

# Presentation of the 4<sup>th</sup> AXA Retirement Scope



## Results for the Philippines



# [ The AXA Retirement Scope



# Introduction: Objectives of AXA Retirement Scope

This fourth wave AXA Retirement Scope - originally launched in 2004 - has the following objectives:

- Explore and understand attitudes towards retirement
- Compare perception and reality: working people versus retired or early retired people
- Analyze the results for Philippines from an international point of view

Philippines is participating for the first time in the  
AXA Retirement Scope



# Introduction: Objectives of AXA Retirement Scope

- ❑ The Philippines' results were compared with those of 26 other countries including the USA, UK, France, Australia, and South East Asia, among others
- ❑ Average of the survey stands for the average value of the results of the 26 countries, on a one country – one voice basis

# [Methodology

- ❑ Sample structure (as in previous waves)
  - ❑ 300 working people aged 25 and over / 300 retired or in early retirement people aged under 75
  - ❑ Sample representative of the two populations for criteria of age, gender, region, occupation of the head of the household [Quotas method]
- ❑ Face to face interviews carried out by GfK Philippines
- ❑ Questionnaire: 20 minutes in length
- ❑ Fieldwork dates: July 24 to August 8, 2007

# [ How to read the results

- ❑ The following definitions were used throughout the report:

- ❑ Color code for Working vs Retired:

 Working

 Retired

- ❑ Significant differences according to the different sub-targets (gender, age, region, social class, etc.) are indicated in text boxes beside the graphs
- ❑ Tests of significance were calculated with a 10% risk level

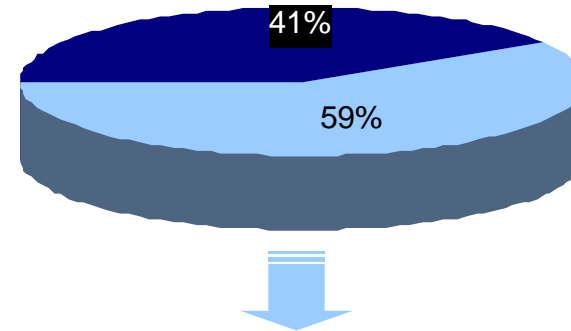
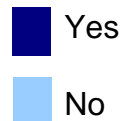
How do Filipinos generally feel about retirement?



## At what age do people begin preparing for retirement?

Early preparation for retirement is not common with only two-fifths of the working sector who began preparing for it. Those who have not planned yet is expected to commence when they reach their mid-40s. Those who have, started in their late 20s among the workers, and early 30s, among retirees.

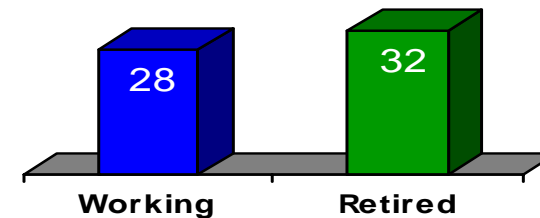
### Workers who have already begun preparing for retirement



Expected age to start preparing among those who haven't started preparing yet: 46 y.o.

Base: n=252 working

### Average age at which people actually begin to prepare for retirement



Base: n=103 Working who began to prepare for retirement  
n= 215 Retired who prepared for retirement

- Q. Working: Have you started preparing for your retirement?
- Q. Working: At what age did you begin to prepare for your retirement?
- Retired: At what age did you begin to prepare for your retirement?
- Q. Working: what age do you think you will start preparing for your retirement?

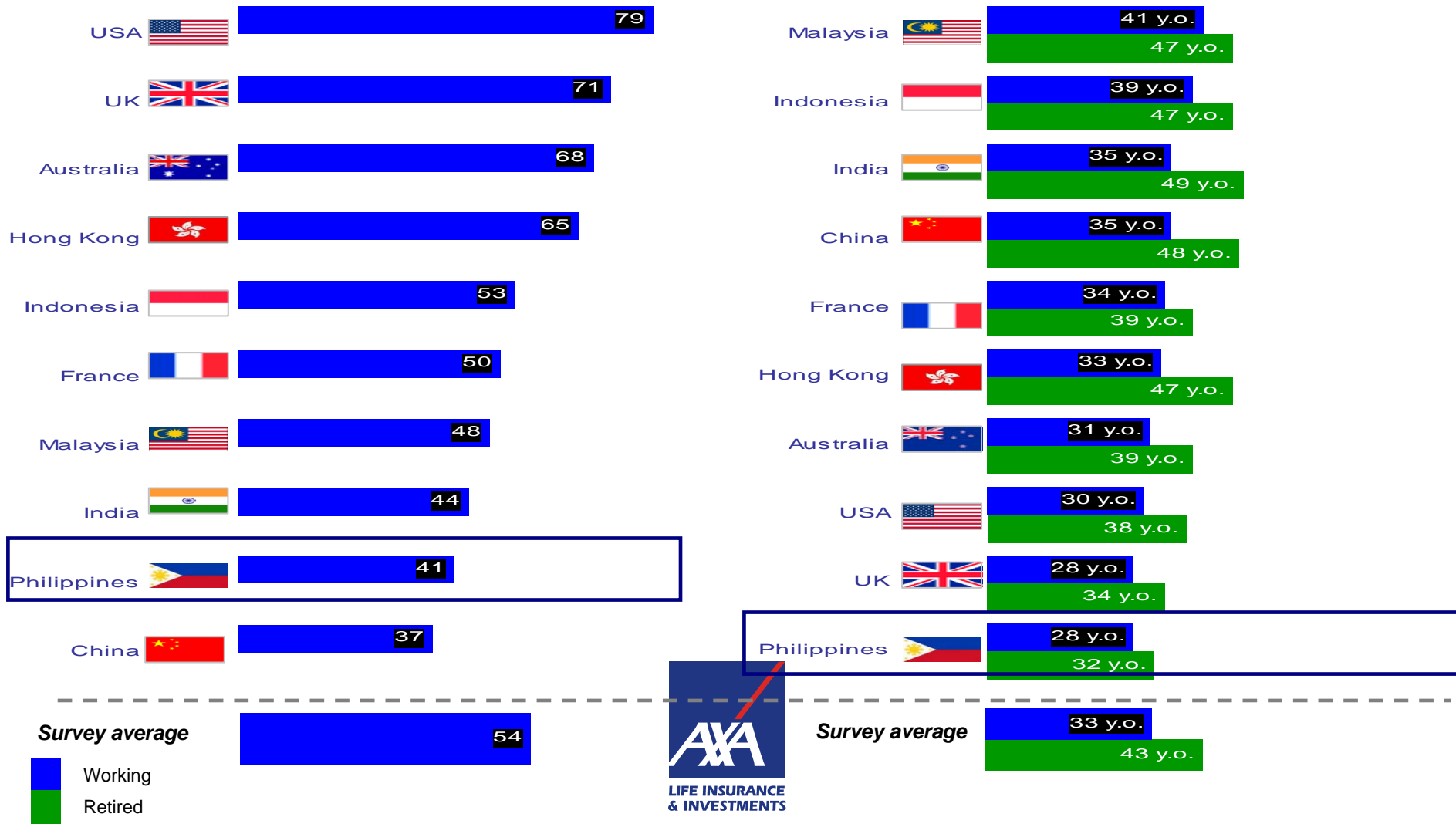


# At what age do people begin preparing for retirement? International comparison

*Proactive stance is a trait that many Filipinos have yet to acquire given the lower incidence of planning for retirement compared to other countries. However, Filipinos start preparing at a younger age compared to other countries.*

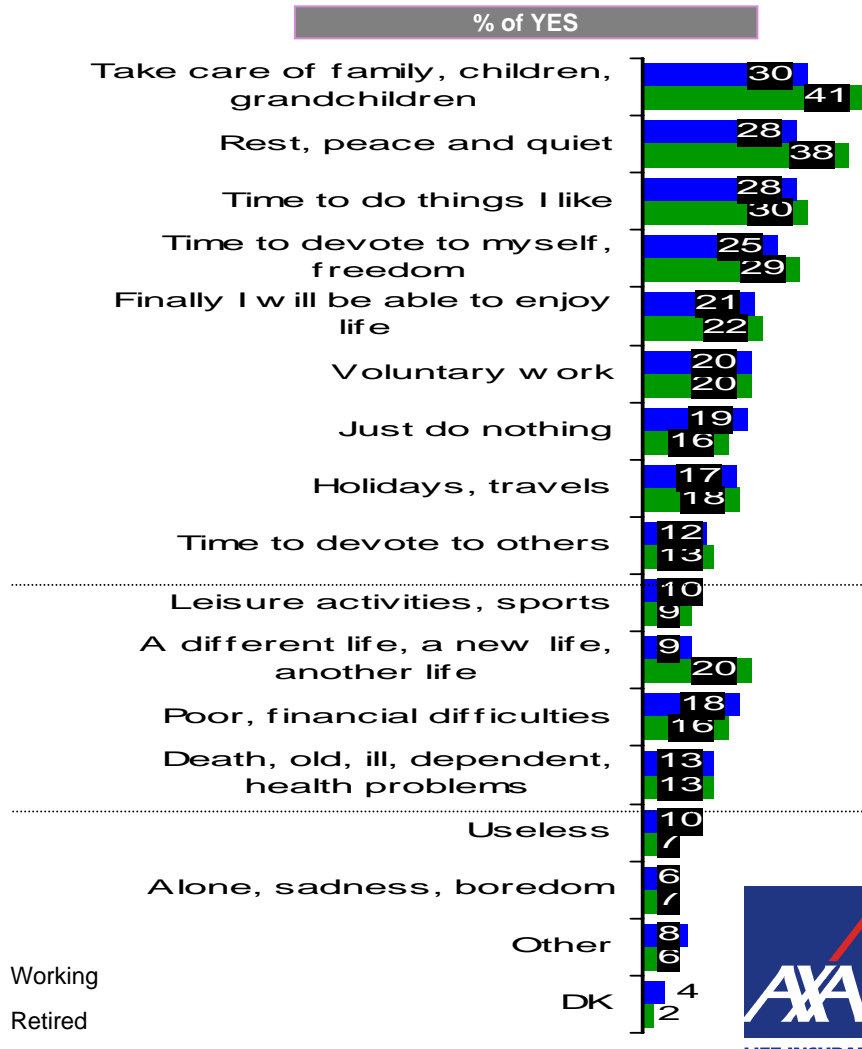
% of working people who began to prepare

Beginning age of preparation for retirement (ave. age)



## What thoughts are spontaneously associated with retirement?

Retirement is mainly associated with rest, enjoying life and allotting time to what one wants to do. Enjoyment of life is culturally taking care of family, children and grandchildren.



Base: n= 300 working, n=300 retired

Q. Working and Retired: What thoughts come to mind when thinking about the word "Retirement"?

### Positive associations:

Working: 82%

Retired: 91%

### Negatives associations:

Working: 36%

Retired: 30%

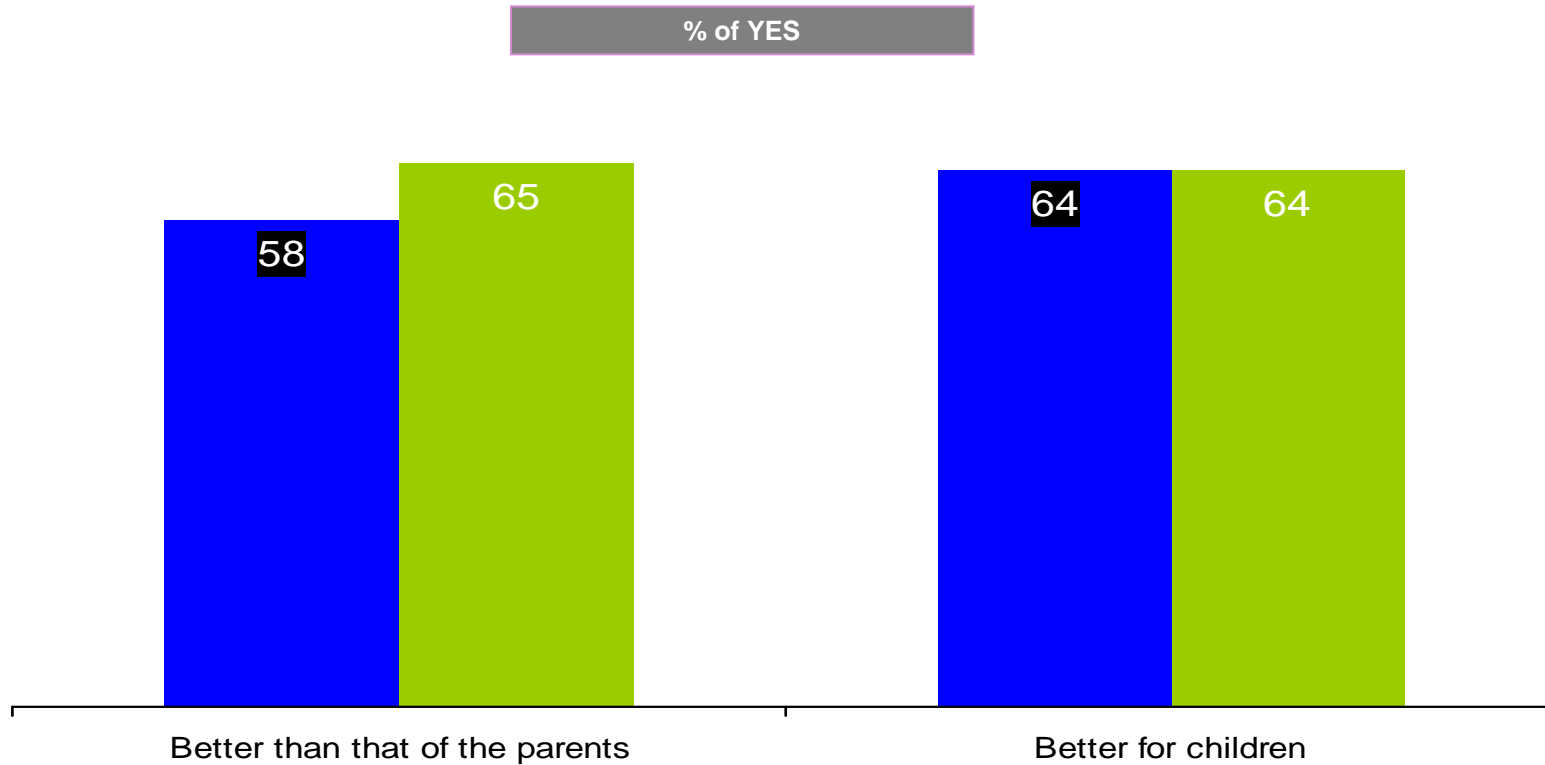
### Average number of associations:

Working: 2.87

Retired: 3.11



How do people see life during retirement across generations?  
An improvement of retirement prospects is generally perceived from generation to generation.



Base: n=300 working, n=300 retired

Q. Working: Do you think your life during retirement will be better than that of your parents?

Retired: Do you think your life during retirement is better than that of your parents?

Q. Working: Do you think your children's life during retirement will be better than yours?

Retired: Do you think your children's life during retirement will be better than yours?



Working  
Retired

# How do Filipinos generally feel about retirement?

- ❑ Filipinos view retirement still as a period to continue earning money - even if only to earn extra income. This attitude was brought about by the difficult economic situation in the country
- ❑ Except for anxieties about reduced income, generally positive associations are linked with retirement which reflects the Filipinos' tendency to have a happy outlook in life and reliance on support from close family ties. This leads them to worry less about aging or matters that commonly come with retirement

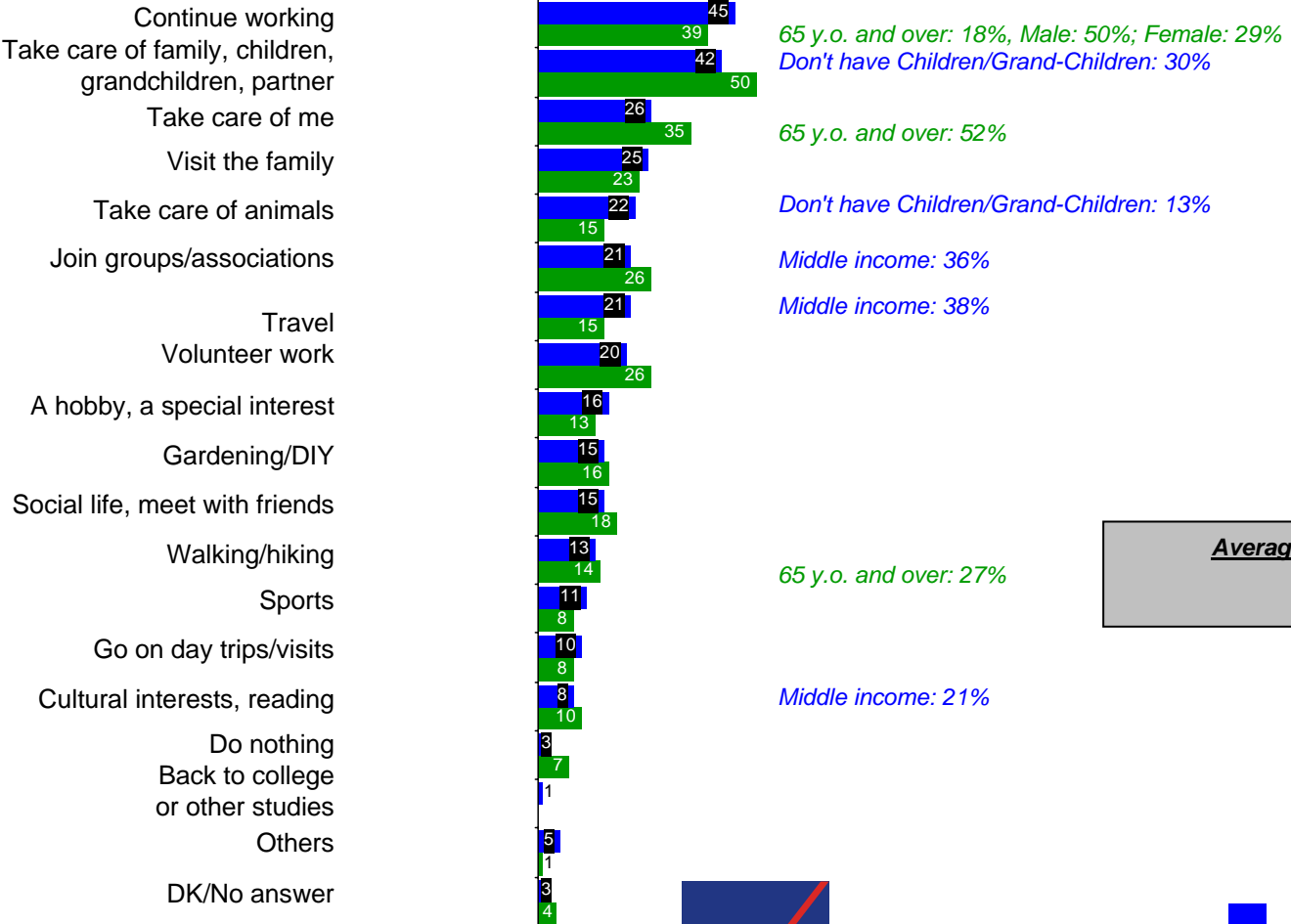
# What do Filipinos plan to do after retirement?





## Which activities do people do, plan to do, when retired?

The value of work and taking care of the family are two areas that reflect the Philippine situation. Working as long as one is physically and mentally capable is something that Filipinos consider to be able to support family. Taking care of the family is a result of the traditionally close knit family relationships and extended family ties.



**Average number of activities**  
 Working: 3.28  
 Retired: 3.36

Base: n=300 working, n=300 retired  
 Q.Working: Which activities and projects would most interest you when Retired?  
 Retired: What kind of activities do you do since you retired?

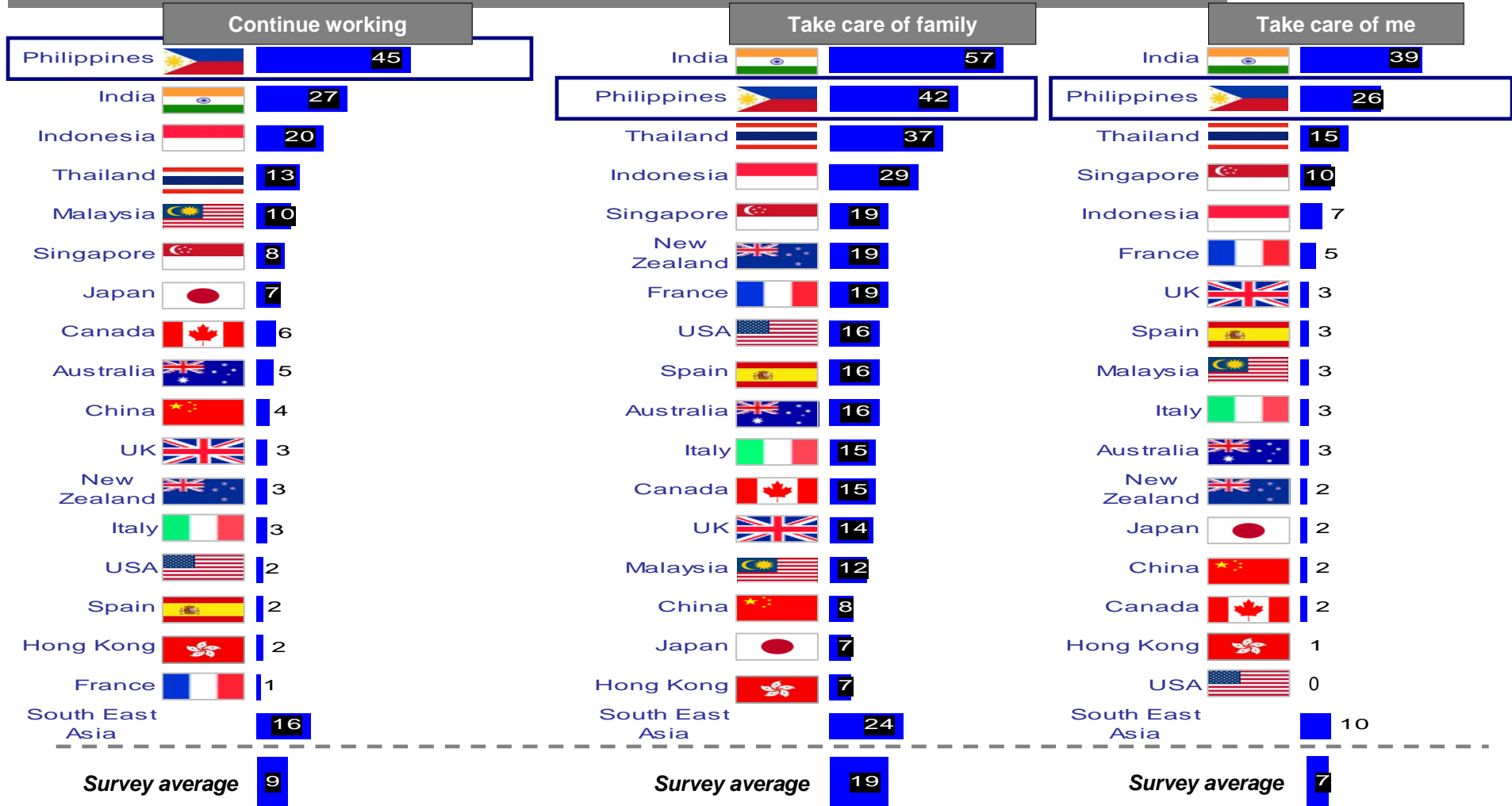


Working  
 Retired

## Which activities do people plan to do when retired? International Comparison

*Given the importance of these activities in the Filipino culture, it turned out to be areas where the Philippines stood out compared to other countries. This is true among the working segment.*

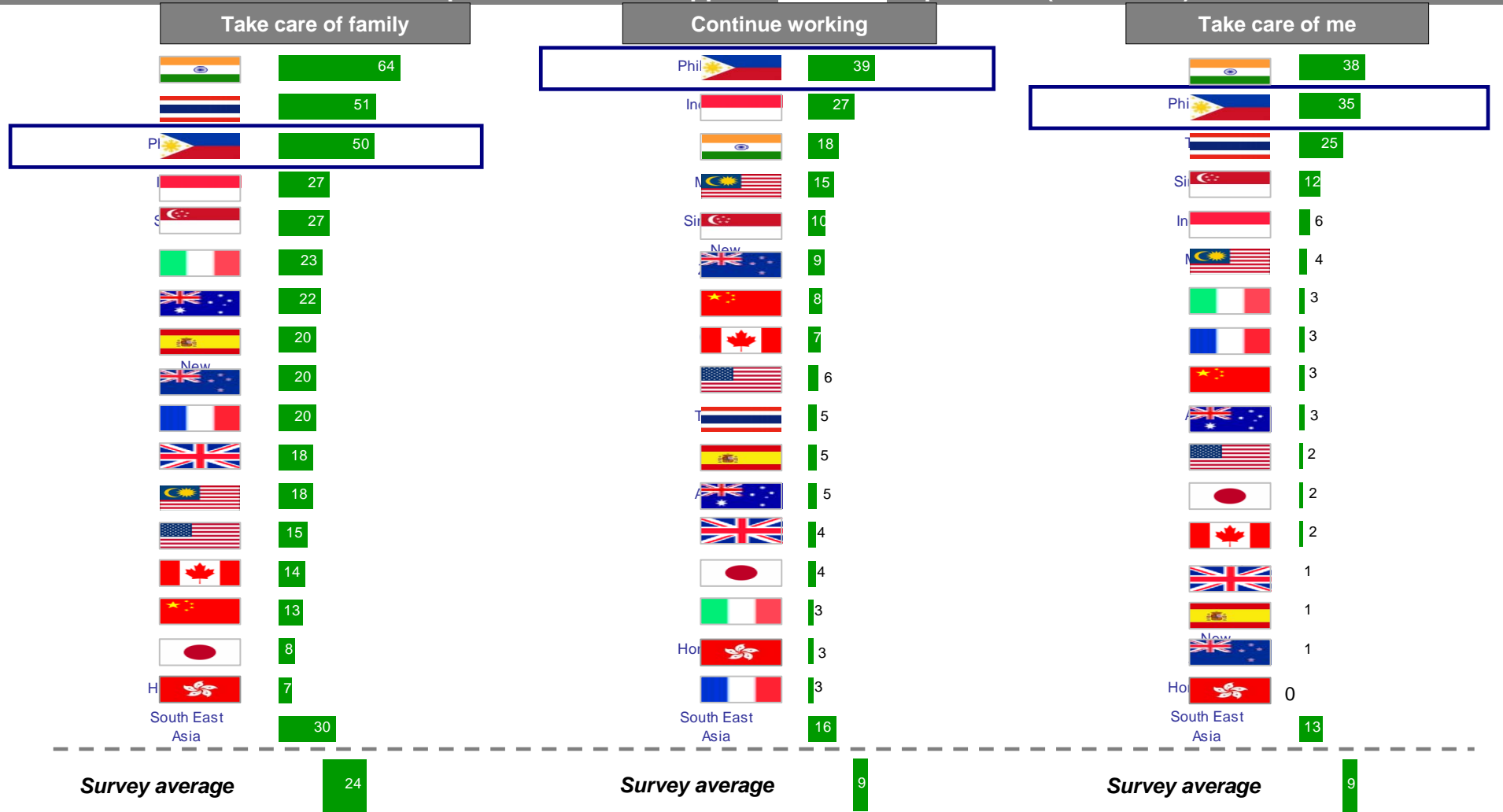
### Interest of other countries for the Top 3 activities of Philippines Working respondents (% of "Yes")



# Which activities do people do when retired? International Comparison

*Caring for the family is a primary consideration among Filipinos and as well as among their Asian neighbors.*

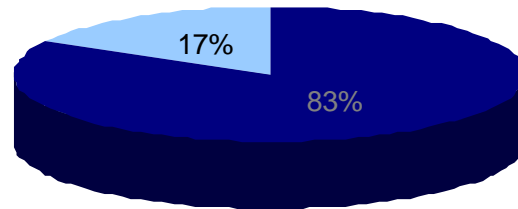
## Interest of other countries for the Top 3 activities of Philippines Retired respondents (% of "Yes")



**Do people hold, or plan to hold, a paid job during retirement?**  
*Among currently working individuals, the prevailing mindset is to continue working even after retirement. Conversely, retirees prefer to rest and take advantage of their retirement.*

**Working**

45-54 y.o.: 5%; 45 y.o. and over: 5%

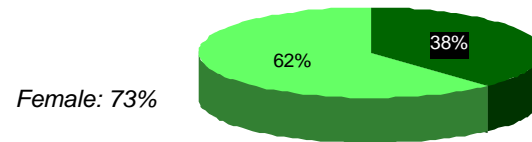


■ Yes  
 ■ No

45-54 y.o.: 95%; 45 y.o. and over: 95%

**Retired**

Female: 27%



Female: 73%

■ Yes  
 ■ No

Base: n=252 working, n=244 retired  
 Q. Working: Would you like to hold a paid job after retirement?  
 Retired: Do you hold a paid job despite retirement?



# What do Filipinos plan to do after retirement?

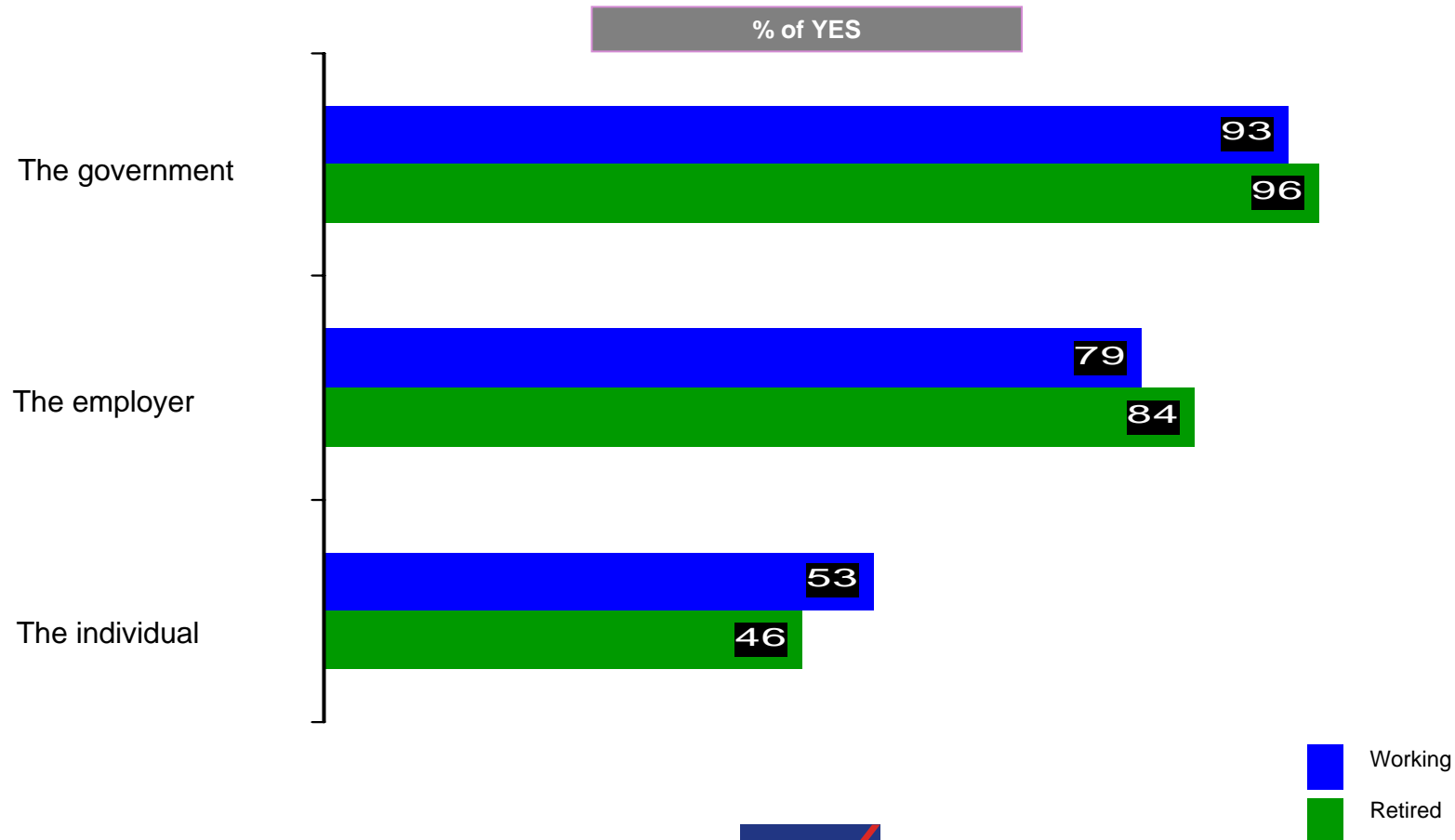
- ❑ Among working individuals, the current mindset is to continue working even after retirement. Conversely, retirees prefer to rest and take advantage of their retirement
- ❑ Standard of living and quality of life is perceived to be similar to pre-retirement stage. This thinking seems to come from the fact that retirement is not just defined in financial terms but also in terms of how one can enjoy it

Who do Filipinos rely on for their retirement income?



## Who should provide retirement income?

*Although government and employer retirement schemes are rated below expectations, the greater majority still think these institutions are obliged to provide for employees' retirement. Only about half think individuals should also invest for their retirement.*

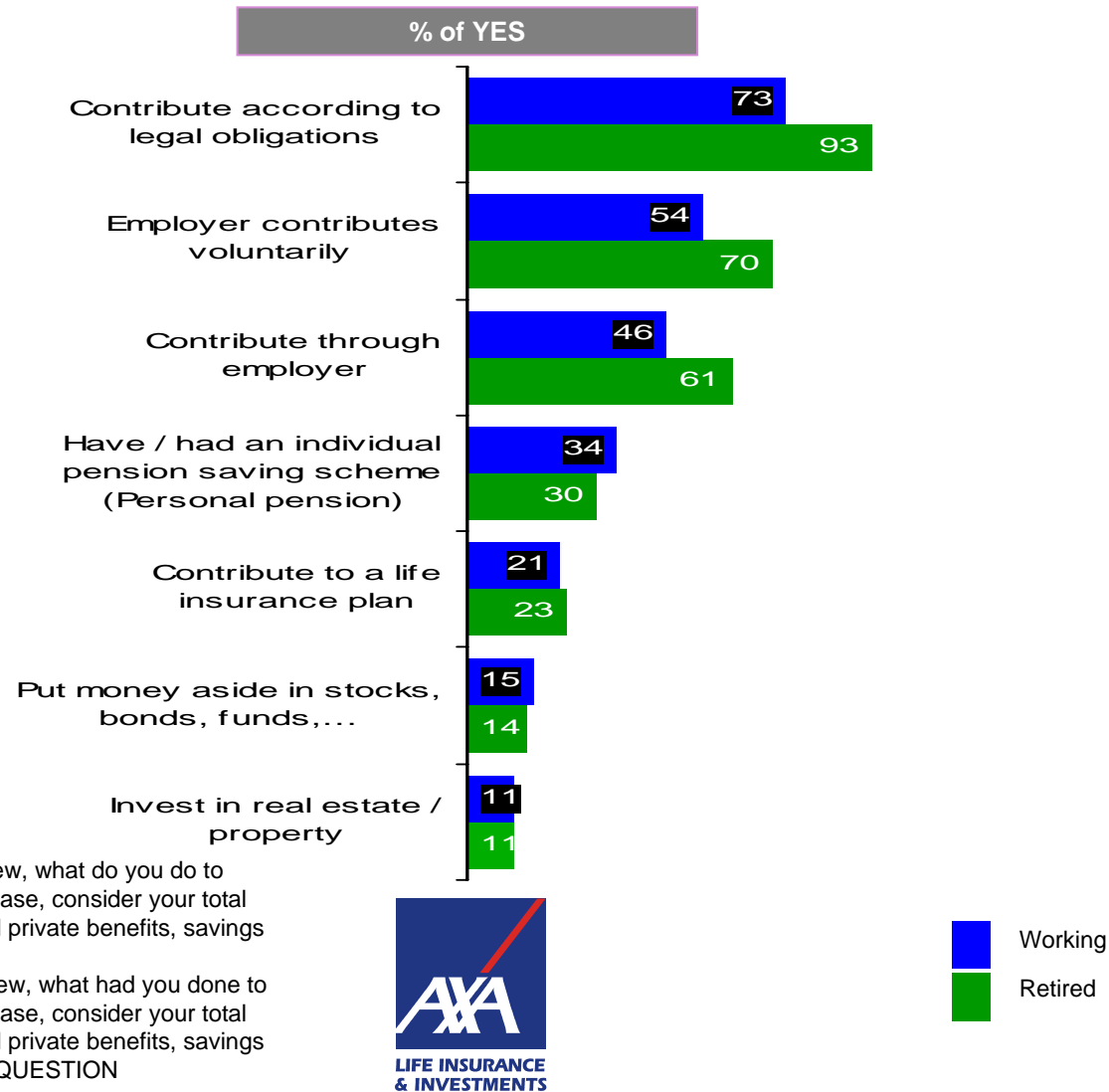


Base: n=300 working, n=300 retired

Q. Working and Retired: In your opinion, who do you think should be responsible for providing retirement income ?











## What do people do to secure their retirement income?

*Retirement income is largely left to the mandated pension system of the government and, if any, their employer's contribution or initiative. Only about a third consider a voluntary contribution via pension or insurance plan.*



**How do working people secure their retirement income? International comparison**  
*The Philippines is not far behind most countries in securing their retirement income from government or mandated sources.*











\* Denotes more than one item at 3<sup>rd</sup> position.

|                    |   | <b>Working</b>   |  |  |
|--------------------|---|--|--|--|
|                    |   | <b>1st</b>   | <b>2nd</b>   | <b>3rd</b>   |
| Australia          |    | Contribute with compulsory superannuation requirements (84%) | Have personal superannuation plan / savings account(59%)                       | Contribute superannuation voluntary through employer (53%)             |
| China              |    | Contribute according to legal obligations (79%)              | Employer contributes complementary retirement insurance product for you (62%)* | Contribute to a life insurance plan (56%)                              |
| France             |    | Contribute according to legal obligations (64%)              | Contribute to a life insurance plan (54%)                                      | Contribute voluntarily through employer (38%)                          |
| Hong Kong          |    | Contribute Mandatory Provident Fund (79%)                    | Employer contributes MPF for you (76%)*  | Invest in real estate (61%)  |
| India              |   | Contribute to a life insurance plan (75%)                    | Put money aside in bank deposits (73%)   | Contribute to employee provident fund (43%)                            |
| Indonesia          |  | Contribute according to legal obligations (60%)              | Have an individual pension saving scheme (54%)                                 | Employer contributes voluntarily for you (33%)                         |
| Malaysia           |  | Contribute to a life insurance plan (73%)                    | Contribute according to legal obligations (67%)                                | Contribute through employer (65%)                                      |
| <b>Philippines</b> |  | Contribute according to legal obligations (73%)              | Employer contributes voluntarily for you (54%)                                 | Contribute through employer (46%)                                      |
| UK                 |  | Contribute according to legal obligations (90%)              | Contribute voluntarily through employer (61%)                                  | Employer contributes voluntarily for you (58%)*                        |
| USA                |  | Contribute to Social Security (91%)                          | Contribute through employer (69%)  | Put money aside in stocks, bonds, funds, certificates of deposit (66%) |

## How did retired people secure their retirement income? International comparison

*Similarly, those who have already retired have sourced their retirement income from government sources as do most countries.*

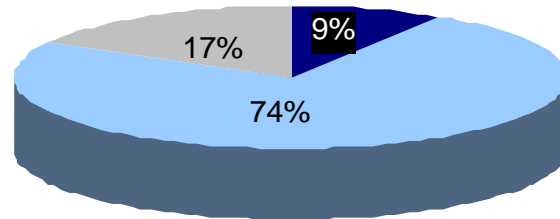
\* Denotes more than one item at 3<sup>rd</sup> position.




|                    |   | Retired  |   |  |
|--------------------|---|--|---|--|
|                    |   | 1st  | 2nd   | 3rd  |
| Australia          |    | Contribute in line with compulsory superannuation requirements (62%) | Contribute superannuation voluntary through your employer (58%)               | Put money aside in stocks, bonds, funds (41%)                          |
| China              |    | Contribute according to legal obligations (72%)                      | Employer contributes complementary retirement insurance product for you (51%) | Contribute to a life insurance plan (42%)                              |
| France             |    | Contribute according to legal obligations (65%)                      | Contribute to a life insurance plan (57%)                                     | Invest in real estate (45%)  |
| Hong Kong          |    | Employer contributes MPF for you (47%)                               | Have an individual annuity (33%)  | Invest in real estate (33%)  |
| India              |   | Put money aside in bank deposits (67%)                               | Contribute to a life insurance plan (55%)                                     | Contribute to employee provident fund (52%)                            |
| Indonesia          |  | Contribute according to legal obligations (65%)                      | Have an individual pension saving scheme (48%)                                | Invest in real estate (29%)  |
| Malaysia           |  | Contribute according to legal obligations (60%)                      | Contribute through your employer (58%)  | Employer contributes voluntarily for you (54%)                         |
| <b>Philippines</b> |  | Contribute according to legal obligations (93%)                      | Employer contributes voluntarily for you (70%)                                | Contribute through employer (61%)                                      |
| UK                 |  | Contribute according to legal obligations (88%)                      | Employer contributes voluntarily for you (71%)                                | Contribute voluntarily through employer (70%)                          |
| USA                |  | Contribute to Social Security (92%)                                  | Employer contributes voluntarily for you (73%)                                | Put money aside in stocks, bonds, funds, certificates of deposit (65%) |

## What is the preferred financial product for retirement?

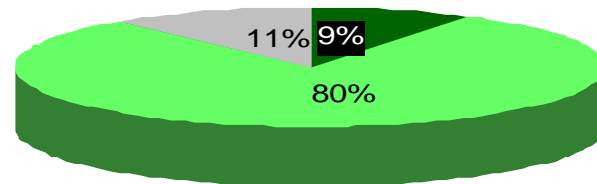
*The bulk of Filipinos are rather conservative and are low-risk takers in choosing investment options for their retirement plan.*




### Working



-  A high return, but with a financial risk
-  A minimum return without any financial risk
-  DK/No answer

### Retired



-  A high return, but with a financial risk
-  A minimum return without any financial risk
-  DK/No answer

Base: n=252 working, n=244 retired

Q.Working and Retired: In your view, which of these would be of more interest to you as a retirement product?

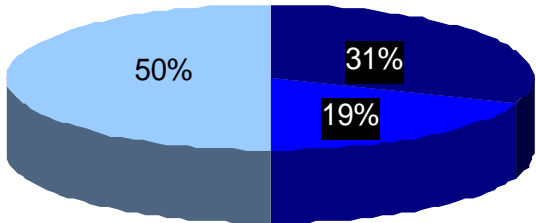




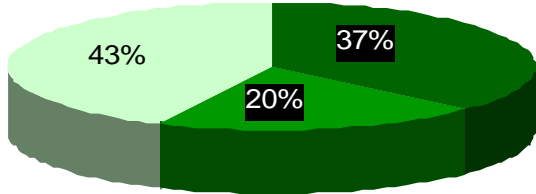
## Will people use their savings or leave inheritance to others?

*There is much indecision on how to use one's savings. It is certain that among working and retired, the thought of passing something to their heirs is considered. However, there seemed to be avoidance in talking about money matters and inevitable circumstances such as death to have a more planned future for their heirs.*

**Working**



**Retired**



- Use your savings
- Maintain savings to pass them on to heirs
- Don't know yet



# Who do Filipinos rely on for their retirement income?

- ❑ Providing retirement benefits is generally seen more as a responsibility of the government and the employers rather than that of the individual
- ❑ With lack of knowledge on financial risks, majority of Filipinos would prefer to invest on those that involve less risk. The financial planning scheme will be at an advantage.