



# Inspiring a World of Habitual Savers

The Aegon Retirement  
Readiness Survey 2015



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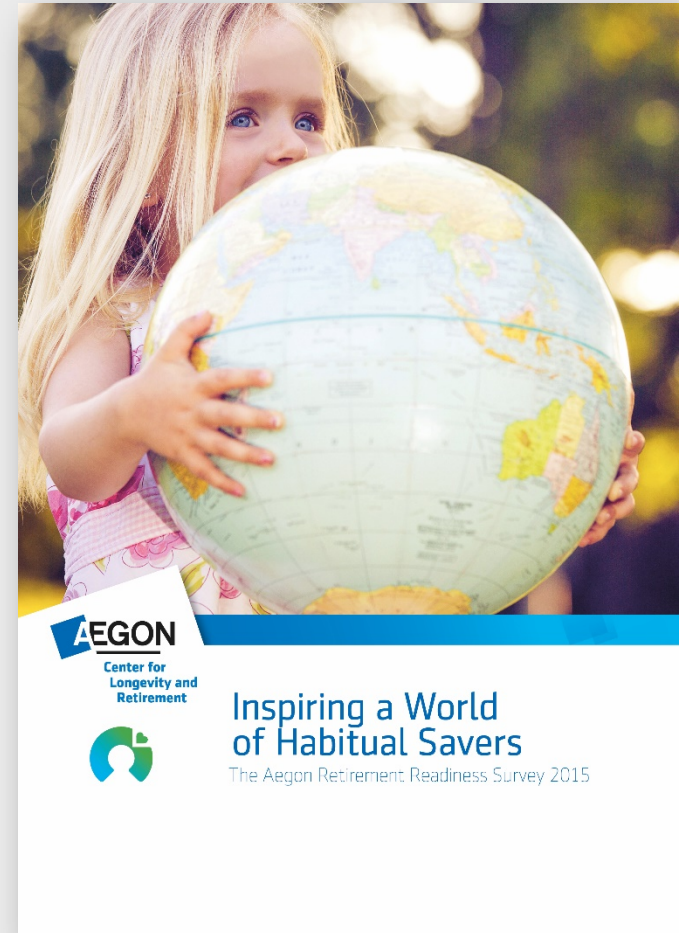
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# Agenda

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

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



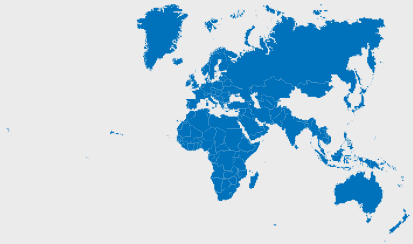
# Announcing the Aegon Center for Longevity and Retirement (The Center)

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



# Introduction

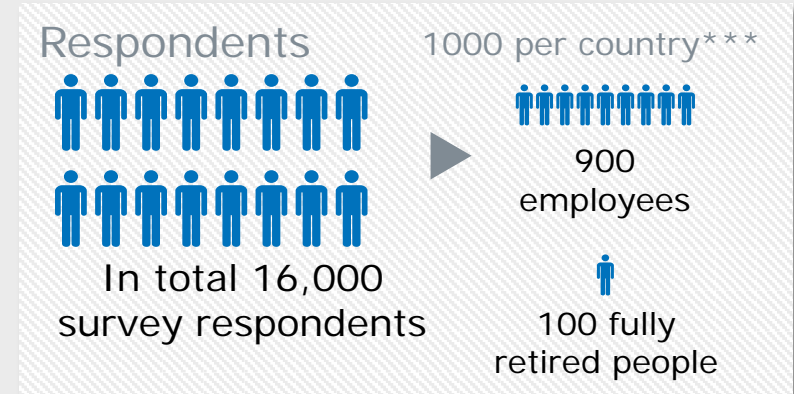
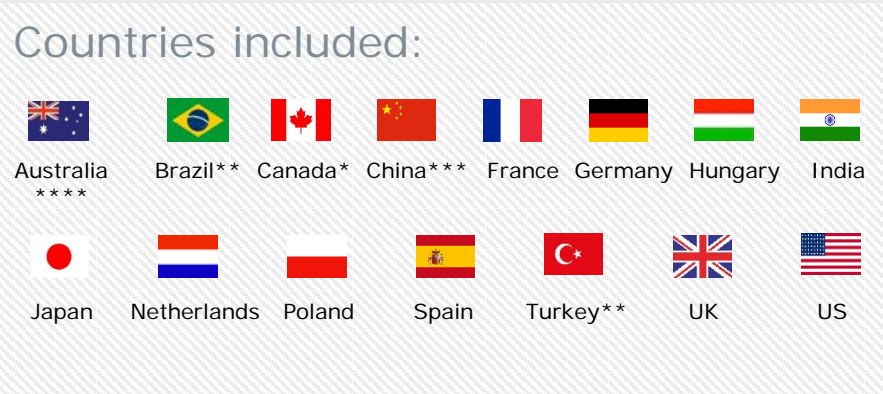
- This year's survey demonstrates the benefits of habitual saving and highlights the need for making it a global trend where responsibility is shared by individuals, employers and governments
- It aims to:
  - ▶ Gauge the level of retirement readiness in 15 countries,
  - ▶ Identify the steps needed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



# About the Survey

## Survey Methodology

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



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

# Key findings

1

The improving state of retirement readiness: reality or illusion?

2

Active retirement: promoting greater health and vitality in retirement

3

Making habitual saving a global trend is a shared responsibility

4

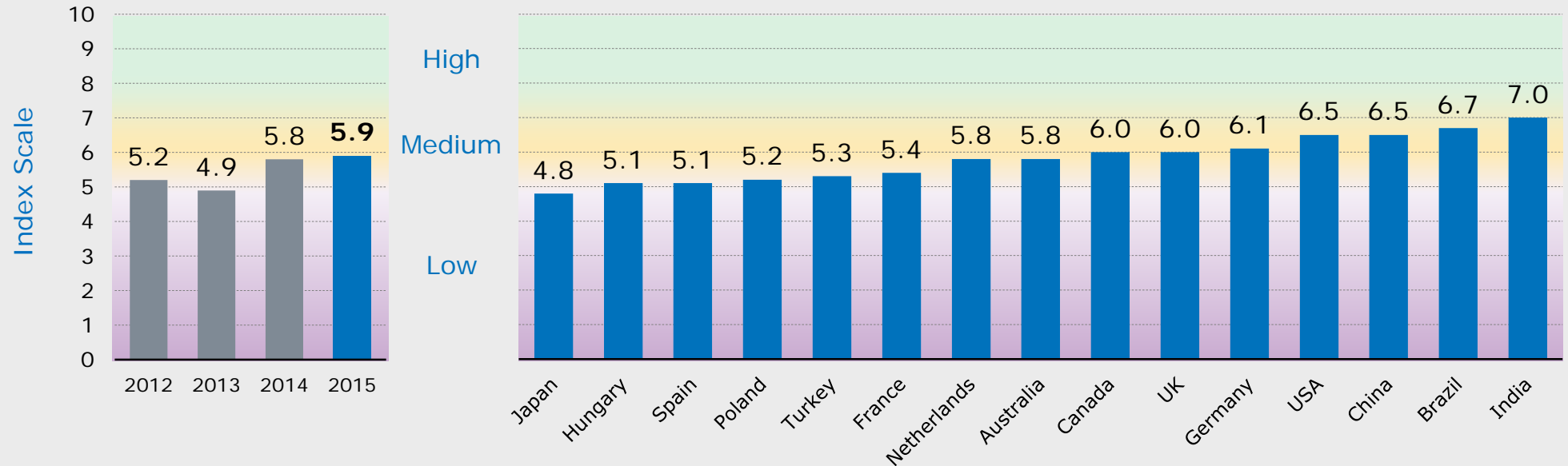
Employers make a major contribution toward improving the financial well-being of their employees in retirement

5

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

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

## *Aegon Retirement Readiness Index (ARRI) increased slightly in 2015*

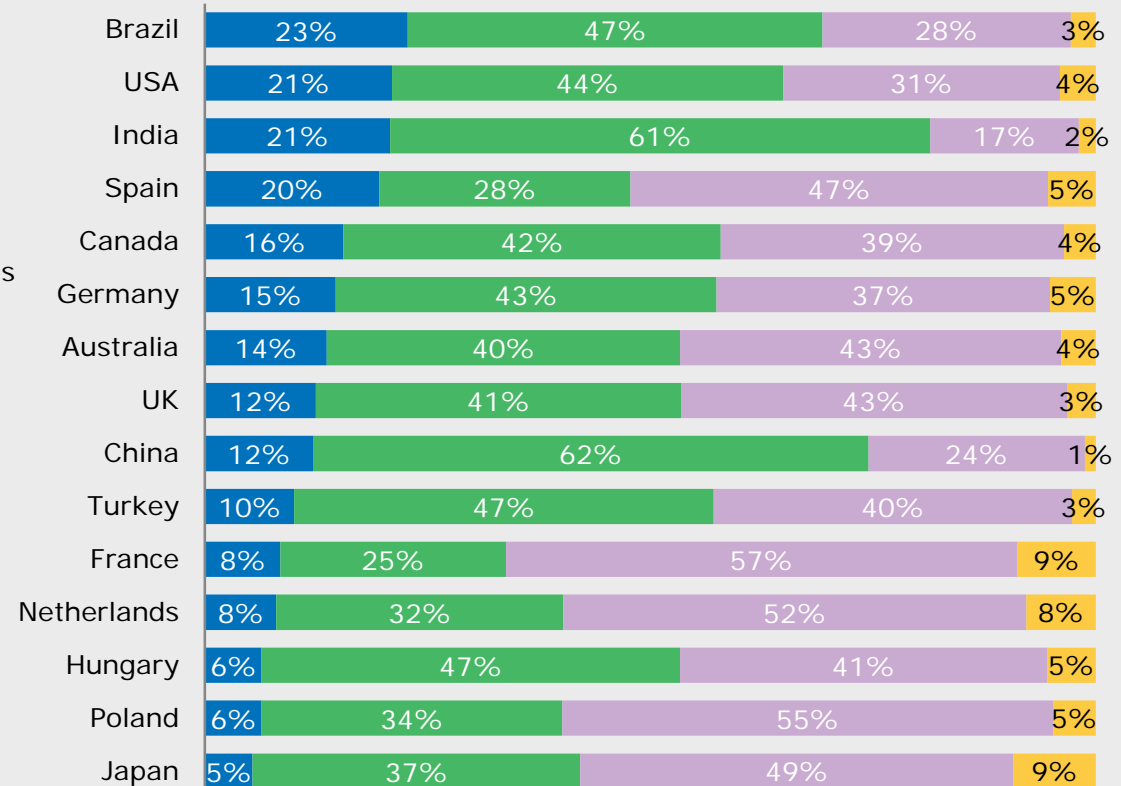
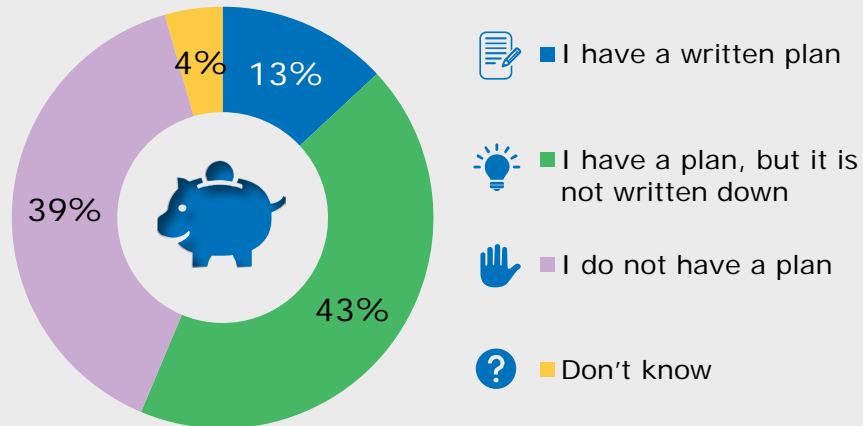


### The ARRI is Based on Six Key Measures:

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

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

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

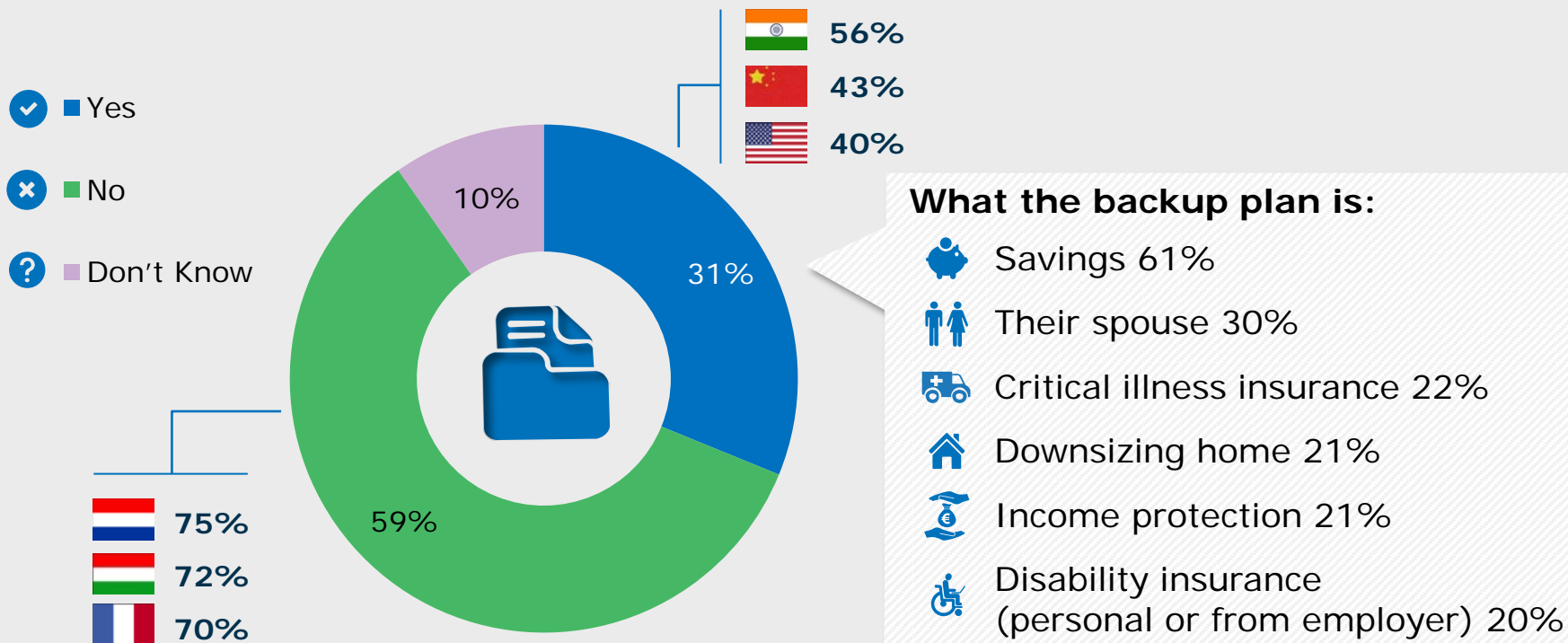


Q. Which of the following best describes your retirement planning strategy?



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

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



Q. In the event that you are unable to continue working before you reach your planned retirement age, do you have a backup plan to provide you with an income?

Q. Which, if any, of the following are part of your backup plan for an income in the event that you are unable to continue working due to ill health or job loss?

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

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



**58%** See retirement as an opportunity to spend time with family and friends



**49%** identified taking up new hobbies as a aspiration for their retirement



**63%** say they want to travel more in retirement



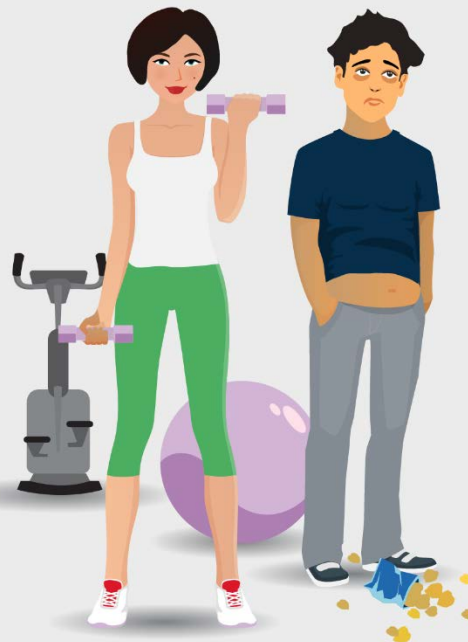
**16%** Aspire to continue working in the same field, and 11% would like to consider working in a different field when they retire

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

*Health is a key determinant of a happy and prosperous retirement*



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



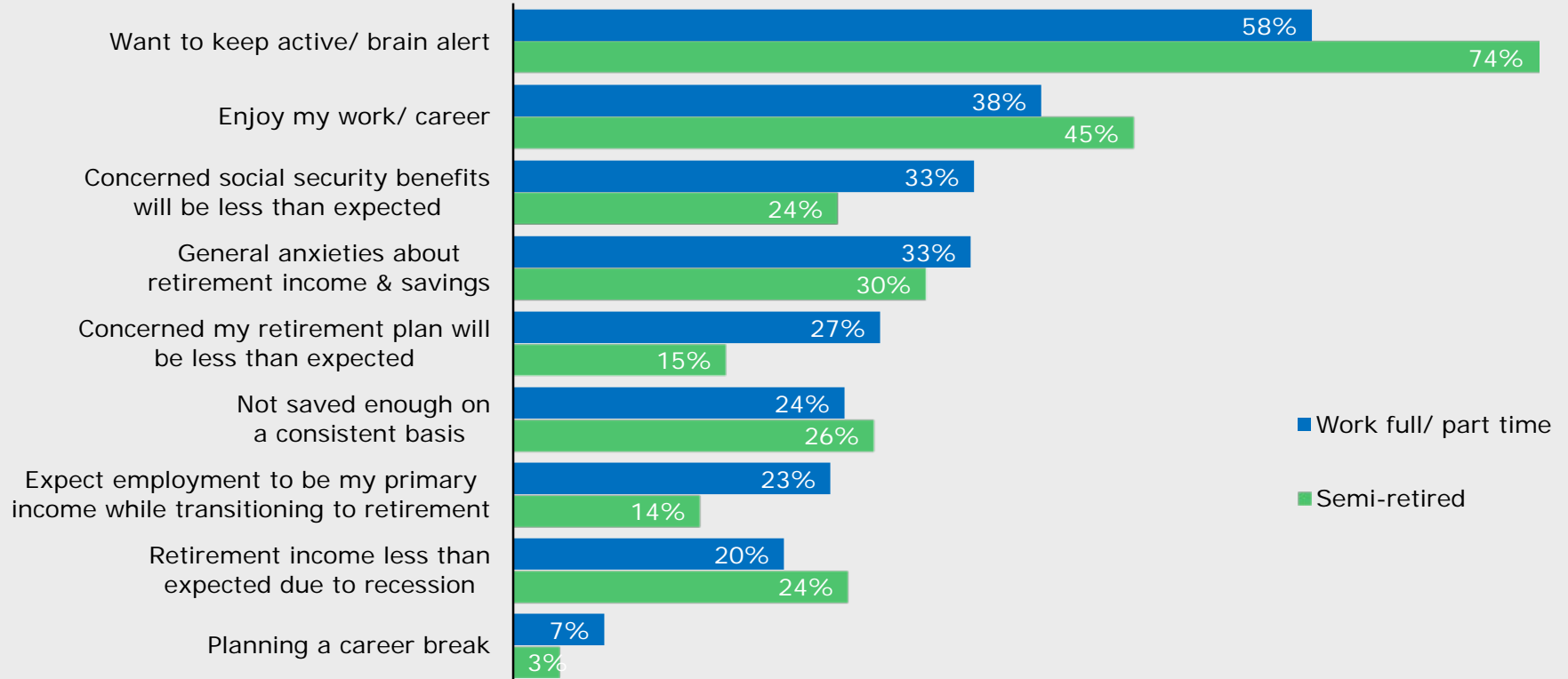
Among those not fully retired, excellent health equates to confidence in living a comfortable retirement lifestyle: **42%** versus just **7%** of those in poor health

*Q. How would you describe your health overall?*

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

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

*Keeping active is the biggest motive for working beyond retirement age*



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

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

*Saving habitually is the best way to improve retirement savings*

#### Habitual Saver Portrait



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



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



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



**34%** feel economy will improve in next 12 months



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



**80%** positive associations about retirement



**36%** are confident they will have a comfortable retirement



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



**48%** have a backup plan

#### By Country

Less than 30% are habitual savers



More than 50% are habitual savers



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

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

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

#### Aspiring Saver Portrait



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



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



**21%** feel economy will improve in next 12 months



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



**61%** positive associations about retirement



**10%** are confident they will have a comfortable retirement

#### By Country

Less than 15% are aspiring savers



More than 30% are aspiring savers



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

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

### *Providing employees financial planning and advice support*



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

Lowest:



8%

Highest:



47%



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



5%



23%



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



5%



23%

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

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

### *Providing employees the opportunity to stay in paid work*



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

Lowest:



16%

Highest:



34%



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



8%



37%



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



6%



42%

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



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

### *Automatically enrolling employees into workplace retirement plans*



#### Habitual Savers

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

#### Aspiring Savers

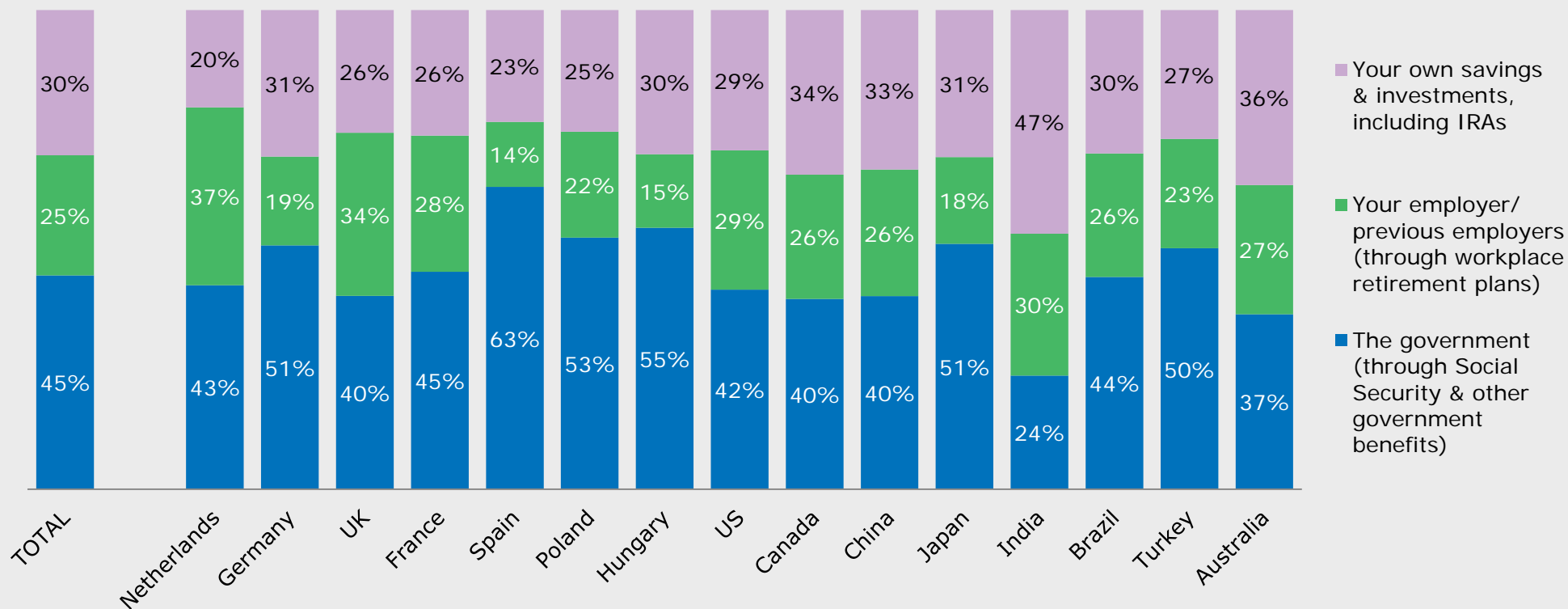
- **59%** find auto-enrollment appealing at **6%**
- **53%** find auto-enrollment appealing at **8%**

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

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

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

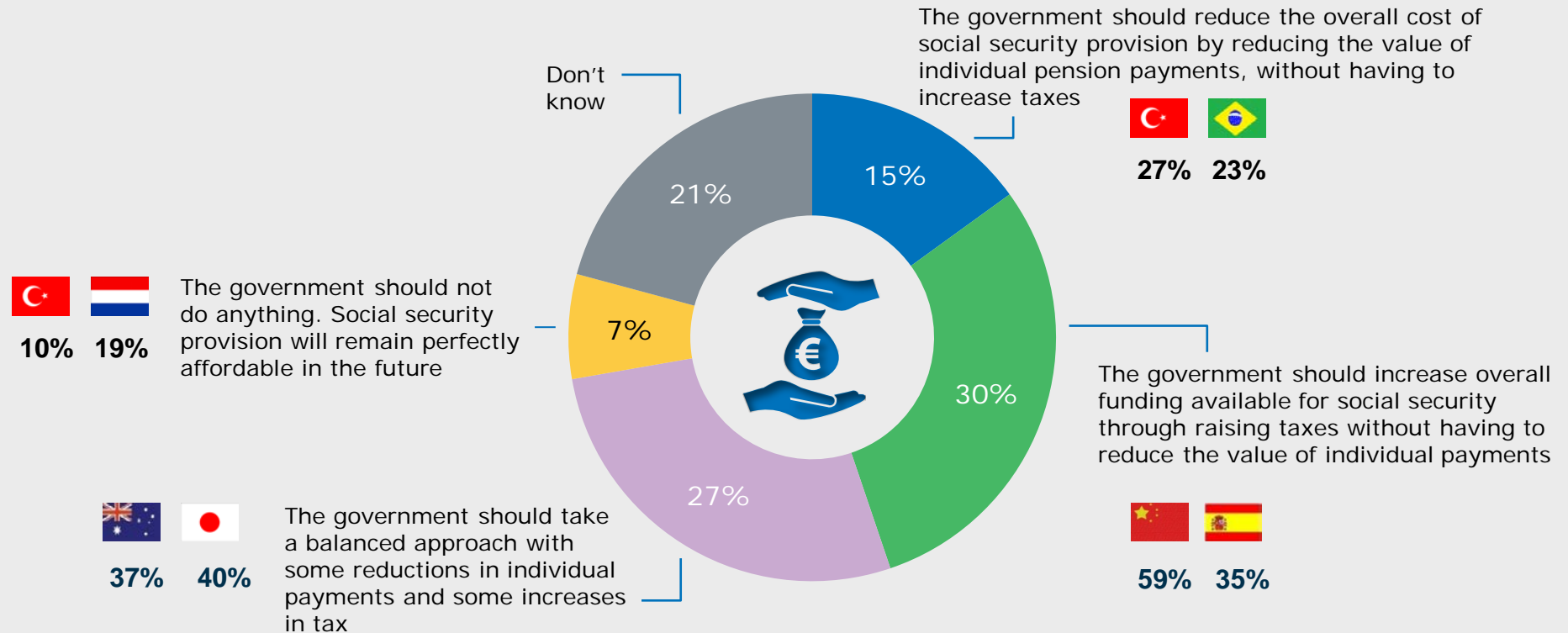
*Many expect to rely on the state to provide them with retirement income*



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

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

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



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

# Recommendations

## The role of governments

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

## The role of employers

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

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

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

## The role of individuals

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

# Questions and Answers



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# Company information

## Aegon Center for Longevity and Retirement

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

## Transamerica Center for Retirement Studies®

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