as no surprise that people who are habitual savers are better prepared than those who are not, the gulf between them is vast, and this can mean the difference between a comfortable retirement and potential poverty. We therefore examine how we can inspire a world of habitual savers and make a series of recommendations for individuals, employers and governments.

Knowledge is empowering. and enables people to make informed decisions, helping to prepare them for a financially secure and active retirement. Our research also highlights the importance that good health has on people's positive attitudes toward retirement, and how much they enjoy life when they retire. Starting to save early in life and staying active so that working life can be extended have a significant impact on an individual's retirement income.

For the first time, this year's report has been published by the newly formed Aegon Center for Longevity and Retirement. Headquartered in The Hague, the Center's mission is to educate the public and inform a global dialogue on people's attitudes about aging and retirement. It brings together expertise from across Aegon's businesses in the Americas, Europe and Asia, and will work in close collaboration with the non-profit Transamerica Center for Retirement Studies® based in the United States.

We hope that you not only find this report insightful, but also join us in our commitment to raising awareness about saving, investing, and planning for retirement so that people across the world can enjoy a better tomorrow.

Alex Wynaendts
CEO Aegon

Introduction

The *Inspiring a World of Habitual Savers* report explores how a global increase in life expectancy is transforming the financial planning landscape and, ultimately, how it is shaping expectations and aspirations for later life. In 2015, the findings reveal an increasingly positive picture about global retirement confidence. The improving fortunes of the global economy, compared with 2012 when this study was first conducted, is clearly impacting people's economic outlook. Compared with previous years, we see an increase in the number of people who feel positive about their own financial situation. This increasing positivity extends to the perceived prospects for future generations of retirees. While just 17% are feeling positive about future generations, this percentage has improved year-on-year. Positivity is also reflected in the slight, but welcome, improvement in this year's Aegon Retirement Readiness Index (ARRI).

However, this positive sentiment about retirement readiness is only partially matched by changes in savings behavior. There has been an increase in the number of people saving for retirement as well as the number of people who are saving on a consistent basis; however, it is also clear that some people are feeling buoyed simply by the improving economic situation.

There are still many people who are not saving for their retirement and, too few are saving on a regular basis. Just 39% of employees globally are identified as "habitual savers," i.e., those who say that they always make sure that they are saving for retirement. This group is twice as likely to achieve a high ARRI score compared with the overall average. In total, one-third of this group achieve a high score while three-quarters (75%) achieve at least a medium score. Saving on a consistent basis is therefore considered our gold standard of retirement planning.

The challenge is to inspire a world of habitual savers and make this a global trend. Within the global picture there are important variations. The positive sentiment and the feelings of retirement preparedness are greatest among the BRIC economies – of which our survey includes Brazil, China and India. In these higher growth societies, it is clear that higher interest rates are helping to boost the value of retirement savings. In Western Europe and North America, interest rates range between 0.05% and 0.75%; whereas we see rates of up to 13.25% in Brazil and 7.5% in India. Even allowing for higher inflation rates in the emerging markets, people still broadly benefit from positive real interest rates compared to Europe.[1]

The level of interest rates is likely to be a key determinant in a world where two-fifths of people (39%) now rely to some extent upon their savings to fund retirement. Savings are now a more widespread tool for retirement planning than either defined benefit pensions (used by 26% globally) and private pensions (used by 24%). This reliance on savings for retirement illustrates that individuals need more support and guidance to improve their retirement-related decision making.

The failure to allocate savings and investments appropriately, or to save consistently, demonstrates why we need to focus our efforts on changing behavior among individuals. We must also recognize that making habitual saving a global trend is a shared responsibility among individuals, employers, and governments. Only by adopting a collaborative approach, which shares the financial burdens and risks associated with aging, can we hope to secure our future prosperity in retirement.

Center for Longevity and Retirement

The 2015 Survey

The findings in this report are based on the responses of 14,400 employees and 1,600 fully retired people in 15 countries: Australia, Brazil, Canada, China, France, Germany, Hungary, India, Japan, the Netherlands, Poland, Spain, Turkey, the United Kingdom and the United States. Interviews were conducted online between 6th and 23rd February 2015.

Part 1 Provides a snapshot of the ARRI findings, highlighting differences in sentiment between countries as well as the impact of workplace retirement plans and social security reforms on shaping retirement sentiment.

Part 2 Examines behaviors and attitudes toward retirement and financial planning, and the steps that are required to save for retirement and also develop a "Plan B" to improve overall financial resilience.

Part 3 Identifies two key groups of savers: Habitual Savers (those who are already saving on a regular basis) and Aspiring Savers (those who have the aspiration to start saving).

Part 4 Highlights how the retirement paradigm is changing. Today's generation of employees aspire to have an active retirement combining family life, leisure and increasingly continuing to work.

Part 5 The report also contains a number of suggested recommendations for governments policymakers, employers and individuals who all play a vital role in enabling people prepare for retirement.

Executive summary

Improvements in life expectancy have become an established fact of life. With people now expecting to live well beyond the age of 80 in many countries, our survey participants say they expect to live an average 20 years in retirement.

The expectation is that retirement will now last longer than childhood, providing clear public recognition that retirement is a major life phase. As such, it rightly requires a robust approach to financial planning. However while people may recognize that time spent in retirement is growing lengthier, it is not reflected in their long-term planning.

Making habitual saving a global trend is a shared responsibility

In 2015, we introduce a new blueprint for retirement saving: making habitual saving a global trend. This places the focus on making retirement planning easier. All too often, people put off saving for retirement either because of perceived complexity or because of the cost of retirement saving. Such barriers have a significant impact on preventing people from saving. As many as 4-in-10 people are not saving anything for their retirement, but half of these non-savers have aspirations to save for retirement. Financial considerations such as receiving a pay raise (45%) or more generous tax breaks (33%) would help to unlock the savings potential of many non-savers. Likewise, simplifying investment products could encourage a further one-fifth of non-savers to start saving.

Overcoming these barriers – and converting those who are aspiring savers into habitual savers – is a key message in this year's findings. Saving habitually is the best way to improve one's long-term retirement outlook. Three-quarters of people who are habitual savers achieved a medium or high ARRI score compared with fewer than half (46%) of those who save on an occasional basis. For most people, saving habitually is a realistic aspiration given that the average habitual saver earns approximately $41,000 per year. This falls to $29,000 in the emerging economies, broadly in line with the average earnings in most countries we surveyed.[2]

The power of habitual saving is further boosted when combined with starting to save at an early age. Habitual savers, earning $41,000 per year, could look to boost their retirement incomes by $11,000 if they decide to start saving from age 20 rather than choosing to delay retirement savings by 10 years to age 30.

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

The survey shows that coverage of workplace retirement plans is widespread, with over a quarter of employees (26%) benefitting from a defined benefit pension plan (final salary or average earnings based) and a further 18% benefitting from a defined contribution or money purchase plan. In total, 41% of employees say they have access to a workplace retirement plan with employer contributions. Additionally, 24% say that they have access to a plan where their employer does not contribute.

In addition to providing workplace retirement plans, employers also provide a range of other benefits. Over half (57%) currently provide private medical insurance, while life insurance is made available by 38% and stock purchase plans are provided by over one-fifth of employers (21%) – all of which demonstrates the varied ways in which employers contribute to the financial resilience of employees throughout their working and retired lives.

But employers can do more to help their employees in building their retirement preparedness. Changing the design of workplace retirement plans is crucial. By including features such as automatic enrollment and automatic escalation, employers already play a large role in some countries. Notably in the Netherlands, mandatory participation results in over 88% of employees being covered by private pension plans.[3] We can see that these features help aspiring savers to realize their savings goals. Fifty-nine percent of those who are not currently saving, but who aspire to do so, say that they would view the prospect of being automatically enrolled into a workplace retirement plan with a 6% contribution rate as being an attractive option.

Employers can also build workplace retirement awareness programs around important savings triggers such as receiving a pay raise. Nearly half of non-savers (45%) say that receiving a pay raise would encourage them to start saving for retirement. This represents a major opportunity for affecting changes in employee savings behavior by automatically increasing contributions in line with future increases in salary.

The survey findings also reveal a genuine benefit to employers who provide employee benefits. Six-in-ten employees say that retirement plans make them feel valued and therefore more loyal. Seventy percent say that workplace retirement plans should be part of their basic pay and conditions, while a quarter (26%) say that having a better matched pension contribution from their employer would encourage them to save.

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

Government plays a vital role in both providing retirement incomes through government retirement benefits, as well as in facilitating and encouraging people to take more responsibility for their own retirement security. Reforms to employer retirement plans and labor laws can also remove obstacles to people working longer. These reforms at a minimum should include incentives for participation in employer retirement plans, facilitating better decision-making through access to advice, information and guidance, as well as workplace changes to permit people to continue to work productively past normal retirement age. One-third of global respondents say that having access to more generous tax breaks on long-term savings and retirement products would encourage them to save more for retirement. Given the current pressures on public finances in many countries, it is crucial that governments maintain a commitment to tax incentivized long-term savings.

Nearly 1-in-5 people (18%) say that having access to financial education would help them to become more aware of what they need to do to plan for retirement, while a similar number (17%) say that having access to financial advice for personalized recommendations on the steps they should be taking would also help them. Across many of the countries in our survey, governments recognize their role in promoting access to information and advice, but there is still much progress to make.

Active retirement: promoting greater health and vitality in retirement

Being healthy and saving regularly go hand-in-hand. Seventy-seven percent of survey participants who describe themselves to be in excellent health are positive about retirement compared with 49% of those in poor health. Among those not fully retired, excellent health correlates to their confidence to be able to live a comfortable retirement lifestyle (42% versus just 7% of those in poor health). Three-quarters of habitual savers (74%) rate their health as "excellent or good," compared with just 62% of non-savers.

The need to promote better health and vitality is key in helping people to enjoy the active retirement they aspire to. Half of those surveyed would like to spend more time pursuing new hobbies when they retire. Two-thirds would like to travel more, while around 1-in-6 people would like to continue working in the same field after retirement.

However, achieving all of these goals will require people to maintain a healthy lifestyle during their later years. Here again, governments and employers can play a role through providing access to employment and healthcare support for older workers. Staying mentally alert is an important factor in helping people feeling vital. Currently just 24% of retirees say they were offered the opportunity to switch from working full-time to part-time when they reached normal retirement age. Only 19% say that they enjoyed access to flexible retirement plans which enable employees to choose when they retired.

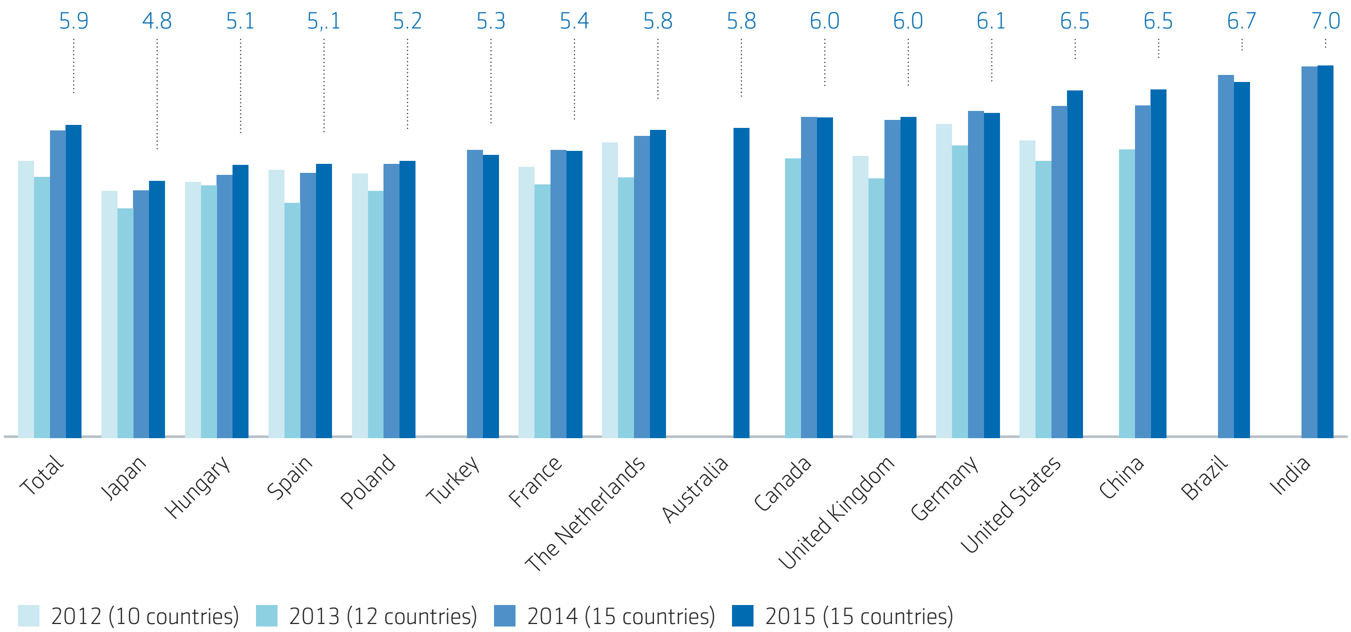
Finally, few employees receive access to the sort of healthcare services designed to keep them fit and economically active in later life. Potentially, as many as one-third of those who would like to extend their working lives are missing out. Not only do they fail to achieve their aspiration of working into retirement, but they may even be forced to retire early. Health is one of the main reasons for this trend so it stands to reason that by focusing on healthcare provision for older workers we can make a major contribution to achieving the active retirement that so many employees desire. It is also possible for employers. As our case studies show, keeping the above 50s in the workforce can help drive improvement in customer satisfaction, adding to bottom line profitability.

Center for Longevity and Retirement

Part 1: The Aegon Retirement Readiness Index 2015 - key findings

The 2015 findings reveal a slight continuing improvement in people's sense of retirement readiness. We measure people's state of readiness using the Aegon Retirement Readiness Index (ARRI), created in 2012. The ARRI was developed specifically to assess the relative levels of preparedness across employees in all countries included in the study. Respondents are grouped according to whether they achieve a high Index score (above 8 out of 10), a medium score (between 6 and 7.9 out of 10) or a low score (below 6 out of 10). For more information about on the ARRI and how we calculate it, please see Appendix 1.

Chart 1: Retirement readiness as measured by the Aegon Retirement Readiness Index has increased in most countries year-on-year



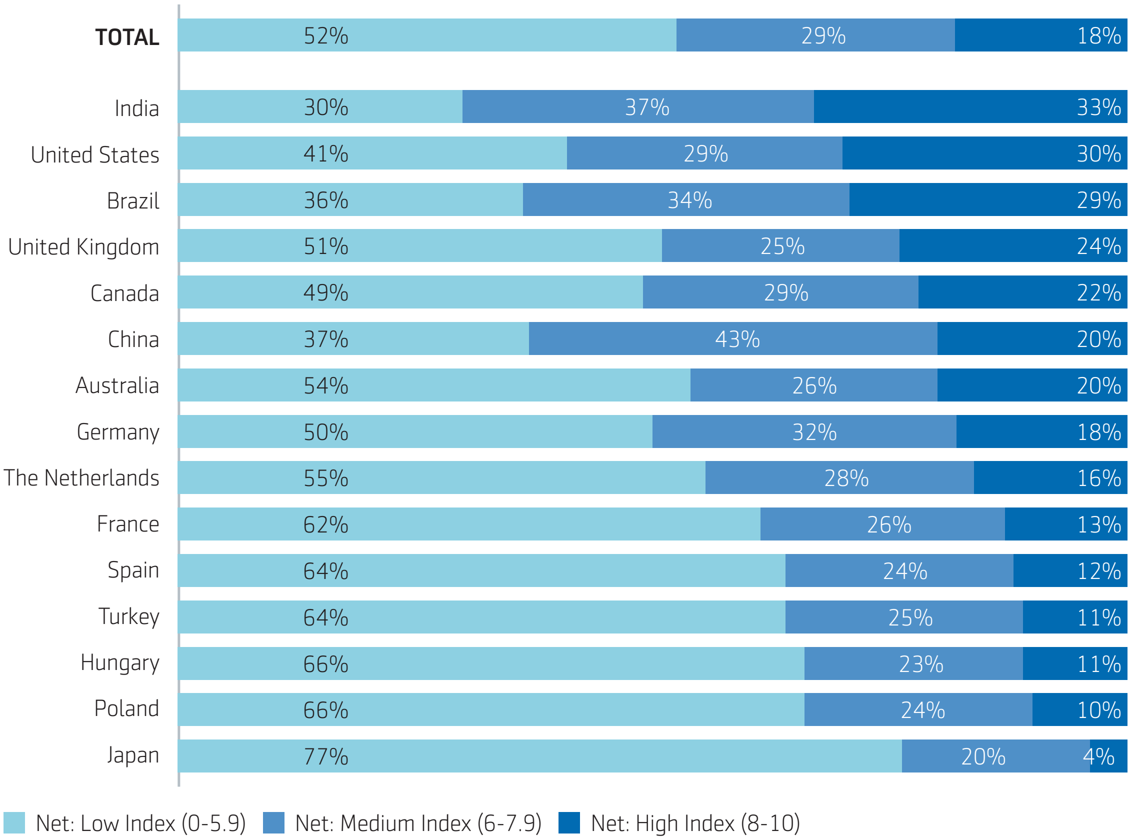
The overall trend is one of improving retirement readiness among today's generation of working age people. The global ARRI score has edged up slightly from 5.76 (out of 10) in 2014 to 5.86 in 2015. This is the highest score since the survey began in 2012.

Emerging markets continue to forge ahead...	The sense of retirement readiness is greatest in emerging markets where real incomes have been growing fastest in recent decades. People in these countries also benefit from high interest rate environments (see Chart 2 below), boosting the value of their savings and creating a sense of readiness. This is common to all BRIC countries surveyed including India, Brazil and China – which collectively topped the ARRI ranking, although Brazil has seen its ARRI score drop amid combined low economic growth and high inflation.
Workplace retirement plans contribute to a greater sense of retirement readiness...	Among the industrialized countries, the sense of retirement readiness is greatest where workplace retirement plan arrangements are well established. This includes Australia, Canada, Germany, the Netherlands, the U.S. and the U.K. Japan is an outlier where people are less likely to feel *retirement ready*, perhaps reflecting the country's zero interest rate environment and retirement reforms over recent years.
Meanwhile, concerns about social security reforms loom large...	In countries where government retirement benefits are expected to make up a large part of retirement incomes, people generally feel less prepared, reflecting concerns about those systems' sustainability and future reforms that may lead to a reduction in the level of entitlements. Today's working age population is already calculating that future social security pay-outs will be less generous.

Chart 2: Low interest rates squeeze savers in Europe and North America

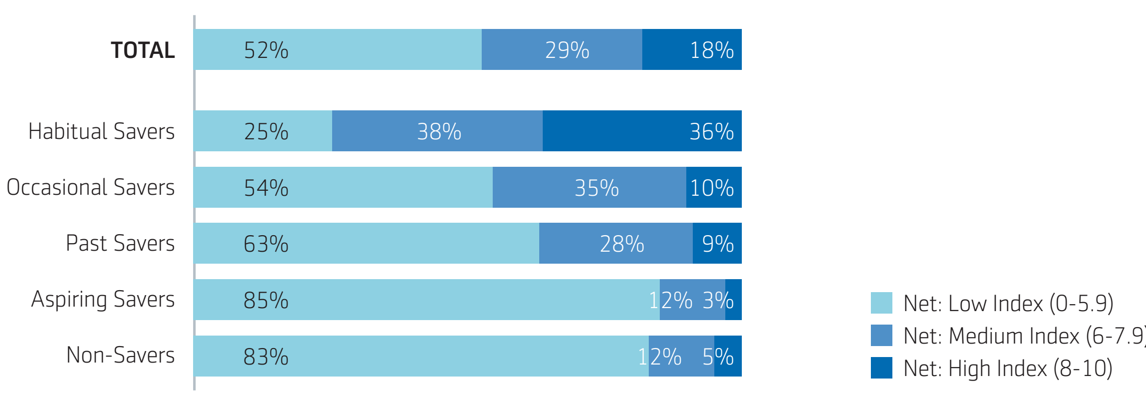
Central bank base rates across ARRI survey countries [4]					
Australia	2.00%	**Germany**	0.05%	**Poland**	1.50%
Brazil	13.25%	**Hungary**	1.80%	**Spain**	0.05%
Canada	0.75%	**India**	7.50%	**Turkey**	7.50%
China	5.35%	**Japan**	0.0%	**United Kingdom**	0.50%
France	0.05%	**Netherlands**	0.05%	**United States**	0.25%

Chart 3: Most people globally achieved a low Aegon Retirement Readiness Index score



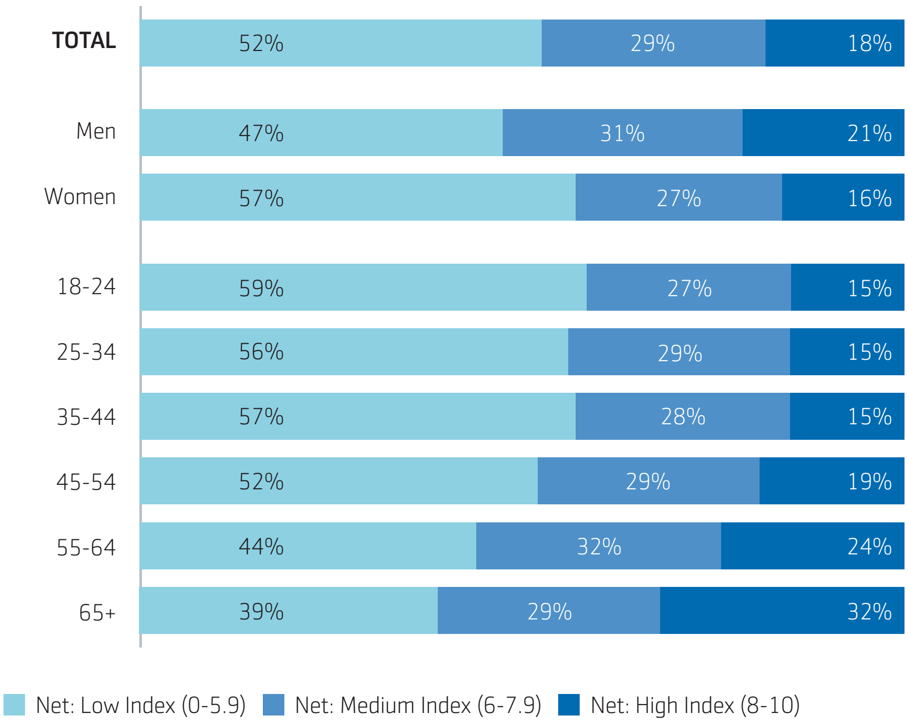
With most of the world's employees still achieving a low ARRI score, it is clear that the current rate of progress toward retirement readiness is too slow. Efforts will be required to create a more rapid change in how people plan for their retirement. Later in this report, we consider changes such as a better pension plan design (in particular automatic enrollment and escalation as default options) which could produce improvements very quickly.

Chart 4: Habitual savers are much more likely to achieve a high level of retirement readiness

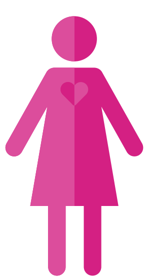


The findings show that those saving on a habitual basis feel more adequately prepared for their retirement. Over one-third (36%) of habitual savers achieved a high index score of 8 to 10. This compares with just 3% of those who hold aspirations to save. So just putting something aside for their retirement on a monthly basis will make a difference to a person's confidence in his/her retirement readiness. Adopting this simple savings behavior is also a realistic aspiration for most individuals. The profile of the habitual saver reveals that this group is not ultra-wealthy. In fact, they earn on average around $41,000 annually (equaling $29,000 in emerging markets), which is not much higher than the typical annual salary in most countries surveyed.

Chart 5: Women and young workers continue to lag behind in retirement savings



"At risk" groups – Since 2012, we have seen significant groups of workers experience continued difficulties in achieving *retirement readiness*, notably women and younger people. Typically, these groups are likely to have aspirations to save. Such aspirations can be translated into action through further concerted efforts to remove the obstacles that currently prevent these groups from saving.



Women continue to lag behind men in their retirement confidence. Lower earnings, more time out of the workforce (caring for children or other family members), and working part-time remain the key factors affecting women's savings power and retirement readiness. Fifty-seven percent of women achieved a low Index score (less than 6), compared with just 47% of men, who are more likely to be found in the medium and high scoring groups.

Younger people also struggle to build their retirement readiness. This might be expected to some degree – building a retirement plan takes time, so we would expect those nearing retirement to feel more prepared for it. Younger people also have to contend with other priorities, such repaying student loans or saving to buy a house. What is most concerning is that we don't see any change in retirement readiness among those younger age groups. It is not until we look at those in their mid-40s that readiness improves. The number of people continually scoring low on the ARRI remains persistently high (between 56% and 59%) among those aged between 18 and 44. This highlights the need to get people saving consistently, and from a far younger age to enable them to have a sufficiently long time horizon to build their retirement savings. However, it is never too late to start saving, and developing a plan for retirement will help.

AEGON
Center for Longevity and Retirement

Part 2: The improving state of retirement readiness: reality or illusion?

This report highlights a slight continued improvement in the ARRI. However, the results also beg the question: Does the improvement reflect real changes in savings behavior or do people simply feel more positive about their finances because of the improvements in the global economic environment since 2012?

When explored in greater detail, the findings suggest that people's retirement hopes and aspirations could yet be shattered, in spite of the rising optimism. Looking at the ARRI, workers score lower in the behavioral aspects compared with the attitudinal aspects. This means that their sense of retirement readiness is inflated by the fact that they feel good. But this sense of economic and financial well-being might have more to do with general improvements in the economy rather than a major change in savings behavior.

A gloomy picture emerges when we looked at people's expectations of achieving their retirement aspirations. Fewer than half are optimistic that they will have enough money to live on after they retire. Similar numbers lack confidence that they will be able to choose when they retire or have opportunities to work part-time or change working patterns. People now expect to spend far longer living in retirement than they did living in childhood – retirement is expected to last on average 20 years! However, we find that at the present time just 13% globally have a written retirement strategy; in contrast, as many as 39% have no retirement strategy at all.

Chart 6: Many people fail to plan properly for their retirement – in no survey country are there more than a quarter of people with a written retirement strategy. The BRIC markets (China, India and Brazil) are the most active retirement planners alongside the U.S.

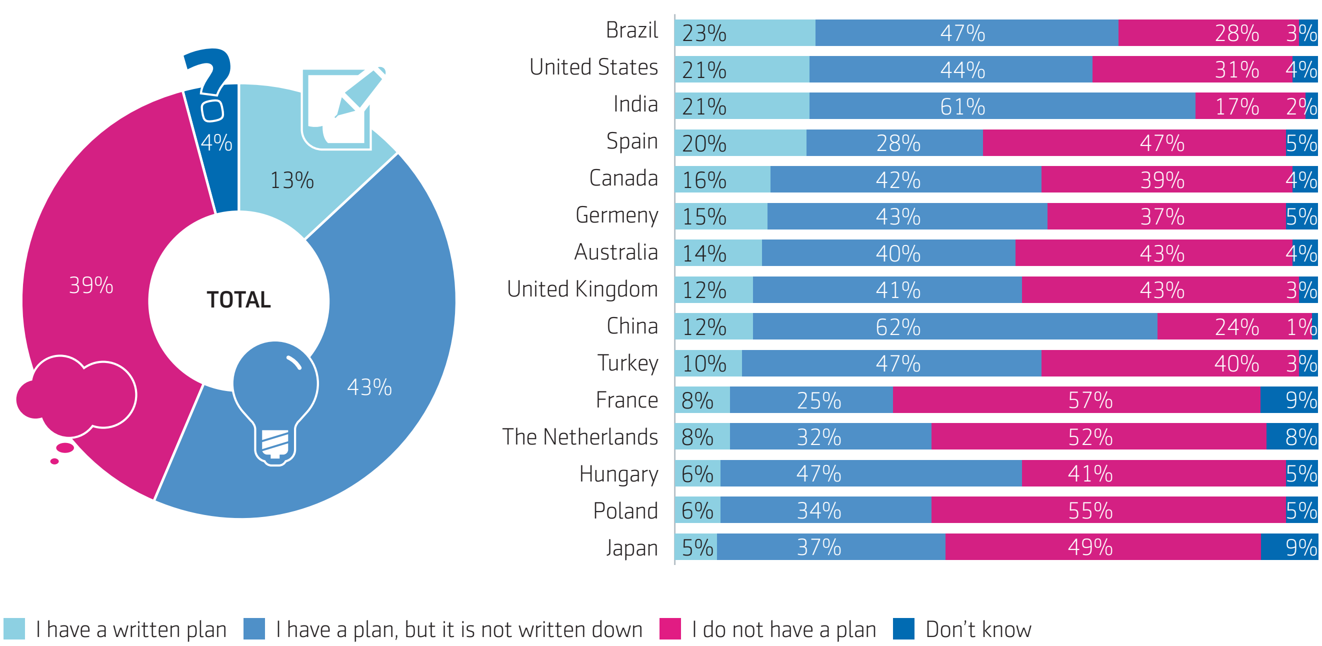
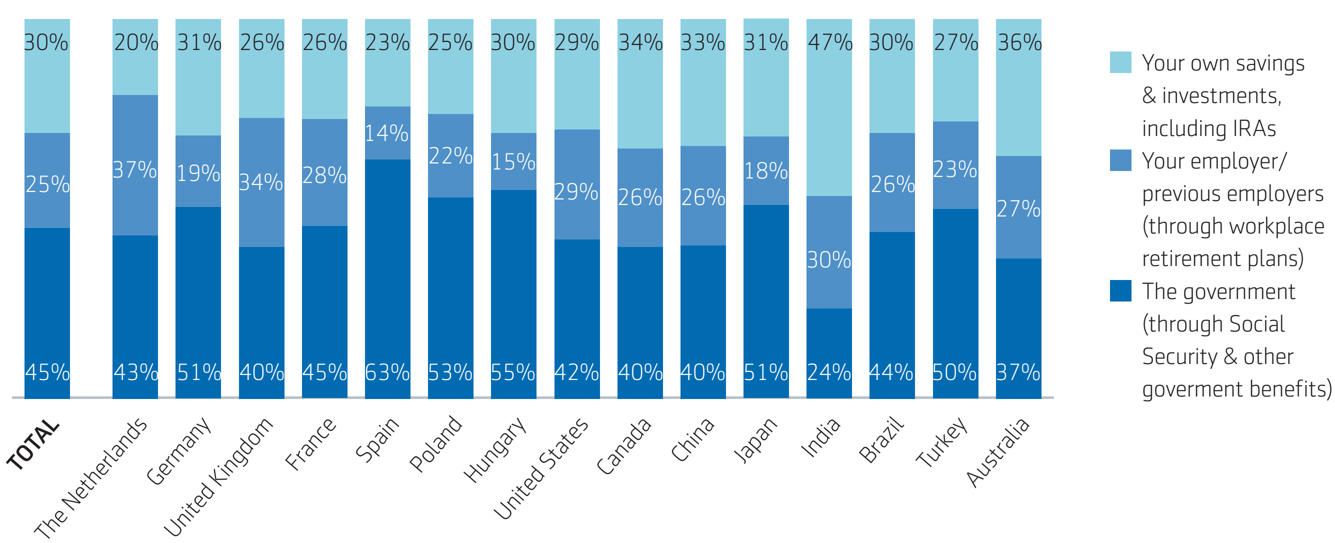


Chart 7: Sources of retirement income - relying on the state is widespread



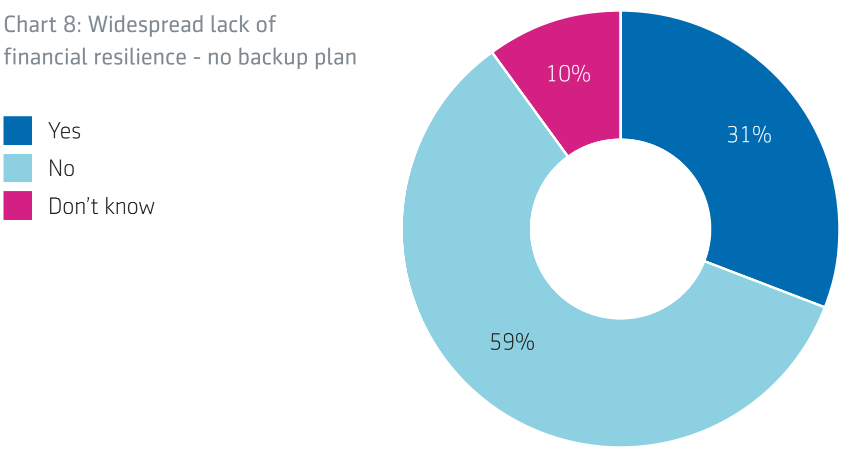
In the absence of widespread retirement planning, the reality is that many people are still set to rely far too heavily on government retirement benefits. For example, people in Spain expect the government to provide over three-fifths (63%) of their retirement income with over a third of Spanish people (35%) supporting the view that the government should increase overall funding available for social security through raising taxes without reducing the value of individual payments. This view is common across the world, with 30% of global respondents taking the view that government should raise taxes to keep government retirement benefits sustainable rather than cut benefits. Yet, the reality is that government benefits are being reduced in many countries. This is particularly true in Western Europe where spending on social protection and health represents 27% of GDP.[5] In an age of ongoing austerity, historic spending levels are no longer sustainable.

Widespread lack of financial resilience

The findings reveal a lack of retirement planning in spite of rising retirement optimism. Creating a well-developed plan for retirement is one of the best tools to help make an individual's finances become more resilient over the long-term. Faced with the prospects of a retirement that is likely to last 20 years, making sure that people have sufficient savings to last throughout retirement is crucial. But it is equally important that our finances are resilient against unexpected financial shocks, ranging from factors such as unfavorable market conditions to unplanned major expenses, which can happen well before retirement.

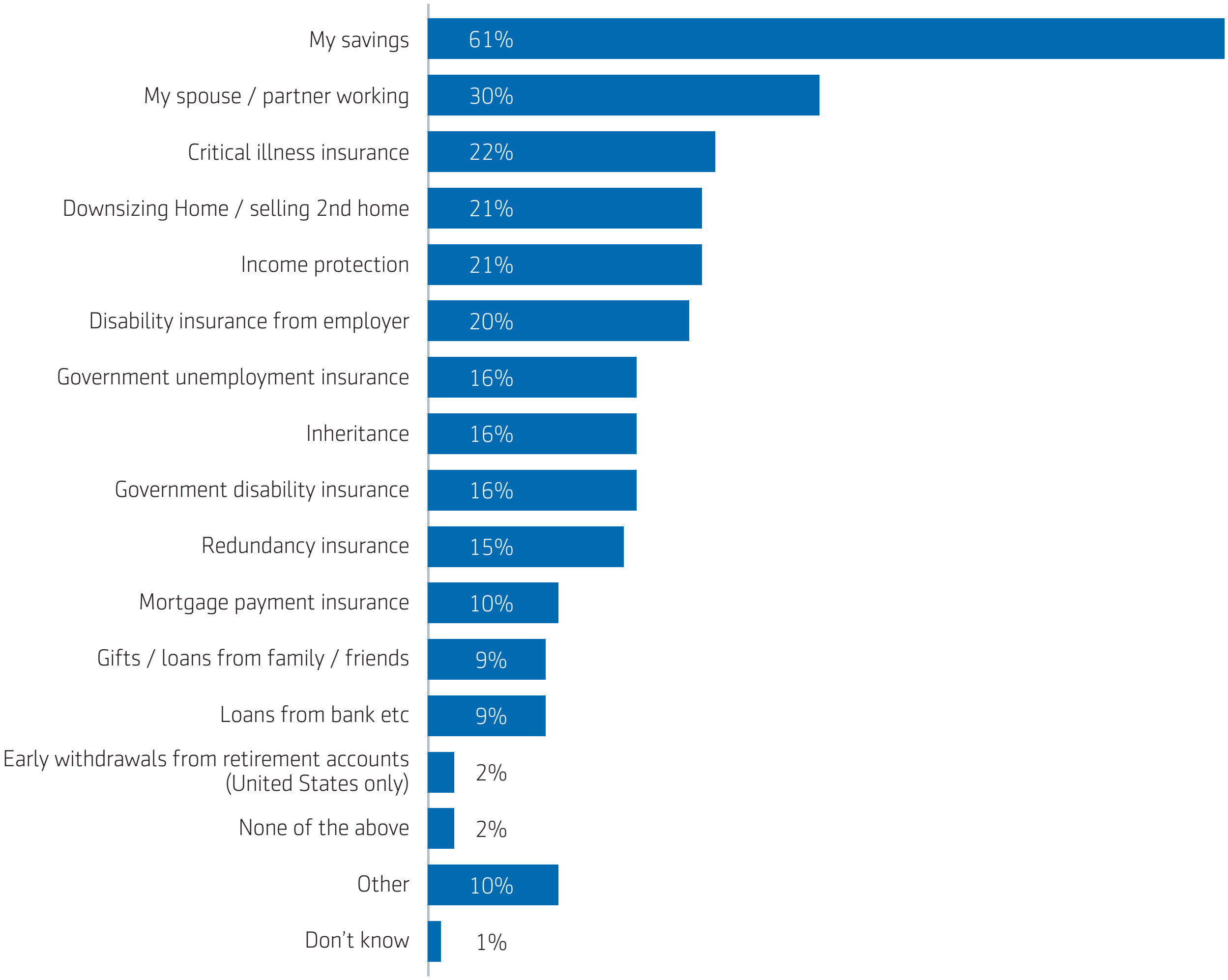
Even the best laid retirement plans can be blown off course by periods of prolonged unemployment or a chronic illness. These risks may be greater than people realize. In the U.S. alone, it has been estimated that someone files for bankruptcy every three minutes as a consequence of being diagnosed with a critical illness.[6] Our survey findings further illustrate this point; as many as 41% of those who are fully retired left work before they had planned to, with ill health being the reason for retiring early in nearly one-third of cases. Life events such as the onset of poor health, job loss and need to care for sick family members can wreak havoc on and individual's long-term finances, and in many cases, this could lead people to dip into their retirement savings long before they actually retire. It is therefore important that people not only develop a retirement plan, but they also establish a Plan B to deal with unforeseen events. Again, we find that few people have such a plan in place. Nearly three-fifths of respondents (59%) have no backup plan whatsoever.

Chart 8: Widespread lack of financial resilience - no backup plan



Where planning is more common ..	Where planning is lacking ..
56% of Indians have a backup plan	**75% of the Dutch** feel they don't have a backup plan
43% of Chinese people have a plan	**72% of Hungarians** are also lacking
40% of Americans have a backup plan	**70% in France** have no contingency

Chart 9: What's the plan? Most people with a plan B heavily rely on their savings [7]



Among those who do make a Plan B, the most common backup plans consist of savings and investments, set aside for a rainy day. However, savings can be exhausted very quickly during periods of long-term ill health. Other vehicles worthy of consideration include insurance or protection policies which may adequately cover the main risks resulting from periods of unemployment or ill-health. Also noteworthy is that 30% of respondents count their spouse as part of their Plan B, and this is higher among women (34%) than men (27%). For households that are accustomed to two incomes, this could create a difficult financial scenario. Encouraging the adoption of retirement planning and contingency planning as a routine fact of life is a vital aspect in creating a truer sense of retirement readiness.

AEGON Center for Longevity and Retirement

Part 3: Making habitual saving a global trend is a shared responsibility

Against the backdrop of increasing life expectancy across all of the world's major economies, individuals are being asked to take on greater responsibility for planning and funding their own retirement. As part of the efforts to overcome this challenge, we need to make habitual retirement saving a global trend. Our findings reveal that this challenge not only requires steps to get people started saving, but also requires efforts to keep people saving consistently over time. In order to accomplish this, inspiring a world of habitual savers requires the efforts of individuals as well as governments and employers to facilitate them.

Key saver group 1 – the habitual saver

Our findings show that having a written plan is in part responsible for the small improvement in the Aegon Retirement Readiness Index in 2015. Of those people in our survey who indicated they have a written plan, 75% are habitual savers. A major theme for this year's report explores what steps are required to make habitual retirement saving a global trend.

Key saver group 2 – the aspiring saver

Another important theme focuses on the need to unlock the potential of those not currently saving but who would like to start. These aspiring savers account for over one-fifth (22%) of all employees, including many of those groups that achieve a low ARRI score, such as women and younger people. Creating a pensions landscape which helps to convert aspiring savers into actual savers, and occasional savers into habitual savers, should be the goal of all employers, individuals and governments.

Chart 10: Habitual and aspiring savers represent significant groups of employees

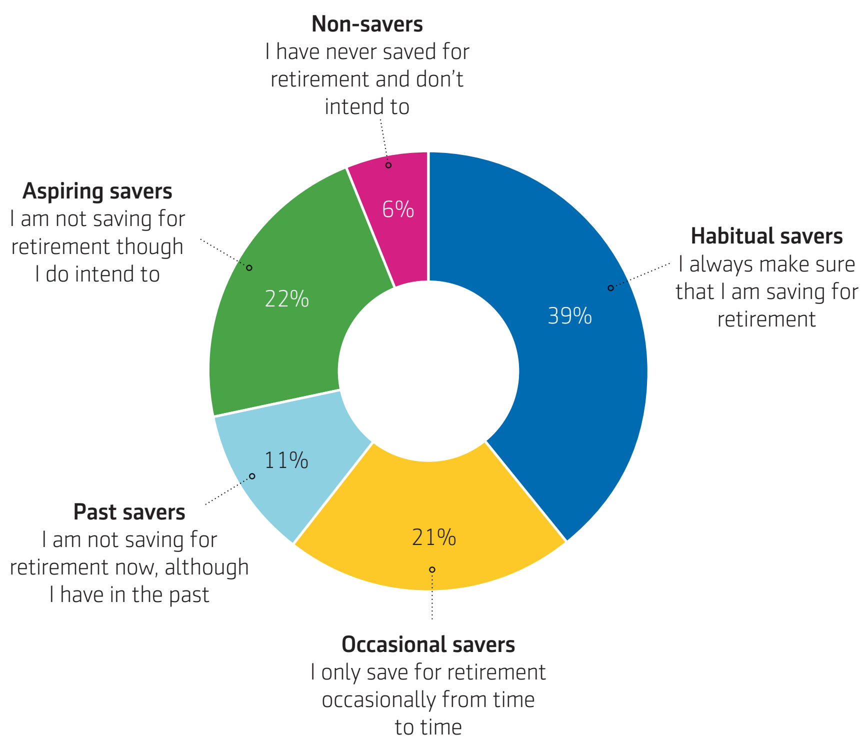
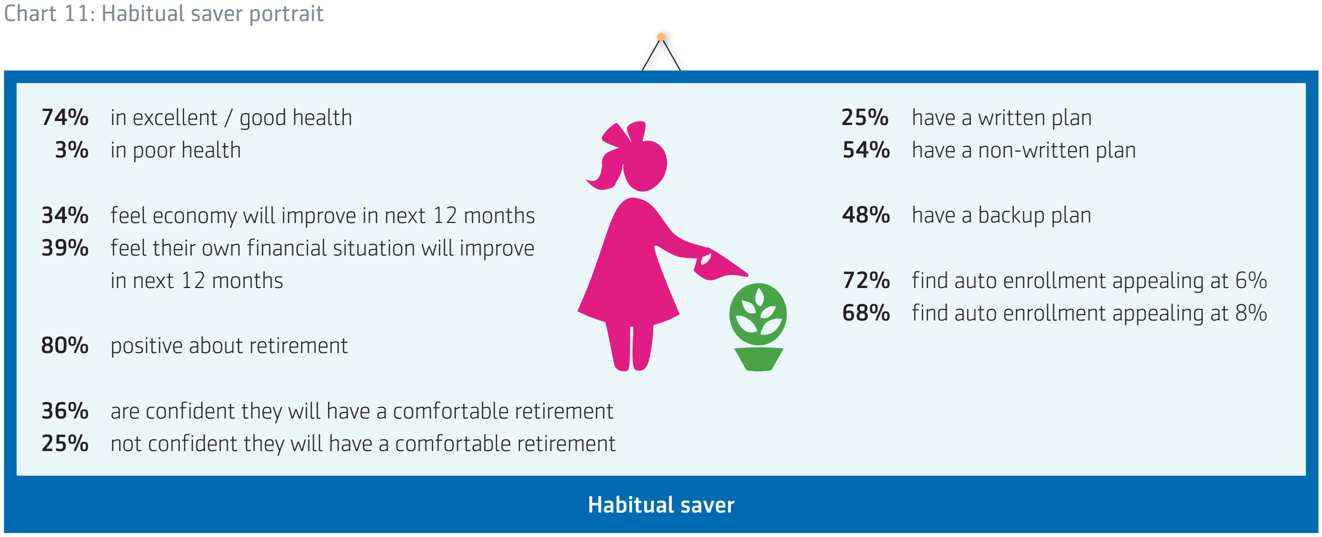


Chart 11: Habitual saver portrait



"The earlier you start building a good retirement fund, the better will be the return over the long term. It may well enable you to retire when you are financially well off rather than when you reach a certain age… The more you sacrifice now, the less you will miss it."

A retiree from Australia

Save habitually

The most positive picture of retirement emerges when looking at the habitual saver. These are the 39% of global respondents who say that they always make sure that they are saving for their retirement. In identifying those who are the habitual savers, we can also identify their characteristics. By adopting these characteristics, habitual savers can serve as role models as they are the best example of personal responsibility when it comes to retirement saving.

- Habitual savers are more likely to be male. 42% of men save habitually compared with 36% of women. As we highlighted in our previous report – *The Changing Face of Retirement - Women: balancing family, career & financial security (2014)* – with many more women than men undertaking child or elder care responsibilities or working part-time, it is important to close the gender employment and pay gap as part of efforts to close the gender pension gap.
  There are steps that governments and employers can take to help women save continuously - for example, creating simple and attractive savings products or through widening access to workplace retirement plans.
- Habitual savers are also more likely to be older, suggesting that this behavior is something people grow into in later life. It is possibly even life stage driven (people realize retirement is getting too close to put off anymore). Forty-five percent of the pre-retirement age group (55-64 year olds) are saving habitually which falls to 29% among 18-24 year olds. Here we need interventions to get younger people started saving earlier. We explore the impact of automatic enrollment on younger people.
- Habitual savers are the most likely to take personal responsibility for retirement, with four-fifths (79%) having a retirement planning strategy. This compares with just 13% among the non-savers.
- Habitual savers are more likely to take steps to improve their overall financial resilience. Nearly half of the habitual savers (48%) have a back-up plan to help them deal with the financial consequences of unforeseen events. This compares with just 11% among non-savers.
- Crucially, the habitual saver takes a more balanced approach to generating retirement income. On average, they expect just one-third of their retirement income to come from the government – the rest is made up of workplace retirement benefits and personal savings and investments. Specifically, a quarter of retirement income is expected to come from employers through workplace retirement benefits.
- Habitual savers are not necessarily wealthy – they have average earnings of $41,000 per year. This is, however, much higher than those who have never saved (who earn around $24,000 per year) and compares to average earnings of $32,000 across the population of those surveyed.

This final point demonstrates that income is not a major obstacle to saving for retirement on a regular basis. Saving regularly while earning an income of $41,000 is an achievable goal for many people. However, creating a global culture of saving habitually not only requires individuals to take greater levels of personal responsibility for retirement planning, but it also requires a new approach to planning for retirement, which also includes important roles for employers and governments.

A new approach to pension saving: making it easy

Last year, we introduced a new blueprint for retirement: making it easy. This means better understanding the needs of individuals and removing the barriers to planning and preparing for retirement. Governments have a particular role to play in this process as part of what is a shared responsibility. Two areas where the government can make a difference are in providing retirement incomes and in helping people to make more provision for themselves.

1. Providing retirement incomes - In most of the countries surveyed, the government provides an important source of retirement income for citizens. Globally we found that employees expect social security to account for around 45% of retirement incomes. This contributes significantly to helping people plan their retirement. In some countries this role is even greater; for example, in Spain employees believe the state will provide approximately 63% of retirement incomes. Yet, our evidence suggests that the process of pension reform currently taking place in many countries, in which discussions center on lowering the value of government retirement benefits or increasing retirement ages, is denting confidence in people's willingness to plan for themselves.

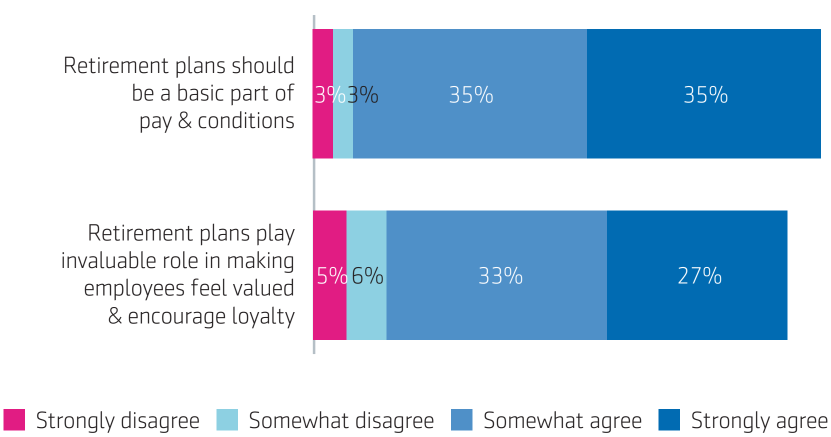
2. Helping people make their own retirement income provision – Government can do many things to make it easy by encouraging savings. One-third of the global respondents say that having access to more generous tax breaks on long-term savings and retirement products would spur them to save more for retirement. Meanwhile, nearly 1-in-5 people (18%) say that having access to financial education would help them to become more aware of what they need to do to plan for retirement. As we see below, governments taking steps to create default retirement savings plans, which automatically opt employees into savings plans, can have a dramatic impact on widening the coverage of pension plans and boosting savings among the aspiring saver group, which includes many women and younger people.

Making retirement planning easy as part of this shared approach also means harnessing the capabilities of employers and employees working together. The need for employers to make some type of pension plan available to their employees is a central part of this approach.

"Don't wait until you are close to retirement to start saving. Start when you are young, even if it is a small amount. It will grow."

A retiree from the U.S.
Save habitually

Chart 12: Workplace pensions play an important role in making employees feel valued



Over two-thirds of employees say that retirement plans should be a basic part of pay and conditions while three-fifths say that pensions help in making employees feel valued and encourage loyalty. However, these figures are far higher than the number of employers who are actively contributing to a workplace retirement plan (in the vast majority of the countries we surveyed). Globally, we find that just 41% of employees have access to a workplace retirement plan where their employer makes a contribution (24% of employees were offered a plan without an employer contribution). Such a contribution can be a real incentive in getting aspiring savers to enroll in their workplace retirement plans. There are various things that employers can do to give their employees a helpful nudge in the right direction.

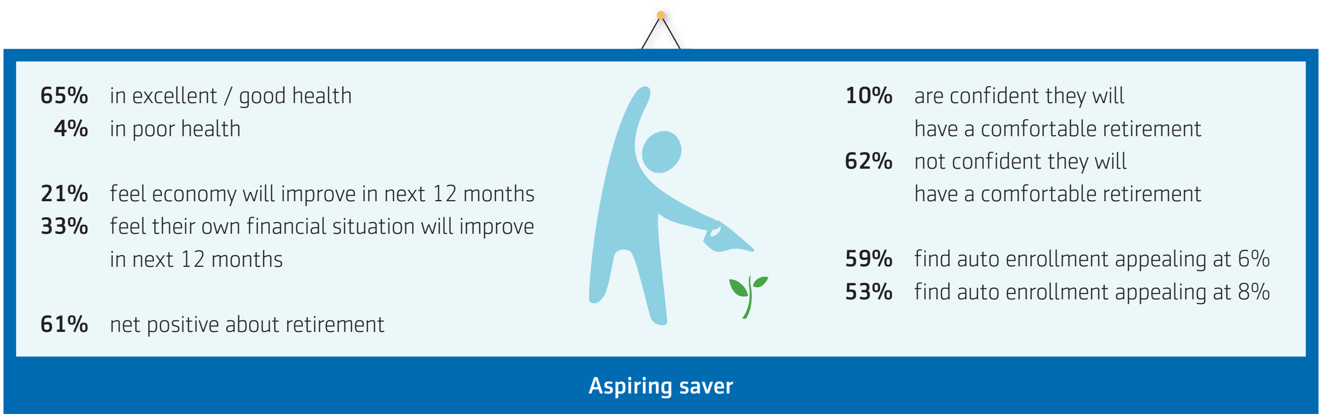
Make use of just-in-time financial education in the workplace

Receiving a pay raise is the most frequently cited trigger point that would encourage people to think about saving for retirement. In total, 45% say that this event would prompt them to save. Clearly, employers and employees are likely to know for months in advance when the annual pay review is due: Employers can seize this opportunity to give their employees a gentle reminder or "nudge" toward the benefits of long-term saving. These reminders can often be provided very cost-effectively for many workers in the form of email alerts or web-posts on the company Intranet, providing links to helpful and impartial sources of information and online retirement calculators.

Automatically enrolling employees into workplace retirement plans

We asked employees whether they found automatic enrollment appealing. To help people make an informed judgment, we assumed that automatic enrollment would mean the employees saving 6% of their annual salary into their workplace retirement plan. Given a 6% contribution level, 59% of the aspiring savers found this to be appealing. If automatic enrollment converted these aspiring savers into actual savers, it would provide an instant boost to overall levels of retirement preparedness among employees. Particularly as these employees would begin making contributions out of every paycheck, and as we have seen, habitual saving is the simplest route to retirement readiness. Our evidence suggests that automatic enrollment would be particularly effective among the aspiring savers.

Chart 13: Aspiring savers portrait



"From the moment you are born, you become older each day, so start planning your retirement as early as possible; no one is obligated to provide for you in the future!"

A retiree from Brazil
Shared responsibility

- Aspiring savers are likely to be younger and female. The median age of this group is 35; women comprise the majority of aspiring savers, with a gender split of 58% female and 42% male.
- Globally aspiring savers have the lowest median income at $14,400 – even less than those who have never saved ($17,100).
- Nearly half (44%) of aspiring savers have children.
- Aspiring savers are unlikely to have a formal retirement plan. Over two-thirds (69%) do not have any retirement plan at all. Even less likely is that they have a retirement back-up plan, with just 13% having one.
- Retirement income expectations are also lower among aspiring savers. Globally, this group expects an income of $14,300 at one year into retirement. In comparison, non-savers expect $17,700.

Inspiring individuals to start saving at an early age, and on a consistent basis, could make a major impact on boosting people's retirement income replacement ratios. This is illustrated in chart 14 below where we can see that, by starting to save into a pension at age 20 instead of 30, retirement incomes will be significantly boosted. Automatic enrollment could make a major difference here. For example, in the U.S. where automatic enrollment was introduced in 2009, take-up of workplace retirement plans increased from around half of the eligible workforce to 82% among employers adopting automatic enrollment.[8] This is particularly helpful to aspiring savers, who account for 30% of those aged 18-34.

"Don't rely on any one program, product or plan - diversify. Learn how to budget and control personal debt. Be prepared for job loss and other conditions that could deplete available money. Learn how to cut living costs by; re-using items, conserving water, turning off lights, and similar cost-reducing actions."

A retiree from the U.S.
Shared responsibility

Chart 14: Saving consistently from an early age can boost retirement income by $11,000 a year

Age started saving (years)	Retirement savings (U.S. dollars)	Annual Retirement Income (U.S. dollars)	Ratio to pre-retirement income
20	$397,000	$29,000	71%
25	$312,000	$23,000	56%
30	$242,000	$18,000	43%

This chart is for illustration purposes only and not necessarily reflective of individual circumstances.
Assumes a retirement age of 65. For further assumptions please see appendix 2, pp. 40.

Center for Longevity and Retirement

Part 4: Changing the paradigm: making active retirement an aspiration for all

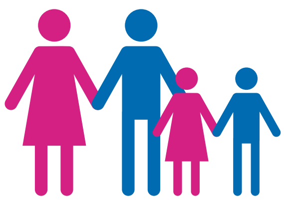
Today's employees are rapidly redefining the very notion of retirement. No longer is retirement seen purely as an opportunity to stop working. Instead, many people now see retirement as a whole new life stage. It is a time to start new hobbies and travel more. It is also a time to give something back. Many people would like to spend time caring for their grandchildren while others foresee volunteering and charity work as part of their retirement equation.

Equally, today's workers understand the consequences of increasing longevity on their own retirement. On average, people expect to spend 20 years of their lives in retirement. Retirement is now a major life event. And it requires a major life plan if we are to make sure that we spend those 20 years (or more) doing the things we aspire to.

Defining an active retirement

After a long and productive life spent in paid employment or undertaking caring responsibilities, it is not surprising that many people envision spending their retirement relaxing. But this doesn't tell the whole story when thinking about what active retirement means to people. A sizeable minority now thinks about staying in paid employment as a means of keeping active in later life, perhaps related to the fact that only 22% of employees globally felt that they would retire with a comfortable lifestyle.

Chart 15: Retirement - a time for more leisure?



Friends and family

The majority of people **(58%)** see retirement as an opportunity to spend more time with their friends and family.

New hobbies

Having more time on our hands will encourage many people to take up new hobbies. In total, **49%** identified this as an aspiration.

Traveling

Many people would like to see more of the world when they retire with **63%** identifying travel as an aspiration – the most popular past time.

Continue working

16% would like to remain economically active by continuing to work in the same field. A further **11%** would like to consider working in a different field. **10%** would also consider setting up their own business and a further **27%** would consider working voluntarily.

Increasingly, we can expect to see retirement become a combination of varied activities which together help people to maintain their financial, physical and mental well-being. This seems like a perfectly sensible response to growing older. The only problem is that many people don't currently receive the support they need to make this goal a reality. This is particularly true when it comes to helping people maintain good health. Being healthy not only helps people remain in work during their adult working lives, but it also plays a significant role in keeping people in work beyond normal retirement age. Health will also be a key determinant of a happy, prosperous retirement, with 77% of respondents who view their health as excellent being more positive about retirement compared with 49% of those who view their health as poor. 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).

To stop working or keep on going – the benefits of delaying retirement

With health identified as a major factor in keeping people in paid employment, it is significant that, from the perspective of achieving an active retirement, work, in all its various guises, is set to become an important mainstay during retirement. While people remain divided as to whether official retirement ages should be increased, the proportion who support an increase in retirement age is now greater in number. More people (50%) think that retirement age should increase in some circumstances than believe it should remain unchanged (43%); however, that sizeable minority demonstrates that there is still much to be done to encourage and enable people to work beyond their current retirement age.

Educating people about the financial benefits of working longer would clearly be a helpful starting point. The tables below show what happens to a person's retirement outcome when they push out the age at which their retirement age. For example, by putting off retirement by up to five years, individuals could expect to boost their total retirement savings by over a quarter. This translates into a far higher income in retirement. In fact, on average global respondents set themselves a target of replacing around 70% of their pre-retirement income once they have retired, it is possible that putting off their retirement age by 3-5 years can help them to get much closer to achieving that goal.

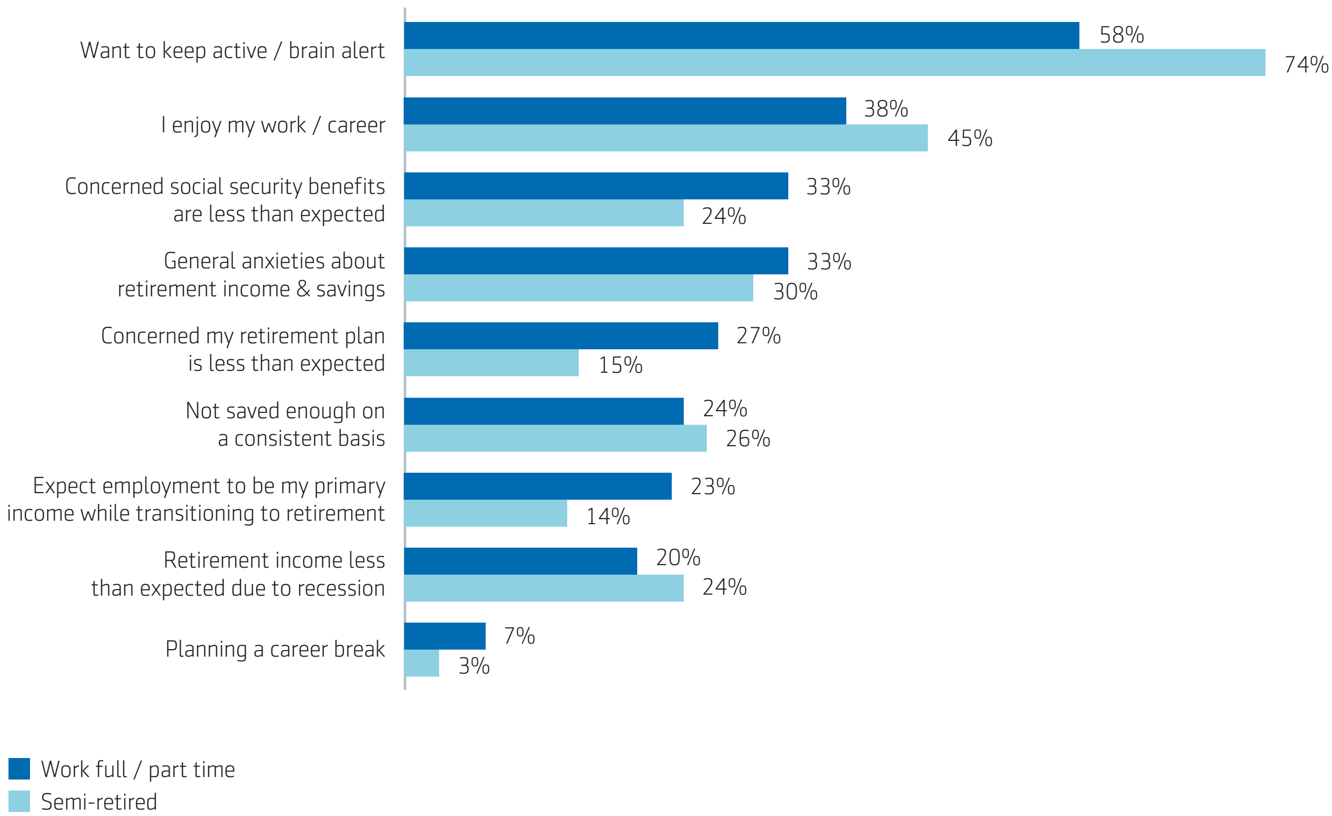
Chart 16: Putting off retirement date could boost pension income by $10,000 annually

Age of retirement (years)	Retirement savings (U.S. dollars)	Annual Retirement Income (U.S. dollars)	Ratio to pre-retirement income
65	$242,000	$18,000	43%
68	$282,000	$23,000	57%
70	$312,000	$28,000	68%

This chart is for illustration purposes only and not necessarily reflective of individual circumstances. Assumes started saving at age 30. Please see appendix 2, pp. 40 for additional assumptions.

The benefits of working longer aren't limited to financial. Among those who wish to keep working, that desire is mostly driven, not by a lack of retirement income, but by a desire to keep mentally and physically active. Keeping active and enjoying work are the main reasons for continuing to work beyond normal retirement age. Fifty-eight percent of people say that wanting to keep active and keep their brain alert are important reasons for them to keep working to some extent in retirement. This figure increases to 74% among those in our survey who are already semi-retired.

Chart 17: Keeping active is the biggest motive for working beyond retirement age



However, even though work clearly has positive benefits and nearly half of today's employees think the retirement age should increase, there is only a small minority – 17% – who actually aspire to continue working in the same field during their retirement. As many as one-third of retirees who aspired to continue working in the same field were not able to realize this goal for one reason or another. Boosting the number of people who work beyond retirement will require a number of measures. As discussed above, educating people about the financial and health benefits of working longer will help people to make more informed decisions about when and how to retire. But it is clear that more needs to be done by governments and employers to remove current barriers to staying in work.

Promoting vitality and well-being programs to support a more active retirement

Most employers already show a commitment to helping their employees plan for long-term financial events. Workplace benefits include not just access to pensions and other savings products, but also financial planning materials, access to free advice sessions, and a range of other benefits including life insurance, income protection or critical illness protection. However, more support could be given to employees to help them make a smoother transition into retirement. Our findings focus on two key roles for employers:

Two key roles for employers

1. Providing financial planning and advice support in the pre- and at-retirement phases

Currently, just 21% of employees globally say they receive an annual retirement statement. This is higher in countries with strong workplace retirement plan arrangements. However, even in the Netherlands with its widespread access to defined benefit pensions and where it is mandatory to provide employees with annual statements, over half of Dutch workers say they don't receive an annual statement. Better employee engagement and workplace education around current practices would help to improve the situation.

Only 14% of employees say they received educational materials and just 12% were able to manage their retirement savings via an online portal. One in ten (10%) say that they have access to retirement modeling tools.

While these numbers are relatively low, progress in changing current workplace practices has also been slow to date. Just 33% feel that their employer provided enough information about retirement planning and only 12% say that their employer is doing more now compared with three years ago.

"You need to have your own savings. Your leisure interests should be ones that you can enjoy in retirement. After retirement, volunteer with local groups, make friends, and enjoy communicating with others."

A retiree from Japan
Healthy living

"Take care of your health from an early age and start saving some money. Money and health are very important when you retire."

A retiree from Turkey
Healthy living

2. Providing employees the opportunity to remain in paid employment

In an era of phased retirement, it will become important to strike a work-life balance after retirement, as well as in the years before entering retirement. This means taking steps to help employees maintain their vitality and their contributions to the workplace as they approach retirement age. Yet, looking at the responses of people already in retirement it is clear that they could have been offered additional support to enter retirement in a more phased approach, combining work and leisure.

Only 24% of employees say that their employer offers the opportunity to move from working full-time to part-time in the run up to retirement. Only 21% offer alternative work that would be more suitable for older people while just 14% offer the opportunity to undertake re-training or re-skilling.

Only 19% of employees say that their employer offers access to flexible retirement plans (which allow people to work beyond the usual retirement age). Indeed until recently, some countries such as the U.K. and Japan have had mandated retirement ages, forcing valued employees to give up their jobs. Fortunately, these practices have been removed and the trend toward defined contribution pension plans should further help to promote greater flexibility.

Seventeen percent of employees say their employer offers access to occupational healthcare in retirement, an important part of maintaining mental and physical well-being of mature workers. The lack of more widespread workplace support might help to explain why one-third of retirees who aspire to keep working fail to achieve this. But, with such huge financial and health benefits for older people to remain active, there is a major incentive to reversing current trends. As our case studies reveal, there is also a wide range of financial benefits for employers in adopting a more proactive approach to supporting older workers.

Interview with Tim Driver
CEO
RetirementJobs.com

Case studies

Why promoting an active retirement makes good business sense

RetirementJobs.com, helping to keep mature workers in the job market
RetirementJobs.com was established nine years ago in the U.S. to focus on employment among mature workers. To date, they have achieved over 1 million registered job seekers looking for a range of employment opportunities including working part-time and downshifting. Currently, half of their job seekers are aged between 50 and 60 years with the other half aged between 60 and 70 years. One of the chief concerns for these older workers is the perception of age bias among employers. When *Retirement Jobs* surveyed its website visitors, 94% highlighted concerns that age bias is a fact of life in the workplace. *RetirementJobs.com* has created a "Certified Age-Friendly Employer" program to vet employers on whether they create a welcoming environment for those over 50 and whether they demonstrate a commitment to expanding workplace diversity. Firms going through the certification process fall into two categories. First, long service – firms wishing to accommodate mature workers after many years of continued employment; and, second, recruitment – firms wanting to hire mature workers over the age of 50. Currently, more than 100 employers have adopted the age-friendly program. For these companies, the motivation is two-fold:

Reduce turnover rate

The average tenure of a worker over the age of 50 is calculated to be three times higher than for the under 50s. The length of tenure is typically around ten years for the over 50s, versus less than a year for workers under the age of 26. When thinking about the cost of recruitment and training, it therefore makes good business sense to think about hiring older workers, given the likelihood of receiving a greater return on upfront hiring and training investments.

Benefits of improved diversity

Many employers have discovered the benefits of having a workforce that mirrors their older client base. Having mature workers has been shown to shift the dial in improving customer satisfaction levels among older customers. This can help the business to attract and retain a more loyal customer base among those over 50.

This is not simply about building recruitment policies which work to attract older workers. Rather it is about designing a workplace that is attractive to all types of workers and promoting diversity in its broadest sense. Being awarded *Retirement Jobs* certification requires employers to make healthcare benefits equally available to both full-time and part-time workers. With mature workers being more concentrated in the part-time employment market, they need to ensure that they enjoy healthcare benefits until age 65 at which point Medicare provides health benefits in the U.S. Additionally, employers should provide access to training. Often employers might target recruitment and training at younger people (rather older workers who are seen to be on the way out). But, given that employment tenure is three times longer among mature workers, the employer is likely to get a better pay back on their investment.

RetirementJobs.com has seen that government can also take steps as an employer to actively promote employment among the over 50s. In the U.S., public organizations such as the U.S. Veterans Administration, which has successfully been engaged in the recruitment of over 50s, and the Transportation Security Administration, offer positive examples. Government as a legislator also needs to consider policies to promote mature workers. Demographic shifts are set to squeeze the supply of younger workers so, employers have to expand the scope of the job search. There is an incentive to look at a wider range of age groups.

Interview with Jisella Dolan
Chief Advocacy Officer
Home Instead

Case studies

Home Instead - a global care provider that is changing the face of retirement

Home Instead provides a global network of senior caregivers with over 1,000 franchises in 17 markets around the world. This network provides a global perspective on how different societies approach planning for, and living in, retirement. In Asian countries (such as China, Taiwan and Japan), senior care is seen as a matter of honor for the younger family members to uphold. However, this tradition is changing as people look more and more to share the cost of providing care. *Home Instead* finds that while each country is unique, there are a number of basic similarities that transcend all cultures. Most people want to spend their later years living in their own home. They are looking for companionship and dignity in old age, and they want to leave a legacy behind. Governments, employers and care providers need to work together to achieve these goals.

As a member of the Global Coalition on Aging, *Home Instead* has helped to develop a set of seven guiding principles for age-friendly businesses with a mission to create workplaces that are sensitive to the needs of older workers while at the same time create an inclusive working environment for all.. Faced with an aging society, it makes sense to invest in a mature workforce. Businesses and governments need to be prepared for an increase in the number of older workers. One rationale for attracting mature workers is the need to harness a positive relationship through common connections points, between caregivers and customers.

In total, 30% of *Home Instead's* caregivers are aged over 60. This group of older workers are looking for work that provides them with flexibility. Interestingly, they are also text savvy receiving their schedules via text messages. Through its employee engagement survey and a newly created task force, *Home Instead* has created a benefits package that reflects the needs of its workforce and is embraced by employees across all age groups; however, there are particular benefits which prove popular among the over 50s.

- Access to a very generous 401(k) employer matching contribution
- No pre-set age at which employees have to retire, giving employees greater freedom to choose when they stop working
- The ability to direct a portion of "benefit dollars" across a wide range of flexible benefits, including college savings plans or premiums for long-term care insurance
- "Honor Paid Time Off" - a program that allows employees to take vacation, sick and personal time off in the amount they need as long as their work gets done

Jisella Dolan also noted that, one of the other main differences among societies is whether people look to their government to provide care and fund their retirement. In some countries the expectation is for a fully public funded approach; in others there is a partnership approach. The most sustainable approach is one that has shared responsibility between the public and private sectors. Government can help by keeping older people active, although current retirement ages can send the wrong message by encouraging people to stop working too early. Tax systems could also be better used to encourage employers to retain mature workers. The net fiscal impact of keeping mature workers in employment would be positive as people continue to earn a salary and pay income tax, as well as deferring the time at which they start taking their Social Security benefits.

Advice from retirees to people preparing for retirement[1]

"Seek good advice and start early so you don't have to put in too much straight away."

THE NETHERLANDS

"Start saving as soon as you start working - it is the most important thing you can do."

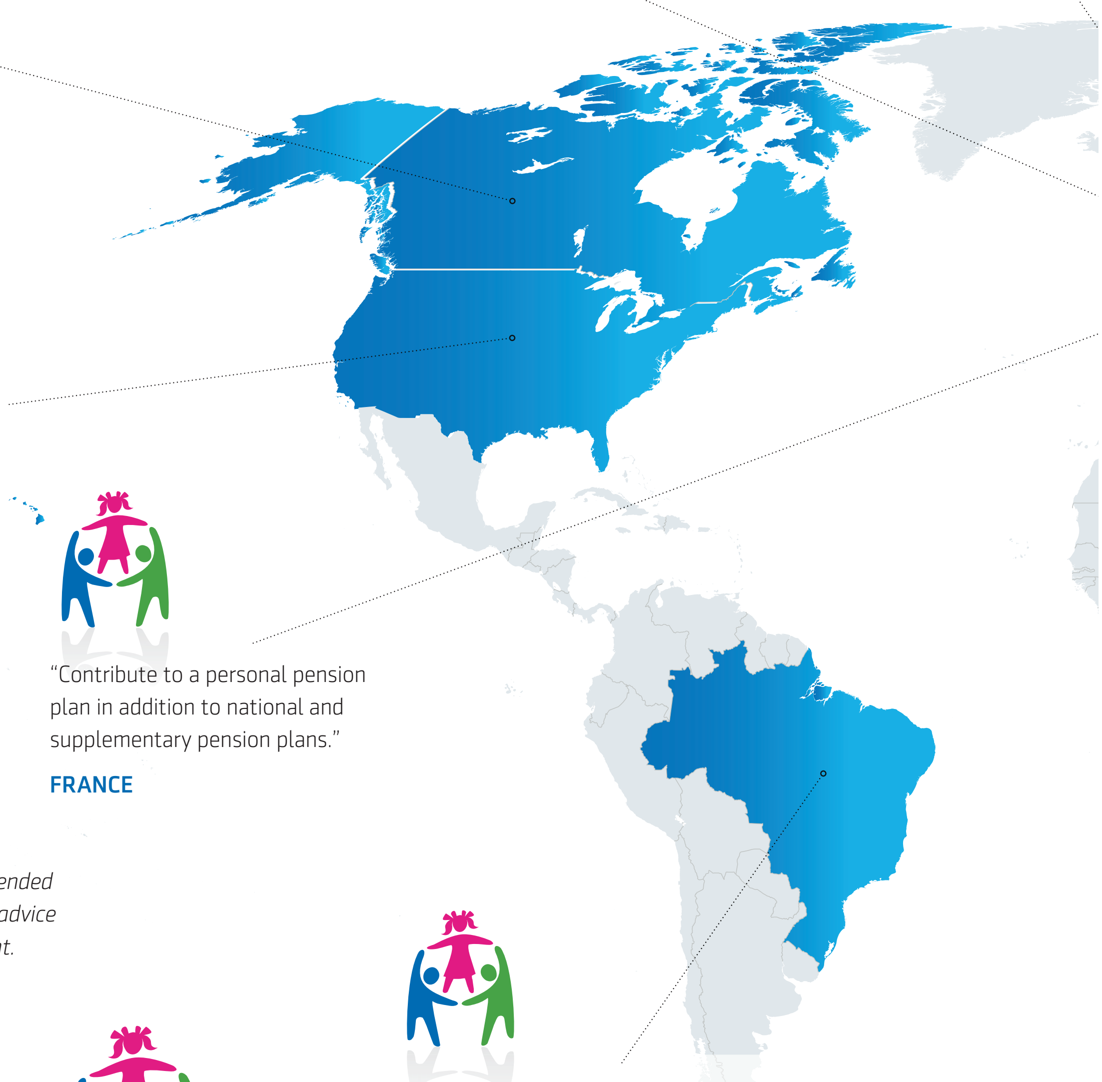
UNITED KINGDOM

"Save money as early as possible and get into the habit of saving. Savings don't just happen."

CANADA

"Start saving as much as you can as soon as you can... retirement sneaks up on you fast!"

UNITED STATES



"Contribute to a personal pension plan in addition to national and supplementary pension plans."

FRANCE

"Basically, there are three ingredients for a more comfortable retirement: develop healthy habits, avoid being sedentary by having a hobby or second occupation, and have enough savings to support yourself in case of the unexpected."

BRAZIL

[1] *Quotes from retirees to an open ended question asking them to provide advice to people preparing for retirement.*

Save habitually **Healthy living** **Shared responsibility**

"Plan very well and consider the fact that the number of retired people is increasing which means that the current economy cannot guarantee pensions in the future as they currently are."

SPAIN

"On top of the state pension, consider taking out an additional pension scheme that is based on your salary."

GERMANY

"Keep healthy, save money and other assets so that you can live comfortably when you are retired."

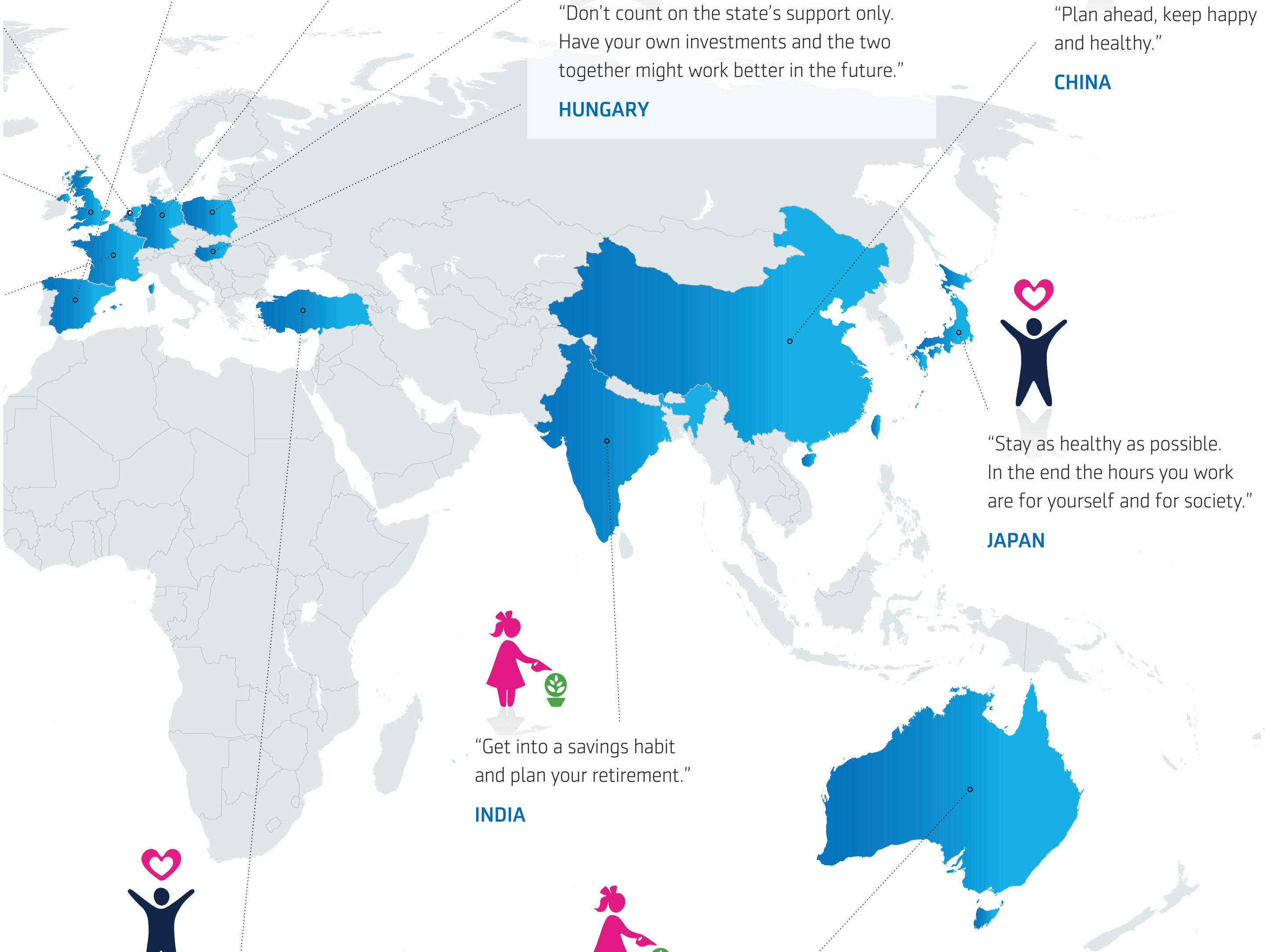
POLAND

"Don't count on the state's support only. Have your own investments and the two together might work better in the future."

HUNGARY

"Plan ahead, keep happy and healthy."

CHINA



"Stay as healthy as possible. In the end the hours you work are for yourself and for society."

JAPAN

"Get into a savings habit and plan your retirement."

INDIA

"First of all health, the rest will follow!"

TURKEY

"Start your retirement savings as early as possible, even if the amount you set aside in the first years is small."

AUSTRALIA

Recommendations

The role of individuals

Habitual savings is most effective when started early and therefore should be taught and engrained in the culture at an early age. Children should learn to manage budgets and debt as well as the power of consistently saving starting from a young age. Providing financial literacy programs in schools is critical given that students often do not learn basic financial skills at home, either because of cultural biases against discussing financial matters or because parents themselves do not possess these skills. Financial literacy aimed at parents should therefore also be a priority.

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 online financial education tools offers these people a good starting point in developing not just a retirement plan, but also a plan for the unforeseen financial risks (our so-called "Plan B"). To achieve this, individuals need the right framework in which to fund for retirement through a combination of saving more and remaining active into retirement. Here, employers and the government can play a leading role.

The role of employers

Employers can facilitate habitual savings by designing retirement savings plans that overcome obstacles to save.

- Implement programs to enable employees to directly and automatically defer a portion of their income. As many as 59% of aspiring savers are attracted to automatic enrollment with contributions rates of 6% of salary. This falls only slightly to 53% if the contribution level is increased to 8% of salary. Automatic enrollment programs in the U.S. have proven extremely effective in expanding participation by harnessing the power of inertia to start employees on a consistent long-term savings program.[9]

- Ensure equal access to full- and part-time employees in workplace savings plans. Other parts of the world could follow the European Union's lead, which prohibits employers from excluding part-time workers from workplace retirement plans.
- Coordinate workplace financial education programs with important trigger points, like receiving a pay raise. Receiving a pay raise is the biggest factor that would encourage people to save for their retirement being cited by nearly half 45% - of employees. Committing all or part of any pay raise to long-term savings is an easy way for employees to save without changing their budgets.

Where possible, employers can support these efforts to change behavior alongside the provision of cost-effective workplace financial advice.

Employers are encouraged to adopt age-neutral employment policies. Simple workplace changes can include more flexible work schedules, physical modifications to help older workers e.g. computers with larger type fonts as well as arranging workspace in a location close to the elevators. Continuous training should be provided for all employees so that they can improve their skills and continue to contribute as they near and pass normal retirement age.

Employers can promote better health among employees. Healthy and active individuals are more likely to create a retirement savings strategy; three-quarters of habitual savers are in excellent or good health compared with fewer than two-thirds of non-savers. Physical, emotional and financial well-being are all linked. Wellness programs reduce health insurance costs and boost productivity. They also help to retain mature workers thereby reducing recruitment and training costs when replacing employees.

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, as well as in implementing features such as automatic enrollment and auto escalation.

Governments can run public awareness campaigns to help people make the most of their workplace benefits particularly as employees near retirement. For example, the U.K. is just launching a new national Pension Wise service specifically to perform this role.

Governments could reform retirement ages to send a clear message about working longer, and phasing retirement. Mandatory retirement ages should be abolished unless proven otherwise necessary for public safety (e.g., firefighters, pilots, etc). Governments could provide better 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. Defined benefit plan formulae that provide a decreased value of accrued benefits for workers past a certain age should be struck down as discriminatory. A good example of phased retirement is the voluntary program that was enacted for U.S. federal government workers in 2012 where pension benefits continue to accrue for phased retirees work past their traditional retirement age.

By better integrating tax, social security and healthcare systems, governments could facilitate workforce education and wellness programs by sharing the costs with employers and employees. This could include exempting employer-provided insurance policies from tax. Again, this would help potentially to shift the burden of individuals coping with financial shocks like critical illness and long-term incapacity away from taxpayers.

Governments could undertake an impact assessment of the overall cost-benefit of supporting well-being, recruitment and retraining programs among older employees. Governments can take steps as employers to ensure that public organizations have the appropriate polices in place for encouraging the recruitment and retention of workers who are aged over 50.

Glossary

401(k) plan
A defined contribution plan available to employees in the U. S. An employer-sponsored retirement plan that enables employees in the U.S. to make tax-deferred contributions from their salaries to the plan. See also defined contribution plan.

Accrued pension benefits
The amount of retirement benefits that an employee has accumulated or that have been allocated to an employee under a defined benefit retirement plan at any particular point in time, based on value or length of contribution.

Automatic enrollment
A feature of an employer-sponsored retirement plan in which the employer is able to enroll an employee without that employee's express authorization. The employer determines what percentage of the employee's salary or wages is contributed to the plan. The employee is able to change this percentage, and can refuse enrollment in the plan.

Automatic escalation
A feature of a retirement plan which automatically increases the percentage of (retirement) funds saved from salary. This type of plan generally features a default or standard contribution escalation rate.

BRIC
An acronym referring to the countries Brazil, Russia, India and China

Central Bank Rate
The interest rate at which a national central bank lends to domestic banks.

Critical illness
An affliction which is life threatening.

Defined benefit plan
A type of pension plan in which an employer/sponsor promises a specified monthly benefit on retirement that is pre-determined by a formula based on the employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns. "Final salary" and "career average" are examples of types of defined benefit pensions.

Defined contribution plan
A type of retirement plan in which the employer, employee or both make contributions on a regular basis. Benefits are linked to investment performance over time rather than a pre-determined formula as seen in defined benefit plans. Also known as a "money-purchase pension plan".

Emerging market
A country that has some characteristics of a developed market, but does not meet standards to be a developed market. This includes countries that may be developed markets in the future or were in the past.

Financial literacy
The ability to understand how money functions in the world.

Generation Y
The generation born in the 1980s and 1990s, many of whom are children of Baby Boomers.

Income Protection Insurance or Disability Insurance
An insurance policy paying benefits to policyholders who are incapacitated and hence unable to work due to illness or accident.

Life insurance
Insurance that pays out a sum of money either on the death of the insured person or after a set period.

Mandatory pension plan
A pension plan which individuals must contribute toward based on the employment laws of a given country.

Matched retirement plan contributions
An arrangement where an individual's contributions to a retirement plan are "matched" by funds from an employer or government.

Medicare
The U.S. federal health insurance program for persons ages 65 and older.

- **Normal retirement age**
The age at which an individual accrues full rights towards their retirement benefits. The specific age varies by country and sometimes within countries based on the year an individual was born.

- **Nudge theory**
Based on the principles of behavioral finance which makes use of insights from psychology to help understand how individuals make economic decisions. It has been employed by policymakers to help encourage people to save more for the long-term.

- **Phased retirement**
An arrangement whereby employees continue working with a reduced workload into retirement before stopping work altogether.

- **Private medical insurance**
A type of insurance coverage that pays for medical expenses that are incurred by the insured.

- **Retirement income replacement ratio**
Annual income in retirement as a percentage of annual earnings prior to retirement.

- **Stock purchase plan**
A company-run program in which participating employees can purchase company shares at a discounted price.

- **Workplace retirement plan**
Provides replacement for salary when a person is no longer working due to retirement – see defined benefit plan and defined contribution plan. An old-age pension plan administered through an employer.

About Aegon Center for Longevity and Retirement, Transamerica Center for Retirement Studies® and Cicero

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 Europe, the Americas, 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.
www.aegon.com/thecenter

About Aegon

Aegon's roots go back more than 150 years – to the first half of the nineteenth century. Since then, Aegon has grown into an international company, with businesses in more than 25 countries in the Americas, Europe and Asia. Today, Aegon is one of the world's leading financial services organizations, providing life insurance, pensions and asset management. Aegon's purpose is to help people take responsibility for their financial future. More information:
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

Transamerica Center for Retirement Studies®

The Transamerica Center for Retirement Studies (TCRS) is a division of the Transamerica Institute, a non-profit, 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

Cicero Consulting

A leading consultancy firm servicing clients in the financial and professional services sector, Cicero specializes in providing integrated public policy and communications consulting, global thought leadership programs and independent market research. Cicero was established in 2001, and now operates from offices in London, Brussels, Washington, New York and Singapore. As a market leader in pensions and retirement research, Cicero designed and delivered the market research, analyzed the research findings and contributed to the report.
www.cicero-group.com

Acknowledgements

MARTA ACEBO
MURAT AKÇAY
PAULA ALVAREZ
ENZO BAKKUM
CLAUDIA BALTAG
PAMELA BARBOZA
FRITS BART
GRACE BASILE
NEIL BATES
MICHAL BIEDZKI
ROBIN BOON
KENT CALLAHAN
ARKADIUSZ CHMURZYNSKI
HEIDI CHO
SIMON CLOW
ROBERT COLLIGNON
CATHERINE COLLINSON
TOM COX
WENDY DANIELS
NUNO DAVID
FRANS DE BEAUFORT
JEANNE DE CERVENS
MAXIMILLIAN DIEM
JISSELA DOLAN
EDIT DREVENKA
TIM DRIVER
MAARTEN EDIXHOVEN
DAVID FRANCIS
JULIANNA FROTA
KELLY FU
ADRIAN GRACE
STEFFEN HEIJ
DOUGLAS HENCK
JONATHAN HENDERSON
WENDEL HOFMAN
TINA HSIUNG
YOGINI JOGLEKAR
HERMAN KAPPELLE
MARCO KEIM
GÁBOR KEPECS
JAIME KIRKPATRICK
ROGER KOCH
LOTH KROEGER
ALEXANDER KUIPERS
HILDE LAFFEBER
ANDREA LEVY
MIKE LINDER
PARAG LOKHANDE
ANDREAS MANG
MIKE MANSFIELD
ESIN MEKER
PAUL MIDDLETON
TAKAOH MIYAGAWA
HELDER MOLINA
DAVID MOULTON
MARK MULLIN
YURRIAAN NEDERPEL
MARCELLE NOLTENIUS
HENRIQUE NOYA
STIG NYBO
IAIN O'CONNOR
HAROLD OVERMARS
LEANDRO PALMEIRA
TOM PERRYMAN
PATRICIA PLAS
SUMAN PUROHIT
ALICE RAMSAY
SCOTT ROANE
THURSTAN ROBINSON
LAMPROS ROMANOS
PATTI ROWEY
SARAH RUSSELL
DICK SCHIETHART
ERIK SCHOUTEN
CECILIA SEABRA
ANGELA SEYMOUR-JACKSON
RENSKE STOKER
NINE STUT
NANDA SUWARGANA
HARA TAKAYA
MAGDALENA TRZEŚNIEWSKA
GREG TUCKER
MARK TWIGG
JOOST VAN SCHAGEN
MARC VAN WEEDE
CATHERINE WANG
ALEX WYNAENDTS
HANK YANG

Center for Longevity and Retirement

References and notes

1 Trading Economics website, as of 30 April 2015.

2 The average annual earnings of habitual savers in the emerging markets (Brazil, China, India, Turkey) is below the global average of $41,000 reflecting the lower levels of household incomes in those countries.

3 OECD (2013), "Coverage of private pensions", in Pensions at a Glance 2013: OECD and G20 Indicators, OECD Publishing. http://dx.doi.org/10.1787/pension_glance-2013-35-en

4 Base interest rate is defined as the rate at which Central Banks tend to commercial banks. We used latest available rates as of 11 May 2015 taken from the Trading Economies website

5 ILO (2014), World Social Protection Report 2014/15 http://www.ilo.org/wcmsp5/groups/public/---dgreports/--dcomm/documents/publication/wcms_245201.pdf

6 American Association for Critical Illness Insurance website, March 2015.

7 Savings include cash savings as well as stocks, bonds and other investments.

8 Automatic enrolment 2.0: Lessons from abroad - Professional Pensions, 19 January 2012.

9 Sarah Holden and Jack VanDerhei. The influence of Automatic-Enrollment, Catch-Up and IRA Contributions on 401(k) Accumulations at Retirement," Investment Company Institute Perspective, Vol. 11, No.2, and EBRI Issue Brief, No. 283, July 2005.

Appendix 1: Methodology

The Aegon Retirement Readiness Index (ARRI) 2015

The ARRI is based on the sample of 14,400 employees, and has been developed to measure attitudes and behaviors surrounding retirement planning. Six survey questions (known as "predictor variables") are used, three broadly attitudinal and three broadly behavioral:

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 plans for retirement
4. **Retirement planning** – level of development of plans
5. **Financial preparedness** for retirement
6. **Income replacement** – level of projected income replacement

As well as these questions, a dependent variable question is asked which is concerned with approaches to saving, for which five broad saver types have been identified: habitual, occasional, past, aspiring, and non-savers.

In order to create the index score the predictor variables are correlated with the dependent variable to obtain a measure of influence (known as an "R" value). The mean scores of the predictor variables are computed and each mean score is multiplied by its "R" value. The results are summed and then divided by the sum of all correlations to arrive at the ARRI score.

Note on the effect of increasing the number of survey countries year-on-year

The first Aegon Retirement Readiness Survey, published in 2012, was based on research conducted in nine countries. A separate survey in Japan was conducted and reported on later that year. So for year-on-year comparisons we regard 2012 as a 10-country study. In 2013, two new countries (Canada and China) were added to the universe, and in 2014 we have welcomed a further three countries: Brazil, India and Turkey. In 2015 we maintained the overall size of the survey at 15 countries though we introduced Australia and removed Sweden.

2015 Survey countries		
Australia	Germany	Poland
Brazil	Hungary	Spain
Canada	India	Turkey
China	Japan	United Kingdom
France	Netherlands	United States

Appendix 2: Actuarial tables

showing the impact of saving earlier or deferring retirement on the size of retirement savings, retirement income and income replacement ratio

Assumptions	
Salary	$ 41.000
% of salary saved	8%
Yearly saving	$ 3.280
Real return	4%
Inflation	0%
Nominal return	4%
Life expectancy	85

Accumulated value at retirement (U.S. $ '000)

	Retirement age					
Started saving (years)	65	66	67	68	69	70
20	397	416	436	457	478	501
25	312	327	344	361	379	397
30	242	255	268	282	297	312
35	184	195	206	217	229	242
40	137	145	154	164	174	184
45	98	105	112	120	128	137

Yearly income after retirement (U.S. $ '000)

Started saving (years)	Retirement age 65	66	67	68	69	70
20	29	32	34	38	41	45
25	23	25	27	30	32	36
30	18	19	21	23	25	28
35	14	15	16	18	20	22
40	10	11	12	13	15	17
45	7	8	9	10	11	12

Retirement income as percentage of current salary.

Started saving (years)	Retirement age 65	66	67	68	69	70
20	71%	77%	84%	92%	100%	110%
25	56%	61%	66%	72%	79%	87%
30	43%	47%	52%	57%	62%	68%
35	33%	36%	40%	44%	48%	53%
40	25%	27%	30%	33%	36%	40%
45	18%	19%	22%	24%	27%	30%

Appendix 3: Country comparisons

Q - Aegon Retirement Readiness Index (ARRI) Scores

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
Low Index	52%	55%	50%	51%	62%	64%	66%	66%	41%	49%	37%	77%	30%	36%	64%	54%
Medium Index	29%	28%	32%	25%	26%	24%	24%	23%	29%	29%	43%	20%	37%	34%	25%	26%
High Index	18%	16%	18%	24%	13%	12%	10%	11%	30%	22%	20%	4%	33%	29%	11%	20%
MEAN	5,86%	5.77	6.09	6.01	5.39	5.13	5.19	5.12	6.51	6.00	6.53	4.82	6.98	6.67	5.30	5.81

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

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
I have a written plan	13%	8%	15%	12%	8%	20%	6%	6%	21%	16%	12%	5%	21%	23%	10%	14%
I have a plan, but it is not written down	43%	32%	43%	41%	25%	28%	34%	47%	44%	42%	62%	37%	61%	47%	47%	40%
I do not have a plan	39%	52%	37%	43%	57%	47%	55%	41%	31%	39%	24%	49%	17%	28%	40%	43%
Don't know	4%	8%	5%	3%	9%	5%	5%	5%	4%	4%	1%	9%	2%	3%	3%	4%

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?

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
The government	45%	43%	51%	40%	45%	63%	53%	55%	42%	40%	40%	51%	24%	44%	50%	37%
Workplace retirement plans	25%	37%	19%	34%	28%	14%	22%	15%	29%	26%	26%	18%	30%	26%	23%	27%
Savings and investments	30%	20%	31%	26%	26%	23%	25%	30%	29%	34%	33%	31%	47%	30%	27%	36%

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?

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
Yes	31%	17%	32%	29%	20%	22%	24%	22%	40%	29%	43%	17%	56%	43%	28%	31%
No	59%	75%	63%	63%	70%	65%	63%	72%	53%	63%	42%	65%	37%	49%	65%	60%
Don't know	10%	8%	5%	9%	9%	13%	13%	6%	7%	8%	15%	18%	6%	8%	7%	9%

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?

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
My spouse/ partner working	30%	27%	34%	19%	21%	33%	32%	23%	29%	25%	41%	12%	39%	24%	36%	24%
Gifts/ loans from family members/ friends	9%	5%	3%	5%	6%	9%	4%	3%	11%	6%	13%	8%	16%	6%	10%	8%
Loans from bank, etc.	9%	3%	1%	5%	6%	5%	7%	1%	9%	9%	13%	3%	18%	9%	9%	7%
My savings	61%	62%	47%	63%	42%	57%	56%	60%	59%	58%	74%	72%	74%	57%	53%	51%
Inheritance	16%	12%	19%	19%	16%	22%	14%	11%	16%	14%	10%	16%	20%	17%	25%	13%
Mortgage payment insurance	10%	16%	4%	8%	8%	11%	12%	4%	11%	12%	12%	6%	14%	11%	6%	12%
Income protection	21%	14%	8%	15%	17%	13%	18%	4%		17%	35%	15%	42%	18%	16%	28%
Disability insurance from my employer or that I purchased	20%	21%	51%	5%	23%	18%	27%	4%	17%	28%	18%	11%	18%	19%	16%	14%
Critical illness insurance	22%	13%	21%	12%	23%	16%	18%	11%	15%	19%	43%	9%	31%	17%	11%	15%
Redundancy insurance	15%	5%	19%	6%	8%	21%	20%	20%		5%	38%	3%		16%	19%	7%
Downsizing my home/ selling a 2nd home	21%	24%	19%	33%	9%	17%	23%	26%	19%	31%	19%	10%	15%	18%	14%	36%
Government unem-ployment insurance	16%	15%	23%	12%	12%	16%	16%	6%	16%	25%	26%	8%		14%	22%	12%
Government disability insurance	16%	17%	18%	12%	12%	24%	14%	9%	19%	21%	28%	13%		16%	19%	11%
Early withdrawals from retirement account(s)	2%								26%							
Other	10%	11%	11%	13%	10%	10%	10%	16%	12%	11%	5%	18%	8%	13%	9%	11%
None of the above	2%	3%	3%	3%	3%	3%	2%	5%	2%	3%	0%	3%	1%	4%	2%	2%
Don't know	1%	1%	1%		2%	1%	1%	3%	1%	1%	0%	1%	0%	0%	1%	1%

Q - Which of the following best explains your approach to saving for retirement?

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
I always make sure that I am saving for retirement	39%	39%	41%	43%	34%	28%	26%	31%	52%	45%	55%	27%	51%	38%	24%	37%
I only save for retirement occasionally from time to time	21%	17%	24%	19%	24%	24%	19%	11%	20%	21%	18%	31%	28%	23%	23%	23%
I am not saving for retirement now, although I have in the past	11%	11%	13%	17%	7%	16%	13%	13%	12%	12%	7%	11%	8%	12%	11%	12%
I am not saving for retirement though I do intend to	22%	19%	13%	14%	28%	24%	30%	34%	11%	18%	18%	28%	12%	22%	37%	21%
I have never saved for retirement and don't intend to	6%	14%	9%	7%	8%	8%	12%	10%	5%	4%	2%	3%	2%	4%	4%	6%

Q - Please indicate how strongly you agree or disagree with the following statement about your work…?
"Retirement plans should be a basic part of any worker's pay and conditions"

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
Strongly disagree	3%	1%	3%	1%	1%	4%	4%	5%	2%	3%	0%	2%	2%	5%	5%	2%
Somewhat disagree	3%	1%	4%	2%	3%	4%	6%	7%	3%	3%	1%	4%	3%	5%	5%	2%
Neither agree nor disagree	20%	18%	22%	15%	23%	23%	31%	26%	15%	15%	13%	37%	10%	18%	24%	22%
Somewhat agree	35%	48%	38%	35%	36%	34%	36%	30%	31%	35%	42%	37%	34%	27%	26%	34%
Strongly agreee	35%	29%	29%	42%	32%	30%	18%	24%	46%	43%	43%	17%	49%	41%	35%	37%
Don't know	4%	3%	4%	4%	4%	4%	5%	9%	2%	2%	1%	4%	2%	4%	4%	3%
NET: disagree	6%	2%	7%	4%	4%	8%	10%	12%	5%	6%	2%	6%	5%	10%	11%	4%
NET: agree	70%	77%	66%	77%	68%	65%	54%	54%	77%	77%	85%	54%	83%	68%	61%	71%

Q - Please indicate how strongly you agree or disagree with the following statement about your work…?
"Retirement plans play an invaluable role in making employees feel valued and encourage loyalty towards your employer"

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
Strongly disagree	5%	3%	4%	4%	5%	5%	5%	13%	4%	4%	1%	3%	4%	8%	7%	4%
Somewhat disagree	6%	7%	6%	6%	6%	4%	8%	9%	4%	6%	2%	9%	4%	7%	6%	8%
Neither agree nor disagree	25%	34%	26%	25%	32%	24%	30%	27%	21%	22%	14%	46%	15%	20%	24%	27%
Somewhat agree	33%	37%	34%	33%	33%	32%	35%	25%	33%	34%	44%	27%	32%	28%	28%	37%
Strongly agreee	27%	15%	26%	26%	18%	29%	19%	17%	35%	32%	39%	11%	42%	32%	30%	21%
Don't know	4%	5%	5%	6%	7%	5%	4%	9%	4%	3%	1%	5%	3%	4%	4%	3%
NET: disagree	10%	10%	10%	10%	11%	9%	13%	21%	8%	10%	3%	12%	8%	15%	14%	12%
NET: agree	60%	52%	60%	59%	51%	61%	53%	42%	68%	66%	83%	37%	74%	61%	58%	58%

Component questions to the ARRI
Q - To what extent do you feel personally responsible for making sure that you have sufficient income in retirement?

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
Not responsible = 1	3%	2%	2%	2%	5%	5%	4%	11%	1%	2%	1%	1%	2%	2%	4%	1%
2	4%	4%	4%	2%	7%	7%	4%	8%	2%	2%	3%	3%	3%	3%	5%	2%
3	21%	30%	21%	17%	29%	28%	26%	26%	10%	16%	18%	20%	14%	16%	24%	16%
4	32%	40%	32%	33%	30%	33%	30%	24%	32%	29%	45%	31%	33%	25%	26%	32%
Very responsible = 5	40%	24%	42%	47%	29%	28%	36%	30%	55%	52%	32%	45%	48%	53%	40%	50%
MEAN	4.03	3.82	4.07	4.21	3.72	3.72	3.89	3.55	4.38	4.28	4.05	4.15	4.22	4.25	3.93	4.27

Component questions to the ARRI
Q - How would you rate your level of awareness on the need to plan financially for your retirement?

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
Very unware = 1	2%	2%	1%	3%	2%	6%	2%	5%	2%	3%	1%	1%	2%	2%	4%	2%
2	5%	5%	2%	6%	5%	11%	6%	13%	3%	4%	2%	4%	3%	3%	8%	4%
3	23%	27%	14%	22%	21%	33%	28%	37%	18%	21%	13%	27%	15%	14%	35%	22%
4	36%	38%	31%	33%	34%	35%	37%	33%	33%	31%	45%	37%	38%	30%	37%	34%
Very aware = 5	34%	27%	52%	37%	38%	14%	27%	13%	44%	41%	40%	31%	42%	51%	16%	37%
MEAN	3.94	3.82	4.29	3.96	4.00	3.41	3.80	3.35	4.15	4.03	4.21	3.93	4.14	4.26	3.53	3.98

Component questions to the ARRI
Q - How able are you to understand financial matters when it comes to planning for your retirement?

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
Very unable = 1	3%	5%	2%	4%	3%	4%	2%	2%	3%	3%	1%	10%	2%	1%	3%	3%
2	8%	13%	7%	8%	9%	9%	8%	5%	5%	6%	3%	24%	3%	3%	9%	8%
3	27%	34%	30%	29%	33%	32%	28%	24%	23%	26%	21%	41%	16%	16%	27%	29%
4	36%	29%	38%	36%	33%	35%	37%	35%	37%	35%	47%	19%	43%	35%	37%	36%
Very able = 5	26%	19%	24%	23%	24%	20%	24%	33%	33%	29%	28%	6%	36%	44%	23%	24%
MEAN	3.75	3.44	3.75	3.65	3.66	3.58	3.73	3.92	3.91	3.81	4.00	2.89	4.08	4.18	3.68	3.70

Component questions to the ARRI
Q - Thinking about your own personal retirement planning process, how well developed would you say your personal retirement plans currently are?

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
No retirement plan = 1	13%	9%	11%	13%	21%	22%	16%	12%	11%	14%	8%	17%	6%	9%	17%	13%
2	13%	12%	12%	12%	16%	14%	19%	13%	8%	13%	9%	23%	6%	9%	14%	14%
3	32%	39%	40%	29%	33%	31%	33%	35%	28%	29%	30%	39%	24%	25%	32%	31%
4	28%	29%	27%	25%	21%	24%	22%	26%	32%	28%	41%	17%	39%	30%	23%	26%
Well developed plan = 5	14%	10%	10%	21%	10%	10%	10%	14%	21%	16%	12%	3%	25%	26%	14%	15%
MEAN	3.18	3.19	3.12	3.28	2.83	2.86	2.89	3.17	3.45	3.18	3.40	2.65	3.70	3.56	3.02	3.15

Component questions to the ARRI
Q - Thinking about how much you are putting aside to fund your retirement, are you saving enough?

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
I am very unprepared. I am hardly saving at all for retirement = 1	19%	14%	15%	17%	24%	27%	27%	31%	15%	20%	7%	24%	7%	17%	26%	18%
2	17%	17%	20%	14%	18%	17%	21%	24%	11%	15%	16%	26%	8%	13%	23%	17%
3	30%	34%	31%	29%	30%	29%	29%	29%	27%	29%	32%	32%	24%	26%	28%	32%
4	23%	23%	21%	24%	20%	18%	16%	13%	28%	22%	35%	15%	33%	23%	18%	21%
I am very prepared. I am already saving enough = 5	12%	12%	14%	16%	8%	8%	6%	3%	19%	14%	10%	3%	27%	20%	6%	12%
MEAN	2.92	3.04	2.99	3.09	2.70	2.62	2.53	2.33	3.24	2.94	3.23	2.46	3.66	3.17	2.55	2.91

Component questions to the ARRI
Q - Do you think you will achieve this income?

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
I don't know if I am on course to achieve my retirement income	34%	37%	24%	37%	38%	38%	47%	37%	29%	35%	22%	50%	23%	26%	34%	42%
No, I am on course to achieve around one-quarter (25%) of my retirement income	12%	8%	11%	15%	10%	11%	12%	14%	14%	13%	9%	10%	17%	11%	12%	15%
No, I am on course to achieve around half of my retirement income	16%	12%	23%	14%	18%	14%	17%	15%	14%	12%	18%	20%	16%	14%	22%	11%
No, I am on course to achieve around three-quarters (75%) of my retirement income	13%	16%	18%	9%	15%	17%	11%	13%	10%	9%	19%	10%	8%	14%	14%	9%
Yes, I am on course to achieve my retirement income	25%	28%	24%	25%	19%	21%	14%	20%	33%	31%	33%	10%	36%	35%	18%	23%

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

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
I expect employment to be my primary source of income while transitioning to retirement	22%	17%	9%	19%	18%	19%	20%	12%	22%	22%	28%	42%	31%	20%	20%	23%
I want to keep active/ keep my brain alert	59%	60%	62%	66%	44%	51%	53%	60%	63%	68%	56%	39%	66%	64%	49%	68%
I have not saved enough on a consistent basis	24%	15%	30%	22%	26%	19%	21%	28%	28%	31%	26%	29%	19%	17%	26%	24%
My retirement income is less than expected	20%	22%	21%	16%	30%	23%	26%	15%	21%	20%	13%	12%	17%	23%	36%	20%
I am planning to take a career break/ time out	6%	2%	3%	6%	10%	8%	3%	1%	6%	6%	8%	1%	16%	7%	6%	7%
I enjoy my work/ career	39%	40%	41%	43%	27%	32%	30%	33%	45%	42%	37%	23%	59%	42%	25%	44%
I am concerned that social security	33%	29%	37%	27%	35%	42%	46%	49%	32%	30%	34%	49%		43%	29%	29%
I am concerned that my retirement plan benefits will be less than expected	26%	23%	25%	17%	31%	24%	42%	31%	25%	29%	18%	25%	22%	30%	32%	27%
General anxieties about my retirement income	33%	22%	42%	32%	44%	33%	48%	34%	28%	35%	31%	39%	23%	22%	43%	34%
Other reason(s)	3%	4%	3%	3%	2%	1%	1%	3%	4%	4%	3%	4%	4%	2%	2%	4%
Don't know	2%	5%	2%	2%	4%	2%	2%	1%	1%	2%	0%	1%	0%	1%	1%	1%

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

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
Tax breaks	33%	28%	32%	29%	32%	29%	38%	39%	30%	37%	40%	28%	32%	32%	30%	38%
Financial education	18%	14%	8%	13%	8%	15%	16%	8%	15%	16%	30%	20%	26%	24%	19%	19%
Professional financial advice	17%	10%	12%	14%	9%	15%	16%	11%	16%	18%	30%	14%	28%	19%	15%	19%
Simpler products	21%	11%	21%	21%	15%	14%	20%	11%	18%	20%	32%	10%	39%	25%	23%	25%
More confidence in markets	21%	11%	13%	20%	14%	19%	17%	18%	21%	22%	33%	14%	31%	27%	18%	25%
Better information about my retirement savings	21%	10%	20%	18%	15%	19%	20%	15%	14%	16%	36%	21%	36%	23%	25%	20%
Easy-to-use access to tracking and managing of tools	24%	20%	16%	19%	21%	18%	27%	27%	19%	19%	33%	24%	39%	24%	25%	23%
Legal protection if sold the wrong product	17%	11%	16%	15%	9%	21%	21%	19%	11%	13%	23%	6%	25%	20%	15%	18%
A pay raise	45%	34%	44%	42%	50%	48%	67%	59%	44%	47%	49%	18%	36%	45%	52%	43%
Retirement plan match from my employer	26%	22%	22%	19%	23%	24%	40%	31%	27%	28%	24%	25%	38%	26%	24%	20%
More certain economic environment	36%	22%	36%	22%	30%	41%	42%	51%	27%	27%	42%	34%	33%	43%	50%	30%
Other	3%	3%	4%	3%	2%	2%	3%	3%	3%	3%	2%	3%	2%	3%	2%	3%
Don't know	9%	21%	12%	12%	15%	10%	8%	6%	11%	11%	2%	17%	3%	5%	6%	10%
Not applicable- I already have sufficient savings	4%	7%	7%	9%	3%	2%	1%	2%	6%	6%	1%	3%	1%	2%	1%	5%

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

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
Work more suitable for older workers	21%	13%	21%	13%	12%	15%	14%	17%	17%	16%	44%	9%	34%	25%	18%	19%
Part time working option	24%	22%	30%	27%	21%	17%	21%	24%	24%	27%	28%	17%	34%	20%	16%	29%
Retraining or re-skilling	14%	9%	13%	8%	11%	10%	12%	7%	10%	8%	28%	7%	24%	17%	12%	12%
Flexible retirement plans / working beyond the usual retirement age	19%	12%	11%	19%	8%	11%	10%	12%	24%	19%	36%	19%	37%	19%	21%	18%
Financial advice	15%	12%	10%	14%	7%	11%	9%	6%	17%	16%	23%	4%	37%	23%	10%	14%
Employer provided healthcare in retirement	17%		6%	7%	8%	8%	14%	9%	19%	12%	42%	10%	42%	26%	19%	8%
Other	2%	2%	2%	1%	1%	1%	2%	3%	2%	1%	3%	1%	3%	3%	4%	2%
None of the above	31%	23%	32%	29%	35%	46%	40%	37%	27%	35%	15%	38%	14%	33%	33%	35%
Don't know	17%	39%	19%	25%	25%	14%	19%	19%	19%	18%	3%	24%	4%	9%	13%	17%

Q - Imagine that your current employer automatically enrolled you into a workplace pension and you were expected to contribute 6% of your annual salary or wages to it. Would this seem appealing to you?

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
Very unappealing	5%	5%	5%	5%	6%	9%	6%	10%	5%	6%	2%	3%	2%	3%	7%	8%
Somewhat unappealing	6%	8%	8%	5%	7%	8%	10%	6%	6%	5%	3%	9%	3%	3%	8%	7%
Neither appealing nor unappealing	20%	31%	23%	17%	22%	21%	25%	21%	16%	14%	11%	39%	14%	11%	22%	17%
Somewhat appealing	37%	37%	35%	40%	38%	36%	40%	34%	32%	37%	46%	34%	39%	27%	37%	37%
Very appealing	27%	10%	25%	27%	18%	22%	12%	25%	38%	34%	37%	6%	39%	53%	23%	26%
Don't know	5%	9%	4%	5%	9%	3%	6%	4%	3%	4%	1%	9%	3%	3%	3%	4%
NET: unappealing	11%	13%	13%	10%	13%	18%	16%	16%	11%	11%	5%	11%	6%	5%	14%	15%
NET: appealing	64%	47%	60%	67%	56%	58%	53%	58%	70%	71%	83%	40%	78%	81%	60%	64%

Q - Which, if any, of the following are important retirement aspirations for you?

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
Living abroad	12%	13%	12%	14%	14%	9%	11%	13%	10%	12%	13%	8%	17%	15%	14%	11%
Traveling	63%	52%	66%	55%	62%	74%	61%	60%	55%	61%	76%	44%	55%	76%	66%	68%
Studying	12%	6%	3%	9%	8%	13%	4%	13%	11%	9%	23%	15%	18%	20%	10%	9%
Spending more time with friends and family	58%	49%	66%	53%	55%	60%	60%	63%	54%	55%	68%	38%	61%	62%	65%	57%
Pursuing new hobbies	49%	40%	58%	46%	46%	47%	55%	41%	43%	48%	57%	46%	47%	51%	59%	46%
Starting a business	10%	3%	3%	5%	2%	6%	6%	9%	9%	10%	9%	7%	31%	25%	23%	7%
Volunteer work	27%	28%	26%	24%	28%	23%	11%	19%	31%	32%	22%	13%	44%	30%	35%	35%
Continue working in the same field	16%	17%	14%	15%	9%	8%	14%	20%	19%	15%	14%	25%	24%	17%	16%	17%
Continue working, but in another field	11%	8%	8%	9%	6%	3%	11%	10%	10%	11%	10%	18%	22%	16%	18%	8%
None of the above	3%	4%	2%	4%	3%	2%	2%	2%	6%	3%	0%	5%	1%	1%	2%	4%
Don't know	3%	7%	2%	4%	5%	2%	3%	1%	4%	4%	1%	7%	1%	1%	1%	3%

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

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
Not at all confident	15%	10%	12%	11%	16%	17%	44%	36%	11%	11%	3%	17%	3%	14%	19%	14%
Not very confident	26%	24%	31%	27%	41%	39%	35%	26%	17%	22%	13%	36%	10%	23%	42%	24%
Somewhat confident	34%	39%	39%	36%	33%	32%	15%	24%	36%	41%	34%	33%	42%	34%	28%	39%
Very confident	18%	19%	12%	14%	4%	9%	3%	9%	22%	17%	42%	5%	34%	24%	7%	16%
Extremely confident	5%	4%	3%	7%	2%	1%	1%	3%	11%	6%	7%	3%	10%	5%	3%	4%
Don't know	2%	3%	1%	5%	5%	2%	2%	2%	3%	2%	1%	6%	2%	1%	1%	3%
NET: Not confident	42%	35%	44%	38%	57%	56%	80%	62%	28%	33%	16%	53%	13%	37%	61%	39%
NET: Very/ extremely confident	22%	23%	16%	21%	6%	10%	4%	12%	34%	23%	49%	8%	44%	28%	10%	20%

Q - Which, if any, of the following were important reasons in your delaying retirement from all paid employment until later than you had planned?

	TOTAL	Netherlands	Germany	UK	France	Spain	Poland	Hungary	USA	Canada	China	Japan	India	Brazil	Turkey	Australia
Career break	6%				11%		33%			13%	6%			19%	6%	11%
I was unable to find full-time work and so worked part-time	4%			7%								9%	13%	19%		
My retirement income was less than expected	20%	27%		27%		50%	17%	33%		13%	17%	9%	13%	19%	28%	11%
I wanted to keep active/ keep my brain alert	45%	47%	80%	60%	33%	60%	17%	58%		63%	33%	55%	88%	25%	28%	44%
I was enjoying my work/ career	45%	47%	40%	60%	44%	70%	50%	83%		50%	28%	45%	63%	19%	22%	56%
I had not saved enough	18%			7%	22%	40%	17%	25%		50%	17%	18%	13%	31%	11%	22%
Concern that government pension benefits would be less than expected	17%			7%		50%		8%		13%	22%	27%		31%	39%	11%
Concern that employer retirement plan benefits would be less than expected	13%	7%			11%	30%	17%		25%		11%	18%	25%	19%	17%	33%
General anxieties about retirement income	18%	13%		7%	11%	60%	17%		25%		17%	18%	13%	31%	28%	11%
Unplanned financial obligations	9%				11%	20%			50%	13%	6%	9%		25%	11%	
Other reason(s)	13%	20%	20%	13%	22%			8%			28%			19%	11%	22%
Don't know	3%			7%	11%				25%					13%		

AEGON
Center for Longevity and Retirement

Contact information

HEADQUARTERS
Aegon N.V.
Strategy & Sustainability
Mike Mansfield
Manager Retirement Studies
Telephone: +31 70 344 82 64
Email: mike.mansfield@aegon.com
www.aegon.com/thecenter

MEDIA RELATIONS
Telephone: +31 70 344 89 56
Email: gcc@aegon.com