
US at rear of peloton in retirement security: Natixis

By Editor Test *Thu, Mar 7, 2013*

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The United States ranks 19th worldwide in the retirement security of its citizens, according to a new annual index compiled by Natixis Global Asset Management (NGAM), the world's 13th largest investment management firm.

The Natixis Global Retirement Index gauges how well retired citizens live in 150 nations, based on measures of health, material wellbeing, finances and other factors. The study was released today by the NGAM Durable Portfolio Research Center, which conducts research on risk management, asset allocation and other investment issues.

Though the U.S. is the world's biggest pension market, it lags behind less-affluent nations on measures of income and health, according to the index. While the U.S. leads the world in per-capita health spending, individuals are still responsible for a portion of this expense.

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Demographic challenges

Like many other nations, the U.S. is grappling with significant demographic change, including a rapidly aging population, rising life expectancy rates and declining birth rates. Globally, the number of people aged 65 or older is on track to triple by 2050, when the ratio of the working-age population to those over 65 in the U.S. is expected to drop from 5-to-1 to 2.8-to-1.

According to a recent Senate report, the U.S. faces a retirement savings deficit of \$6.6 trillion, or nearly \$57,000 per household. As a result, 53% of American workers 30 and older may be unprepared for retirement, up significantly from 38% in 2011.

Only half of all workers have access to employer-sponsored plans, and those who do participate often make the common mistakes of saving too little or investing too much in lower-returning products.

The Natixis Global Retirement Index is a composite index that combines 20 indicators grouped into four major categories: health; material well-being; quality of life in retirement; and finances.

CoreData Research, a London-based financial research firm, captured data from a variety of sources, calculated a mean score in each category and combined the category scores for a final overall ranking of 150 nations.

The categories, and the subjects they comprise, are:

- Health: Per-capita health spending, life expectancy, the availability of physicians and hospital beds per 1,000 citizens, and the level of noninsured health spending. (Sources: World Bank's Development Indicators, 2012; World Health Organization)
- Material well-being: Per-capita income, income inequality and unemployment. (Source: World Bank)
- Finances: Old-age dependency (the ratio of retirees to workers), inflation, interest rates, taxation level and bank nonperforming loans. (Sources: World Bank, United Nations)
- Quality of life: The level of happiness and satisfaction of citizens, as well as the quality of the climate and environment. (Sources: Gallup World Poll 2012; Environmental Performance Index 2012)