

# Danger Zone

Global retirement security challenges come home to roost in 2022

## Executive Summary

2022 Natixis Global Retirement Index



# Danger Zone

The warning signals are blaring and the gauges are flashing bright red in 2022 as key risk concerns for retirement security are coming to a head in today's rapidly changing economic environment.

Rising inflation is taking center stage again for retirees after many years. Skyrocketing prices for oil, food, and shelter are eroding purchasing power and presenting a core economic lesson to those still planning for life after work.

Now in its 10th year, the 2022 Natixis Global Retirement Index reveals the top countries for retirement security around the world – and takes a deep dive into three critical issues driving global retirement security on the heels of the pandemic.

- 1. 2022 Global Retirement Index Results**
- 2. Inflation:**  
An immediate threat to retirement security
- 3. Interest rates and income:**  
Long-term gains, short-term pain
- 4. Demographics:**  
The good and bad of living longer



## The top 10 countries for retirement security in 2022

#1	<b>NORWAY</b>	6	NEW ZEALAND
2	SWITZERLAND	7	LUXEMBOURG
3	ICELAND	8	NETHERLANDS
4	IRELAND	9	DENMARK
5	AUSTRALIA	10	CZECH REPUBLIC



# The top 5 biggest movers in retirement security in the last 10 years

1

Ireland

The largest gains in GRI rankings in the last decade, shooting from 38th overall in 2012 to 4th this year

The Finances sub-index is the biggest driver of gains

Ireland saw huge strides in tax pressure, government indebtedness, quality of life, and biodiversity and environmental factors

2

New Zealand

Sailed from 34th overall a decade ago to 6th place this year

Largest gains were in the Health sub-index

Steady top 10 performances in Finances and Quality of Life

3

Iceland

The third largest climb over the last 10 years

Consistently placed in the top three over the last eight years, fueled largely by the Finances sub-index

Improvements across all indicators, especially bank nonperforming loans and interest rates

4

Czech Republic

A new top 10 entrant this year, rising from 22nd in 2012 to 10th this year

Finances and Material Wellbeing sub-indices are main drivers of positive movement

Finances climbed from 32nd to 15<sup>th</sup>; Material Wellbeing rose from 15th to 1st

5

Estonia

Large improvements over the last decade, jumping from 33rd in 2012 to 25th today

Higher scores in the Quality of Life sub-index, due to improvements in environmental and happiness factors

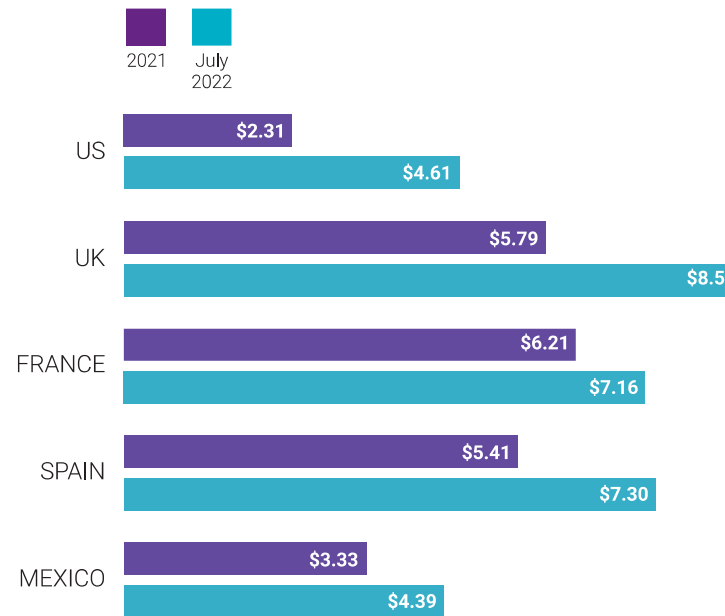
The 10th highest score for biodiversity factors



# Inflation: an immediate threat to retirement security

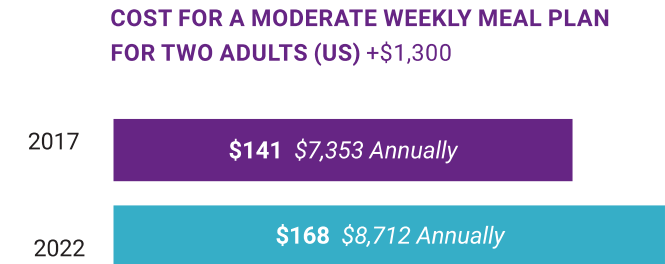
Rapidly escalating costs can pose a significant threat to the financial security of retirees by eroding purchasing power. Retirees are feeling inflation pains at the pump and in the grocery checkout line in particular. For those on a fixed income, an extra \$3,000 for food and fuel can have a dramatic impact on quality of life.

## Rising gas costs put the squeeze on retirees in the last year



With a post-pandemic jump in demand for energy and the war in Ukraine driving scarcity, consumers have felt a powerful inflation effect at the gas pump.

## Consumers are getting less for their money at the grocery store



Food prices have also spiked. This jump can prove even more detrimental to retirement security.

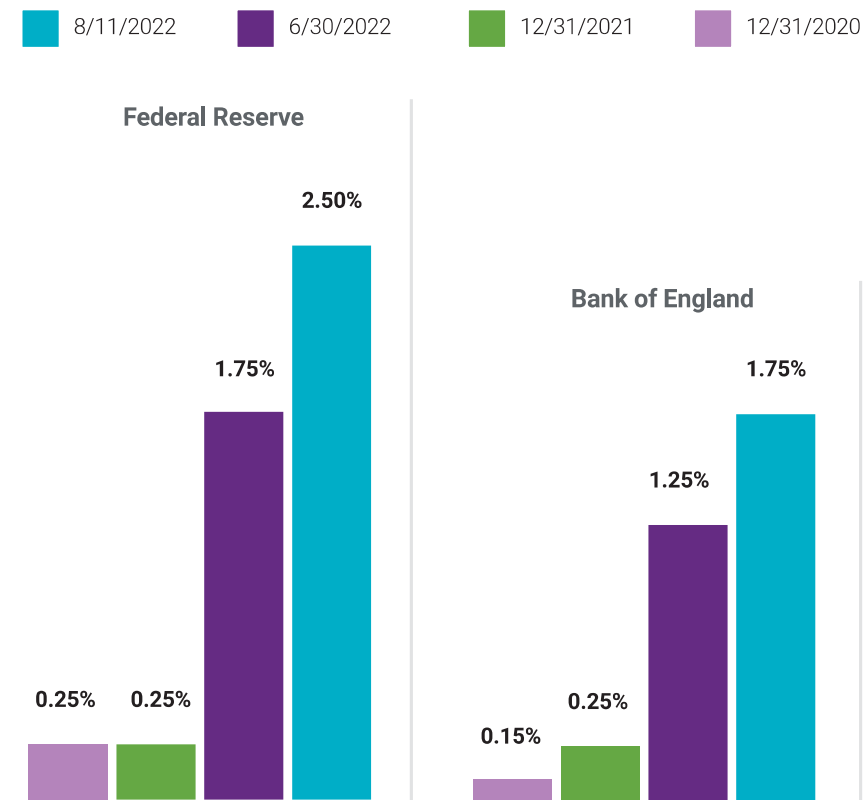


## Interest rates and income: long-term gains, short-term pain for investors

After a decade of historically low interest rates, central bank rate hikes hold promise for annuitizing assets in the long term, but not without some short-term pain for individual and institutional investors. In the immediate term, higher rates cause market volatility, which can put retirement security at risk. In the long term, however, higher rates offer the potential for greater income in the future.

It's not just individuals who are faced with interest rate challenges. Interest rates also affect pension funding ratios – and the knock-on effects can affect their overall investment performance.

### CENTRAL BANK RATES HAVE INCREASED SUBSTANTIALLY IN THE LAST SIX MONTHS



Source: Bloomberg





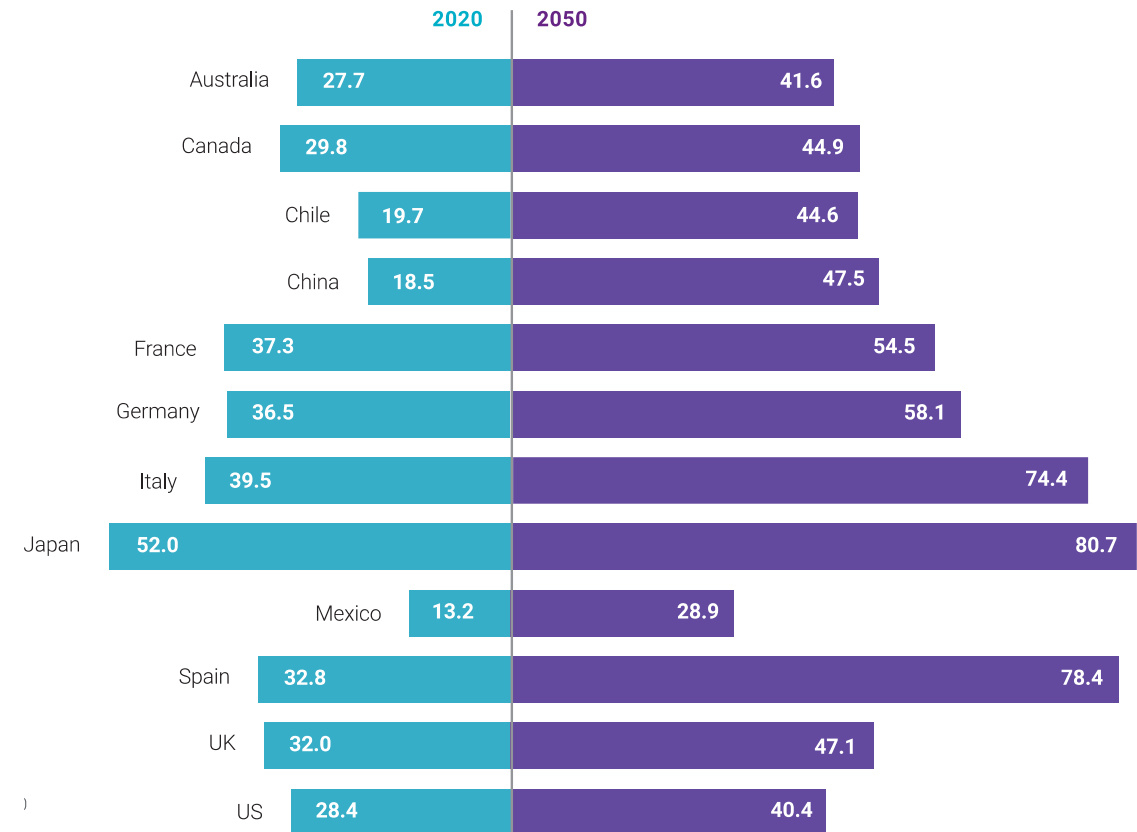
## Demographics: the good and bad of living longer

For individuals, the longevity revolution will burden their income plans. For institutions, rapidly aging populations will test the limits of both pensions and government benefits systems.

As populations age, old-age dependency\* is becoming more of a concern, with more people relying on the system but fewer people paying into it.

\* The old-age dependency ratio is the number of individuals aged 65 and over per 100 people of working age.

### OLD-AGE DEPENDENCY WILL INCREASE DRAMATICALLY BY 2050



OECD (2022), Old-age dependency ratio (indicator). doi: 10.1787/ e0255c98-en (Accessed on 11 August 2022)



## Where investors need more guidance

Inflation is just the starting point of a long list of potential mistakes that individuals can make with their retirement plans. From underestimating how long they will live or forgetting to factor in healthcare costs to overestimating investment income or relying too much on public benefits. A range of other mistakes underscore just how hard it can be to get it right.

## Top 10 retirement planning mistakes

- 1 Underestimating the impact of inflation **49%**
- 2 Underestimating how long you will live **46%**
- 3 Overestimating investment income **42%**
- 4 Being too conservative in investments **41%**
- 5 Setting unrealistic return expectations **40%**
- 6 Forgetting to factor in healthcare costs **39%**
- 7 Failing to understand income sources **35%**
- 8 Relying too much on public benefits **33%**
- 9 Underestimating real estate costs **23%**
- 10 Being too aggressive in investments **21%**

Natixis Investment Managers, Global Survey of Financial Professionals conducted by CoreData Research in March and April 2022. Survey included 2,700 respondents in 16 countries.





## About the 2022 Natixis Global Retirement Index

The Global Retirement Index (GRI) is a multi-dimensional index developed by Natixis Investment Managers and CoreData Research to examine the factors driving retirement security and to provide a comparison tool for best practices in retirement policy.

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.



## 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.



**Meet the team:**  
Dave Goodsell  
Executive Director

Stephanie Giardina  
Program Manager

Erin Curtis  
Assistant Program Manager

Jessie Cross  
AVP, Content

The views and opinions expressed may change based on market and other conditions. This material is provided for informational purposes only and should not be construed as investment advice. There can be no assurance that developments will transpire as forecasted. Actual results may vary.

All investing involves risk, including the risk of loss. No investment strategy or risk management technique can guarantee return or eliminate risk in all market environments.

**Outside the United States**, this communication is for information only and is intended for investment service providers or other Professional Clients. This material must not be used with Retail Investors. This material may not be redistributed, published, or reproduced, in whole or in part. Although Natixis Investment Managers believes the information provided in this material to be reliable, including that from third party sources, it does not guarantee the accuracy, adequacy or completeness of such information. **In the EU (ex UK):** Provided by Natixis Investment Managers S.A. or one of its branch offices listed below. Natixis Investment Managers S.A. is a Luxembourg management company that is authorized by the Commission de Surveillance du Secteur Financier and is incorporated under Luxembourg laws and registered under n. B 115843. Registered office of Natixis Investment Managers S.A.: 2, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg. **France:** Natixis Investment Managers Distribution (n.509 471 173 RCS Paris). Registered office: 43 avenue Pierre Mendès France, 75013 Paris. **Italy:** Natixis Investment Managers S.A., Succursale Italiana (Bank of Italy Register of Italian Asset Management Companies no 23458.3). Registered office: Via Larga, 2 - 20122, Milan, Italy. **Germany:** Natixis Investment Managers S.A., Zweigniederlassung Deutschland (Registration number: HRB 88541). Registered office: Im Trutz Frankfurt 55, Westend Carrée, 7. Floor, Frankfurt am Main 60322, Germany. **Netherlands:** Natixis Investment Managers, Netherlands (Registration number 50774670). Registered office: Stadsplateau 7, 3521AZ Utrecht, the Netherlands. **Sweden:** Natixis Investment Managers, Nordics Filial (Registration number 516405-9601 - Swedish Companies Registration Office). Registered office: Kungsgatan 48 5tr, Stockholm 111 35, Sweden. **Spain:** Natixis Investment Managers, Sucursal en España. Serrano n°90, 6th Floor, 28006 Madrid, Spain. **In Switzerland:** Provided by Natixis Investment Managers, Switzerland Sàrl, Rue du Vieux Collège 10, 1204 Geneva, Switzerland or its representative office in Zurich, Schweizergasse 6, 8001 Zürich. **In the UK:** Provided by Natixis Investment Managers UK Limited, authorized and regulated by the Financial Conduct Authority (register no. 190258). Registered Office:

Natixis Investment Managers UK Limited, One Carter Lane, London, EC4V 5ER. **In the DIFC:** Distributed in and from the DIFC financial district to Professional Clients only by Natixis Investment Managers Middle East (DIFC Branch) which is regulated by the DFSA. Related financial products or services are only available to persons who have sufficient financial experience and understanding to participate in financial markets within the DIFC, and qualify as Professional Clients as defined by the DFSA. Registered office: Office 603 - Level 6, Currency House Tower 2, PO Box 118257, DIFC, Dubai, United Arab Emirates. In Singapore: Provided by Natixis Investment Managers Singapore (name registration no. 53102724D), a division of Ostrum Asset Management Asia Limited (company registration no. 199801044D). Registered address of Natixis Investment Managers Singapore: 5 Shenton Way, #22-05 UIC Building, Singapore 068808. **In Taiwan:** Provided by Natixis Investment Managers Securities Investment Consulting (Taipei) Co., Ltd., a Securities Investment Consulting Enterprise regulated by the Financial Supervisory Commission of the R.O.C. Registered address: 16F-1, No. 76, Section 2, Tun Hwa South Road, Taipei, Taiwan, Da-An District, 106 (Ruentex Financial Building I), R.O.C., license number 2017 FSC SICE No. 018, Tel. +886 2 2784 5777. **In Japan:** Provided by Natixis Investment Managers Japan Co., Ltd., Registration No.: Director-General of the Kanto Local Financial Bureau (kinsho) No. 425. Content of Business: The Company conducts discretionary asset management business and investment advisory and agency business as a Financial Instruments Business Operator. Registered address: 1-4-5, Roppongi, Minato-ku, Tokyo. **In Hong Kong:** Provided by Natixis Investment Managers Hong Kong Limited to institutional/corporate professional investors only. Please note that the content of the above website has not been reviewed or approved by the HK SFC. It may contain information about funds that are not authorized by the SFC. **In Australia:** Provided by Natixis Investment Managers Australia Pty Limited (ABN 60 088 786 289) (AFSL No. 246830) and is intended for the general information of financial advisers and wholesale clients only. **In New Zealand:** This document is intended for the general information of New Zealand wholesale investors only and does not constitute financial advice. This is not a regulated offer for the purposes of the Financial Markets Conduct Act 2013 (FMCA) and is only available to New Zealand investors who have certified that they meet the requirements in the FMCA for wholesale investors. Natixis Investment Managers Australia Pty Limited is not a registered financial service provider in New Zealand. **In Latin America:** Provided by Natixis Investment Managers S.A. **In Colombia:** Provided by Natixis Investment Managers S.A. Oficina de Representación (Colombia) to professional clients for informational

purposes only as permitted under Decree 2555 of 2010. Any products, services or investments referred to herein are rendered exclusively outside of Colombia. **In Mexico:** Provided by Natixis IM Mexico, S. de R.L. de C.V., which is not a regulated financial entity or an investment manager in terms of the Mexican Securities Market Law (Ley del Mercado de Valores) and is not registered with the Comisión Nacional Bancaria y de Valores (CNBV) or any other Mexican authority. Any products, services or investments referred to herein that require authorization or license are rendered exclusively outside of Mexico. Natixis Investment Managers is an entity organized under the laws of France and is not authorized by or registered with the CNBV or any other Mexican authority to operate within Mexico as an investment manager in terms of the Mexican Securities Market Law (Ley del Mercado de Valores). Any use of the expression or reference contained herein to "Investment Managers" is made to Natixis Investment Managers and/or any of the investment management subsidiaries of Natixis Investment Managers, which are also not authorized by or registered with the CNBV or any other Mexican authority to operate within Mexico as investment managers. **In Uruguay:** Provided by Natixis Investment Managers Uruguay S.A., a duly registered investment advisor, authorized and supervised by the Central Bank of Uruguay. Office: San Lucar 1491, oficina 102B, Montevideo, Uruguay, CP 11500.

The above referenced entities are business development units of Natixis Investment Managers, the holding company of a diverse lineup of specialized investment management and distribution entities worldwide. The investment management subsidiaries of Natixis Investment Managers conduct any regulated activities only in and from the jurisdictions in which they are licensed or authorized. Their services and the products they manage are not available to all investors in all jurisdictions.

**In the United States:** Provided by Natixis Distribution, LLC, 888 Boylston St., Boston, MA 02199. Natixis Investment Managers includes all of the investment management and distribution entities affiliated with Natixis Distribution, LLC and Natixis Investment Managers S.A.

This material should not be considered a solicitation to buy or an offer to sell any product or service to any person in any jurisdiction where such activity would be unlawful.

4934927.1.1