



## PRESS RESEALSE

### Hardly 1/3 of active Hungarians pre-save for retirement

Budapest, 24 April 2008 – In Hungary 2/3 of the economically active population retire prior to the official age of retirement and 80% of the workers retire voluntarily – according to a GFK survey commissioned by the AXA Group. This extraordinarily high ratio of early retirements puts Hungary to the 2nd worst place among the surveyed 26 countries, in contrast to the average of 50% in the EU and Central and Eastern Europe. This is coupled with a very low willingness to save, which unfortunately tends to emerge rather late, around the age of 50. It makes the situation even worse that Hungarians are very little aware of the available savings products – says the AXA Retirement Scope, an international survey into the retirements.

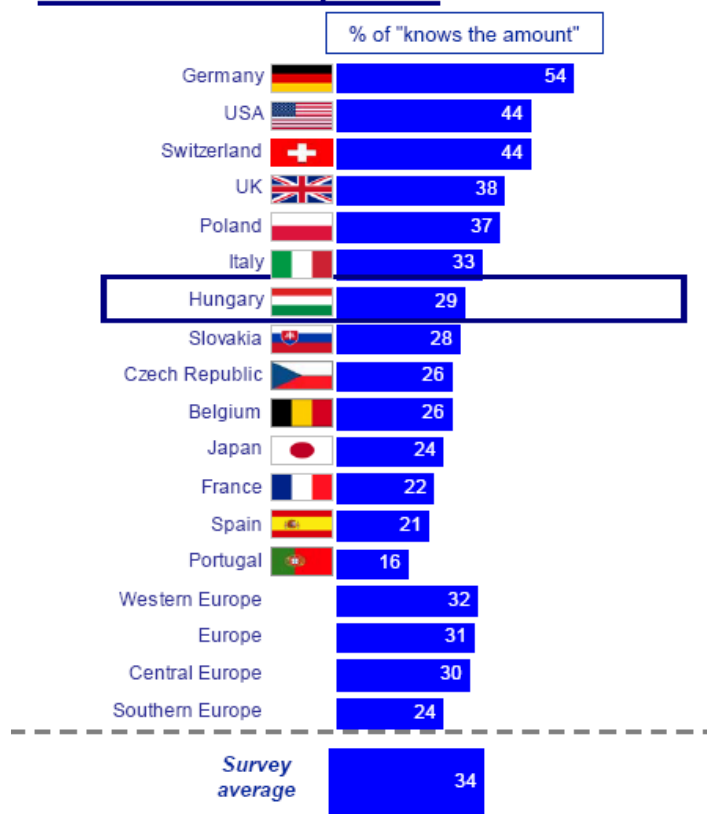
The aim of the international survey, which involved 26 countries last year, was to find out about peoples' thoughts, feelings and attitudes towards retirement. The representative survey was first carried out in Hungary in July 2007 and involved 300 economically active workers and 300 pensioners. The researchers wanted to find out how people prepare for their retirement, how they feel about being retired and whether they start saving for retirement on time. The survey, which was commissioned by AXA and conducted by GFK group allows for international comparison and the findings are noteworthy in a Hungarian perspective as well.

According to one finding of the survey, Hungarians tend to be much more pessimistic about their future retired life than the European average. Many of them associate retirement with poverty, illness and loneliness and little more than 50% of them think positively about this age, associating retirement mainly with free time, travelling and serenity.

39% of the active respondents plan to continue work after the retiring age, which is less than the European average. Despite this, only around 10% of them actually earn money while being a pensioner, which is roughly the same as the European average. It is clear from the survey, which is representative for the entire population, that very few Hungarians, only about 4% of the economically active workers support the idea of increasing the age of retirement.

While most of the active workers in Europe plan to spend their retired age travelling, being with the family and doing other free time activities, Hungarian pensioners, mainly due to their limited financial resources, spend most of their time doing work round the house like gardening or DIY, looking

#### International comparison

















Source: AXA Retirement Scope

after the family and continuing work.

It turns out from the international survey that 29% of the respondents in Hungary have an idea about how much pension they will get, which is in line with the Central European average. The younger the respondent, the lower this ratio is. Only 15% of those younger than 45 years of age are aware of the expected amount of their pension.

Although, as a result of increments in pension benefits, about 1/3 of the Hungarian pensioners draw a monthly pension higher than their former salary, about HUF 27 thousand is missing from the HUF 100 thousand, which is sufficient for a pensioner's living expenses up to necessary minimum per month. The situation is just the opposite in many countries in a European comparison because in many countries pensioners are able to put aside money from their pension for savings. In the CEE region this is also true of the Czechs and the situation in Slovakia and Poland is more favourable than the 27% deficit in Hungary. The deficit that pensioners have to cope with in Slovakia and Poland respectively is only 5% and 16% of the amount needed for a living.

<b>International comparison</b> (In HUF equivalent*)		Retirement income	Amount needed	Excedent / deficit (HUF)
Belgium		309 426	376 590	-67 164
Czech Republic		94 884	85 893	8 991
France		379 760	469 580	-89 820
Germany		327 238	221 747	105 491
Hungary		73 072	101 534	-28 462
Italy		364 471	344 601	19 870
Japan		286 215	336 551	-50 336
Poland		119 547	143 186	-23 639
Portugal		160 302	187 461	-27 159
Slovakia		68 518	72 059	-3 541
Spain		277 459	286 662	-9 203
Switzerland		600 835	437 793	163 042
UK		314 764	216 281	98 483
USA		691 309	430 458	260 851

Source: AXA Retirement Scope \*Conversion rates as of July 1st 2007

### Responsible and conscious self-reliance

The survey findings point out that, despite the uncertainty and the lower standard of living in retirement which is anticipated by about 50% of the people, less than 1/3 of Hungarians take mindful care of their pensions during the active years at work, as opposed to the 52% average in the CEE region.

While many people in Western Europe start preparing financially for old age in the middle of their twenties, at the time of their first job, marriage or the birth of their first child, taking the advice of financial experts and on the impact of tax reforms, then most Hungarians only realise the significance of preparation for old age only when they turn 50, or when they experience serious financial difficulty, an illness or an accident. The of conscious action begins to be taken 3 years later than the CEE and 5 years later than the European average, as late as around the age of 38.

Those who have some savings say that they usually put aside a relatively small amount of their income, especially in comparison to the European average. This can partly be a consequence of low salaries, and partly because most respondents regard compulsory pension payments as a government tax rather than saving.

There is a huge uncertainty regarding the ways of pension savings. Nearly twice as many Hungarians as the European average are unaware of such basic concepts as risk, yield and saving period so they cannot choose between saving instruments offering high yield for high risk and relatively low yield for balanced risk.

In summary, it is clear from the survey that very few Hungarians are optimistic about their old age in retirement. Both the economically active respondents and the pensioners are of the opinion that women tend to be more prepared for retirement both psychologically and financially and they tend to live a healthier and more active retired life.

The Hungarian excerpt of the survey is available for viewing on the website of AXA group Hungary [www.axa.hu](http://www.axa.hu) (via the banner for retirement on the landing page). The full English version of the survey and the surveys for individual countries are available on the following website: [www.retirement-scope.axa.com](http://www.retirement-scope.axa.com).

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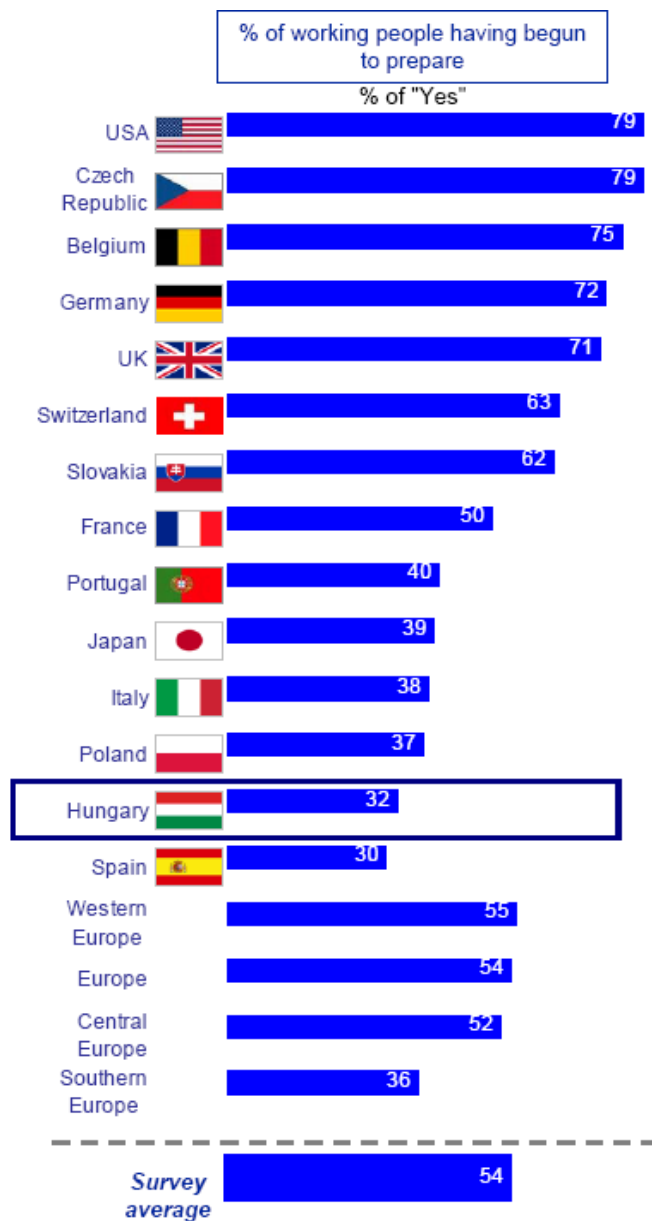
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Source: AXA Retirement Scope

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