

## **2024 Global Retirement Security Holds Steady Despite Individuals Feeling the Strain, Finds Natixis IM Global Retirement Index 2024**

- *U.S. slips two notches to 22<sup>nd</sup> in the Natixis Investment Managers 2024 Global Retirement Index, reflecting the cooling labor market and comparatively lower happiness score. Yet, hope is on the horizon, supported by lowering inflation, GDP growth, and potential rate cuts.*
- *Survey finds nearly half of working Americans are worried they won't have enough money to enjoy retirement, and a growing number (47%) now say achieving retirement security will take a miracle.*
- *Individuals increasingly feel the pressure to fund their own retirement.*

**BOSTON, Sept. 10, 2024** – Retirement conditions remain steady this year, following improvements in retirement security across nearly all developed countries last year, according to the latest Global Retirement Index from Natixis Investment Managers (Natixis IM). The top performers in Natixis IM's annual Global Retirement Index (GRI) have delivered more consistent rankings across all sub-indices, showing a stabilizing global retirement outlook. The list of countries that rank in the top 10 of the index has remained the same for two consecutive years. However, individuals are feeling the pressure as more come to the realization that they are on their own when it comes to funding income later in life.

The United States slipped from 20th to 22nd place in the 2024 index, with its score falling from 71% to 70%. The slip is attributed to a decrease in the Material Well-Being sub-index score due to increasing unemployment, and the Quality of Life sub-index score due to a comparatively lower score in happiness, especially in those under 30, over social connections. While the decline in those areas has reduced the United States' overall retirement security score, the United States is leading all other countries in GDP growth at 2.5%, driven by an influx of immigration. Further, as inflation has decreased to historical levels, the Fed has signaled the potential for interest rate cuts for the second half of the year, which could provide relief for borrowers.

Created in collaboration with Core Data Research, the GRI provides a global benchmark that incorporates a wide variety of factors essential for people to enjoy a healthy and secure retirement. These include important financial factors as well as considerations such as access to and cost of healthcare, climate conditions, the state of governance and the general happiness of the population. The GRI rankings are relative, not absolute, and are based on an aggregate of mean scores from 0% to 100% for 18 performance measures in each of its four sub-indices – Finances in Retirement, Material Well-being, Health, and Quality of Life – which are combined to provide an overall picture of the environment for retirees.

Dave Goodsell, Executive Director of the Natixis Center for Investor Insight, said, "Globally, we've seen a consistent set of results in this year's index, though there is room for improvement to be made for most. The United States continues to experience a 'good news/bad news' scenario for retirement security, with inflation slowly returning to normal while unemployment and public debt levels rise."

## The United States' Rankings

For the four subindices, the United States ranks as follows:

- **15<sup>th</sup> in Finances in Retirement:** The United States has little to no change in rankings due to improvements in tax pressure, interest rates, bank non-performing loans, and old age dependency, driven in part by the Federal Reserve's decision to maintain interest rates to combat inflation, with potential rate cuts expected later in the year.
- **23<sup>rd</sup> in Quality of Life:** The United States declined to 23<sup>rd</sup> place for Quality of Life, down from 21<sup>st</sup> as happiness among the country's population declined, driven by a decrease in social connections, especially for those under 30.
- **24<sup>th</sup> in Material Well-Being:** Despite the Federal Reserve's success in balancing inflation and maintaining GDP growth, the country experienced a rise in unemployment due to fewer job openings and increasing layoffs. However, the United States has led in post-pandemic GDP growth, bolstered by immigration, and the Federal Reserve's potential rate cuts later this year suggest their inflation battle is nearing its end.
- **27<sup>th</sup> in Health:** The United States' Health ranking, which slipped to 27<sup>th</sup> from 25<sup>th</sup> for the category overall, was mixed. While the country trailed most of its peers in life expectancy at 33<sup>rd</sup>, it maintained a perfect score in health expenditure per capita and is within the top four countries in insured health expenditure.

## Individuals increasingly feel they're on their own for retirement security

Despite the generally positive outlook for global retirement security, results from the long-running **Natixis Global Survey of Individual Investors\*** show that the number of individuals who believe it is increasingly their responsibility to fund retirement on their own, rather than rely on public and private pensions, grew from 63% to 77% between 2015 and 2023. Additionally, the number of individuals who believe it will take a miracle to achieve retirement security decreased from 41% in 2021 to 39% in 2023.

Over a quarter (27%) of investors said that even if they saved \$1 million, they still couldn't afford to retire – that includes 24% of those who have already accumulated \$1 million.

The four key risks facing individuals today:

- **Interest Rates:** While low rates had been a key risk for retirees for the 15+ years following the Global Financial Crisis, today's higher rate environment presents new risks. Most notably with more than \$6 trillion invested in money market funds, certificates of deposit and similar instruments<sup>1</sup>, they need to be aware of how today's cash trap could keep them from meeting their need for a sustainable source of long-term income.

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<sup>1</sup> St. Louis Fed. (June 19, 2024). *Financial assets of money market mutual funds in the United States from 2000 to 2023 (in billion U.S. dollars) [Graph]*. In Statista. Retrieved August 15, 2024, from <https://www.statista.com/statistics/188712/us-money-market-mutual-funds-total-financial-assets-since-1990/>

- **Inflation:** The worst of it may have passed as inflation slowly recedes toward central bank targets, but the post-pandemic bout of rising prices has served as a stark reminder of just how fast and how severe inflation can be. Now that 84% of investors say recent events reminded them of how big a threat inflation poses to their retirement security, investors will need to act accordingly to ensure they are prepared for any new episodes down the road.
- **Public Debt:** Public debt in OECD countries has more than doubled in the first quarter of the 21<sup>st</sup> Century as policy makers first navigated the Global Financial Crisis and then the Global Pandemic. While the steps were needed to stave off economic meltdown in the short term, policy makers are left with paying down long-term debt. A growing number of individuals are concerned they will be asked to pick up the tab and worry it will result in cuts to the government retirement benefits that are a cornerstone for their retirement income plans.
- **Investors Themselves:** A secure retirement is a journey not a destination. Success requires realistic expectations and meaningful commitment from individuals. While many may appreciate this in concept, not every investor sets makes reasonable assumptions and sets realistic goals. Natixis' investor survey results show that investors do not have a consistent vision for what it will take to succeed.

“As individuals increasingly take charge of their retirement planning amidst these challenges, financial service providers must become more proactive in supporting them,” Liana Magner, Executive Vice President and Head of Retirement and Institutional in the U.S. for Natixis Investment Managers. “To prevent future crises, it's crucial to offer personalized solutions that address both the current economic landscape and individuals' specific retirement needs, including access to both public and private markets.”

To view and download a full copy of the report, visit: <https://im.natixis.com/en-us/insights/investor-sentiment/2024/global-retirement-index>

\* Natixis Investment Managers' 2023 Global Individual Investor Survey was conducted by CoreData Research in February and March 2023. The survey included 8,550 individual investors in 23 countries and regions including Asia, Europe, Latin America, and North America.

### **Methodology**

The Global Retirement Index assesses factors that drive retirement security across 44 countries where retirement is a pressing social and economic issue. It was compiled by Natixis Investment Managers with support from CoreData Research. The index includes International Monetary Fund (IMF) advanced economies; members of the Organization for Economic Cooperation and Development (OECD); and the BRIC countries (Brazil, Russia, India and China). The researchers calculated a mean score in each category and combined the category scores for a final overall ranking of the 44 nations studied. The GRI analysis was carried out between June – September 2024.

### **About the Natixis Center for Investor Insight**

The Natixis Center for Investor Insight is a global research initiative focused on the critical issues shaping today's investment landscape. The Center examines sentiment and behavior, market outlooks and trends, and risk

perceptions of institutional investors, financial professionals and individuals around the world. Our goal is to fuel a more substantive discussion of issues with a 360° view of markets and insightful analysis of investment trends.

**About Natixis Investment Managers**

Natixis Investment Managers' multi-affiliate approach connects clients to the independent thinking and focused expertise of more than 15 active managers. Ranked among the world's largest asset managers<sup>2</sup> with more than \$1.3 trillion assets under management<sup>3</sup> (€1.2 trillion), Natixis Investment Managers delivers a diverse range of solutions across asset classes, styles, and vehicles, including innovative environmental, social, and governance (ESG) strategies and products dedicated to advancing sustainable finance. The firm partners with clients in order to understand their unique needs and provide insights and investment solutions tailored to their long-term goals.

Headquartered in Paris and Boston, Natixis Investment Managers is part of the Global Financial Services division of Groupe BPCE, the second-largest banking group in France through the Banque Populaire and Caisse d'Épargne retail networks. Natixis Investment Managers' affiliated investment management firms include AEW; DNCA Investments;<sup>4</sup> Dorval Asset Management; Flexstone Partners; Gateway Investment Advisers; Harris | Oakmark; Investors Mutual Limited; Loomis, Sayles & Company; Mirova; MV Credit; Naxicap Partners; Ossiam; Ostrum Asset Management; Seventure Partners; Thematics Asset Management; Vauban Infrastructure Partners; Vaughan Nelson Investment Management; and WCM Investment Management. Additionally, investment solutions are offered through Natixis Investment Managers Solutions and Natixis Advisors, LLC. Not all offerings are available in all jurisdictions. For additional information, please visit Natixis Investment Managers' website at [im.natixis.com](https://im.natixis.com) | LinkedIn: [linkedin.com/company/natixis-investment-managers](https://linkedin.com/company/natixis-investment-managers).

Natixis Investment Managers' distribution and service groups include Natixis Distribution, LLC, a limited purpose broker-dealer and the distributor of various U.S. registered investment companies for which advisory services are provided by affiliated firms of Natixis Investment Managers, Natixis Investment Managers S.A. (Luxembourg), Natixis Investment Managers International (France), and their affiliated distribution and service entities in Europe and Asia.

<sup>2</sup> Survey respondents ranked by Investment & Pensions Europe/Top 500 Asset Managers 2024 ranked Natixis Investment Managers as the 19<sup>th</sup> largest asset manager in the world based on assets under management as of December 31, 2023.

<sup>3</sup> Assets under management ("AUM") of current affiliated entities measured as of June 30, 2024, are \$1,320.8 billion (€1,232.3 billion). AUM, as reported, may include notional assets, assets serviced, gross assets, assets of minority-owned affiliated entities and other types of non-regulatory AUM managed or serviced by firms affiliated with Natixis Investment Managers.

<sup>4</sup> A brand of DNCA Finance.

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