

# Future Retirement Planning

## Balancing growth, life expectancy & inflation

Dean Kemble BSc (Hons)

Head of Distribution

Friends Provident International

# Future Retirement Planning

Life expectancy changes

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**“In the past century we’ve created  
the greatest gift in the history of  
humanity:**

**30 extra years of life”**

Source: Joseph Coughlin, AgeLab, Massachusetts Institute of Technology

# Agenda

## Retirement Insights

2019 FPI/YouGov Retirement Survey

Time for Action – Key Considerations

Long-term Investing vs Inflation Growth

# Future Retirement Planning

## Expectation v Reality

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# Future Retirement Planning

## Expectation v Reality

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# Future Retirement Planning

## Changing global demographics

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**“Globally today, more people are alive over 65 than under five: it's time to rethink old age”**

Source: Deutsche Bank

# Research details

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- Research conducted – 28 January to 4 February 2019
- Sample : 874 UAE resident expats
- Representative sample of the expat population

# Retirement age

Most are not prepared for retirement

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**16%**

Wish to  
retire before  
50

**59%**

Wish to retire  
between 50  
and 65



# Retirement income

Research shows many are not prepared for retirement

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**70%**

Don't know  
how much  
income they  
need in  
retirement

**50%**

Target for  
monthly  
retirement  
income of just  
USD 1k -2k

# Saving for Retirement?

Most are not prepared for retirement

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Only  
**48%**  
are  
saving

**1/3** save  
a max of  
10% of their  
income

# Retirement saving duration

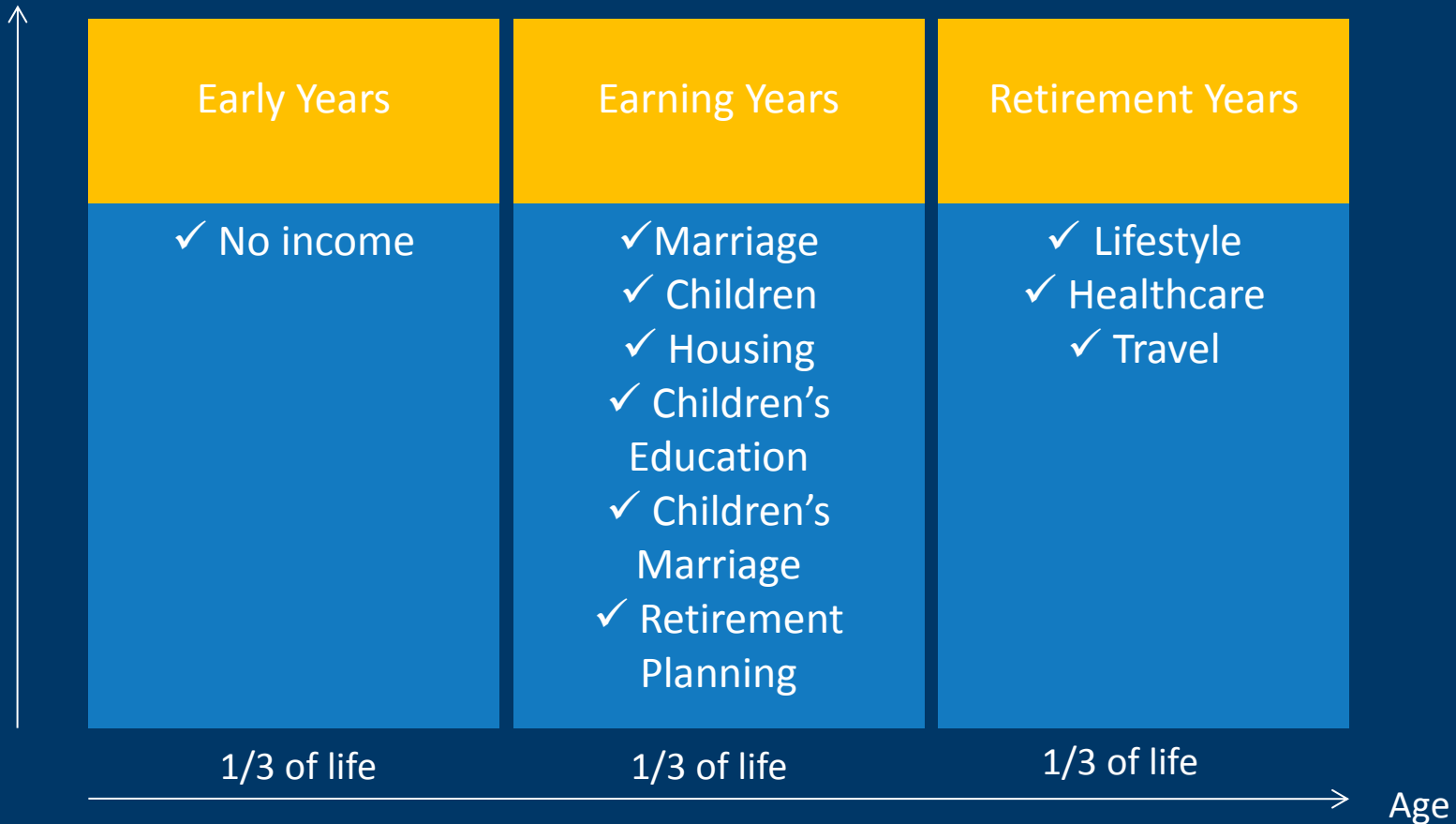
Most are not prepared for retirement

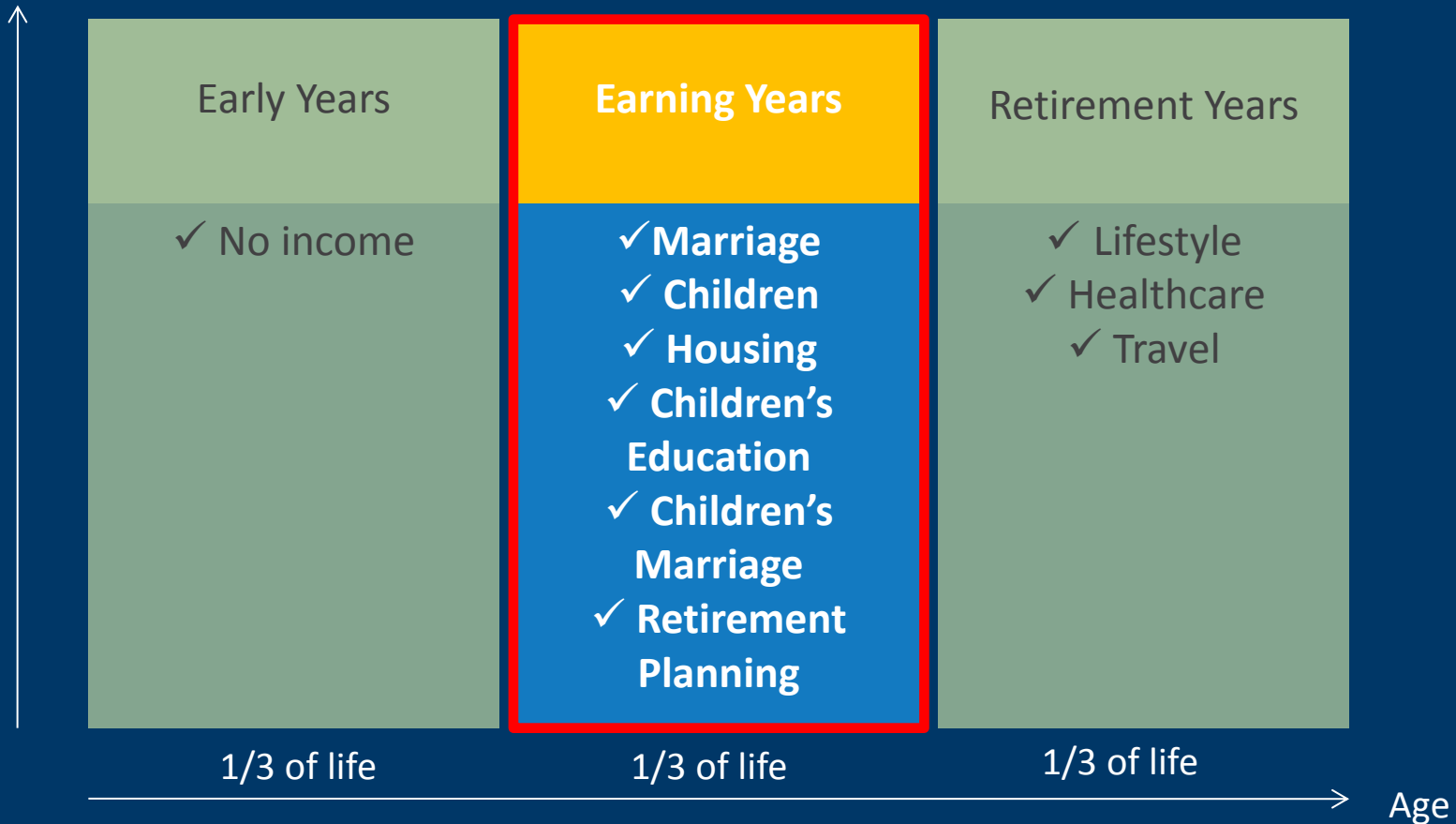
# 58%

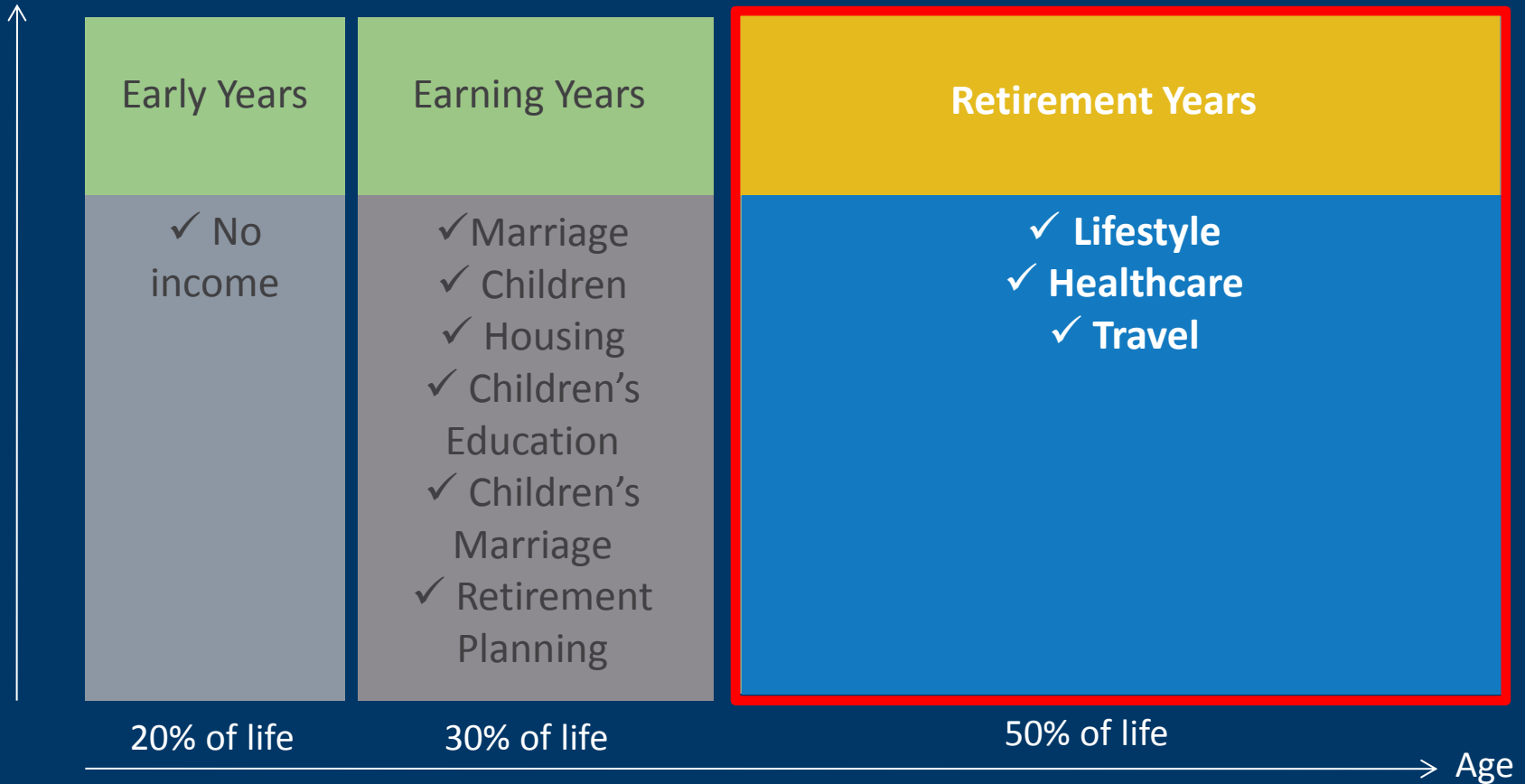
Intend to save for  
between 1 to 10 years  
prior to retiring

Age	Savings per month	Savings period	Retirement age	Years to retirement from end of savings period	Amount at the end of 10 years	Amount at age 60
30	\$ 1000	10	60	20	\$174,094.47	<b>\$703,122.09 *</b>
40	\$ 2000	10	60	10	\$348,188.94	\$699,741.86 *
50	\$ 3000	10	60	0	\$522,283.41	<b>\$522,283.41 *</b>









# Equity market returns

Performance provide a platform for above inflation growth

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The average annualized total return for the Composite Index, now known as S&P 500 index over the past 90 years is approx:

**10% pa**

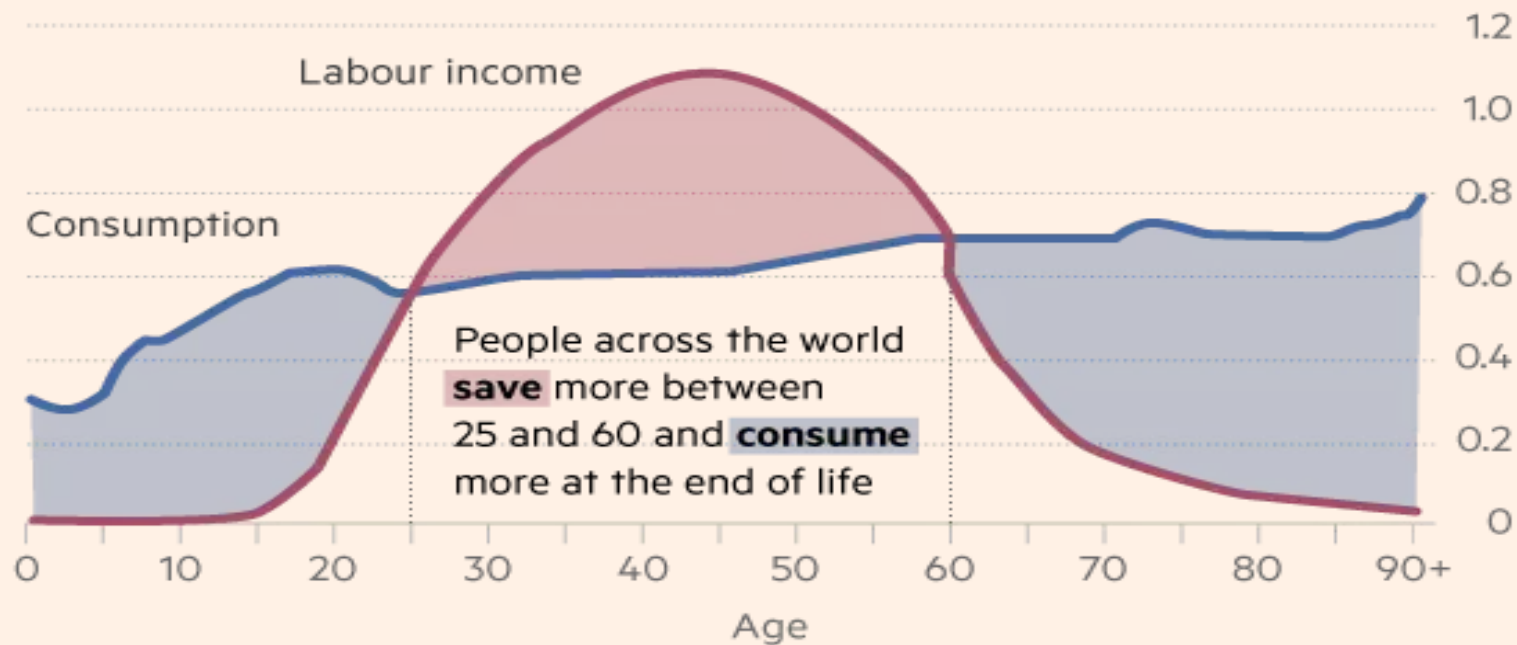
Source: [macrotrends.net](http://macrotrends.net)



# Spending more, saving less

## The world spends more and saves less as it ages

Annual per capita normalised flows of money



Sources: National Transfer Account, Morgan Stanley Research

FT

Source: Financial Times

## Weekly shopping

Impact on the amount you  
save on a regular basis



2008

**\$1**

2018

**\$1.63**

2028

**\$2.65**

## Property

Impact on the cost  
of property purchase



2008

**\$150k**

2018

**\$244k**

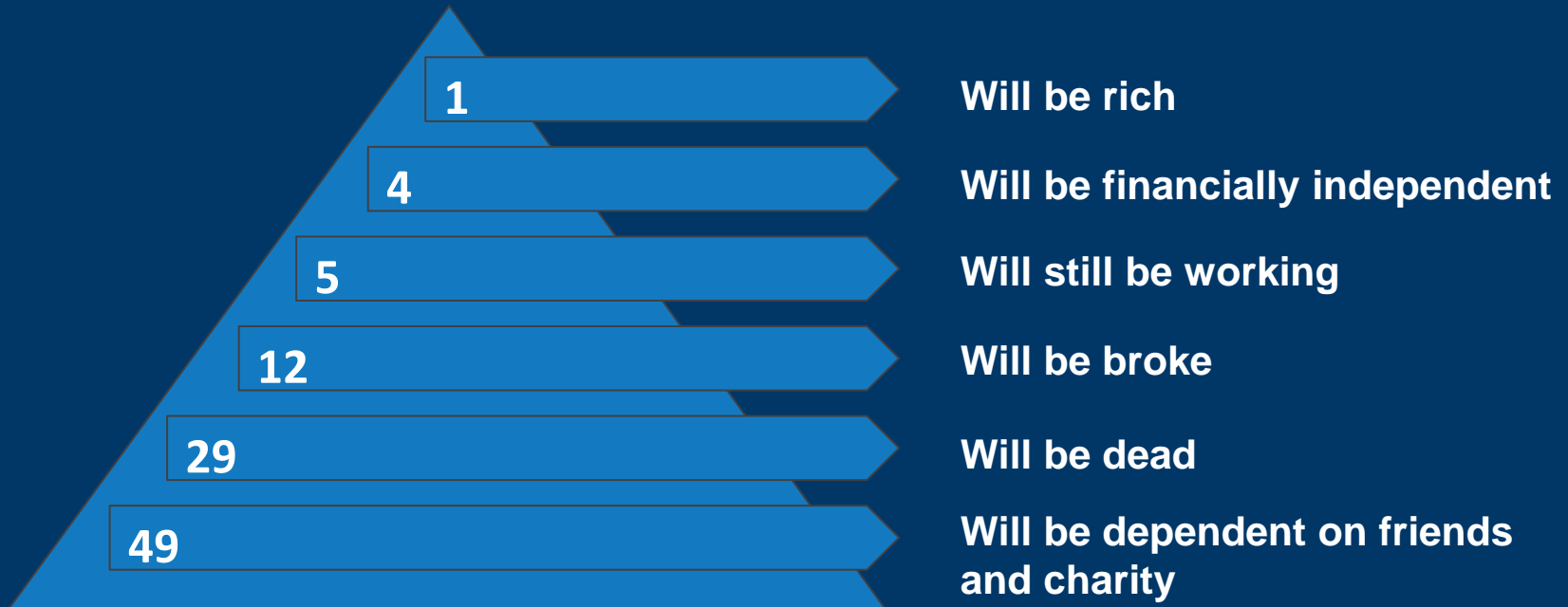
2028

**\$397k**

Assuming 5% inflation rate per annum

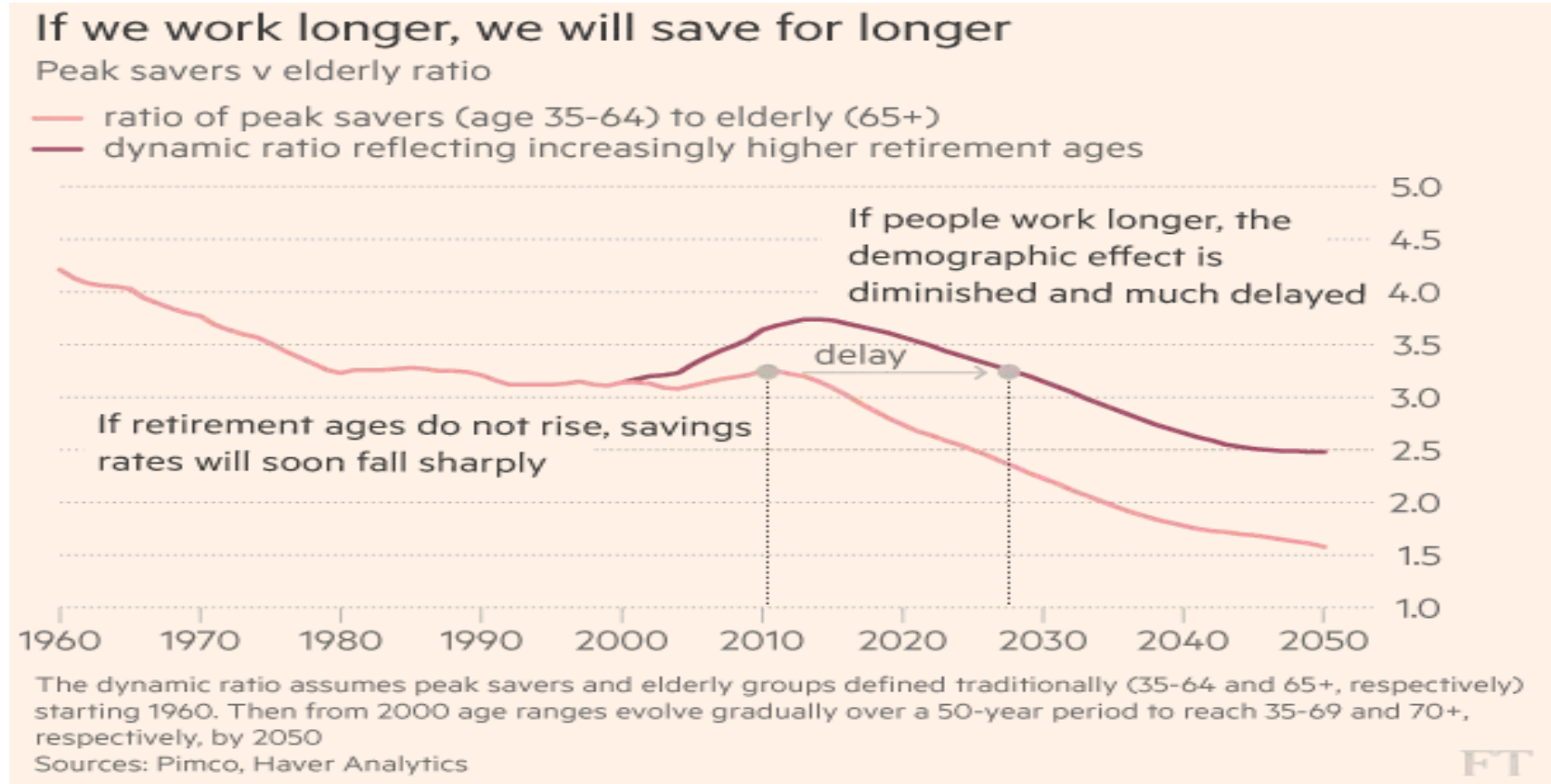
# Pension Planning – a quick statistic for you

A graphic story of 100 young people now aged 25...  
...40 years later at retirement...



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

# Work longer, save more



Source: Financial Times

# Retirement planning for future generations

## Key considerations

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**Plan to  
save for a  
longer  
retirement**

**Start  
early**

**Consider  
Inflation  
impact**

**Invest  
wisely**

- Life expectancy is increasing globally
- 25% of people who are currently 65 will reach 90 years of age
- 10% of people who are currently 65 will live beyond 90 years of age
- Inflation will erode your capital held on bank deposit
- Society needs to start early, take the initiative, maximize the amount they can save to provide them with a secure retirement

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