

## **Retirement in the World: Culture Shock**

*3<sup>rd</sup> Edition of the AXA Retirement Scope*

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AXA publishes its annual report on retirement. The participants included 11,590 working and retired people in 16 countries<sup>2</sup>, working individuals expressed their attitudes towards retirement while retirees described retirement realities, producing highly contrasting views.

**The social and cultural context for retirement differs from country to country, even if populations are aging in all of them (in 2050, one third of the population in the industrialized world will be aged 60 and over).**

**From a financial point of view however, all of the survey participants understand also the need to assume individual responsibility for retirement.**

**Here are the main results, in detail, of the 3<sup>rd</sup> edition of the AXA Retirement Scope survey.**

### **1. Contrasting cultural approaches to retirement**

#### **↳ Foresighted working individuals prepare their retirement between the age of 28 and 37**

**The proportion of working individuals who have begun retirement planning varies a great deal from country to country:** from 85% in the US, 66% in Germany and 49% in France to 37% in Italy and a mere 16% in Japan. **Among working people, the age at which preparation for retirement begins varies from 28 to 37 years old.** The British are the most precocious, starting at 28, nine years earlier than the Chinese. Between these two extremes, Anglo-Saxons begin to save, on average, at about 30, Europeans at about 32 and Asians at about 36 years old. The range of ages at which preparation begins is narrower among working people than it was for their elders (from 30 years old for Italian retirees to 55 for retired Japanese).

#### **↳ Monthly retirement savings plans account for 13 to 64% of retiree's current pensions.**

The proportion varies from 13% in France to 64% in China. The contribution of retirement saving to retiree's current pension varies very considerably from country to country: from 14% in Germany and 17% in Belgium to 25% in the U.K. and 37% in Australia.

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<sup>1</sup> Conducted by GfK from August 30 to September 8, 2006.

<sup>2</sup> In alphabetical order : Australia, Belgium, Canada, China, France, Germany, Hong-Kong, Italy, Japan, Netherlands, New Zealand, Portugal, Singapore, Spain, United Kingdom and United States

## People are more or less relaxed about retirement

Without a doubt, people in the Anglo-Saxon countries and France enjoy the best retirement experience, with 78-to-82% positive images associated. In contrast, one-third to one-quarter of Chinese, Japanese, Spanish and Italian retirees do not enjoy their new status.

## 2. CONTRASTING SOCIAL APPROACHES TO RETIREMENT

### Nine years difference in the expected age for retirement

While working people in China expect to retire at 55, working Americans expect to stay in the workforce until 64 years old. Retirement age expectations vary greatly. In Europe, working people in Spain and Germany expect to retire latest (at age 63) while workers in Belgium and France anticipate the earliest retirement age (61). In the U.S., there is a six year gap between the actual age for those already retired and the expected retirement age for working people. The gap is four years in Italy and Australia, three years in Germany and the U.K. and only two years in the U.S. and Canada. The gap underlines the differences in government policies that minimize the effects of aging populations and provide short-term retirement financing. France, Canada and Belgium are only marginally affected by this worldwide trend.

### Retirement before the legal retirement age?

Among French and Italian retirees, 34% retired before the legal minimum age, the lowest proportions measured. Elsewhere, except for Asia, more than half of retirees began retirement earlier. Those most prone to early retirement are the Anglo-Saxons, including 80% of Canadians, 68% of Americans and 65% of Australians.

### Maximum working age?

Opinions regarding maximum working age range from 56 to 69 years old. In Europe and Asia, workers and retirees consider that people are fit to work until 63 to 64 years old, on average. Anglo-Saxons place the limit at an average 67 to 68 years old. People in China, Italy and Germany are more reserved than elsewhere about the ability of those over 65 to produce quality work.

### Working retirees

Even if more and more working people expect to work during retirement, European retirees work less than others (and fewer European workers expect to work during retirement). This is especially true in France, where only four percent of retirees engage in gainful employment, four times less than in Canada, the U.S. or China. The most working retirees are in Japan, where 50% of retirees hold jobs.

Europeans are also the most fervently opposed to increasing the retirement age. The most moderate attitudes are in France, where 52% accept the idea.

### **3. FINANCING RETIREMENT : HOW WORKING PEOPLE SEE THE FUTURE**

#### **( The beneficent welfare state is a thing of the past**

**More than 70% of those surveyed associate retirement with a decline in income.** The most pessimistic are the French, Germans and Japanese (at 85%), especially among retirees.

Aside from the British and Germans, more than 50% of Europeans consider that their retirement income is or will be insufficient. A comparison of income with household needs confirms the situation. Retirees in France, Italy, Belgium and Spain estimate they need about an additional 250 euros to balance their monthly budgets.

In the U.K., Italy and Germany, one-third of working people consider that their national retirement systems are in crisis.

#### **( Towards a public/private balance**

**In every country, people expect retirement reform.** More than 80% of those surveyed expect more working years to be required; more than 70% anticipate a reduction in government pension benefits. Italians and Spaniards, among the most confident about the government role, are more optimistic than the average. Compared to Anglo-Saxons, Europeans remain attached to the traditional lead role for government in financing pensions. **However, younger generations everywhere agree that retirement is also a matter of individual responsibility.**

*Survey results available upon request or at [www.retirement-scope.axa.com](http://www.retirement-scope.axa.com)*

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