



## **SINGAPOREANS EMERGE TOP IN TAKING PERSONAL RESPONSIBILITY FOR RETIREMENT INCOME**

*AXA Retirement Scope 2008 reveals Singaporeans are among the top savers in Asia*

SINGAPORE, 7 January 2008 – The AXA Retirement Scope 2008, a global survey to understand people’s perceptions and attitudes towards retirement, revealed that Singaporeans were ahead of 25 other countries surveyed for taking personal responsibility for retirement income. 90% of working Singaporeans and 85% of retirees believed it was up to the individual to save for retirement, rather than rely on the government or employer. Singaporeans also expressed greater confidence in their income sufficiency for retirement, as 54% of working Singaporeans and 57% of retirees felt their retirement income would be sufficient or completely sufficient, up from 52% a year ago.

Commenting on the fourth edition of the annual global research, Ms Annette King, Chief Marketing and Strategy Officer of AXA Life Insurance Singapore, said “The AXA Retirement Scope takes the pulse of working and retired people around the world, to examine their individual retirement dreams and the reality they face in their silver-haired years. Understanding the ‘retirement heartbeat’ of Singaporeans has broadened and deepened our knowledge of retirement needs and aspirations, and enabled us to tailor advice and solutions which help our clients feel confident about their years after work.”

### **Singaporeans begin retirement planning when...**

The AXA Retirement Scope 2008 revealed that the top 3 triggers for retirement planning among working Singaporeans were having children,

reaching 50 years old and reaching 40 years old. The same 3 factors applied to retirees, except that the top catalyst was reaching 50 years old.

54% of working Singaporeans had begun planning for their silver-haired years, starting at an average age of 34. This was still a significantly lower percentage than developed markets like the United States, where 79% of working Americans started retirement planning and from a younger age of 30. Within Asia, Filipinos began retirement planning the earliest, at 28 years old.

Among the retiree group, retirement planning started at 41 years old, down from 43 years old in the last AXA Retirement Scope.

### **Singaporeans want to extend their working years**

More retirees than working Singaporeans are in favour of raising the minimum retirement age to about 65 years old. 56% of retirees and 44% of working Singaporeans are in favour of raising the minimum retirement age to 65 and 64 years old respectively. Ideally, working Singaporeans wish to retire at 55 years old (54 years old in last year's survey) although they expect to retire only at 58 years old. For the retired group, the ideal retirement age is 59 years old but in reality, they retired earlier at 55 years old, compared to 56 years old in last year's survey.

Retirees felt that they were fit to work till 64 years old while working Singaporeans indicated 62 years old as the average fit-to-work age. The age in which one is deemed old had decreased. Working and retired people perceived 'old age' to be 66 and 70 respectively, compared to 67 and 72 in last year's AXA Retirement Scope.

The survey also revealed that an increasing proportion of Singaporeans expect retirement reforms to take place in the next 10 years. 70% of working Singaporeans and 62% of retirees anticipate changes to retirement regulations, up from 60% and 57% respectively a year ago. One of the key results of the retirement reform is an increase in the number of years that one must work and this expectation of longer work years in Singapore is highest among the 26 countries surveyed.

Singaporeans also plan to work during their retirement years, coming in 4<sup>th</sup> after the Philippines, Thailand and Indonesia. 74% of working Singaporeans intend to hold a job in their retirement years, compared to 71% last year, while 30% of retirees actually hold a job currently.

“The question arises if Singaporeans are seeking employment opportunities during retirement to keep themselves engaged or for financial reasons. Our research indicates that Singaporeans view retirement as a time to reinvent themselves and pursue the things they like, travel, perform volunteer work, lead an active social life or take care of the family. Unless there is a genuine passion for work, the latter scenario could be avoided with early retirement planning,” said Ms King.

For instance, Barry invests in an investment-linked or unit trust product that yields a return of 8% per annum. He contributes S\$20,000 annually for 10 years, then stops investing, waits 5 years and retires. On the other hand, Harry waits 5 years before investing S\$20,000 annually for 10 years, stops investing and retires immediately. Both may invest the same amount of money but Barry retires with S\$442,739 while Harry has S\$301,320. Barry’s retirement funds are larger simply because he started earlier.

### **Singaporeans are still heavily dependent on CPF for retirement funding**

Personal and employer contributions to the CPF as well as SRS savings or maturity rollover plans were the top 3 sources of retirement funding for working and retired Singaporeans alike.

“The heavy reliance on CPF savings for retirement is worrying, because these savings will only provide a quarter of the funds needed for the average Singaporean. Furthermore, 77% of working Singaporeans use their CPF to pay for their property mortgage so it is crucial to examine what remains of their CPF savings by the time they retire. While they may have a roof over their heads, they may not have sufficient funds for their daily expenses or for enjoying the things they want in their later years,” said Ms King.

The AXA Retirement Scope 2008 revealed that on average, the retired group in Singapore had only S\$100 disposable income after paying off all household expenses. This was slightly better off than most Asian markets surveyed but paled in comparison with the United States and Switzerland where retirees had an excess of S\$2,185 and S\$1,362 respectively.

Among working Singaporeans, about 4 in 10 were aware of the amount of their future retirement income, on par with the United Kingdom and Canada, and the same result as the 2007 survey. Compared to last year's findings, the average monthly amount saved for retirement, however, increased from S\$824 to S\$907, higher than the United Kingdom (S\$627) and Canada (S\$694).

**Singaporeans have a low risk appetite when it comes to investments**

3 in 4 Singaporeans left their savings in the CPF to earn interest while at least 4 in 10 used their CPF savings to invest in investment-linked products or unit trusts from banks and insurers. Almost 6 in 10 of these investors were in the higher income group.

The majority of Singaporeans prefer to play it safe when investing in financial products for retirement. About 2 in 3 Singaporeans want a minimum return without any financial risk, and only 23% of working Singaporeans and 13% of retirees are willing to accept a higher return with a higher financial risk.

Commenting on Singaporeans' risk aversion, Ms King said "I would encourage Singaporeans to consider investing their funds in order to capitalise on market opportunities to yield potentially greater returns in the long term. While I fully appreciate the concerns pertaining to market volatility, the key lies in seeking advice from a qualified financial advisor, so that he may help to assess your risk appetite and time horizon, to select a fund that best suits your needs. Also, it is important to diversify your investment portfolio across different styles, sectors and countries, so as to minimise the risk exposure while capturing market performance."

For example, Sally leaves S\$50,000 in a fixed term deposit account for 3 years, earning an interest of 1.25% per annum. Kelly, on the other hand, chooses to invest S\$50,000 in an investment-linked product that provides an average of 9% returns per annum. After 3 years, Sally would have S\$51,899 while Kelly would have S\$64,751.

“The opportunity cost of leaving non-emergency savings idle is significant, especially if you consider the potential gain from investing over the long-term. It makes sense to make your money work harder for you now, so that you hardly need to work later,” added Ms King.

### **Singaporeans are optimistic towards their retirement**

Both working and retired Singaporeans feel that their retirement will be better than that of their parents, however fewer believe their children’s life during retirement will be better than theirs, particularly among those that had already retired.

Singaporeans also prefer to use their hard-earned savings to fulfil their retirement dreams, rather than to leave an inheritance. 57% of working Singaporeans and 63% of retirees want to use their retirement savings for themselves, significantly higher than the survey average of 48% and 47% respectively.

Compared to last year’s AXA Retirement Scope findings, 22% of working Singaporeans and 16% of retirees feel that retirement would bring improved living standards, an increase of 5% and 1% respectively. About half anticipate no change in living standards.

About 2 out of 3 Singaporeans hold positive thoughts associated with retirement, as it provides them with freedom and time to pursue their interests, and to travel. This was a slight dip from the AXA Retirement Scope 2007, where at least 7 out of 10 had positive associations towards retirement.

About 2 in 10 Singaporeans associate negative thoughts with retirement, and these concerns relate to death, health problems, financial dependency and being in financial difficulties.

The gender divide was also apparent in the global survey. Across all countries, men were perceived to suffer the most from boredom during retirement and women were deemed to be the best prepared psychologically. In Singapore, the working group felt men were most likely to suffer from boredom during retirement (58%) while women were most socially active (43%). Retired Singaporeans felt that women were the best prepared psychologically (35%), the most active during retirement (32%) and suffer most from marriage or relationship problems (32%).

### **To find out more about the AXA Retirement Scope 2008...**

Singaporeans who are keen to find out more about the AXA Retirement Scope 2008 may wish to visit the AXA booth at the inaugural Silver Industry Conference and Exhibition (SICEX), from 12 to 13 January 2008 at the Suntec Convention Centre Singapore. As Lead Sponsor for SICEX 2008, AXA will be conducting a special talk on "How much is enough?" by Arun Abey, Head of Strategy, AXA Asia Pacific Holdings and financial advisors will also be available to assist Singaporeans with retirement planning. For more information, visit our website at [www.axa.com.sg](http://www.axa.com.sg).

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### **About the AXA Retirement Scope 2008**

The AXA Retirement Scope is an annual global survey which is established to:

- explore and understand attitudes towards retirement, health and related issues across a broad cross-section of the adult population in each of the surveyed countries
- compare and contrast the attitudes and expectations of working people with the experience and perceived realities of retirees
- uncover broader trends and perspectives by placing the results from each surveyed country into a global context.

The 4<sup>th</sup> edition of the global study included 18,202 working and retired people in the following 26 countries: Australia, Belgium, Canada, China, Czech Republic, France, Germany, Hong Kong, Hungary, India, Indonesia, Italy, Japan, Malaysia, Morocco, New Zealand, Philippines, Poland, Portugal, Singapore, Slovakia, Spain, Switzerland, Thailand, UK, USA.

This year, 5 additional Asian countries (India, Indonesia, Malaysia, the Philippines and Thailand) and 4 countries in Central Europe (Czech Republic, Hungary, Poland, Slovakia) were included in the survey for the first time.

Fieldwork for Singapore was conducted between July and August 2007, and reached out to 300 working people aged 25 and over, as well as 306 retired or in early retirement people aged under 75.

#### **About AXA**

The AXA Group is a global leader in wealth management and financial protection. Operating in over 5 continents and with offices in over 60 countries, the group has more than 150,000 employees and 52 million customers worldwide. AXA managed over €1,376 billion in assets as of 30 June 2007.

(Source: [www.axa.com](http://www.axa.com))

#### **About SICEX**

The Silver Industry Conference & Exhibition 2008 (SICEX) is designed to harness the opportunities of the silver market, as well as position Singapore as a regional player in the emerging silver industry in Asia.

AXA is the Lead Diamond Sponsor of this event and brings its retirement advice, solutions and expertise to all Singaporeans attending the event. It demonstrates AXA's expertise and leadership position in the field of pre-retirement and retirement planning.

This 4-day event comprises a conference and an exhibition centered on 4 key areas: Financial, Healthcare & Wellness, Travel & Leisure and Technology. The conference objective is to equip attendees with knowledge and practical skills to prepare themselves mentally, financially and socially as they near retirement.

It is expected to draw 500 conference delegates and 100,000 consumer visitors to the Suntec Convention Centre from 10-13 January 2008.

(Source: [www.sicex.com.sg](http://www.sicex.com.sg))

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## AXA Retirement Scope 2008 Fact Sheet

### Background

- The AXA Retirement Scope is an annual global survey which is established to:
  - explore and understand attitudes towards retirement, health and related issues across a broad cross-section of the adult population in each of the surveyed countries
  - compare and contrast the attitudes and expectations of working people with the experience and perceived realities of retirees
  - uncover broader trends and perspectives by placing the results from each surveyed country into a global context.
- The 4<sup>th</sup> edition of the global study included 18,202 working and retired people in the following 26 countries: Australia, Belgium, Canada, China, Czech Republic, France, Germany, Hong Kong, Hungary, India, Indonesia, Italy, Japan, Malaysia, Morocco, New Zealand, Philippines, Poland, Portugal, Singapore, Slovakia, Spain, Switzerland, Thailand, UK, USA.
- This year, 5 additional Asian countries (India, Indonesia, Malaysia, the Philippines and Thailand) and 4 countries in Central Europe (Czech Republic, Hungary, Poland, Slovakia) were included in the survey for the first time.
- Fieldwork for Singapore was conducted between July and August 2007, and reached out to 300 working people aged 25 and over, as well as 306 retired or in early retirement people aged under 75.

### Singaporeans still lag behind US in retirement preparation

- 54% of working Singaporeans had begun planning for retirement, starting at an average age of 34. This was lower than developed markets like the United States, where 79% of working Americans started retirement planning from age 30.
- Among the retiree group, retirement planning started at 41 years old, down from 43 years old in the last AXA Retirement Scope
- The top 3 triggers for retirement planning among working Singaporeans are having children (67%), reaching 50 years old (66%) and reaching 40 years old (65%).
- The top 3 triggers for retirement planning among retirees are reaching 50 years old (51%), having children (48%) and reaching 40 years old (45%).

### **Singaporeans hold or plan to hold jobs during retirement**

- Singapore ranks 4<sup>th</sup> in terms of intention to hold a paid job or actually holding a paid job during retirement. The top three countries were the Philippines, Thailand and Indonesia.
- 74% of the working group plan to hold jobs during retirement, up from 71% a year ago. Majority of these working people are between 25-34 years old and are professionals, managers and executives.
- 30% of retirees are currently employed. In the AXA Retirement Scope 2007, 37% retirees held jobs.

### **Singaporeans anticipate a lower but sufficient income after retirement**

- Singaporeans take personal responsibility for their retirement income, emerging top among other countries. 90% of working Singaporeans and 85% of retirees feel it is their responsibility, not the government or employer, to provide for their retirement income.
- 69% of working Singaporeans and 79% of retirees expect a lower income upon retirement.
- 54% of working Singaporeans feel their retirement income will be sufficient or completely sufficient, up from 52% in the AXA Retirement Scope 2007. 57% of retirees feel their retirement income will be sufficient or completely sufficient, up from 52% a year ago.
- Although the sufficiency rating in Singapore is above the survey average, it is only above Hong Kong, France, the Philippines and Japan.
- 38% of working Singaporeans are aware of their retirement income, which puts them on par with UK and Canada. In comparison, 57% of working Malaysians are aware of their retirement income.
- On average, the retired group in Singapore had only S\$100 disposable income after paying off all household expenses. This was slightly better off than most Asian markets surveyed but paled in comparison with the United States (S\$2,185) and Switzerland (S\$1,362).
- More than half working Singaporeans (57%) and retirees (63%) intend to use their savings, instead of leave an inheritance.

### **Singaporeans are heavily dependent on CPF for retirement savings**

- Among working Singaporeans, the top 3 sources of retirement savings are personal CPF contribution (91%), employer's voluntary contribution to the CPF (90%) and CPF savings/SRS account/maturity rollover plans (84%).
- Among retirees, the top 3 sources of retirement savings are employer's contribution to the CPF (85%), personal CPF contribution (84%), and employer's CPF contribution (80%).
- Working people use their CPF savings to pay for their property (77%), leave it in the CPF account to earn interest (75%), buy life insurance (59%), buy investment-linked products from banks or insurers (45%), buy unit trust from banks or insurers (41%) and buy stocks and shares (33%).
- The average monthly savings for working Singaporeans has increased from S\$824 to S\$907 compared to the AXA Retirement Scope 2007. Among other countries, Singapore is ranked 5<sup>th</sup> after Switzerland (S\$986), the United States (S\$979), Hong Kong (S\$939) and Australia (S\$915).

- For retirees, the average monthly savings has decreased from S\$747 to S\$664 compared to last year. Among other countries, Singapore is ranked 4<sup>th</sup> after Switzerland (S\$1044), Canada (S\$923) and the United States (S\$877).

### **Singaporeans are risk averse when it comes to investing for retirement**

- 67% of working Singaporeans and 64% of retirees prefer to invest in products with a minimum return without any financial risk. This is in line with the global trend, where about 7 in 10 prefer low risk products.

### **Singaporeans want the minimum retirement age to be raised**

- More retirees rather than working Singaporeans are in favour of raising the retirement age. 56% of retirees and 44% of working Singaporeans are in favour of raising the minimum retirement age to 65 and 64 years old respectively. Last year, 2 out of 3 retirees and about half of the working population were in favour of raising the retirement age.
- Only 23% of working Singaporeans and 19% of retirees disapproved raising the retirement age limit. The remainder neither approved nor disapproved, or did not know.
- The ideal retirement age for working Singaporeans is 55 years old (54 years old in last year's survey), although they expect to retire only at 58 years old.
- The ideal retirement age for retirees is 59 years old but they retired earlier at 55 years old (compared to 56 years old in last year's survey).
- Working Singaporeans and retirees felt fit to work till 64 years old and 62 years old respectively.
- The age in which one is deemed old has decreased. Working and retired people perceived 'old age' to be 66 and 70 respectively, compared to 67 and 72 a year ago.

### **Singaporeans anticipate changes in retirement regulations**

- Year on year, expectation of a retirement reform has increased. 70% of working Singaporeans and 62% of retirees expect retirement reforms, up from 60% and 57% a year ago.
- 9 in 10 Singaporeans think the expected reform will result in an increase in the number of years that one must work.

### **The majority of Singaporeans hold positive thoughts towards retirement**

- 2 out of 3 Singaporeans has positive thoughts towards retirement.
- The top 3 thoughts associated with retirement among working Singaporeans are: freedom and time to devote to myself (18%), travel (18%) and time to do things I like (17%).
- For retirees, the top 3 thoughts associated with retirement are: freedom and time to devote to myself (21%), time to do things I like (20%), travel (15%) and taking care of the family (15%).
- Some of the negative thoughts associated with retirement pertain to death, dependency, health problems, financial difficulties, boredom and loneliness.

### **Men and women are perceived to face different retirement issues**

- Participants were asked to evaluate if specific statements applied best to men or women. Across all countries, men were perceived to suffer the most from boredom during retirement and women were deemed to be the best prepared psychologically.
- In Singapore, the working group felt men were most likely to suffer from boredom during retirement (58%) while women were most socially active (43%).
- Retired Singaporeans felt that women will be the best prepared psychologically (35%), be most active during retirement (32%) and suffer most from marriage or relationship problems (32%).

### **Singaporeans' top 3 activities during retirement**

- The top 3 activities that appeal to the working group when they retire are travelling (38%), doing volunteer work (27%) and taking care of family members (19%).
- Across countries, working Singaporeans' intention to perform volunteer work puts us in third place, after India (33%) and Hong Kong (28%).
- The top 3 activities among retirees are socialising (28%), taking care of the family (27%) and travelling (21%).
- Singapore was ranked 2<sup>nd</sup> in socialising among retirees, after India (38%) and ahead of Indonesia (24%).

### **Singaporeans think their quality of life and living standard will remain unchanged**

- About half feel that the quality of life and living standards will remain unchanged.
- There is an uptrend in the proportion of Singaporeans who expect a higher standard of living. 22% of working Singaporeans think their standard of living will improve upon retirement, up from 17% a year ago. The increase for retirees is slightly smaller, from 15% to 16%.
- Compared to the survey average, more of the working group in Singapore think retirement is a period of improved living standard. The retired group's view is in line with the average.
- 30% of working Singaporeans and retirees feel the quality of life will or has improved upon retirement. The anticipation or actual experience of reduced quality of life is lower in Singapore than the survey average.

### **Singaporeans think their retirement will be better than their parents**

- Asian countries dominate the top 7 in thinking their life during retirement will be better than their parents, and their children's life during retirement will be even better.
- 66% of working Singaporeans and 73% of retirees think their life during retirement will be better than their parents. Singapore was ranked 7<sup>th</sup> and above the survey average of 56% and 70% respectively.
- 58% of working Singaporeans and 40% of retirees think their children's life during retirement will be better. Singapore was ranked 8<sup>th</sup> and above the survey average of 48% and 42% respectively.

### **Visiting retired parents regularly is the best form of support**

- Over 9 in 10 working Singaporeans and retirees overwhelmingly feel that visiting retired parents is the best form of support, followed by materials means and financial support.
- Across the markets, children's visit to parents is universally the best form of support.
- In terms of providing financial support, Singapore was ranked 3<sup>rd</sup>, after Hong Kong and India.

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