

Living Longer - Working Longer

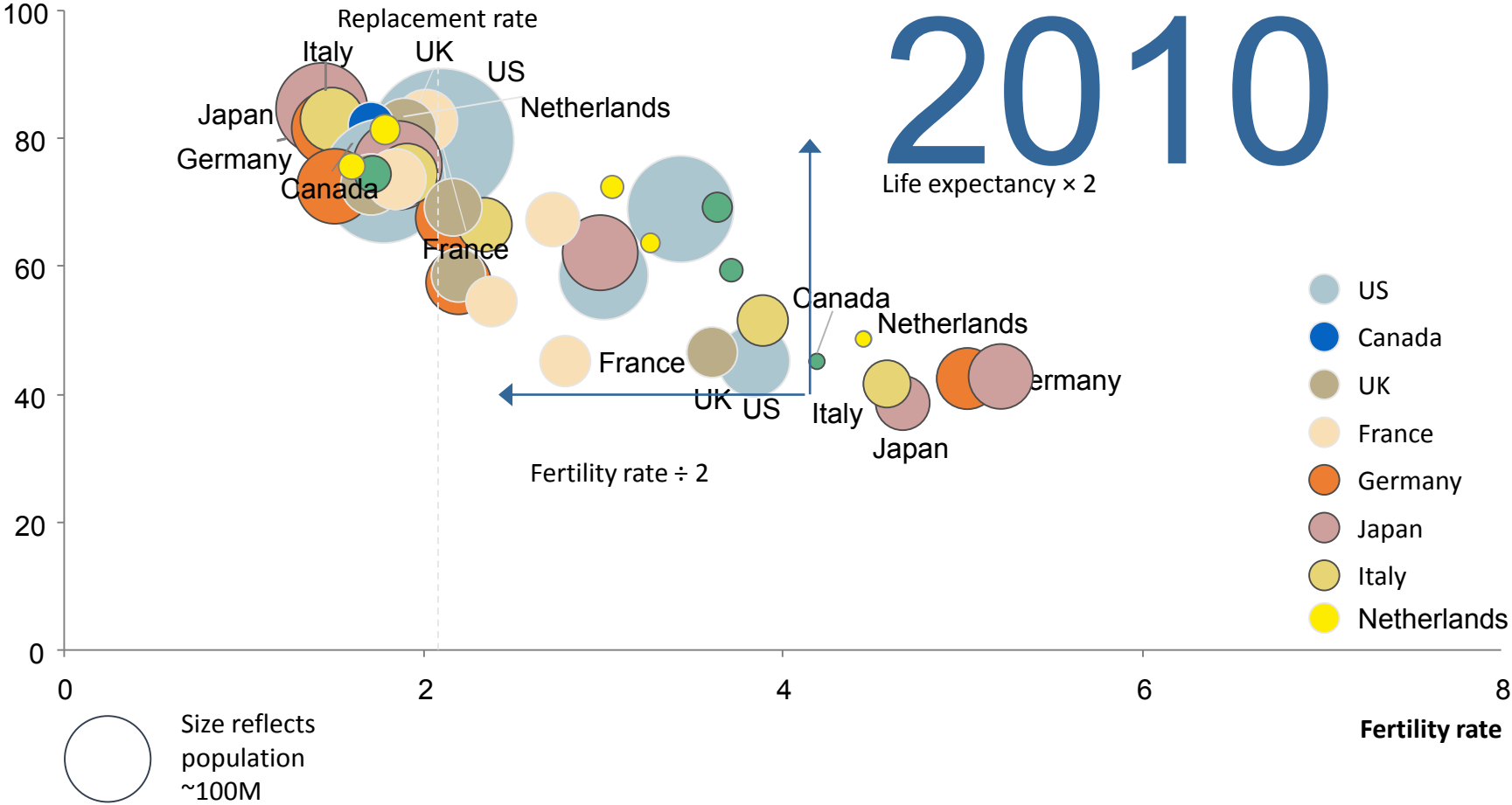
Harry H.G. Smorenberg

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11 August 2016

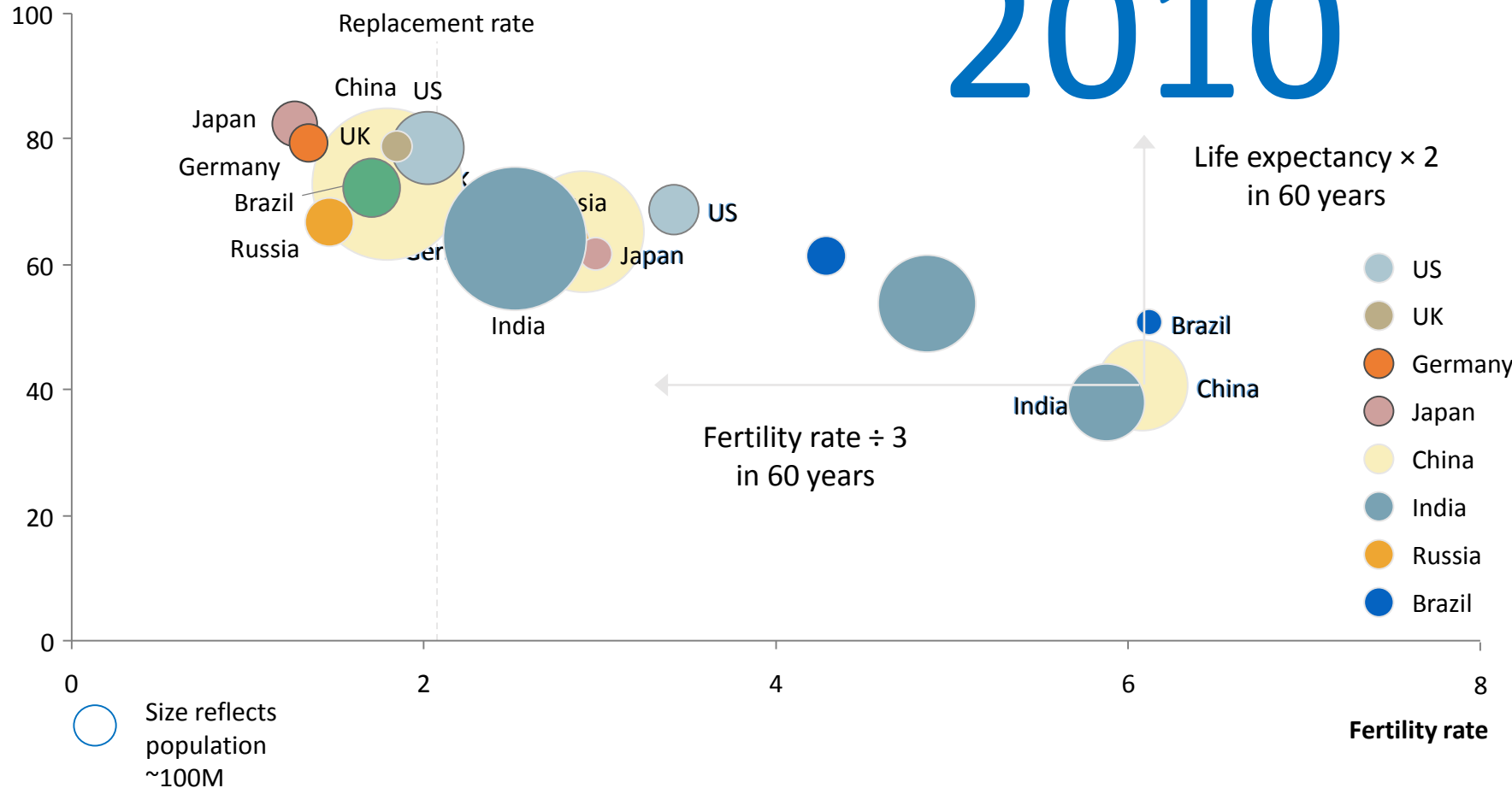
Aging is driven by increase in life expectancy and decrease in fertility rate

Life expectancy at birth (year)



Fertility rate and life expectancy of RDEs are quickly converging to "developed levels"

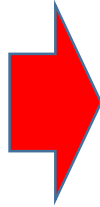
Life expectancy at birth (year)



Challenges facing retirement systems

Macro Trends

Shifts in labor markets
Regulatory Changes
Healthcare Costs
Demographics
Financial crises
Fiscal deficits



... are straining public DB Plans ...

Underfunded
Reduction in benefits
Rising contributions
Lower cost of living adjustments
Increasing retirement age

+

... and private DB Plans alike

Most closed to new employees
Many closed entirely
Unpredictable costs increases
Earnings volatility
Rising costs reduce sustainability

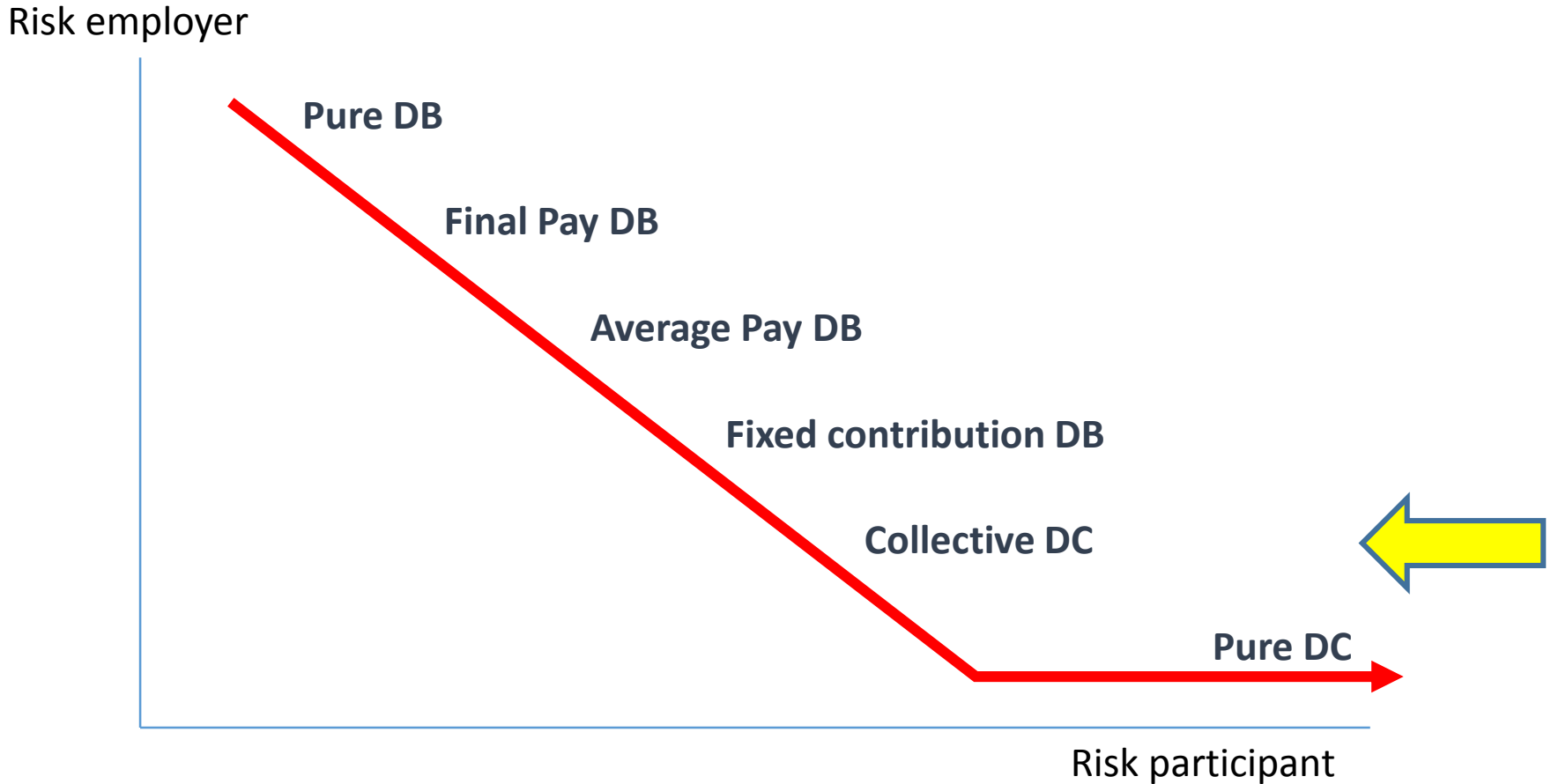


Retirement systems now rely heavily on DC plans ...

Shift the burden of investing to individuals ill equipped for the task
Discipline to save for retirement
Financial literacy / financial planning
Short term / long term focus



Pension system reform



Global Pension Reform

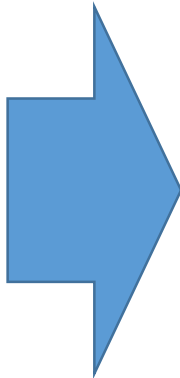


What do we see ?

➔ **Overall reduction of pension benefits**

- ❑ Need for more private pension savings
(addressing the gap)
- ❑ Longer working lives
(67 is 'the new 65')
- ❑ (Public) services for the elderly (emerging issue!)

In China... (China Daily)



day greater commitment to the research and application of science and technology.

In a show of unprecedented importance, both President Xi Jinping and Premier Li Keqiang addressed an

power in science and technology by the middle of the century, or around the 100th anniversary of the People's Republic of China.

Xi stressed the role of science and technology as a bed-

people's lives to improve, said, calling for new ideas, designs and strategies in science and technology.

Premier Li told the event that China's overall research and development input will

ELDERLY CARE

Reaction mixed to new paid leave rule

By **WANG XIAODONG** in Beijing and **QI XIN** in Zhengzhou

Henan province has adopted a policy allowing single children to take paid leave of up to 20 days a year to look after parents who are age 60 or older and hospitalized. Residents and experts alike hailed the move as a way to embrace the country's rapidly aging population.

Some, however, said enforcement of the regulation, which took effect on Friday, could be a problem and the policy might pose challenges for smaller companies.

retired worker in Pingdingshan, Henan, who suffers from hypertension, said she is glad to hear of the regulation.

"My daughter is working in Zhengzhou and very busy," she said. "We know it would be difficult for her to ask for a leave from her company. I hope the policy will change that."

Wang Lili, a researcher at the China Research Center on Aging, said that with people living longer in China, the country's single-child generations will face heavier pressure, since such couples must simultaneously look after two pairs of parents and their own children.

"The policy is a good beginning and will play a positive role in promoting family-based elder care in Henan province and in China," she said.

"It may be very difficult to enforce the regulation without supporting measures, as many enterprises may not be willing

to follow the regulation, considering the costs.

"The government can take some incentive measures to encourage enterprises to follow the regulation, such as a preferential tax policy," she said.

Huang Yuliang, chairman of the Zhengzhou Orchard Commune Animation Co, said he believed the additional paid leave could hurt smaller enterprises.

"It's good and a duty for people to care for their elders, but there's the rub — how can we find backup staffers if a department chief takes weeks off?"

China dropped its decades-long one-child policy on Jan 1, encouraging all couples to have a second child.

Contact the writers at wang-xiaodong@chinadaily.com.cn

It is about 'me' ... finally ...



What do we see ?

➔ **Retreating government as 'risk-taker'**

- Instable pension contributions
(economy / life expectancy at retirement date)
- Towards individual accounts
('personal ownership' offers more 'trust')
- Redesign of "work" and "social contracts"
(life-cycle planning / education / working longer)

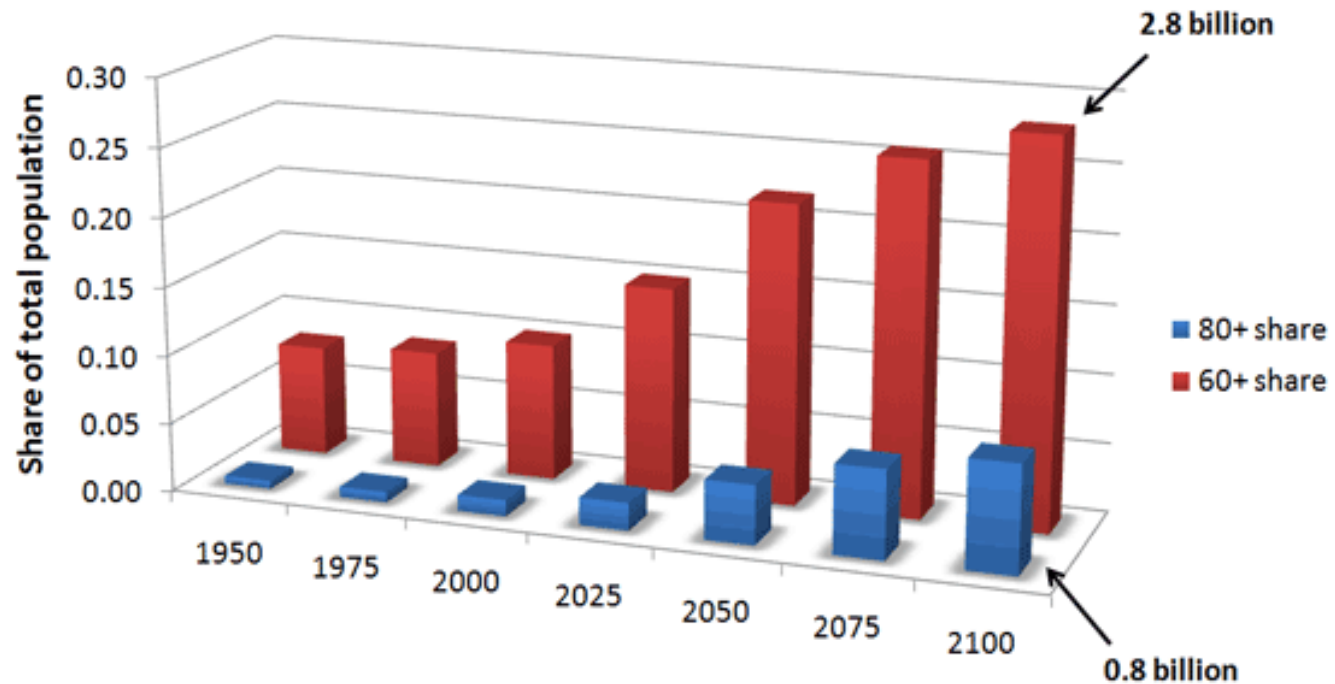


The Pension Promise

The Pension Reality



Rapidly rising share of older people in world population



Senior citizens to get free anti-pneumonia vaccines

By SHEILA CRISOSTOMO

Senior citizens aged 60 to 65 years old can avail of free anti-pneumonia vaccines in their respective health centers starting this year, the Department of Health (DOH) said yesterday.

Health Secretary Janette Garin said the vaccine will be administered in two doses. Senior citizens aged 60 years old will be given the first dose and will receive the second dose after five years, while senior citizens aged 65 years old will receive one dose.

"Pneumococcal vaccines have been long available in the Philippines, specifically in the private sector. DOH wants to ensure that these are distributed not only to the people who have enough resources to access life-saving medicine and services, but also to our indigent citizens nationwide. This is our goal in attaining

universal health care," she added.

Pneumococcal disease is a leading cause of serious illness throughout the world. It is caused by a common type of bacteria, the pneumococcus, which can attack different parts of the body.

Illnesses caused by pneumococcus include pneumonia, meningitis, middle ear and sinus infections and a condition called sepsis or infection of the bloodstream.

Age-related impairment of the immune system compounded with decrease of physical activity and poor nutrition increase the risk of severe pneumococcal infection.

In 2003, the World Health Organization (WHO) estimated that more than 1.6 million people die from pneumococcal infections every year. It remains a major cause of mortality worldwide.

Life expectancy grew by five years since 2000

Dramatic gains in life expectancy have been made globally since 2000 but major inequalities still persist within and among countries, a report of the World Health Organization (WHO) shows.

According to this year's "World Health Statistics: Monitoring Health for Sustainable Development Goals," life expectancy increased by five years between 2000 and 2015, the fastest increase since the 1960s.

The report shows those gains reverse declines during the 1990s, when life expectancy fell in Africa because of the AIDS epidemic and in Eastern Europe following the collapse of the Soviet Union.

The increase was greatest in the African region where life expectancy increased by 9.4 years to 60 years, driven mainly by improvements in child survival, progress in malaria control and expanded access to anti-retrovirals for treatment of HIV.

"The world has made great strides

in reducing the needless suffering and premature deaths that arise from preventable and treatable diseases," said WHO director-general Margaret Chan.

Chan, however, noted that the "gains have been uneven."

"Supporting countries to move towards universal health coverage based on strong primary care is the best thing we can do to make sure no one is left behind," she added.

Global life expectancy for children born in 2015 was 71.4 years (73.8 years for females and 69.1 years for males), but an individual child's outlook depends on where he or she is born.

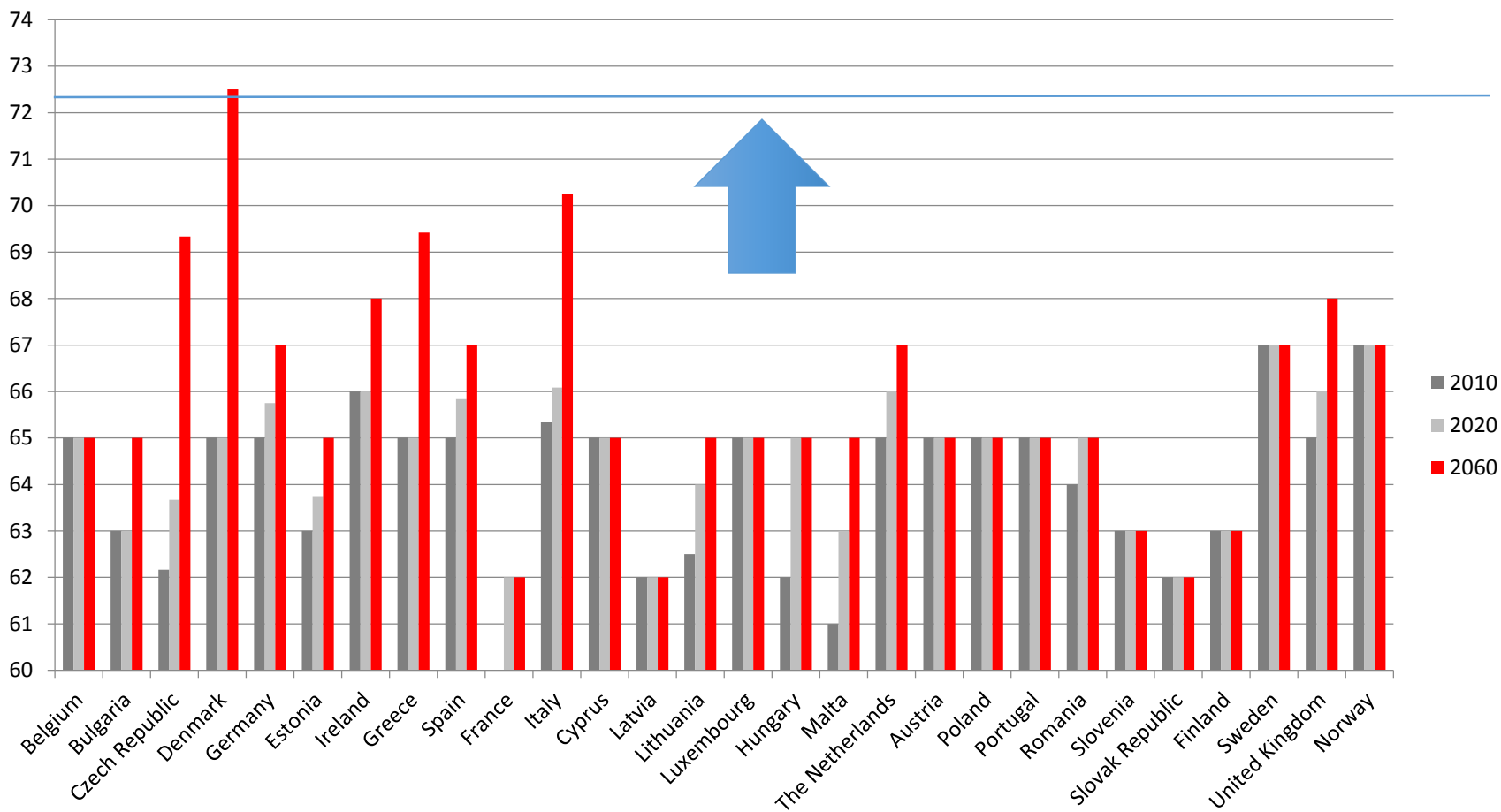
Newborns in 29 countries with high-income have an average life expectancy of 80 years or more, while newborns in 22 others in sub-Saharan Africa have life expectancy of less than 60 years.

- Sheila Crisostomo



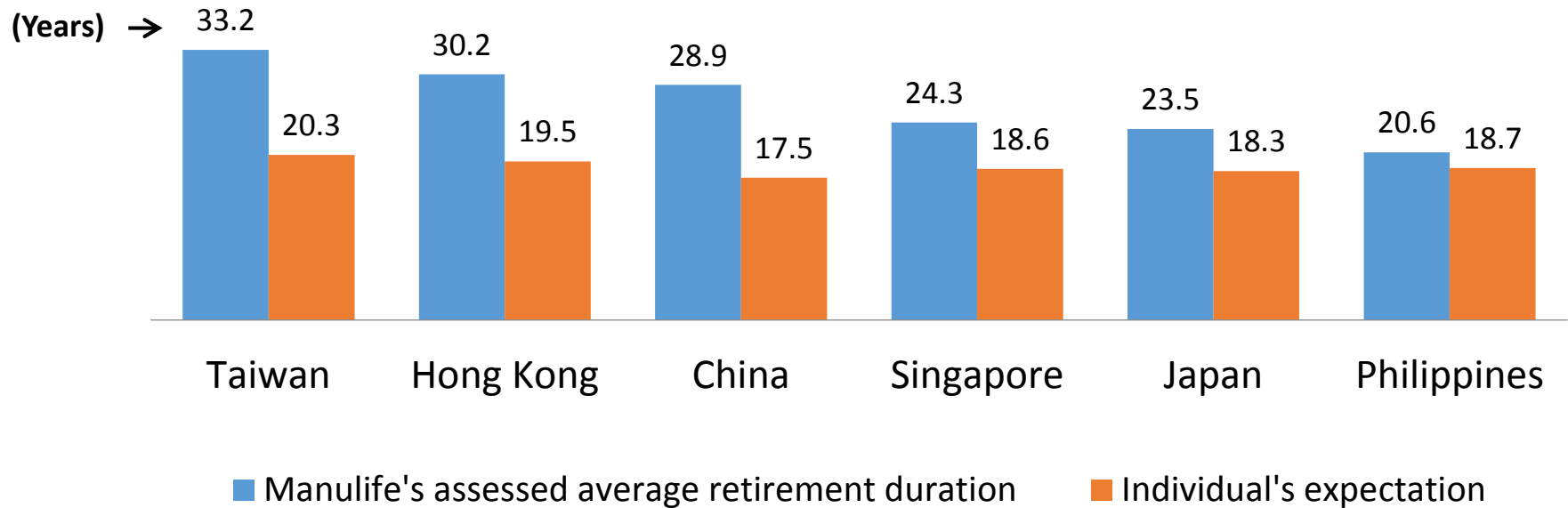
Retirement Age

[Male, source European Commission]



Expected vs actual retirement lifecycle

(for married individuals)



Commentary

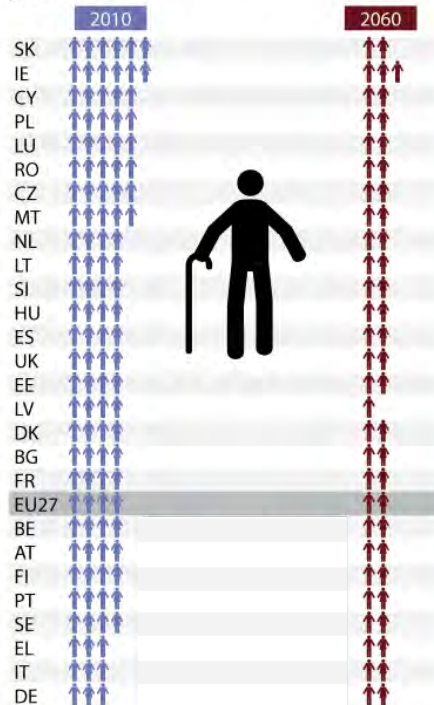
- Divergence is caused by low retirement age complemented by significant increase in life expectancy, and often not considering spouse if married
- Higher likelihood of outliving one's retirement savings

Ageing / Individualization

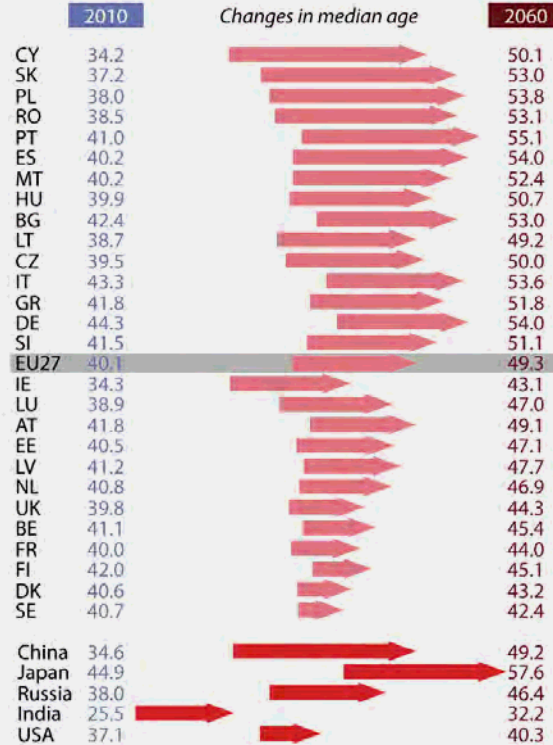
(Development dependency ratio and median age)

Old-age dependency ratio (65+/(15-64))

Number of people of working age for each person 65 years or older



Median age (years)

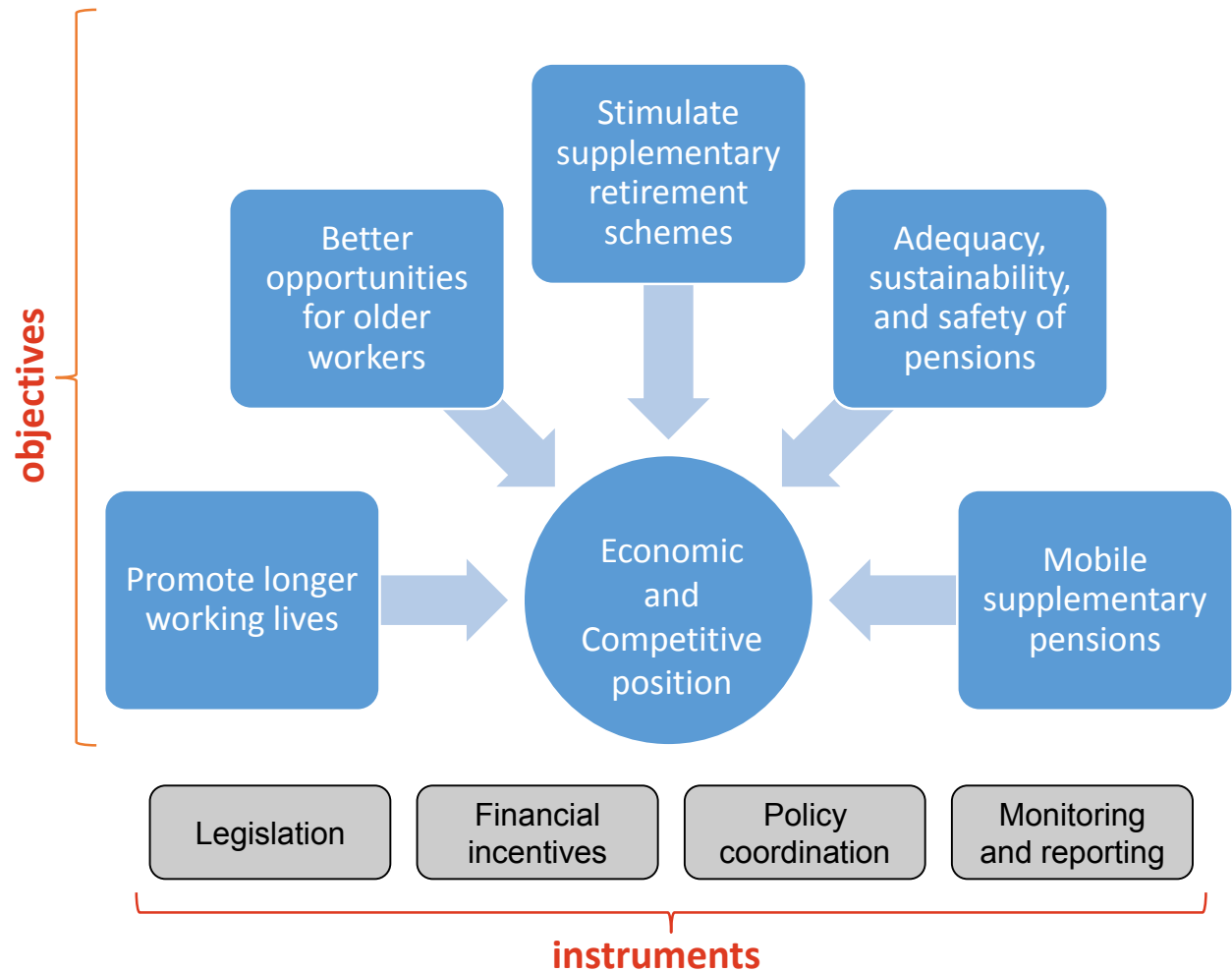


In the EU27, for every person aged over 65 we had four working-age people in 2010 (ratio = 26%) and expect to have only two in 2060 (ratio = 52.5%).

Source: European Parliamentary Research Service

Global Concern

- Adequacy
- Sustainability
- Safety



Living longer ...



Each cohort should be addressed !

Pensionable age is rising gradually
(in steps / e.g. x months per birth cohort)

Encourage work at an older age
(employer, improving employability, career path)

Redesign of 'work' / 'work-life-balance'
(addressing flex income / need for adaptive society)

New perspectives on 'contribution to society'
(rethink values and change perceptions)

Emerging role of Employers...



“Employers have the chance to reinterpret their role and to contribute in ways that will be more effective and more valued than before...”

The labor market is becoming more and more flexible

Organizations are relying less on employees alone and are exploring other resources such as contractors and service suppliers.

At the same time, employees are moving around more, and the expectation of working for the same organization for decades is rapidly disappearing.

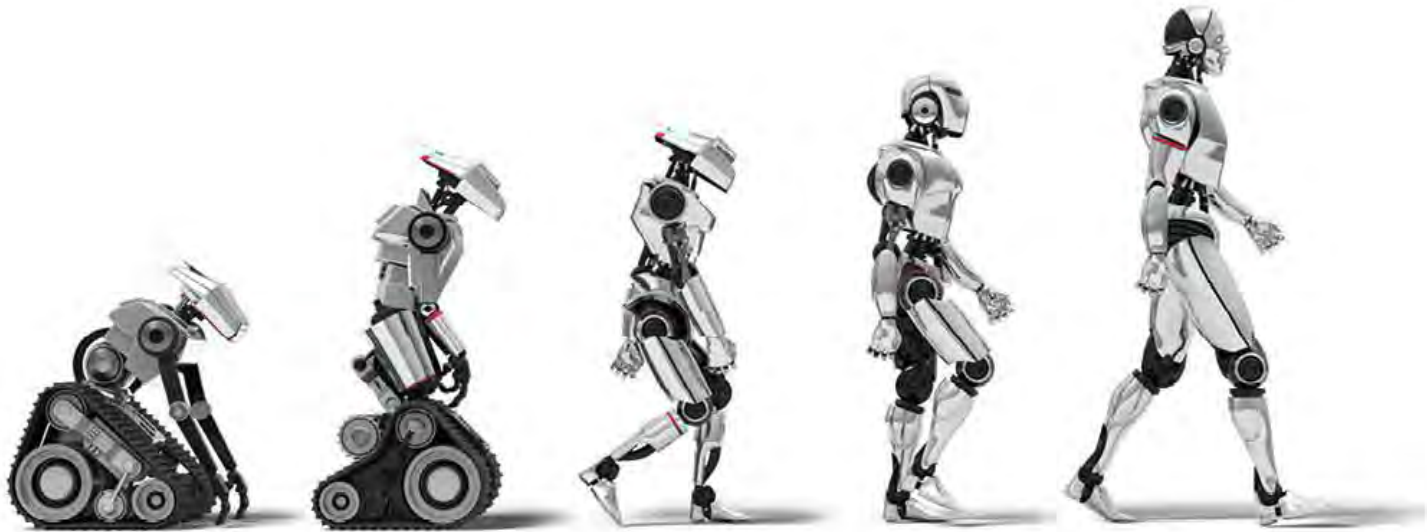


Next step developments

- Early anticipation... 35 – 45 (evaluations / directions)
- Work adjustments to keep elderly 'working'
- Permanent education (also beyond company's direct interests...)
- Collective on-lending operations of staff members
- Partial Pensions / gradual 'exit' (knowledge)

AND

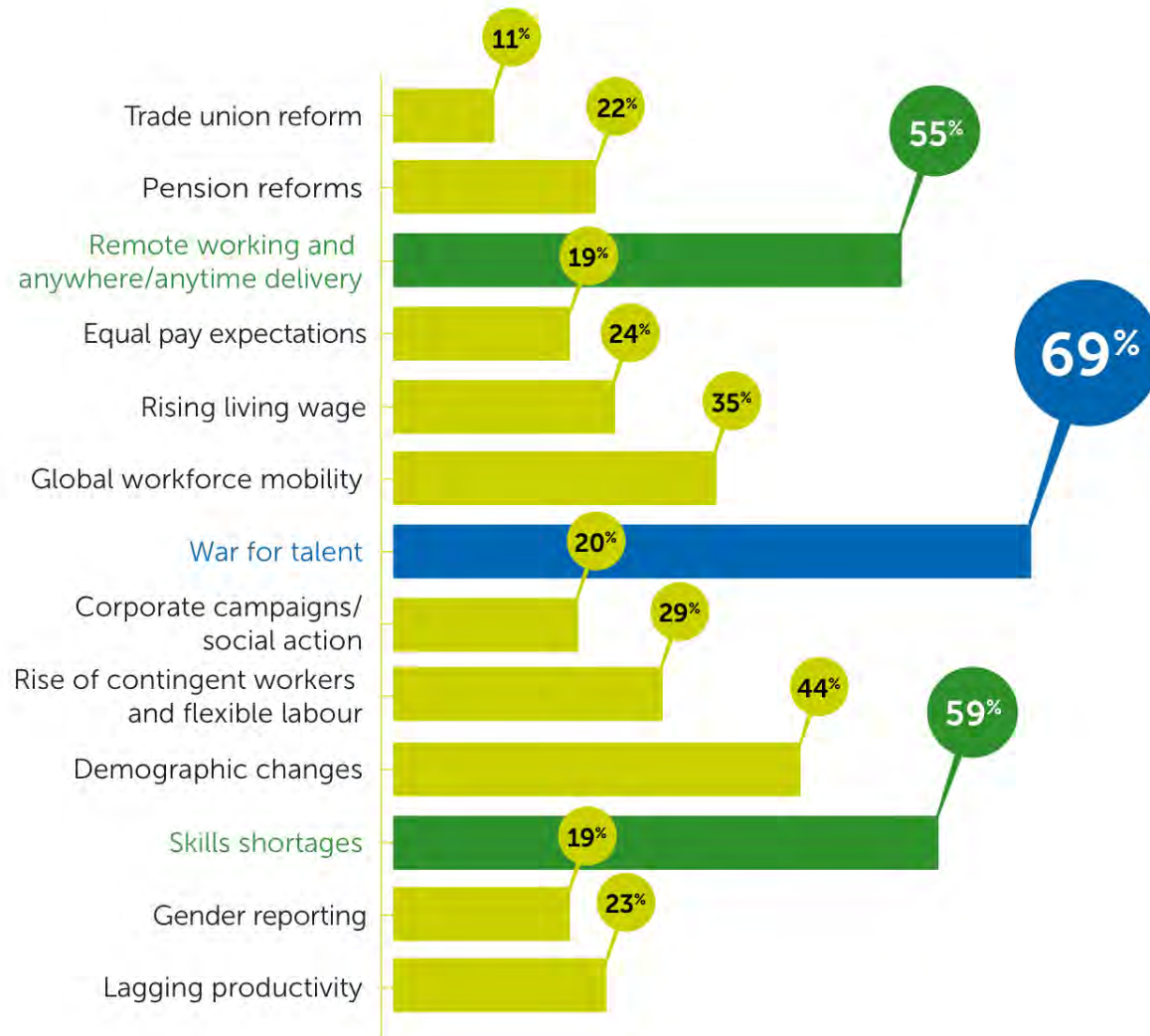
- Much more global workforce mobility... with great impact on workplaces !



The Robotics (R)evolution

The use of advanced industrial robots is nearing takeoff, lowering labor costs, boosting productivity, and changing the competitiveness of major manufacturing economies.

Figure 3: To what extent do you expect the following social trends and changes to have an impact on your workplace?



Impact on the Industry (1)

Key words: 'Flexibility' - 'Portability' - 'Individual'

And less interest in 'institutional offerings' ...

So focus on: direct / tailored / overlay products / smart-agents (e.g. Paypal/Google) / data-wins / etc.

Need for: collaborations & interoperability!

Impact on the Industry (2)

Alternative Social Security Insurance (collective base)

Secure Saving product for pensions (linked to healthcare / housing / permanent education / temporary income stops / life-cycle events)

(Paid) Services for advisory on financial planning & control / individual risk assessments

Tools (part of daily 'control') / Apps (early-warnings)

Impact on the Industry (3)

Pension De-Risking such as longevity Risk (re)insurance, collective risk-taking, new corporate pension plans

Others:

- Income assurance
- Job transfer insurance (time-out / bridging)
- Cross-border pensions
- 'Safe' remittances payments of pensions (workers)

The end of “Pensions”

(as we know it...)

- *Focus will be on securing adequate personal financial continuity during a lifetime.*
- *Continuous Personal Financial Planning will be key to secure sufficient control.*
- *Specials measures will be needed to support those who cannot manage.*

A Public-Private responsibility.

Employers can / should play a key role.

Banks/Insurers could be the key ‘facilitator’ as they do have the daily direct interaction and ‘trust’(?) !

All we do have is 'TRUST'... or.... ?

...We get into cars with complete strangers...

...We sleep in beds of people we've never met..

...We lend money to other on the other side of the world...

...A powerful new currency just emerged...



Step out of your secure façade.

The new 'codification' of reputation, influence and status is a reality.

Digitizing relationships and social connections; measuring it...

Key will be your '**trust-score**' (collective experience score).

(Public)
Services
for the
Elderly





Special housing for the elderly...
Scattered and within city-limits.
Close to the **family** and (young) **neighbors!**

A new era ?

Cooperative Models in Elderly Care (win-win)

Dutch nursing home offers rent-free housing to students

BY CAREY REED April 5, 2015 at 1:19 PM EDT



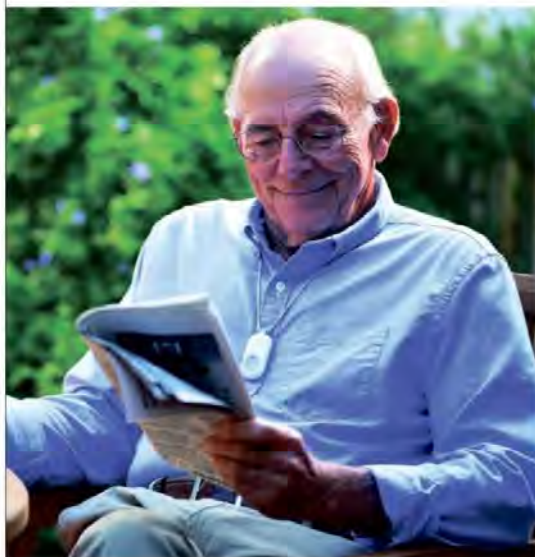
Student Onno Selbach interacts with two nursing home residents at Humanitas in the Netherlands. Selbach helped create an intergenerational program there that offers students rent-free housing. Photo courtesy of Humanitas

A nursing home in the Netherlands allows university students to live rent-free alongside the elderly residents, as part of a project aimed at warding off the negative effects of aging.

Hoe kunnen ouderen dankzij technologie **langer veilig** thuis wonen?

In 2040 telt Nederland naar verwachting 2 miljoen 80-plussers. Een groot deel van hen zal kampen met chronische ziektes zoals kanker en diabetes. Hoe kunnen ze door middel van eHealth technologie veilig en zelfstandig thuis blijven wonen?

innovation  you



In de afgelopen 160 jaar is de levensverwachting met zo'n 40 jaar toegenomen, naar 80 jaar voor mannen en 83 jaar voor vrouwen. De levensverwachting zal waarschijnlijk nog verder toenemen maar dat betekent niet dat we ook gezond ouder worden. Harry Angenent, die zich als business development manager bij Philips bezighoudt met eHealth-oplossingen voor senioren, bevestigt dat: "Juist doordat we steeds ouder worden, groeit het aantal kwetsbare ouderen die ondersteuning nodig hebben in het dagelijks leven."

"Het merendeel van de ouderen wil zélf graag in de eigen, vertrouwde omgeving blijven"

De hogere levensverwachting gaat dus gepaard met gebreken?
"Veel mensen krijgen dementie. Daarnaast zijn er alleenstaande ouderen die kwetsbaar zijn in hun gezondheid. Twee andere grote bedreigingen voor de gezondheid zijn hart- en vaatziekten en diabetes type 2. Daarbij speelt leefstijl een grote rol."

Hoe kan eHealth technologie langer thuis blijven wonen ondersteunen? "Het merendeel van de ouderen wil zélf graag in de eigen, vertrouwde omgeving blijven. Bij Philips denken we

na hoe je kunt faciliteren dat zij dat veilig en zelfstandig kunnen doen. Daarom bieden we producten aan die gepersonaliseerde zorg op afstand mogelijk maken. We werken daarbij samen met zorgorganisaties, opdat dit soort zorg op afstand met gebruik van onze oplossingen deel wordt van de reguliere thuiszorg. Een van onze producten is CareSensus. Dit systeem monitort met sensoren – nadrukkelijk geen camera's! – in huis het patroon van dagelijkse activiteiten van de oudere, zodat de zorgverlener ziet of het patroon afwijkt en zonodig vroegtijdig kan ingrijpen. Overigens vervangt het systeem nooit de persoonlijke zorg, het is puur ondersteunend."

Hebben eHealth-toepassingen nog andere voordelen?

"Mantelzorgers worden gerustgesteld en ontlast. Bovendien kunnen onze eHealth-systemen mogelijk de gezondheidszorg ondersteunen, door informatie te geven waarmee zorgverleners vroegtijdig kunnen reageren wanneer iets aan de hand is."

Medido medicijn dispenser

Een voorbeeld van een recente innovatie van Philips is Medido. Deze slimme medicijn dispenser attendeert de oudere erop dat het tijd is om een medicijn in te nemen. Reageert hij of zij niet, dan krijgt de zorgverlener een signaal.

Verder lezen hoe technologie het leven kan verbeteren?
[Kijk op nrc.nl/philips](http://nrc.nl/philips)

PHILIPS



wellbeing

A group of ten hands of various skin tones are holding up large, colorful letters that spell out the word "wellbeing". The letters are: 'w' (red), 'e' (green), 'l' (blue), 'l' (pink), 'b' (yellow), 'e' (purple), 'i' (green), 'n' (red), and 'g' (blue). The hands are positioned below the letters, supporting them from underneath. The background is plain white.

Improving global Well-Being (SEDA 2016)

Private Sector opportunity

- Poverty: 2.5 billion people are still cut out of financial system...
- Private sector is creating/embracing new technologies...
- Financial Inclusion is a prerequisite for participation in most – even basic – economic activities...

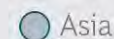
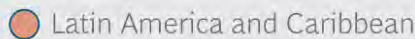
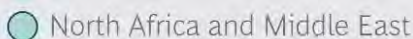
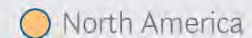
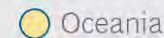
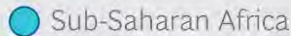
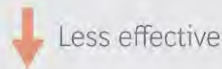
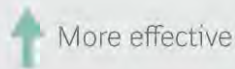
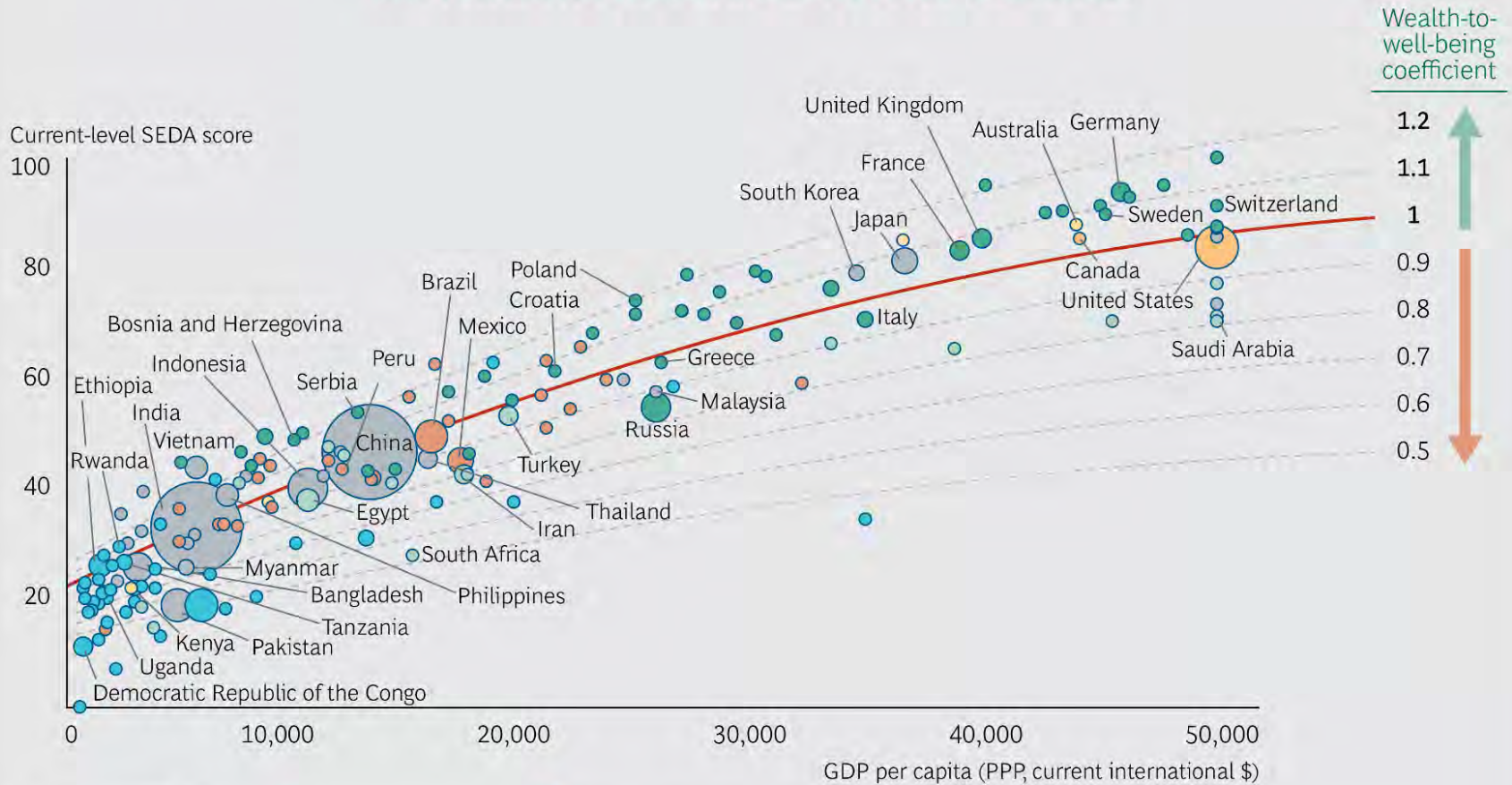
BCG's ' Sustainable Economic Development Assessment' (SEDA).

SEDA defines well-being by three elements:

- Economics: income, economic stability, employment dimensions, investments (a.o. health/education/infrastructure dimensions).
- Sustainability: income equality, civil society, governance, environment.

EXHIBIT 3 | Converting Wealth into Well-Being

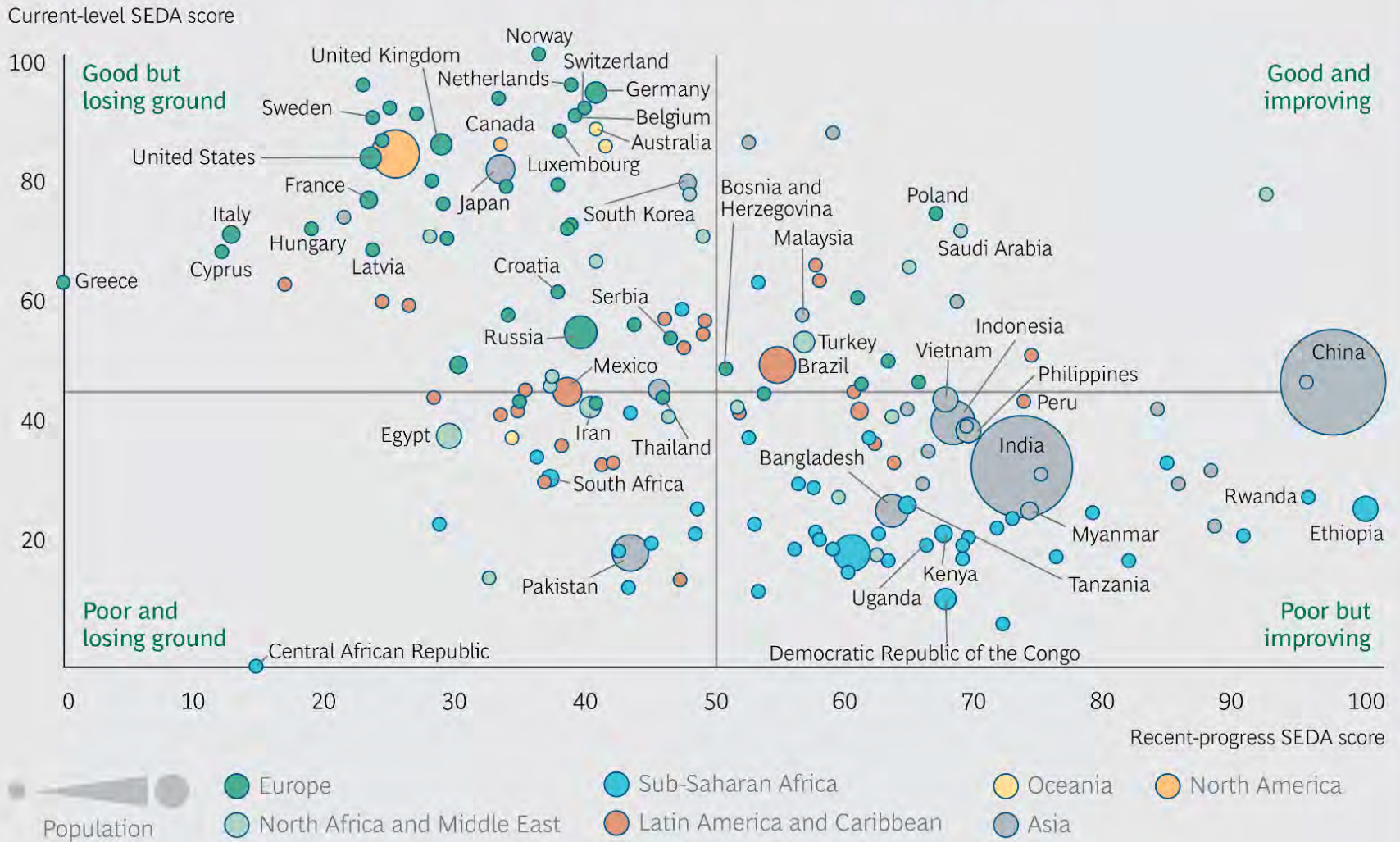
GDP PER CAPITA VERSUS CURRENT-LEVEL SEDA SCORE



Sources: SEDA 2016; BCG analysis.

Note: The solid line is based on regression (polynomial 2nd order); the dotted lines are based on the regression line. Per capita GDPs of Qatar (\$127,562), Luxembourg (\$86,442), Kuwait (\$84,188), Singapore (\$76,236), Norway (\$62,448), UAE (\$57,044), Saudi Arabia (\$52,067), Switzerland (\$51,733), Hong Kong (\$51,509), and US (\$51,450) were adjusted to the maximum value of the matrix (\$50,000).

EXHIBIT 5 | Countries That Are Improving and Those That Are Losing Ground

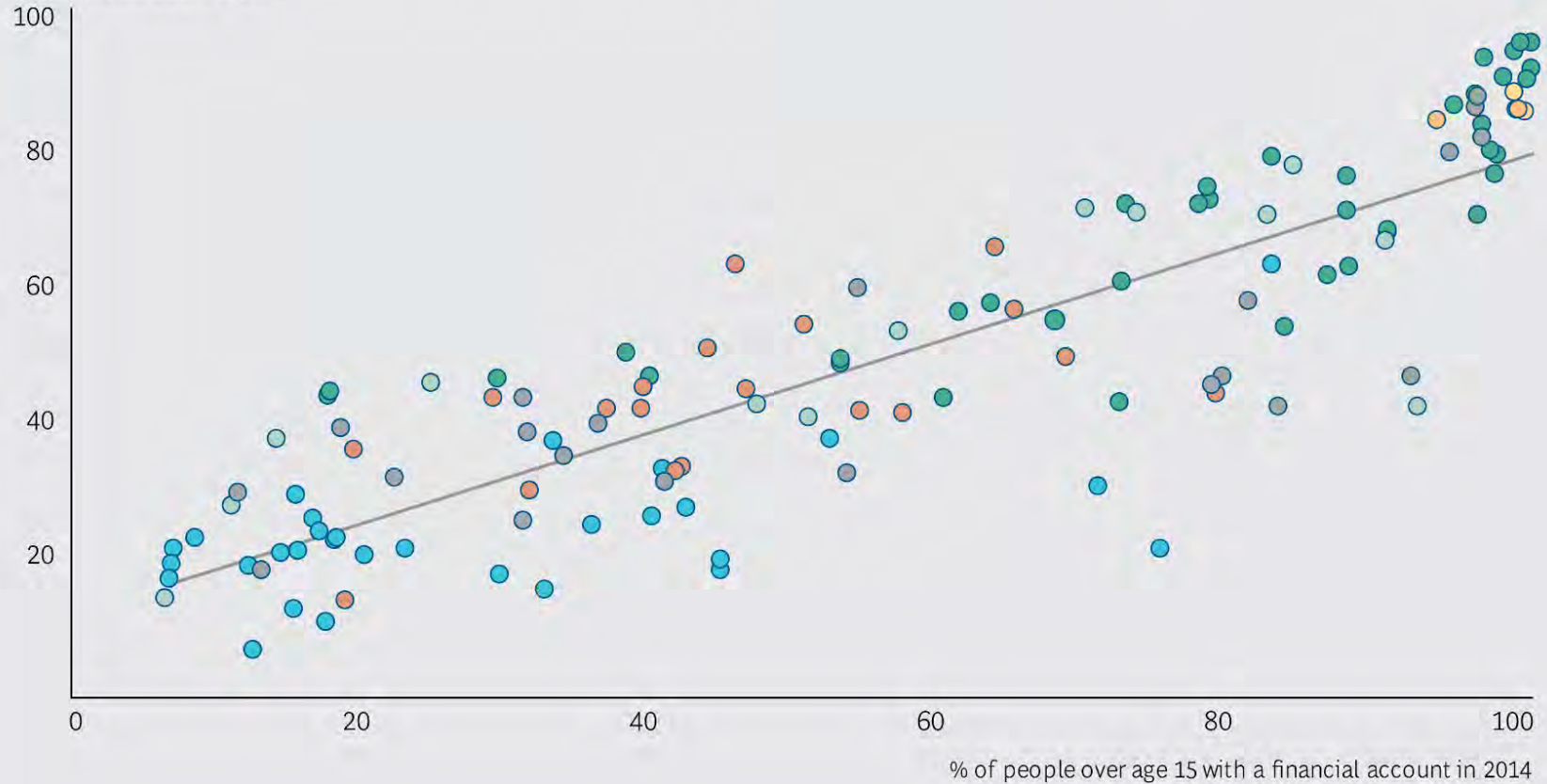


Sources: SEDA 2016; BCG analysis.

Note: The gray lines represent global medians.

EXHIBIT 12 | The Clear Link Between Financial Inclusion and Well-Being

Current-level SEDA score



Sources: World Bank FINDEX data; SEDA 2016; BCG analysis.

Note: Includes 127 SEDA countries for which FINDEX data is available for 2011 and 2014.

Our mission on earth ...



Your are invited !

Pensions&Investments

WorldPensionSummit



Managing Rising Risks

November 9-10, 2016 | The Hague

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