The Changing Face of Retirement

The Young, Pragmatic and Penniless Generation

Contents

Foreword

The Changing Face of Retirement: The Young, Pragmatic and Penniless Generation sets forth some of the key challenges facing young adults as they seek to balance their immediate financial pressures with the goal of planning for retirement. The survey was based on 10,800 employees in 12 countries worldwide, and included 2,722 employees between the ages of 20 and 29. With over half of young people today expecting to be worse off in retirement compared to their parents' generation, the current generation of people in their twenties find themselves faced with particular challenges in saving for later life.

We are all living through a period of rapid and unprecedented economic and social change. Nowhere is this change felt more than among young adults who are, whether they realize it or not, forging a brave new world, one which is highly educated, high tech, and well traveled. Yet in this world of new opportunities, many young people are financially stretched. The ongoing global economic downturn has created a highly uncertain financial outlook with historically high levels of youth unemployment and personal debt (particularly student debt), and competing pressures on young adults to establish themselves in the world of work while starting a family and planning for the long-term. At the same time, governments and employers are busy introducing pension reforms which place greater financial responsibilities on younger people to fund their own retirement.

Faced with this challenge, our research finds that the aspiration to save for retirement remains surprisingly strong for employees in their twenties. One quarter are saving already, and almost half would like to begin. As the squeeze on household incomes places constraints on their ability to save, it is necessary to improve access to retirement products, preferably with clear tax benefits, and to better financial education and advice. Likewise, the retirement system itself must address the increasing pragmatism of young people who favor a more flexible transition into retirement which strikes a balance between work and leisure. The role for governments, employers and the retirement savings industry is to put in place the right conditions to ensure that such constraints are overcome and retirement aspirations are realized. It is our hope that the insights gained from the Aegon Retirement Readiness Survey 2013 will contribute toward retirement solutions which better fit the ever-changing lives of young adults.

Marc van Weede
Executive Vice President, Head of Sustainability, Aegon N.V.
Catherine Collinson
President, Transamerica Center for Retirement Studies
Mark Twigg
Executive Director, Cicero Group

Summary

Today's world is changing rapidly. The pace of change is felt by none more than the twentysomething generation, whose world has been transformed by developments such as the Internet, the rise of social media, the onset of affordable air travel, and the rapid expansion of higher education. Furthermore, economic growth in developing markets has transformed the opportunities and outlook of millions of young people in what were once low-income countries, particularly in China, one of our survey countries.

Opportunities and obstacles

This changing world presents young people with many opportunities, but also with uncertainties and obstacles which impact their financial planning and long-term financial security. Cast-iron government and employer retirement benefits are less prevalent than before, and have given way to a more individualistic approach based on personal responsibility. In an uncertain labor market, employment is less secure. Today's employees switch employers, take career breaks, and undertake periods of self-employment or contract work. A steady salary progression has become the exception rather than the rule. Major life goals such as education funding and home ownership are more costly and harder to achieve than in previous generations and also compete with retirement funds. In this new reality there is a clear role for employers and retirement providers, supported by government, to embrace young employees' willingness to take control of their financial future.

Key findings

The Changing Face of Retirement: The Young, Pragmatic and Penniless Generation reveals a retirement shortfall for employed young adults between the ages of 20 and 29 that is due to a lack of opportunity to save, rather than a lack of will. A range of uncertainties and obstacles, some driven by life stage, many generationally unique, conspire to make saving for retirement harder today than it was for older generations. Young employees recognize these challenges and are prepared to take responsibility for the solution. To do this they require employers, retirement providers, and governments to provide suitable financial expertise, knowledge and products.

Young employees are realists in a changing world

Working adults between the ages of 20 and 29 expect to be worse off financially in retirement than their parents (59%), and take on more financial responsibility, including funding their own retirement. Additionally, 37% believe that they will likely fall short of their retirement needs. Furthermore, 27% believe that their retirement shortfall will be large, at least half of what they estimate they will need in retirement. As a result, 44% are pessimistic that they will not be able to choose when to retire, a luxury enjoyed by many of their parents. Another factor is the financial impact of caring for the older generation, with 28% expecting to provide financial support for retired parents, and 40% agreeing that 'adult children of retirees should help provide financial support for their parents if needed.'

Forecasts support such pragmatism. Today the average retirement age is around 63 years, but by 2050, when those in their twenties today will be entering retirement, the official retirement age of many countries will be an average of 67 to 68 years, due in part to increased longevity, an aging workforce, and receding government benefits. In addition, youth unemployment is at historically high levels. In Spain this stands at 53% for 15 to 24 year olds, the highest of our survey countries, followed by Hungary (28%) and Poland (27%).

Young employees are ready to do what it takes to save for their retirement

A surprising and encouraging two-thirds of young employees are committed to or have the ambition to save for their retirement. A core 25% of young employees are habitual savers who 'always make sure' that they are saving for retirement, and a highly encouraging 41% of young employees are 'aspiring' savers who intend to save. Furthermore, the need to save is widely recognized – 57% of young employees believe that retirement savings are important, but not a priority for them at the moment. Taken together, these findings suggest that many young employees are prepared to 'own' the retirement problem, having accepted the new reality, perhaps more readily than some older employees.

Aspiring savers unable to meet their savings goals can be turned into habitual savers with better educational support, advice and information

The survey reveals that a significant percentage of younger employees (47%) do not know if they are on course to achieve their desired retirement income – a lack of insight into the future which may contribute to savings inertia. Addressing this shortfall, many young employees express an interest in financial education and advice. Fully 26% say that 'better and more frequent information about my retirement savings' would encourage them to save more for retirement, 23% cite 'access to a professional advisor with personal recommendations,' and 22% want 'financial education so I am more aware of what I need to do for myself.'

Tellingly, almost a quarter of young employees (24%) cite friends and family as the most important source of information in choosing how to save for retirement, which suggests that employers and professional financial services companies are either not providing appropriate support or are not providing support in a manner that is perceived to add value to these employees. Given the severe long-term repercussions of poor retirement readiness, it is essential that employers and retirement companies make haste in filling this gap.

Young employees can meet their retirement goals and aspirations with access to flexible financial products which suit the life they lead

Today's young employees require flexible savings products, such as more portable retirement benefits and other workplace savings offerings, which move with them between employers and across different life stages. Young employees' employment patterns are different to those of previous generations. The survey revealed that 39% are planning to look for a new job in the next 12 months, compared to 29% of all employees, and 31% of young employees are thinking about quitting their jobs. At the same time, young employees place a high value on occupational benefits, with 87% believing a workplace retirement plan with employer contributions would be an important factor when choosing their next job.

These dual needs of workplace retirement plans and high levels of labor mobility can be resolved with a more flexible range of employer benefits. A third (33%) of young employees would be encouraged to save for retirement by matched retirement contributions from their employer. Again, clarity and insight are themes, with 24% stating that access to simpler investment products would increase their propensity to save. Finally, there is a leading role for government to play through the creation of stable, long-term financial and taxation policy. Among young employees, 34% stated that more generous tax breaks on long-term savings and retirement plans would encourage them to save.

Introduction

Today's twentysomethings are young but hardly carefree. At a time in life when previous generations built a career and laid the foundations for a secure future, many of today's young workers face unprecedented financial challenges. Student debt, uncertain employment prospects, high housing costs, the potential support of elderly parents, and receding government retirement benefits are just a few of the economic and financial uncertainties that undermine their ability to plan and save for their retirement. At a time in life when savings have the longest time horizon for growth, these challenges work against young workers' future retirement readiness.

The structure and methodology of this report

The Young, Pragmatic and Penniless Generation polled employees and retirees in 12 countries: Canada, China, France, Germany, Hungary, Japan, the Netherlands, Poland, Spain, Sweden, the United Kingdom, and the United States. These countries were selected on the basis of having distinctive retirement systems, as well as varying demographic and aging trends [i].

Respondents were interviewed using an online panel survey in their native language [ii] in January and February of 2013. The sample comprised 10,800 employees, including 2,722 people between the ages of 20 and 29, and 1,200 retirees. The 12 countries surveyed represent employees who cumulatively have access to around 85% of the world's private retirement assets [iii] (excluding government retirement benefits).

Issues covered included attitudes toward retirement preparedness, the role of government and employers in the provision of retirement benefits, and the impact of the financial crisis on attitudes to investment risk and retirement planning. The survey did not include the self-employed, unemployed, or long-term incapacitated, since each of these groups faces specific retirement planning challenges which may require specialized public policy interventions. Thus the research reflects views of the mainstream working population.

A guide to this report

The report's conclusions and recommendations flow from an examination of today's young employees in the context of older and retired employees.

- Part 1 of this report explores the financial pressures that young people face from unemployment, intermittent employment and extended full-time education.
- Part 2 reviews the savings outlook, including young employees' attitudes toward saving, expectations for retirement income and retirement age, and perceived responsibilities toward parent care.
- Part 3 examines some of the potential savings obstacles, such as household economics and the income position of the individual employee, and the importance of advice and education in altering youth perceptions of financial priorities.
- Part 4 explores how to encourage young people to save, and the role of employers in this.

The final part sets out recommendations for improving the retirement readiness of this important group within society.

Part 1: Young people at risk in an uncertain world

As societies enjoy the benefits of longer life expectancy, people will need to work harder to secure a comfortable retirement. This will mean saving more during working life, and a redefinition of how to approach retirement. When it comes to achieving this important life goal, however, some groups are more at risk. This report examines one such group in detail: young employees at the beginning of their working life.

Who are younger employees?

This report defines younger employees as people between 20 and 29 years of age, a group that belongs to the Millennials generation born between 1980 and 2000. This group differs widely among countries, although there are clear trends. Many have been in the labor market just a few years, after a long period of higher education. Unsurprisingly, median household incomes are lower, around $27,500, according to this research, compared to an overall median of $46,000. Twentysomethings are also more likely than average to be single and much less likely to have children. A quarter are married, compared to an average of 64% for the generation now in their 50s.

Education levels vary across the countries included in this research due to differences in higher education systems (Chart 1). Overall those aged 20-29 were more likely than the average respondent to have at least an undergraduate degree. The increasing prevalence of education has both positive and negative impacts.

Chart 1: A portrait of younger employees

Q. Which of the following reflects your annual household income before taxes?

Q. What is your marital status?

Q. Please choose from the following list the highest level of educational or professional qualification you have.

Q. How many children do you have who are financially dependent on you? Please include all children and stepchildren.

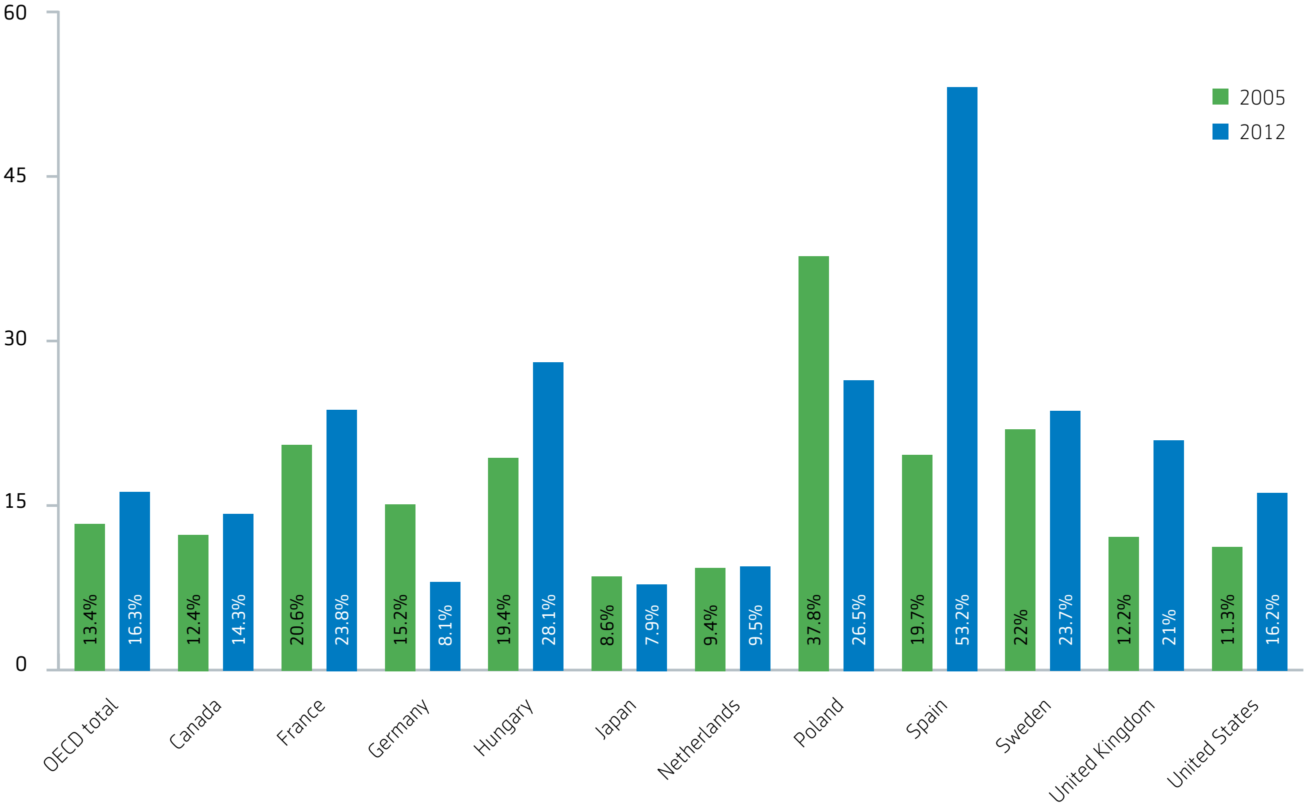
Country	Median Income (nearest 000)	Married?	Undergrad degree or more?	Dependent children (any)
All 20-29 year olds	$27,500	25%	53%	25%
Netherlands	$37,000	17%	39%	20%
Germany	$38,000	33%	18%	27%
Sweden	$39,000	16%	30%	32%
United Kingdom	$48,000	24%	53%	24%
France	$28,000	23%	66%	26%
Spain	$23,000	13%	54%	25%
Poland	$13,000	38%	57%	28%
Hungary	$6,000	31%	34%	16%
United States	$43,000	26%	58%	27%
Canada	$51,000	36%	55%	27%
China	$18,000	31%	89%	30%
Japan	$37,000	12%	63%	11%

Why are young people at risk?

Today's young people face a challenging set of circumstances. An aging society means fewer employees supporting more retirees, which is profoundly affecting how societies fund retirement. In most of the countries surveyed, 'traditional' retirement provision, such as government retirement benefits and other forms of social security, or employer-sponsored retirement arrangements like defined benefit company retirement plans, are already subject to long-term reforms. These reforms will reduce the value of future entitlements by lowering retirement income benefits and raising the age of retirement, and are likely to begin to take full effect from the middle of this century, just as the current generation of twentysomethings enters retirement. Consequently, the retirement prosperity enjoyed by today's Baby Boomers will not be shared by subsequent retiring generations, unless there is a major change in their savings behavior.

Such changes will not be achieved easily in the current climate. The global financial crisis of 2007-8 not only created a need for long-term structural retirement reforms, it also led to the more immediate menace of historically high levels of youth unemployment. The International Labour Organization (ILO) estimated that in 2013 unemployment affected 73 million young people aged 15-24 worldwide, representing more than 12.6% of all young people [iv]. Across the EU, 22.8% of people under 25 were unemployed in 2012, and in Spain the figure was 53% [v]. It is worth noting that the study is conducted among those who are currently employed (part- or full-time), so the findings do not fully take into account the significant number of unemployed young people.

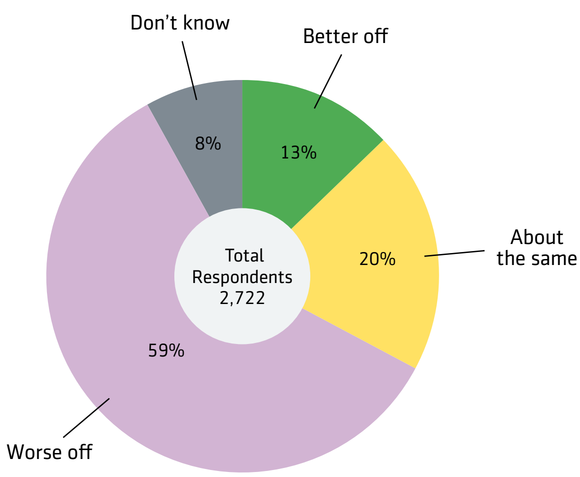
Chart 2: Youth unemployment in 2005 and 2012 across Aegon survey countries (excluding China)



Note: Youth unemployment rate % of youth labour force (age 15 - 24) [vi]

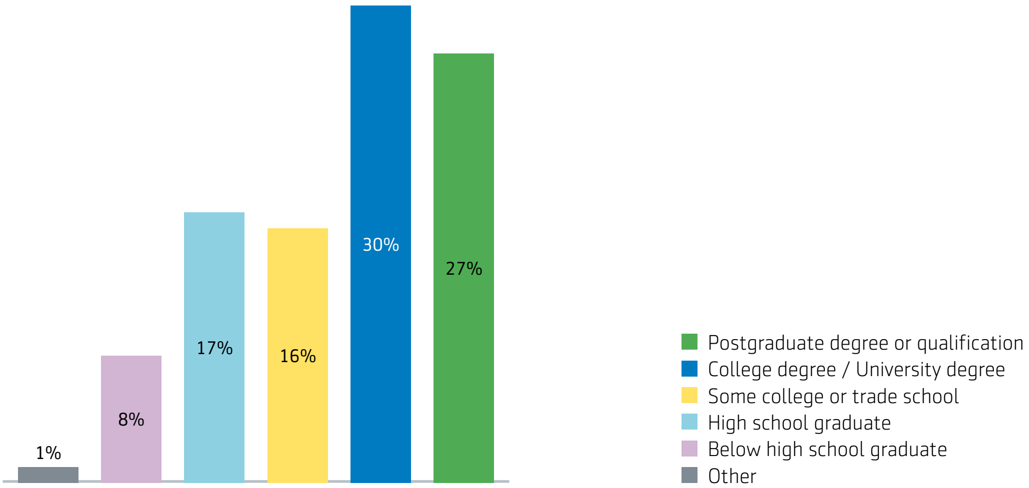
The problems of high levels of youth unemployment and economic uncertainty affect those with jobs, as well as those without, as they breed lower levels of job security and downward pressure on wages. They also have a significant impact on the psychology and confidence of younger people, including those in work, and their confidence in their short-term and retirement finances. As the survey findings reveal, most young employees expect to find themselves worse off than their parents' generation when they enter retirement (Chart 3).

Chart 3: The majority of young employees believe that they will be worse off in retirement compared to their parents
Q. Do you think that future generations of retirees will be better off or worse off than those currently in retirement?
Base: 20-29 year olds



Another major influence on the ability of young employees to save for retirement is the growth of higher education. One positive is that college graduates are more likely to benefit from lower unemployment rates, fare better during economic downturns, and experience higher incomes across their lifetime, supporting aspirations like home ownership [vii] and helping to sustain long-term savings and increased levels of retirement preparedness (Chart 4).

Chart 4: Graduates are likely to enjoy a greater sense of retirement preparedness
Q. Thinking about how much you are putting aside to fund your retirement, are you saving enough?
Base: All 'very prepared for retirement'



Conversely, full-time education delays entry into the labor market, causing a loss of several years of full-time earnings potential. Moreover, ballooning levels of student debt may significantly delay the onset of post-graduation saving. Between 2004 and 2012, for example, student debt in the United States tripled to $966 billion nationwide. The effect of this is that today's younger employees must take greater personal responsibility for their savings, a challenge in the current economic and financial circumstances.

Why is this group of young employees important?

By the middle of the century, today's 20-29 year olds will have led the world economy through an economic recovery and dramatic demographic shifts, during a period of greater uncertainty for modern retirement systems and other issues. In developing countries such as China, this group will be more affluent than their parents, but still need to deal with the consequences of a rapidly aging population, and an economy which has passed its phase of rapid growth.

For all of their challenges, however, this group of young people represents the biggest opportunity to change societal savings behaviors for the better. The Aegon Retirement Readiness Survey 2013 provides insights into how best to achieve this through a greater understanding of the group's outlooks and savings habits.

China's young employees: bucking the gloomy trend

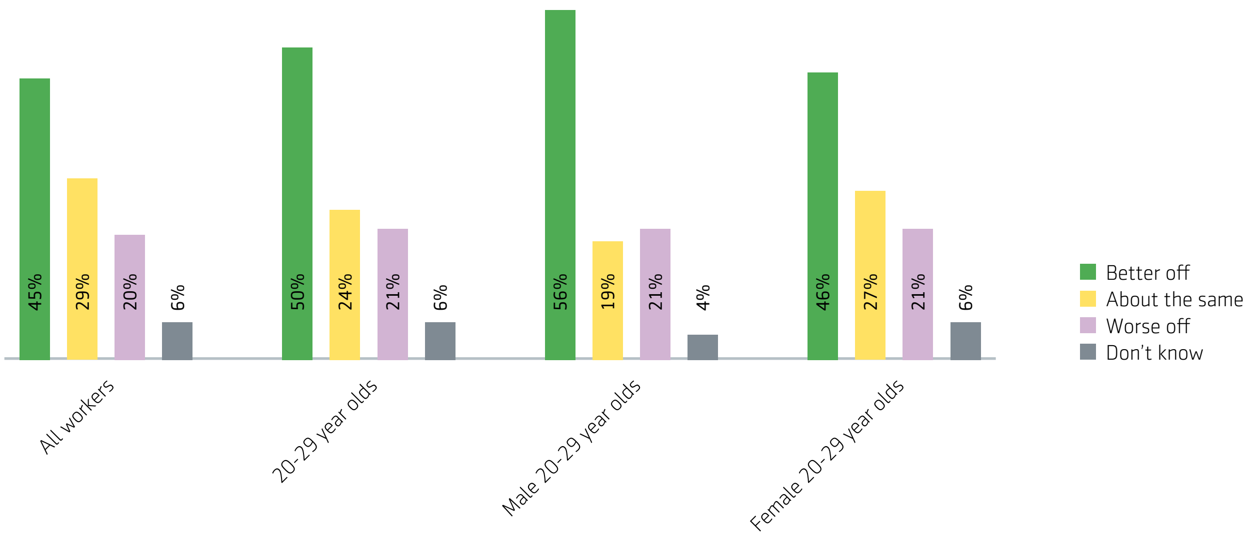
A key finding of this year's Aegon Retirement Readiness Survey is that Chinese employees are far more confident and optimistic about their financial future than employees in other countries. This is also true of younger employees. Of those Chinese aged 20-29, half (50%) believe that they will be better off in retirement than those currently in retirement. Younger Chinese men are the most optimistic, with 56% believing that they will be better off.

This optimism is relatively justified. Since 1980, Chinese GDP per capita has increased thirty-fold from $193 to $6,091 in 2012 [viii]. While this dramatic increase has not benefitted all Chinese equally – by the Chinese government's measure 99 million rural Chinese live in poverty [ix] – huge progress has been made, and young people in China are generally optimistic that their economy will continue to expand over the next 30 years. Concerns about the sustainability of growth remain however. Just 37% of Chinese 20-29 year olds believe that the Chinese economy will improve over the next 12 months – indeed, 2013 will see the economy's slowest expansion since 1990 [x]. Long term, China's rapidly aging population makes creating a comprehensive and sound retirement system an urgent priority [xi]. Coverage has expanded in the past 10 years with reforms such as the introduction of the Enterprise Annuity in 2005, yet it is still not clear how China will build a universal retirement system across both the government-sponsored and private sectors. However, the success of reforms carried out to date suggests that tax incentives and efforts to improve awareness are required as part of any long term solution.

Chart 5: China's younger employees are confident of a better retirement

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

Base: Respondents in China



Part 2: The savings outlook of young employees

This chapter explores the financial behaviors and savings gaps and needs of 20-29 year olds through their attitudes toward financial issues, the wider economy, and the savings required for a comfortable retirement.

Retirement readiness and young employees

Retirement is seen as a major life stage by young employees. They typically expect to spend an average 20 years of their lives in retirement, a definition of retirement that is consistent across all working age groups. Retirement conjures broadly positive associations. Fully 63% of employees in their twenties aspire to travel during retirement, 39% see it as a period of leisure, and 30% associate it with freedom. The need to plan and save for this phase of life is also widely accepted. Half (50%) of employees in their twenties are aware of the need to save, and 64% feel a high or very high degree of personal responsibility to ensure sufficient income for retirement.

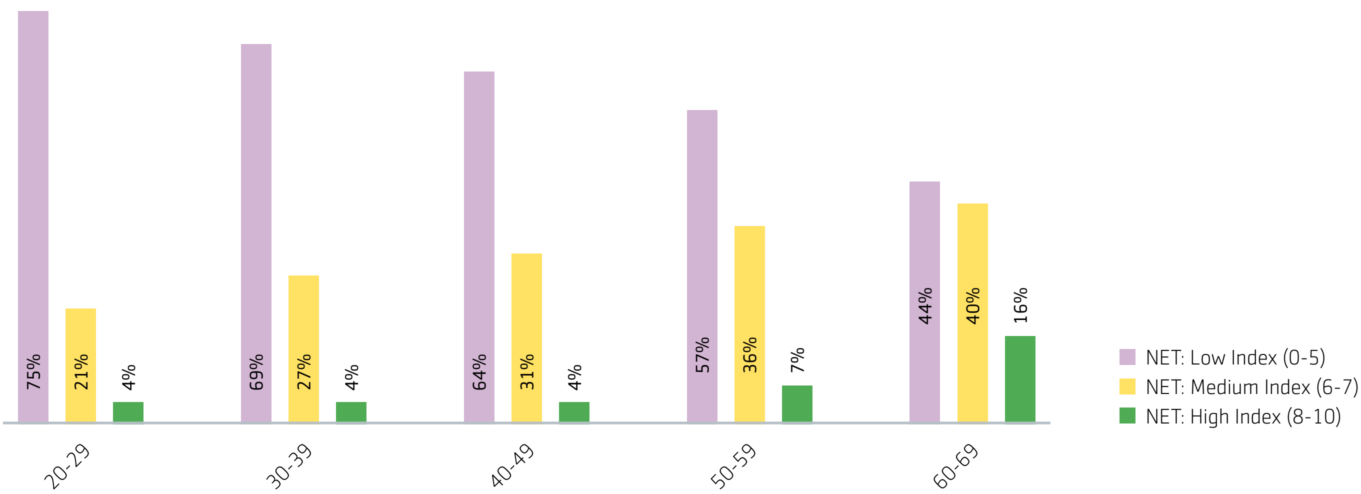
However, many young employees have concerns about achieving this. Over a third (38%) are pessimistic that they will not have enough to live on in retirement and 44% are pessimistic about being able to choose when they retire. Furthermore, 28% have made no plans at all for their retirement, which may help explain some of these concerns. Health worries are less of an issue, with 52% being optimistic that they will enjoy good health in old age, although 20% believe that they will not, which is perhaps related to the 17% who associate retirement with ill health in general.

Overall, 75% of employees in their twenties achieved a low retirement readiness score of 0-5 on the Aegon Retirement Readiness Index (please refer to the glossary and Appendix 1 for an explanation of the Index). The percentage of employees with a low score of 0-5 drops with each increase in age group, and is 44% among those in the 'at retirement' group of 60 to 69 year olds.

Chart 6: Aegon Retirement Readiness Index scores for employees across age groups

For more information on the ARRI see page 36.

Base: All aged 20 - 69



Life stage and savings attitudes

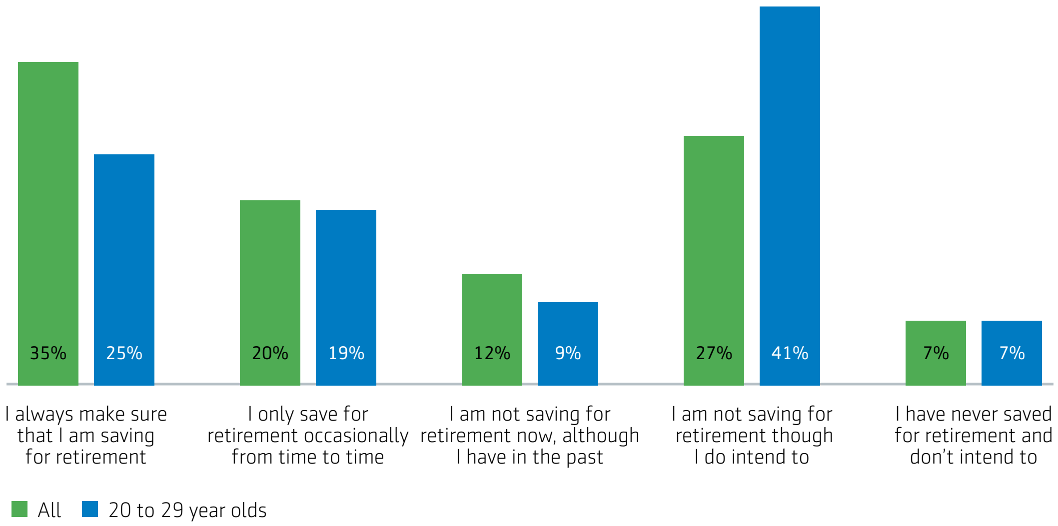
The Retirement Readiness Index reveals that retirement preparedness is, to some extent, age- and life stage-related (Chart 6). For younger employees, the idea that retirement is 'far away,' combined with lower earnings and other spending priorities (such as higher education or purchasing a house) can be powerful obstacles to saving for retirement. Thus, while 35% of all employees say that they 'always make sure' that they are saving for retirement, just 25% of 20-29 year olds do so. At present, over half (57%) of 20-29 year olds are not saving for retirement, compared to 46% of all employed adults. Even in China, where 44% are always saving for retirement, just 32% of 20-29 year olds do so.

This life cycle effect can be seen in numerous ways. At the outset of adult life, employees experience lower income and higher spending as they prioritize and fund life events, with a significant impact on their ability or desire to save for retirement. Getting married and starting a family are two such events. Of employees in their twenties, 25% are married, and 25% have children, whereas for those in their 30s, 54% are married, and 56% have children, representing a major shift toward parenthood.

Encouragingly, while young employees are less likely to have started saving for retirement, many see themselves as future 'aspiring' savers. Fully 41% intend to save in the future, compared to 27% of all employees, and only 7% do not intend to save for retirement. This large group of aspiring savers, who are committed to the idea of putting money aside for retirement, challenges the view that young people are unwilling to save. Furthermore, since converting these young employees from aspiring savers to regular savers may depend on the right economic conditions and appropriate financial incentives, helping them is a major opportunity for governments and employers.

Chart 7: Younger employees are much more likely to aspire to save for retirement but the majority are not saving

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

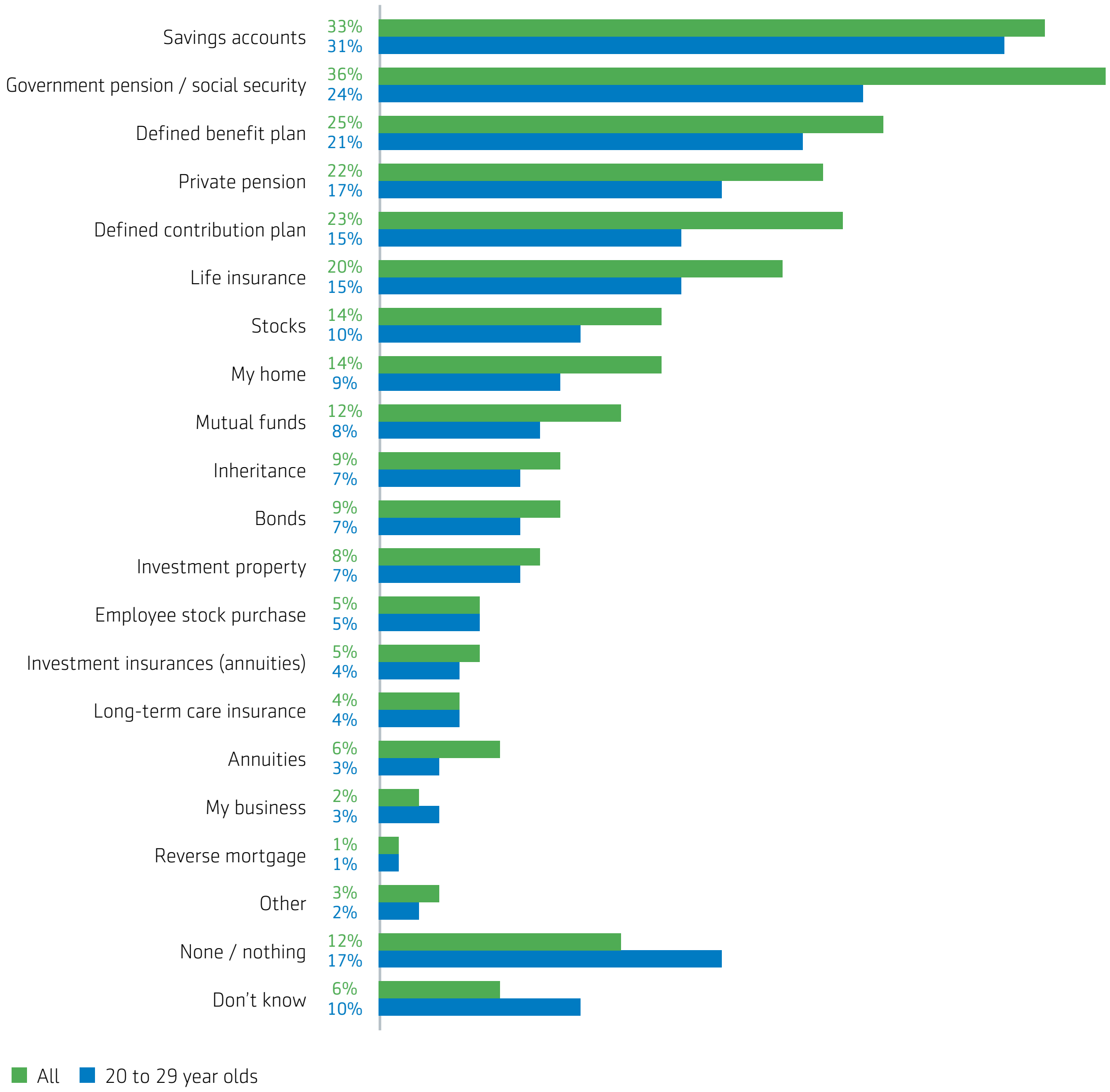


Other findings support the assertion that younger savers are open to increasing their retirement savings. Over a third (37%) of 20-29 year olds feel 'very responsible' for ensuring a sufficient retirement income. Note, however, that this does not translate into better developed financial plans and savings strategies. Only 7% in this age group feel they have 'well developed' personal retirement plans, and 33% say they are 'hardly saving anything' for retirement. Clearly awareness of the retirement situation does not translate into actual retirement planning activity.

This can be seen in Chart 8. More 20-29 year olds claim that they are not likely to be saving for retirement by any means (17% against 12% for all adults), and are generally less likely to use any of the savings products mentioned. Revealingly, 20-29 year olds are far less likely to name 'government benefits in retirement' as a source of retirement income, although almost all respondents have some such entitlement. This may be due to unawareness of government benefits and / or greater scepticism about governments' ability or willingness to provide for them in old age.

Chart 8: Younger people are more likely not to be using any means of retirement savings

Q. Which financial means, if any, are you currently using to prepare for your retirement?

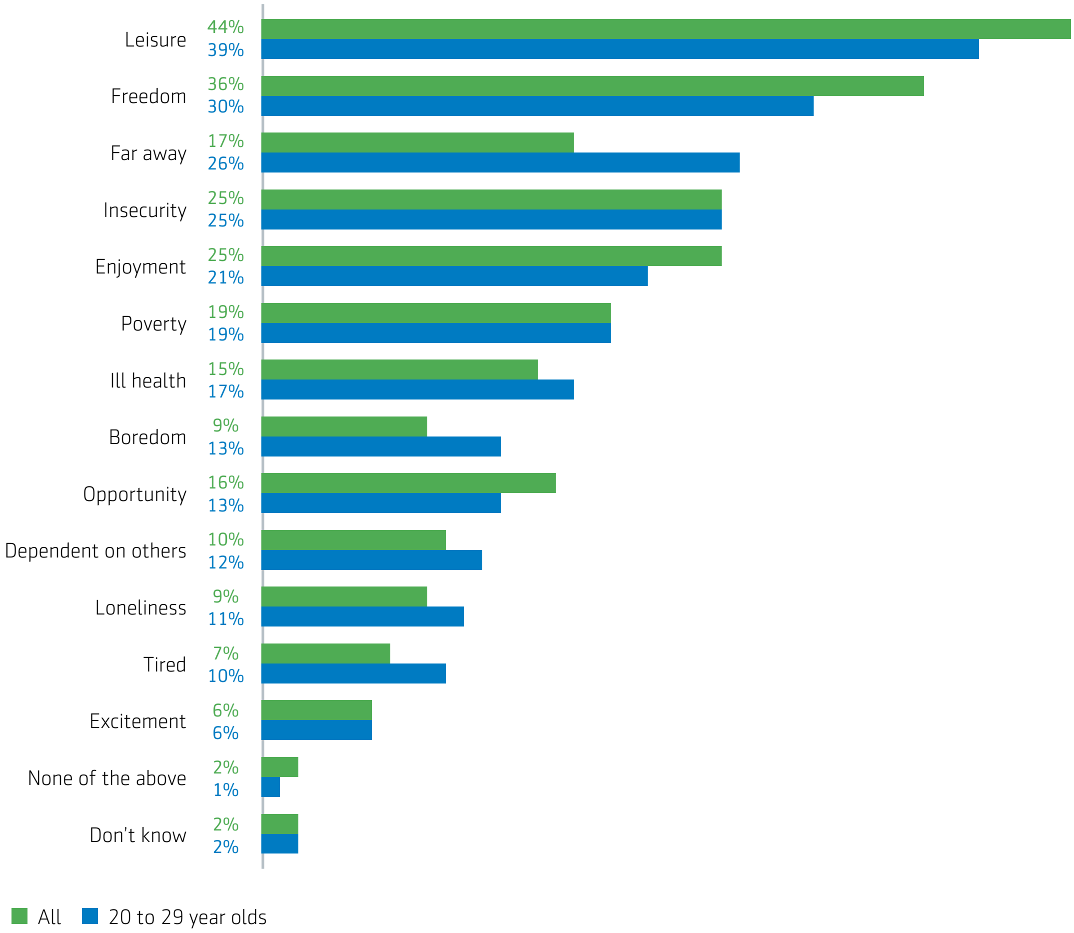


Retirement associations

What does the younger generation feel about retirement and want to get out of it? Perhaps unsurprisingly, 20-29 year olds are more likely to be negative than older respondents, associating retirement with boredom, loneliness and ill health. They are also far more likely to believe retirement is 'far away,' which is likely to be a barrier to retirement saving.

Chart 9: The younger generation has more negative associations with retirement

Q. Which, if any, of the following words do you most associate with retirement?



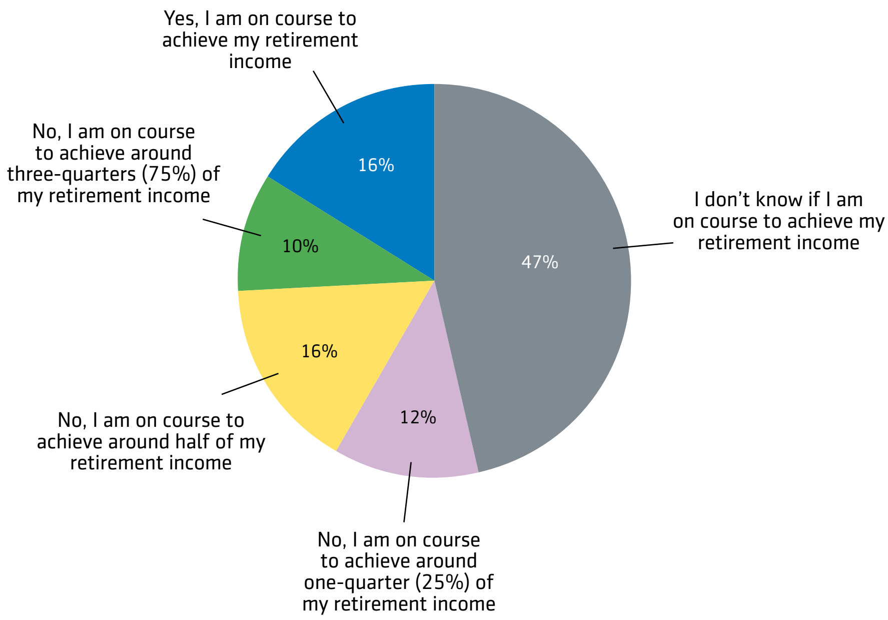
Aspirations and responsibilities for retirement

Young people have similar retirement aspirations to the general population, for example, travel (63%), spending time with friends and family (61%) and pursuing new hobbies (52%). For them, however, retirement also includes the responsibility of caring for others. Two-fifths (40%) believe that 'adult children of retirees should help through providing financial support to their parents if needed,' and 28% believe that this will affect them directly in retirement through providing financial support to their parents. A fifth (21%) also expect to spend some of their retirement caring for other family members, while just 30% don't expect to provide for anyone, compared to 40% of all employees. Clearly, today's young employees anticipate serious financial responsibilities in their retirement.

Income levels in retirement

A high proportion (47%) do not know if they are on course to achieve their retirement income goal. Combined with the high level of financial responsibility young employees expect to assume in retirement, it is clear that people not only need to build much greater awareness of what kind of financial pressures they are likely to face in retirement, but also require greater support in establishing realistic retirement income targets which are capable of meeting their needs.

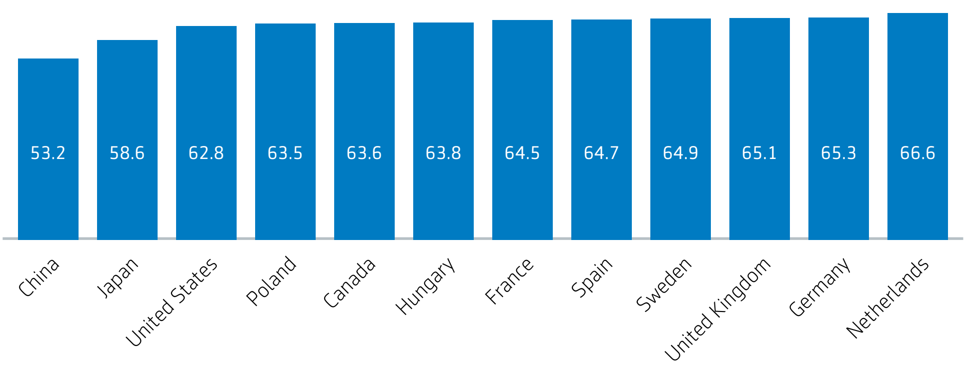
Chart 10: Many young employees do not think that they are on course to achieve target retirement income
Q. Do you think you will achieve this income [your estimated income needed in retirement]?
Base: 20-29 year olds



When will young people retire?

Media reports about the need to raise the age of retirement appear to have influenced younger employees. Fully 44% of 20-29 year olds do not expect to be able to choose their retirement date, although the younger generation do expect to retire at a similar age to older employees, 63. This varies considerable by country. In the Netherlands, young employees expect to retire eight years later than those in Japan. Some countries, such as China and Japan, have surprisingly low expected retirement ages, suggesting that young employees may benefit from having a better understanding of when government or workplace retirement benefits kick in.

Chart 11: Young people in most countries expect to retire before 65
Q. At what age do you expect to retire from all paid employment?
Base: 20-29 year olds



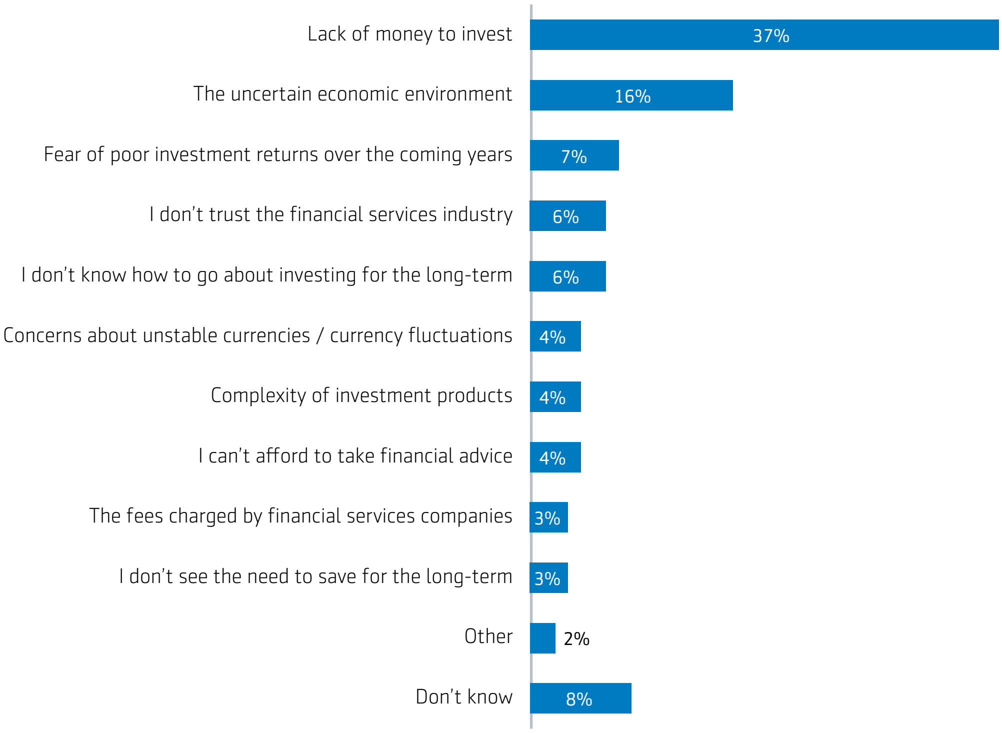
Despite expecting to retire at the same age as their parents, younger employees are more open to a transition into retirement, reflecting their more flexible outlook toward work. Around half (51%) are happy to change the way they work in some way as they move into retirement. Just 8% expect to keep working as they do currently.

Part 3: What is holding young employees back?

Insights into what young employees feel is holding them back from saving, or saving more, can be used to encourage younger people to adopt more positive savings behaviors. This chapter explores the attitudes of young employees toward the financial obstacles they face and asks what actions they have taken in preparation for retirement. The findings reveal that while the majority lacks adequate planning for their retirement needs, financial shortcomings are only part of the story. Spending preferences play a key role in the savings gap of advanced economies.

Obstacles and incentives to saving

Chart 12: Younger employees feel they don't have money to invest for retirement
Q. What is the single biggest obstacle to you saving for retirement right now?
Base: 20-29 year olds



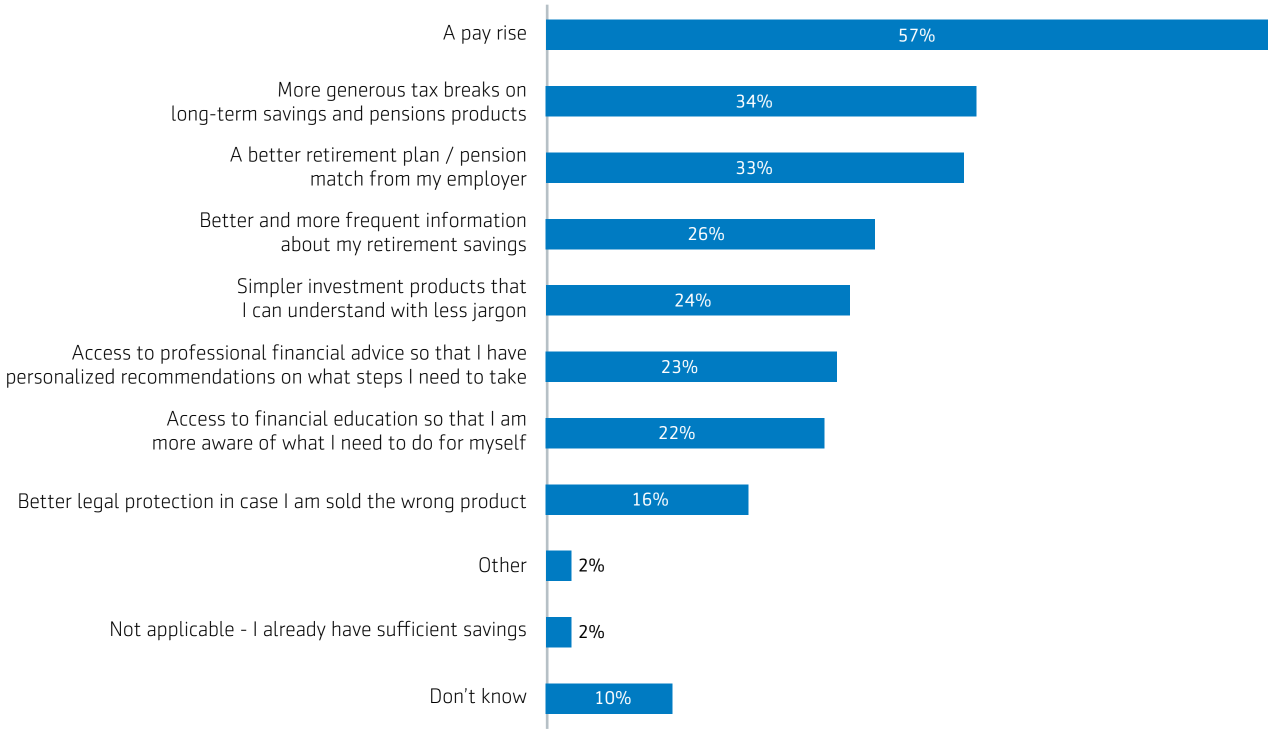
What is the single biggest obstacle preventing twentysomethings from saving for retirement? Not having enough money to invest is top of the list, cited by over a third (37%), although this figure drops to just 6% in the emerging market of China where mean incomes are the lowest by far ($18,000), suggesting that lack of cash may be partly a state of mind. Young employees in China are actually more worried about local concerns such as economic uncertainty (29%) and currency instability (15%). Behavioral finance has an impact too, with the way young employees frame their financial priorities creating its own obstacles to saving. As many as 57% of 20-29 year olds believe that saving for retirement is important, but not a current priority, suggesting that they rank pressing and desirable life goals such as marriage, starting a family, vacations and other leisure activities above the need to plan for retirement. This suggests the savings gap is preference-driven.

The biggest obstacle to retirement savings cited by one-eighth (13%) of respondents is either not knowing how to invest for the long-term or the complexity of investment products, charges and fees. Ready solutions to this include improving young employees' financial literacy about retirement planning and creating easier access to professional financial advice.

Chart 13: More money would incentivize young employees to save for retirement

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

Base: 20-29 year olds



Turning to incentives, greater remuneration predictably tops a list of what would encourage 20-29 year olds to save for retirement. More tellingly, a third (33%) would like their employer to provide a better retirement plan into which both parties contribute. Better information and simple products would also help more people to save. A quarter (26%) would be encouraged to save by better and more frequent information about retirement savings, while a similar number (24%) want simple investment products that are easy to understand. As with the previous question, a lack of investment knowledge and the complexity of investment products are revealed as obstacles to savings.

Retirement planning

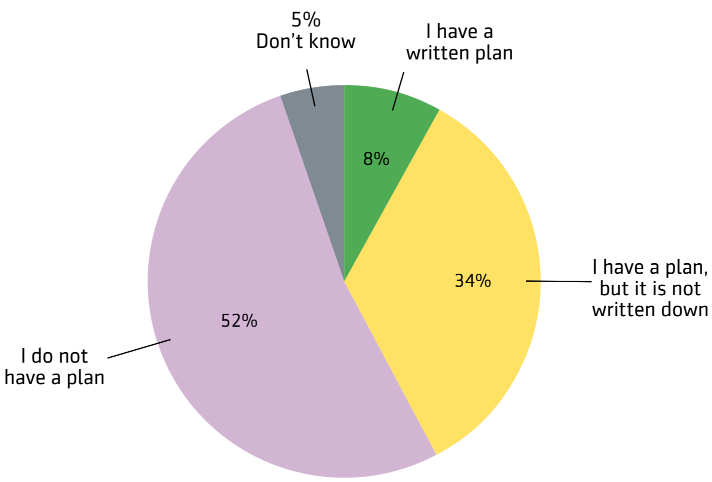
Retirement planning is essential to adequate retirement saving, although it is somewhat lacking in today's younger employees. Over half (52%) have no retirement planning strategy at all, and only 8% have noted down their retirement strategy.

Nevertheless, the respondents polled believe that the current global economy makes retirement planning increasingly important – 71% agreed with this statement. It is clear from this that young people between the ages of 20 and 29 do not lack the will to save; they lack the opportunity.

Chart 14: Very few younger employees have a written plan for retirement

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

Base: 20-29 year olds



Part 4: Creating the right conditions for young employees to save

How may young employees' obstacles to saving be overcome? For retirement readiness, this will be a defining question of the early twenty-first century – and an extremely challenging one, given the number of serious issues affecting younger employees' finances. What was learned in the previous chapter about encouraging young employees to save is a start. This chapter examines which areas and triggers to saving can be unlocked, and whether government, employer or individual should take most responsibility.

Information and advice on retirement saving

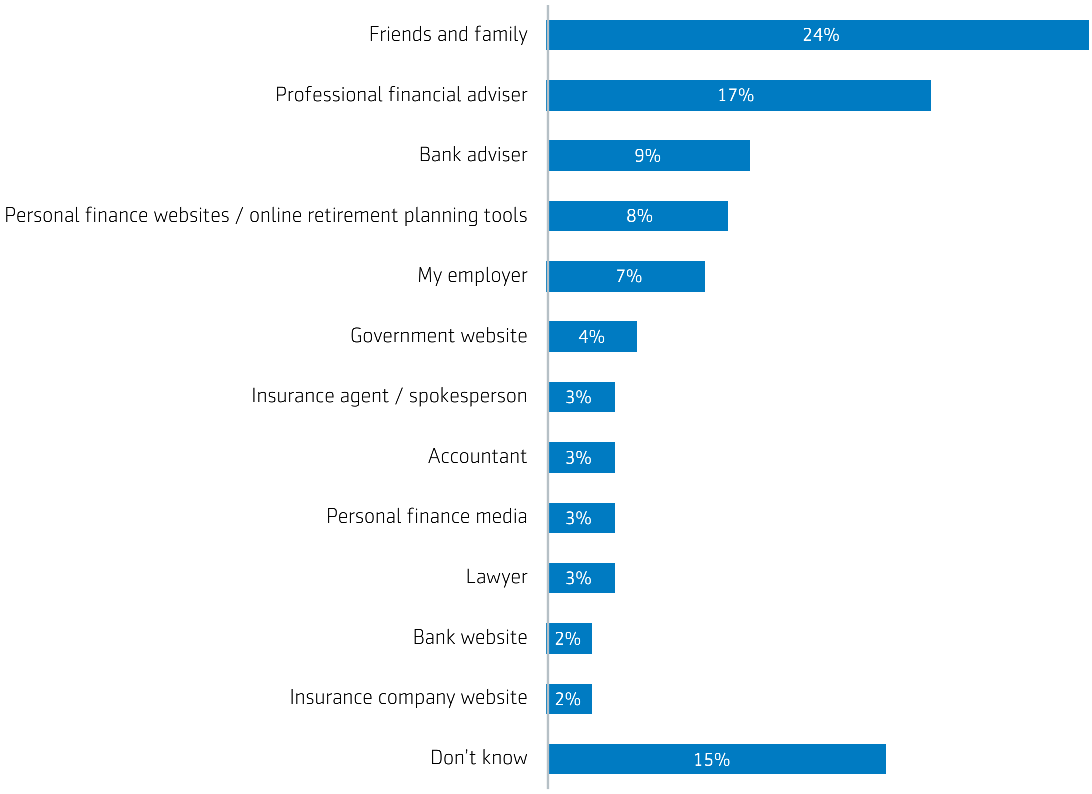
A strong theme revealed by our findings is that younger employees want more information on savings products and better access to advice. The largest share, 24% (compared to 17% for all employees), finds friends and family to be the most important source of advice, followed by professional advisers (17%) and bank advisers (9%). That young employees turn to friends and family first suggests an unmet need for professional financial advice. This is both a challenge and an opportunity for the financial services sector.

This finding is remarkably consistent across the countries surveyed, despite significant differences in market makeup, although some differences exist. For instance, a quarter (25%) of young employees in France turn to bank advisers for financial information, nearly triple the number among all young people (9%).

Chart 15: For young employees, friends and family are the leading source of retirement savings information

Q. Which of these sources (of information) is most important to you?

Base: 20-29 year olds



What is the role of the workplace in retirement planning?

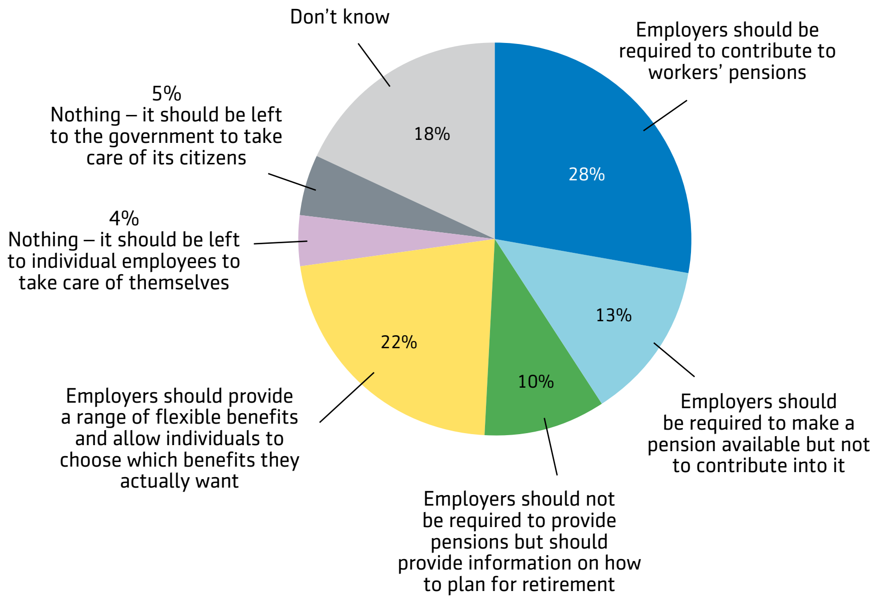
In response to shifting employment patterns, today's younger employees are less loyal to their employers than older workers. Fully 39% of 20-29 year olds are planning to look for a new job in the next 12 months, compared to 29% of all workers, and 31% frequently think about quitting their jobs. Strikingly, while 53% of all workers plan to stay with their current employer until retirement, just 37% of 20-29 year olds say this.

Doubtless much of this is because younger workers are more mobile and have more opportunities. Another trigger to lower employer loyalty may be the expectation of holding more jobs, and even pursuing multiple careers, over a working lifetime.

Does this influence what retirement benefits younger employees expect from their workplace? Certainly a majority favor workplace retirement plans, with 61% believing that these should be a fundamental part of pay (although this is lower than for employees overall), and just 4% feel that retirement planning should be left entirely to individuals.

However, there is evidence of a slight shift in perceptions. Younger workers are less likely to want workplace retirement plans over other factors. Of those who want employer retirement plan contributions, only 46% wanted this even if it reduced benefits, and 35% (compared to 43% of all workers) if it cut jobs.

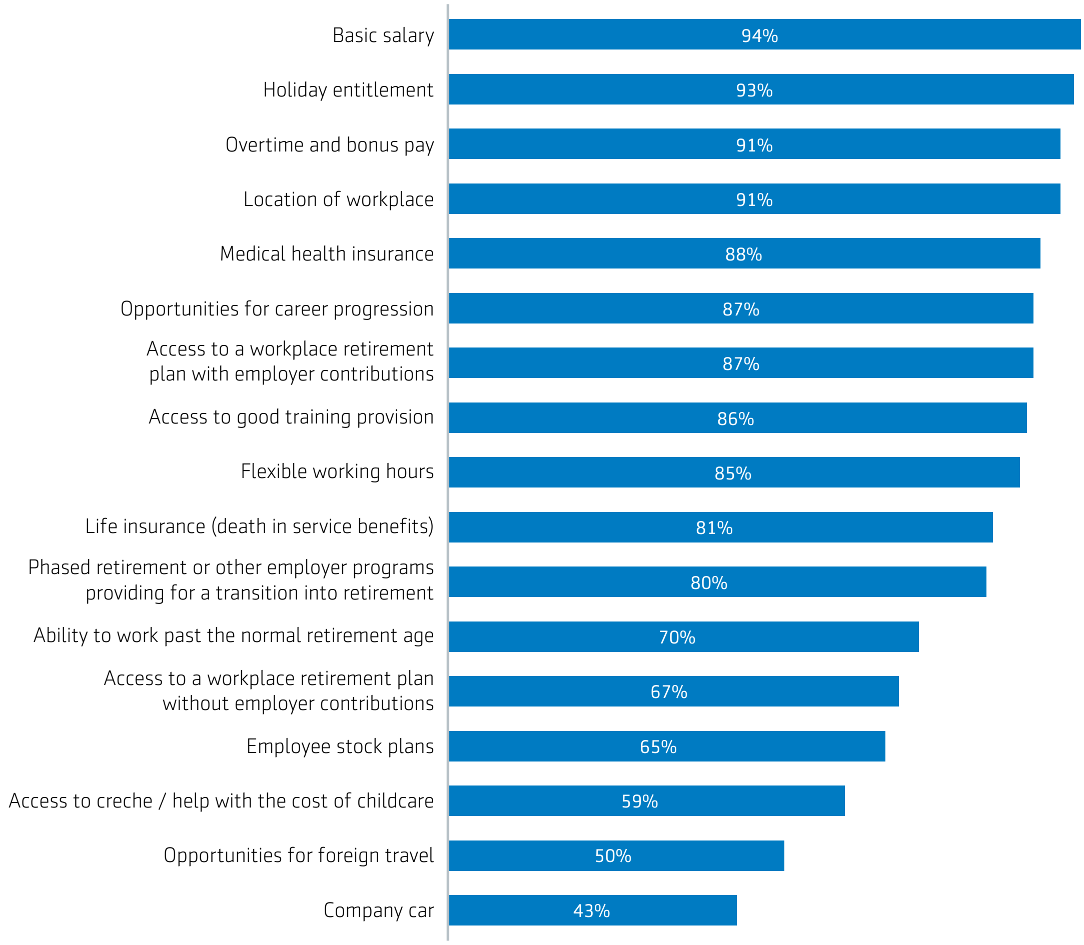
Chart 16: Most young workers feel that their employer should provide some kind of pension
Q. In the future what, if anything, should employers do to help people plan for retirement?
Base: 20-29 year olds



Are other workplace benefits more important?

Younger workers were asked to rate the importance of various workplace benefits. The results reveal how highly they value the elements of their compensation package. Chart 17 shows that 87% of young employees believe a workplace retirement plan with employer contributions would be an important factor when choosing their next job. While retirement may be decades away for twentysomethings, 80% believe programs provide for a phased retirement are important.

Chart 17: Workplace retirement plans are a relatively low priority for younger workers when choosing a job
Q. How important to you would the following workplace benefits be if you were choosing your next job?
Base: 20-29 year olds



Regarding workplace benefits provided by employers today, young employees are about as likely as all workers to be offered retirement tools such as annual plan statements and online tools from their employer, though it is concerning that 24% do not know if such tools are available or not. Those provided are considered helpful.

The role of government

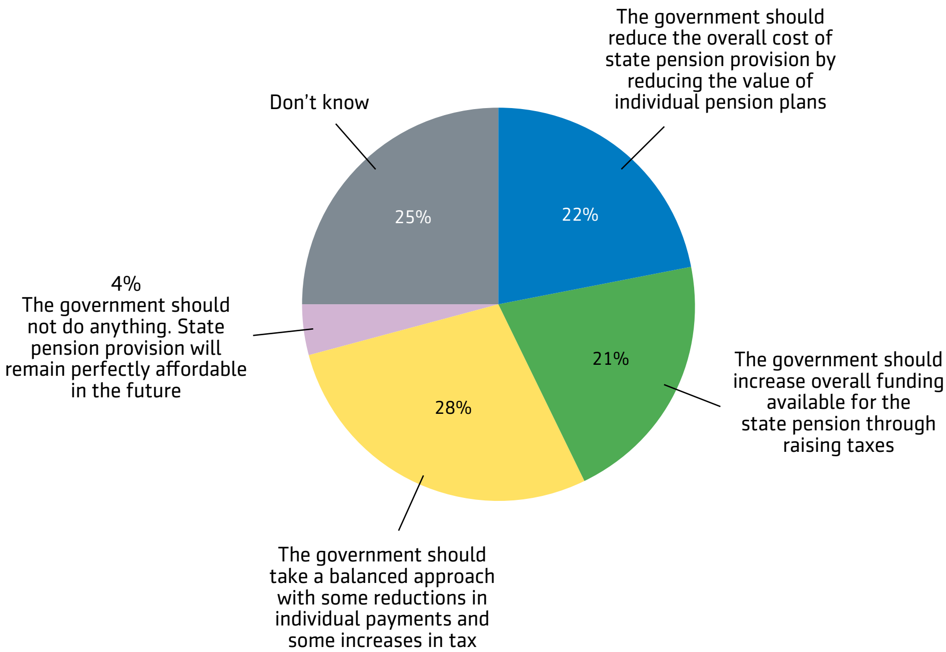
The generosity of government retirement benefits varies considerably in the countries surveyed. In some countries, such as France, government benefits are the primary mechanism for funding retirement, while in the United Kingdom they are considered just enough to fulfill basic needs, and in China a fully formed nationwide retirement system is still some way off. The future shape and affordability of these plans is debated in all of the survey countries to varying degrees.

Younger workers' views on reform are important, because changes to government retirement benefits are more likely to affect them than any other part of the working population. The main concern, cited by 57%, is of facing less generous government retirement benefits than those enjoyed by their parents' generation.

Chart 18: Young workers think that the government retirement system will need to be reformed

Q. With the cost of government retirement benefits becoming a greater concern as people live longer which, if any, of the following do you think the government should undertake?

Base: 20-29 year olds



The younger generation believes that the government cannot continue to provide as it does now – just 4% think government benefits will remain affordable to society. However, there is no consensus on what governments should do to reform retirement plan systems. Over a fifth (22%) think retirement entitlements should be cut, just over a fifth (21%) think governments should raise taxes, and more than a quarter (28%) think a mixture of the two is the best solution. Another quarter admits that they don't know what should be done.

What do young employees look for in a retirement product?

The survey findings show that young employees have reservations about employer and government retirement benefits. So what, then, do they want from a private savings product? The savings product feature most valued by younger workers is protection against investment risk (Chart 19). This may be in the form of no loss of initial investment, a guaranteed income stream, or protection against inflation. This is reasonable – the initial investment of those farthest from retirement is most at risk. However, less consideration is given to savings growth through investment returns. This suggests that there is an opportunity to educate young workers about the trade-off between returns and risk management, and what they stand to gain.

Chart 19: Products which protect against investment risk are the most important to young workers (% interested)

Q. Thinking about the types of financial products you could purchase to help provide you with security in retirement, on a scale of 1 to 5 how interested are you in the following options?

Base: 20-29 year olds

The 'defined ambition' retirement system in the Netherlands: a sustainable retirement solution for young workers?

In the Netherlands, as elsewhere, young workers are faced with an increasing retirement age, decreasing government support for retirement, and declining traditional defined benefit employer retirement plans. Reforms proposed by the Dutch may show a way forward for all mature and aging economies.

'Defined ambition' proposes that risks are not taken on fully by either employer or employee, but are shared. This removes some of the disadvantages of leaving retirement liabilities exclusively up to employers (defined benefit) or employees (defined contribution). In the Netherlands, this is likely to involve legislation which lets retirement funds automatically adjust pay-outs and retirement age as life expectancy changes [xii].

This model has garnered interest elsewhere. In the United Kingdom, Pensions Minister Steve Webb expressed interest on a more limited scale, with a government guarantee for a minimum rate of return for defined contribution retirement plans.

Recommendations: Enabling young workers to save

The study's findings reveal that the majority of young workers (66%) are either saving consistently or aspire to start saving, but face challenges including debt, low pay and funding for significant life events, and generational changes to the economic landscape and government and employer support. If young people are to achieve a prosperous retirement, their willingness to save should be met with better opportunities to save. Here is what can be done by employers, governments and young people themselves to address retirement planning concerns for younger adults.

Individuals

Determine how much income you need in retirement

Young people accept the need to save for retirement, but don't know how to act on that need. They can become more retirement savvy simply by talking to friends and family (as do 24% of our respondents already) or employers, going online to use retirement calculators or reading the personal finance media.

Seek out a financial advisor

Young people are faced with life events that make it easy to feel overwhelmed by financial priorities in addition to retirement planning. Soliciting advice from a finance professional early in life (17% of young employees have done so already) helps with planning and priorities, and making sense of long-term finances.

Start saving now and save consistently

As with all employees, young people will strengthen their retirement readiness simply by saving regularly. Today only 25% of young people always save, yet even small regular amounts will improve retirement readiness over time.

Ask your employer about workplace retirement savings plans and other retirement benefits

While one third (33%) of young people believe that a workplace retirement savings plan provides a major opportunity to start saving, employers often experience difficulties in engaging younger employees in discussions about retirement planning. The workplace is an important channel for achieving retirement readiness, so be sure to max out on any employer contributions.

Employers and governments

Auto-enroll employees into a workplace retirement plan

If an auto-enrollment workplace retirement plan is feasible, this can play a major role in getting young workers saving early and regularly. Combined with auto-escalation (the automatic annual increase in retirement plan contributions) and matching contributions, it can lead to greater retirement readiness.

Provide more flexible savings products through the workplace

Not all savings journeys start with a retirement plan, particularly for young people, who may think of retirement as 'too far away.' Employers can kick-start the savings habit in younger workers by providing flexible, easy to access and easy to understand savings plans as a more attractive starter option.

Make company retirement plans more portable

Young people move jobs much more often than previous generations of employees, so savings like DC retirement plans need to follow employees when they change jobs.

Make tax incentives more effective

All countries encourage long-term savings through tax relief, but young people often aren't aware of this or don't understand it. A more targeted system of tax relief could help provide clearer and simpler signals to younger people about the financial benefits of long-term saving.

Make better financial education central to the workplace retirement offer

Young people who aspire to save may be prevented from doing so by setting the wrong financial priorities. Workplace retirement education – alongside professional advice – can help guide young people toward the right long-term priorities at an earlier age in life.


FOR

Glossary

- **Aegon Retirement Readiness Index (ARRI)**
  The ARRI assesses the relative levels of retirement preparedness of employees across different countries on a scale from 1 to 10. The Index is based on three questions covering attitudes and three questions covering behaviors.

- **average salary plan**
  A *type* of defined benefit plan that is based on an employee's average retirement earnings over the duration of plan membership. Same as career average plan.

- **annuity**
  A form of contract sold by life insurance companies that guarantees a fixed or variable payment to the annuitant at some future time, usually retirement. All capital in the annuity grows tax-deferred.

- **auto enrollment**
  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 opt out of enrollment in the plan.

- **auto-escalation**
  A feature of a plan which automatically increases the percentage of (retirement) funds saved from salary. This feature generally uses a default or standard contribution escalation rate.

- **Baby Boomers**
  A term used to refer to people generally born between the end of World War II in 1945 and the mid 1960s. Other generations: *Silent Generation* - the generation born between 1925 and 1945; *Generation X* - the generation born between 1965 and 1979; *Millennials or Generation Y* - the generation born between 1980 and 2000 and often classified as the children of Baby Boomers.

- **career average retirement plan**
  A *type* of defined benefit plan that is based on an employee's average retirement earnings over the duration of plan membership. Same as average salary plan.

- **defined ambition (DA) plan**
  A type of retirement plan in which retirement plan risks are shared between the employer and the employee. It offers greater certainty to savers around the final value of their retirement assets than in DC plans, and less cost volatility for employers than with DB plans. In the Netherlands, Defined Ambition (DA) retirement plans are being introduced in order to help relieve the pressure on employers while still trying to provide employees with a more secure retirement plan. The United Kingdom too is looking at DA retirement plans as a solution.

- **defined benefit (DB) plan**
  An employer-sponsored retirement plan where the amount of future benefits an employee will receive from the plan is defined, typically by a formula based on salary history and years of service. The amount of contributions the employer is required to make will depend on the investment returns experienced by the plan and the benefits promised. Contrast defined contribution plan.

- **defined contribution (DC) plan**
  An employer-sponsored retirement plan, such as a 401(k) plan or a 403(b) plan in the United States, in which contributions are made to individual participant accounts. Depending on the type of DC plan, contributions may be made by the employee, the employer, or both.

  The employee's benefits at retirement or termination of employment are based on the employee and employer contributions and earnings and losses on those contributions. See also 401(k) and 403(b) plan. Contrast defined benefit plan.

- **401(k) plan**
  An employer sponsored retirement plan that enables employees to make tax-deferred contributions from their salaries to the plan.

- **403(b) plan**
  An employer-sponsored defined contribution plan that enables employees of universities, public schools, and non-profit organizations to make tax-deferred contributions from their salaries to the plan.

- **final salary plan**
  A type of defined benefit plan in which retirement benefits are based on final retirement salary in the years immediately before retirement benefits are received.

- **Millennials**
  A term used to refer to the people born from about 1980 to 2000, brought up using digital technology. They are often classified as the children of Baby Boomers.

- **retirement (or pension) plan**
  Provides replacement for salary when a person is no longer working due to retirement. In the case of a defined benefit retirement plan, the employer or union contributes to the plan, which pays a predetermined benefit for the rest of the employee's life based on length of service and salary. Payments may be made either directly or through an annuity. Retirement plan payments are taxable income to recipients in the year received. The employer or union has fiduciary responsibility to invest the retirement plan funds in stocks, bonds, real estate, and other assets; earn a satisfactory rate of return; and make payments to retired workers. Retirement plan funds holding trillions of dollars are one of the largest investment forces in the stock, bond, and real estate markets. If the employer defaults in the United States, retirement plan payments are usually guaranteed by the Pension Benefit Guaranty Corporation (PBGC).

- **variable annuities (VA)**
  An insurance contract in which the insurance company guarantees a minimum payment at the end of the accumulation period. The payments may vary depending on the financial performance of the managed portfolio.

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

Aegon

Aegon is an international life insurance, pensions and asset management company with businesses in over 20 markets in the Americas, Europe and Asia. Aegon companies employ around 24,000 people and serve millions of customers worldwide.
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 nonprofit, private foundation. TCRS is dedicated to educating the public on emerging trends surrounding retirement security in the United States. TCRS' research emphasizes employer-sponsored retirement plans, issues faced by small to mid-sized companies and their employees, and the implications of legislative and regulatory changes. Transamerica Institute is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third-parties. For more information about TCRS, please refer to:
www.transamericacenter.org

Cicero Consulting

A leading consultancy firm serving the banking, insurance and asset management sector, Cicero specializes in public policy and communications consulting as well as global thought leadership and independent market research. Cicero was established in 2001, and now operates from offices in London, Brussels, Washington and Singapore. As a market leader in pensions and retirement research, Cicero designed and analyzed the research and contributed to the report.
www.cicero-group.com

Acknowledgements

MARTA ACEBO
PAULA ALVAREZ
FRITS BART
GRACE BASILE
LYNETTE BELFRY
ANDREW BERWICK
ROBIN BOON
BERT-JAAP BRONS
DOUG BROOKS
LIBBY BUET
KENT CALLAHAN
JEANNE DE CERVENS
DANA CHEN
ARKADIUSZ CHMURZYNSKI
HEIDI CHO
SIMON CLOW
ROBERT COLLIGNON
CATHERINE COLLINSON
WENDY DANIELS
MICHEL DENIZOT
EDIT DREVENKA
JAN DRIESSEN
KELLY FU
ADRIAN GRACE
MARK GREEN
DOUGLAS HENCK
WENDEL HOFMAN
FRANS VAN DER HORST
TATSUO KAI
HERMAN KAPPELLE
GÁBOR KEPECS
MARCO KEIM
JAIME KIRKPATRICK
BAS KNOL
ROGER KOCH
PETER KUNKEL
ALEXANDER KUIPERS
BRIAN LEWIS
MIKE LINDER
SIMON LUKE
JASON MA
GRZEGORZ MATHEA
PAUL MIDDLETON
TAKAOH MIYAGAWA
DAVID MOULTON
MARK MULLIN
MARCELLE NOLTENIUS
STIG NYBO
PATRICIA PLAS
SCOTT ROANE
THURSTAN ROBINSON
PATTI ROWEY
SARAH RUSSELL
JOOST VAN SCHAGEN
DICK SCHIETHART
ERIK SCHOUTEN
ANGELA SEYMOUR JACKSON
KATE SMITH
RENSKE STOKER
EYLEEN SUN
MARTIJN TANS
GREG TUCKER
MARK TWIGG
CATHERINE WANG
MARC VAN WEEDE
TIM WILLAERT
DANIEL WRIGHT
ALEX WYNAENDTS
MACIEJ ZAPALA
PÉTER ZATYKÓ
VICKY ZELDIN

References and notes

- i For a comparison of different retirement systems see *'Pensions at a Glance 2011'*, OECD, 2011
- ii As the survey was carried out online, the survey results in China are based toward people living in urban areas
- iii *"Pensions Markets"*, TheCityUK, March 2013, p.9
- iv Global Employment Trends for Youth 2013: *A generation at risk*, International Labour Organisation, 2013, p.2
- v Eurostat, July 2013
- vi OECD Employment and Labour Markets: *Key Tables from OECD*, No. 2, 2012
- vii *The Federal Reserve Bank of New York*, 2012 Quarterly Report on Household Debt, March 29, 2013
- viii World Bank
- ix *'World-class poverty'*, The Economist, February 27, 2013 http://www.economist.com/blogs/analects/2013/02/chinas-poor
- x *'The Chinese slow down in charts'*, The Economist, July 15, 2013
- xi *'China's welfare system: difficult, inflexible and blatantly unfair?'*, The Guardian, April 23, 2013 http://www.theguardian.com/global-development/2013/apr/23/china-welfare-system-inflexible-unfair
- xii *'The Dutch experience with Defined Ambition pensions and the impact on companies'*, Aegon Global Pensions, March 12, 2013 http://www.aegonglobalpensions.com/en/Home/Publications/News-archive/News/The-Dutch-experience-with-Defined-Ambition-pensions-and-what-that-may-mean-for-companies-in-the-Netherlands-and-the-UK/

Contact information

HEADQUARTERS
Aegon N.V.
P.O. Box 85
2501 CB The Hague
Telephone: +31 70 344 32 10
www.aegon.com

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

Appendix 1: Aegon Retirement Readiness Index (ARRI) - technical note

Aegon Retirement Readiness Index (ARRI)-technical note

A sample of 12,000 pre and post retirees was drawn from twelve countries. Of these 10,800 (90%) were pre-retirees and these were chosen for further analysis of their plans for retirement. The Index that was developed forms an assessment of how well an individual perceives the adequacy of his / her own finances and financial awareness specifically for addressing his retirement needs.

The 'target' for the Index

The question on current savings activity was designated as the target question (dependent variable) for predicting the level of preparedness for retirement. Responses to this question were then correlated with each of the six key questions (variables) below to understand which were driving the activity.
This was done because it was not felt to be correct to give each of the six variables described below an equal weight as they appeared to have quite different relationships to the target question.

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

The weighting

To estimate the statistical significance of the decline in overall scores in this year's Index is theoretically incalculable.
Two things have changed from 2012 to 2013.

1. Canada and China have joined the sample.
2. The new countries have thus influenced the weights of emphasis placed on the 6 variables used to calculate the score; hence the weights attached to the complex calculation have changed.

However, it is noticeable that for countries which were sampled in both time periods the mean scores for the six individual variables have almost invariably declined, and on average more than half of them have shown a significant level of decline.
In particular the question, 'Do you think you will achieve this income?', has for all countries shown a significant level of decline. We thus hypothesize that the comparative results show a significant decline.

2013 Weightings (2012 in brackets)

1. Personal responsibility	2.0 (3.0)
2. Level of awareness	3.0 (3.5)
3. Financial capability / Understanding	3.0 (2.5)
4. Retirement planning	5.0 (5.0)
5. Financial preparedness	6.0 (6.0)
6. Income replacement	3.5 (3.5)

Note that the weights, devised to show the relative importance of each question in calculating the Index, add to 22.5. These were then re-scaled so that a final scale of 1 to 10 was calculated.

Final scores by country

These weightings were multiplied by the actual scores for each respondent for each of the six Index questions and aggregated to obtain a provisional score. This was then adjusted to give country scores out of 1 to 10: (A score of 1 to 10 had sufficient differentiation to be used as the scale for analysis).

Country	Index score
Germany	5.48
China	5.41
Canada	5.24
United States	5.19
The Netherlands	4.88
United Kingdom	4.86
Sweden	4.83
France	4.75
Hungary	4.73
Poland	4.63
Spain	4.40
Japan	4.30
Total	4.89

Appendix 2: Country comparisons

Chart 1: The majority of young employees believe that they will be worse off in retirement compared to their parents

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

	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Base: 20-29 year olds	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Better off	7%	4%	23%	11%	5%	7%	8%	3%	11%	14%	50%	5%
About the same	19%	18%	27%	23%	8%	19%	18%	13%	29%	29%	24%	21%
Worse off	66%	74%	41%	58%	79%	69%	71%	76%	51%	47%	21%	55%
Don't know	9%	3%	9%	9%	9%	4%	4%	8%	9%	10%	6%	19%

Chart 2: Education of 20 – 29 year olds by country

Q: Please choose from the following list the highest level of educational or professional qualification you have

	Netherlands	Germany	Sweden	Untied Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Less than high school graduate	2%	44%	6%	14%	1%	3%	2%	7%	1%	3%		
High school graduate	11%	33%	53%	23%	22%	22%	4%	41%	14%	21%	1%	2%
Some college or trade school	46%	2%	9%	9%	9%	19%	37%	14%	28%	20%	4%	33%
College degree / University degree	31%	15%	27%	30%	41%	43%	21%	33%	50%	46%	9%	57%
Postgraduate degree or qualification	8%	3%	3%	23%	25%	11%	36%	1%	8%	9%	80%	6%
Other	2%	4%	1%	1%	1%	2%	0%	5%		0%	6%	2%
None	0%	1%	1%	0%	1%						0%	0%
NET: Less than undergrad degree	61%	82%	70%	47%	34%	46%	43%	66%	42%	45%	11%	37%
NET: Undergrad degree or higher	39%	18%	30%	53%	66%	54%	57%	34%	58%	55%	89%	63%

Chart 3: Aegon Retirement Readiness Index scores for young employees by country

	Netherlands	Germany	Sweden	Untied Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
NET: Low Index (0-5)	80%	64%	79%	81%	85%	78%	81%	73%	65%	61%	61%	87%
NET: Medium Index (6-7)	15%	30%	18%	15%	14%	21%	17%	23%	25%	31%	31%	12%
NET: High Index (8-10)	4%	6%	3%	3%	1%	2%	2%	4%	10%	8%	7%	1%

Chart 4: Younger employees are much more likely to aspire to save for retirement

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

	Netherlands	Germany	Sweden	Untied Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Base: 20-29 year olds	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
I always make sure that I am saving for retirement	27%	34%	27%	26%	17%	14%	19%	22%	35%	33%	32%	20%
I only save for retirement occasionally from time to time	21%	27%	20%	13%	17%	21%	16%	6%	17%	24%	20%	24%
I am not saving for retirement now, although I have in the past	6%	11%	8%	11%	5%	15%	9%	4%	10%	8%	9%	5%
I am not saving for retirement though I do intend to	35%	23%	34%	46%	53%	40%	49%	54%	36%	33%	38%	46%
I have never saved for retirement and don't intend to	11%	6%	10%	5%	8%	10%	6%	13%	3%	2%	1%	6%

Chart 5: Younger people are more likely not to be using any means of retirement savings

Q: Which financial means, if any, are you currently using to prepare for your retirement?

* only asked in Germany ** only asked in Spain	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Base: 20-29 year olds	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Defined benefit plan	16%	10%	25%	29%	15%	3%	76%		11%	20%	13%	5%
Defined contribution plan	28%	10%	17%	19%	19%	14%	10%	23%	40%	7%		3%
Private pension	8%	18%	14%	10%	5%	9%	4%	13%	12%	40%	66%	4%
Government pension / social security	12%	43%	14%	21%	8%	7%	4%	18%	27%	33%	71%	35%
Stocks	5%	12%	14%	7%	4%	17%	7%	2%	13%	10%	23%	9%
Bonds	1%	8%	5%	6%	2%	16%	4%	2%	8%	13%	14%	3%
Mutual funds	2%	14%	23%	4%	2%	10%	3%	4%	7%	16%	9%	6%
Investment insurances (annuities)	2%	3%	2%	3%	2%	9%	4%	5%	2%	4%	6%	1%
Savings accounts	23%	37%	38%	25%	23%	6%	29%	15%	36%	37%	65%	36%
Investment property	2%	10%	6%	7%	9%	2%	5%	2%	5%	11%	18%	1%
Employee stock purchase	1%	1%	1%	4%	1%	29%	0%		4%	1%	7%	1%
My home	10%	5%	8%	7%	7%	8%	4%	6%	6%	14%	30%	1%
Reverse mortgage		1%		4%					2%	4%		
My business	2%	1%	3%	2%	2%	4%	1%	1%	2%	4%	12%	1%
Inheritance	3%	11%	7%	11%	7%	9%	9%	8%	7%	9%	6%	2%
Annuities	1%	15%	2%	2%	1%	4%	3%	2%	1%	2%		8%
Long-term care insurance		2%	1%	3%	2%	9%	5%	1%	6%	4%	7%	1%
Life insurance	6%	11%	8%	8%	14%	3%	18%	15%	19%	18%	36%	17%
Unterstützungskasse aus Eigenmitteln finanziert		2%*										
Unterstützungskasse vom Arbeitgeber finanziert		2%*										

	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Plan de empleo mixto (combinación de las dos anteriores)						2%**						
Other	1%	6%	4%	0%	1%	2%	2%	3%	2%	2%	3%	3%
None / nothing	8%	14%	12%	23%	25%	31%	6%	27%	21%	17%	3%	24%
Don't know	29%	6%	17%	13%	19%	8%	4%	9%	7%	7%	0%	9%

Chart 6: The younger generation has more negative associations of retirement

Q: Which, if any, of the following words do you most associate with retirement?

	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Base: 20-29 year olds	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Freedom	35%	32%	36%	39%	19%	26%	11%	20%	35%	40%	37%	33%
Opportunity	7%	27%	25%	18%	4%	8%	9%	10%	17%	16%	9%	16%
Leisure	58%	48%	36%	41%	23%	24%	43%	32%	50%	50%	55%	6%
Excitement	2%	5%	3%	8%	2%	6%	1%	2%	17%	17%	4%	3%
Poverty	11%	26%	23%	11%	26%	14%	37%	44%	7%	5%	6%	20%
Insecurity	34%	24%	18%	16%	20%	18%	35%	56%	10%	9%	18%	44%
Loneliness	4%	10%	17%	16%	12%	7%	11%	8%	5%	9%	20%	12%
Ill health	2%	19%	7%	14%	15%	9%	49%	23%	6%	6%	29%	11%
Dependent on others	11%	11%	5%	18%	14%	8%	18%	19%	14%	6%	11%	4%
Tired	3%	4%	8%	10%	14%	10%	17%	6%	7%	7%	13%	19%
Far away	38%	19%	25%	21%	61%	32%	2%	13%	33%	33%	14%	22%
Boredom	14%	16%	6%	12%	16%	12%	15%	8%	12%	12%	16%	17%
Enjoyment	21%	16%	17%	23%	14%	29%	5%	3%	37%	37%	35%	15%
None of the above	0%	1%	1%	2%	0%	2%	1%	1%	2%	2%	1%	2%
Don't know	2%	2%	3%	3%	2%	2%		1%	2%	0%		6%

Chart 7: Many young employees think they are not on course to achieve target retirement income

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

	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Base: 20-29 year olds	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
I don't know if I am on course to achieve my retirement income	56%	37%	57%	59%	50%	39%	49%	48%	48%	41%	22%	68%
No, I am on course to achieve around one-quarter (25%) of my retirement income	10%	14%	9%	13%	15%	14%	14%	13%	10%	10%	10%	7%
No, I am on course to achieve around half of my retirement income	12%	20%	14%	11%	19%	19%	18%	15%	12%	11%	23%	12%
No, I am on course to achieve around three-quarters (75%) of my retirement income	8%	14%	7%	4%	8%	15%	9%	8%	6%	11%	20%	5%
Yes, I am on course to achieve my retirement income	15%	15%	13%	14%	8%	13%	11%	17%	25%	27%	25%	8%

Chart 8: Young people in most countries expect to retire before 65

Q: At what age do you expect to retire from all paid employment?

	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Base: 20-29 year olds	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
40 or under	0%			1%	1%	0%	0%	1%	3%	1%	5%	12%
41-50	1%	2%	3%	5%	2%	2%	6%	3%	9%	4%	37%	9%
51-59	4%	4%	4%	6%	2%	4%	11%	5%	7%	10%	30%	1%
60	5%	11%	8%	12%	10%	13%	19%	12%	12%	16%	21%	27%
61-64	2%	11%	10%	2%	20%	7%	4%	13%	5%	3%	1%	2%
65	17%	22%	44%	31%	34%	32%	16%	26%	26%	32%	3%	25%
66-69	42%	32%	15%	9%	12%	29%	20%	13%	9%	9%	0%	1%
70	19%	11%	10%	18%	10%	5%	10%	9%	13%	12%	0%	6%
71+	5%	5%	5%	9%	4%	5%	5%	3%	7%	5%	1%	4%
Never	2%	1%		1%	2%	2%	2%	6%	4%	1%	0%	0%
Don't know	2%	3%	2%	5%	3%	2%	8%	9%	5%	5%	1%	13%
Mean	67	65	65	65	64	65	63	64	63	64	53	59
Median	67	65	65	65	65	65	65	65	65	65	55	60

Chart 9: Younger employees feel they don't have money to invest for retirement

Q: What is the single biggest obstacle to you saving for retirement right now?

	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Base: 20-29 year olds	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
The uncertain economic environment	19%	8%	13%	9%	13%	19%	11%	14%	12%	9%	29%	27%
Lack of money to invest	28%	41%	33%	43%	47%	34%	48%	55%	47%	50%	6%	19%
Fear of poor investment returns over the coming years	2%	5%	10%	7%	5%	6%	8%	2%	6%	8%	14%	6%
Complexity of investment products	4%	4%		4%	3%	5%	3%		5%	2%	12%	5%
I don't know how to go about investing for the long-term	2%	3%	10%	8%	5%	5%	3%	3%	6%	8%	7%	9%
The fees charged by financial services companies	2%	4%	4%	2%	4%	3%	4%	2%	3%	5%	2%	5%
I can't afford to take financial advice	3%	3%	6%	8%	2%	4%	3%	5%	3%	2%	3%	2%
I don't trust the financial services industry	12%	11%	8%	6%	5%	10%	6%	2%	2%	3%	5%	4%
I don't see the need to save for the long-term	6%	1%	2%	2%	3%	3%	3%	1%	2%	1%	4%	3%
Concerns about unstable currencies / currency fluctuations	2%	5%	1%	3%	3%	3%	4%	3%	4%	5%	15%	2%
Other (PLEASE STATE)	3%	3%	1%	1%	3%	2%	4%	6%	2%	2%		1%
Don't know	17%	12%	11%	7%	8%	6%	3%	6%	8%	6%	3%	17%

Chart 10: More money would incentivize young employees to save for retirement

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

	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Base: 20-29 year olds	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
More generous tax breaks on long-term savings and pensions products	20%	44%	30%	32%	27%	23%	42%	42%	33%	43%	40%	32%
Access to financial education so that I am more aware of what I need to do for myself	24%	6%	14%	21%	16%	22%	21%	12%	23%	24%	43%	25%
Access to professional financial advice so that I have personalized recommendations on what steps I need to take	20%	24%	23%	23%	15%	21%	25%	9%	22%	23%	44%	13%
Simpler investment products that I can understand with less jargon	12%	33%	19%	28%	20%	18%	27%	16%	32%	28%	36%	10%
Better and more frequent information about my retirement savings	16%	28%	20%	27%	27%	23%	20%	18%	25%	31%	45%	22%
Better legal protection in case I am sold the wrong product	12%	18%	13%	18%	10%	24%	18%	13%	13%	19%	21%	6%
A pay rise	46%	54%	44%	64%	55%	50%	70%	72%	67%	64%	53%	37%
A better retirement plan / pension match from my employer	27%	32%	25%	33%	29%	26%	42%	35%	39%	44%	33%	32%
Other	4%	2%	1%	1%	2%	2%	3%	3%	2%	3%	0%	
Don't know	17%	9%	16%	10%	10%	12%	3%	8%	8%	5%	3%	17%
Not applicable - I already have sufficient savings	3%	3%	4%	2%	2%	1%	1%	1%	2%	2%		3%

Chart 11: A majority of younger employees do not have a written plan for retirement

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

	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Base: 20-29 year olds	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
I have a written plan	7%	18%	10%	9%	6%	8%	6%	5%	13%	10%	8%	4%
I have a plan, but it is not written down	24%	47%	37%	25%	23%	31%	29%	31%	37%	44%	55%	24%
I do not have a plan	61%	32%	51%	61%	62%	55%	62%	58%	45%	42%	34%	61%
Don't know	7%	3%	3%	5%	8%	6%	3%	6%	4%	4%	3%	12%

Chart 12: For young employees, friends and family are the leading source of retirement savings information

Q: And which of these sources (of information) is most important to you?

	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Base: 20-29 year olds	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Bank adviser	6%	11%	19%	5%	25%	5%	7%	4%	3%	17%	10%	2%
Professional financial adviser	12%	22%	10%	12%	10%	19%	19%	22%	21%	25%	19%	10%
Insurance agent/ spokesperson	3%	10%	2%	3%	1%	3%	6%	2%	3%	0%	3%	2%
Insurance company website	3%	1%		3%	2%	4%	4%	2%	2%	1%	3%	1%
Personal finance websites / online retirement planning tools	8%	5%	7%	8%	5%	4%	10%	8%	12%	6%	10%	8%
Personal finance media	2%	2%	2%	2%	2%	6%	3%	1%	2%	1%	6%	2%
Government website	7%	1%	3%	6%	5%	2%	3%	3%	2%	3%	7%	1%
Bank website	2%	3%	3%	2%	1%	0%	3%	2%	1%	6%	3%	3%
My employer	12%	8%	4%	9%	4%	7%	5%	12%	8%	5%	4%	1%
Accountant	2%	6%	4%	4%	1%	3%	1%	3%	5%	5%	1%	3%
Lawyer	2%	3%	1%	2%	2%	8%	4%	2%	1%	2%	2%	0%
Friends and family	21%	22%	30%	28%	24%	26%	18%	24%	26%	20%	25%	24%
None of these												
Not applicable	21%	7%	16%	18%	19%	13%	17%	15%	14%	9%	5%	41%

Chart 13: Most young workers feel their employer should provide some kind of pension

Q: In the future what, if anything, should employers do to help people plan for retirement?

	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Base: 20-29 year olds	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Employers should be required to contribute to workers' pensions	24%	43%	20%	40%	21%	26%	20%	28%	37%	34%	20%	30%
Employers should be required to make a pension available but not to contribute into it	12%	13%	7%	17%	20%	15%	15%	4%	11%	14%	22%	5%
Employers should not be required to provide pensions but should provide information on how to plan for retirement	15%	9%	12%	8%	9%	8%	11%	6%	11%	9%	9%	11%
Employers should provide a range of flexible benefits and allow individuals to choose which benefits they actually want	13%	18%	18%	16%	15%	27%	25%	28%	21%	22%	45%	12%
Nothing – it should be left to individual employees to take care of themselves	2%	2%	5%	1%	4%	3%	3%	5%	6%	5%	1%	9%
Nothing – it should be left to the government to take care of its citizens	2%	5%	5%	2%	5%	8%	15%	14%	1%	4%	0%	4%
Don't know	30%	10%	32%	17%	27%	12%	12%	15%	13%	13%	3%	29%

Chart 14: Workplace pensions are relatively low down in young workers' priorities when choosing a job

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

	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Base: 20-29 year olds	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Basic salary	86%	93%	88%	91%	88%	92%	90%	94%	90%	93%	96%	94%
Holiday entitlement	87%	94%	89%	91%	92%	94%	91%	94%	93%	94%	96%	91%
Overtime and bonus pay	86%	93%	87%	88%	89%	90%	89%	94%	90%	91%	97%	90%
Location of workplace	88%	91%	86%	92%	89%	90%	89%	92%	93%	93%	92%	86%
Medical health insurance	73%	92%	84%	65%	86%	87%	88%	87%	93%	94%	98%	83%
Opportunities for career progression	86%	91%	81%	90%	90%	94%	91%	94%	92%	91%	96%	81%
Access to a workplace retirement plan with employer contributions	85%	85%	81%	82%	78%	84%	80%	78%	84%	86%	93%	74%
Access to good training provision	85%	87%	85%	88%	86%	91%	85%	93%	86%	90%	95%	74%
Flexible working hours	79%	87%	58%	86%	81%	89%	81%	87%	91%	91%	92%	57%
Life insurance (death in service benefits)	72%	75%	79%	69%	80%	82%	84%	80%	81%	88%	93%	74%
Phased retirement or other employer programs providing for a transition into retirement	74%	54%	75%	71%	72%	81%	76%	74%	76%	81%	91%	65%
Ability to work past the normal retirement age	68%	57%	64%	65%	64%	74%	72%	65%	74%	76%	80%	70%
Access to a workplace retirement plan without employer contributions	62%	74%	61%	68%	59%	77%	61%	47%	68%	74%	89%	65%
Employee share plans	50%	72%	54%	65%	59%	73%	61%	51%	64%	73%	91%	55%
Access to creche / help with the cost of childcare	67%	75%	64%	56%	69%	79%	75%	83%	58%	69%	89%	68%
Opportunities for foreign travel	53%	54%	60%	55%	50%	71%	58%	66%	57%	61%	79%	37%
Company car	51%	46%	45%	47%	49%	63%	51%	49%	36%	49%	69%	39%

Chart 15: Young workers think the state pension will need to be reformed

Q: With the cost of government pensions becoming a greater concern as people live longer which, if any, of the following do you think the government should undertake?

	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
Base: 20-29 year olds	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
The government should reduce the overall cost of state pension provision by reducing the value of individual pension plans	15%	33%	16%	15%	16%	20%	28%	22%	21%	26%	30%	16%
The government should increase overall funding available for the state pension through raising taxes	12%	21%	30%	22%	14%	34%	19%	26%	21%	18%	29%	10%

The government should take a balanced approach with some reductions in individual payments and some increases in tax	27%	26%	12%	30%	28%	23%	24%	16%	34%	31%	38%	41%
The government should not do anything. State pension provision will remain perfectly affordable in the future	7%	2%	12%	5%	3%	4%	3%	3%	5%	4%	0%	5%
Don't know	38%	19%	29%	29%	39%	20%	26%	34%	19%	21%	4%	28%

Chart 16: Products which protect against investment risk are the most important to young workers (% interested)

Q. Thinking about the types of financial products you could purchase to help provide you with security in retirement, on a scale of 1 to 5 how interested are you in the following options?

	Netherlands	Germany	Sweden	United Kingdom	France	Spain	Poland	Hungary	United States	Canada	China	Japan
B	241	196	154	234	220	262	314	172	214	222	270	223
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
A product providing a guaranteed retirement income stream or lifetime income in retirement	75%	81%	73%	76%	74%	83%	78%	76%	87%	85%	94%	69%
A product which protects my retirement income against inflation	74%	79%	73%	76%	72%	82%	77%	74%	84%	86%	94%	65%
A product which guarantees that I don't lose my initial investment	72%	82%	73%	78%	75%	81%	76%	73%	86%	86%	90%	67%
A product which helps meet the cost of long-term care if I become unable to look after myself	74%	79%	74%	77%	70%	79%	76%	71%	86%	85%	84%	66%
A product which protects my capital from poor investment returns	71%	81%	71%	76%	68%	76%	77%	73%	84%	83%	93%	65%
A product which generates a retirement income and allows me to take a lump sum from the investment should I need to	69%	78%	71%	75%	68%	81%	77%	72%	84%	86%	94%	70%
A product where the annual management charges are kept low	66%	78%	68%	75%	72%	79%	77%	70%	85%	86%	87%	64%
A product which enables me to keep some control over how my savings are invested during my retirement	71%	73%	70%	75%	72%	80%	75%	69%	88%	85%	91%	63%
A product which manages the asset allocation so that I am never exposed to a level of risk I'm not comfortable with	68%	70%	67%	73%	66%	76%	71%	67%	80%	83%	95%	60%
A product which continues to provide a retirement income to my spouse in the event that I die first	74%	78%	71%	75%	73%	81%	79%	73%	86%	82%	94%	60%
A product which protects my family against having to pay estate taxes when I die	73%	76%	71%	74%	75%	81%	75%	69%	82%	82%	89%	56%
A product which locks in investment returns during the good years	72%	71%	63%	73%	64%	71%	59%	56%	81%	84%	89%	61%