



From Challenge to Opportunity

Wave 2 of the East Asia Retirement Survey

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Survey Framework

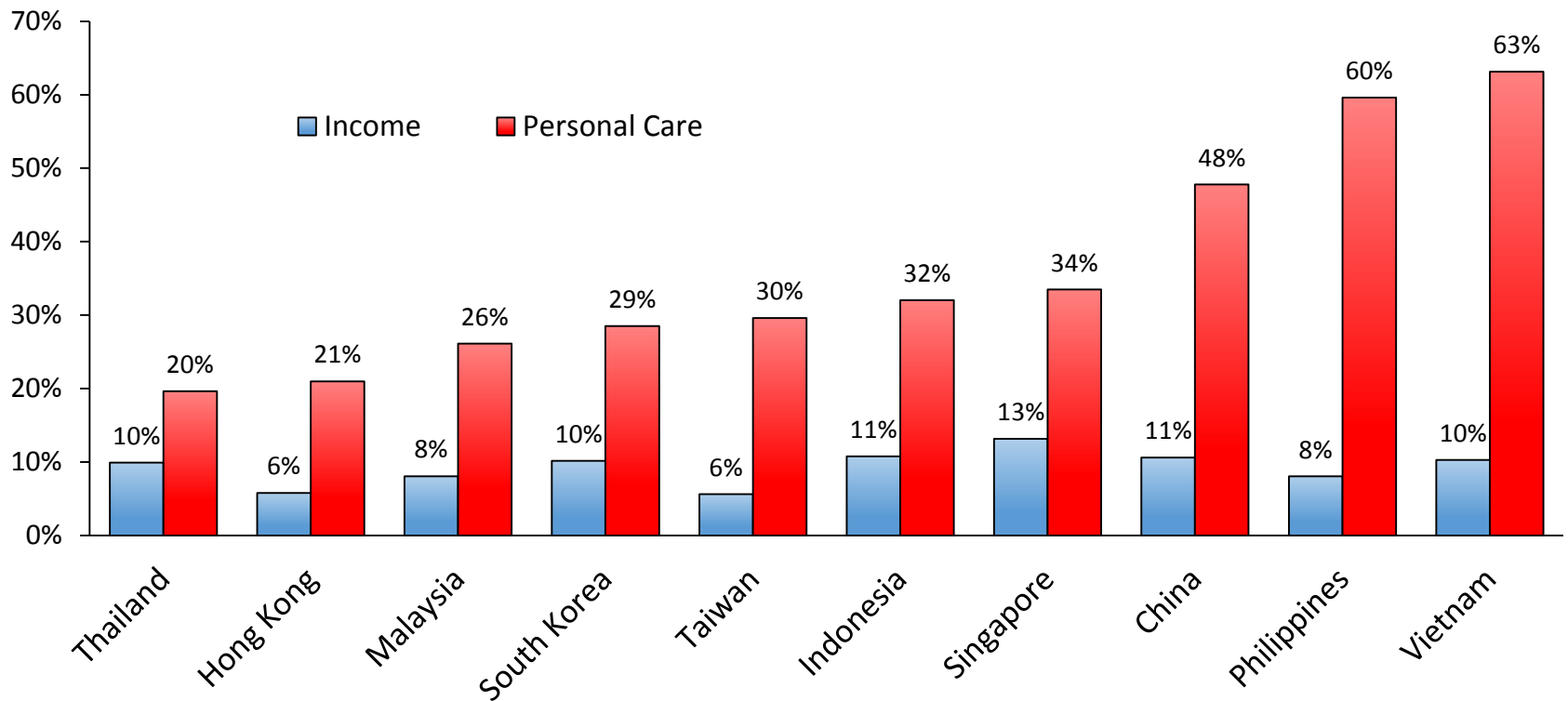
- ❑ The East Asia Retirement Survey is now in its second wave. The first wave was conducted in 2011 in China, Hong Kong SAR, Malaysia, Singapore, South Korea, and Taiwan. The second wave was conducted in 2014 in the six first-wave countries plus Indonesia, the Philippines, Thailand, and Vietnam.
- ❑ The survey is nationally representative, except that the samples for China, Indonesia, the Philippines, Thailand, and Vietnam were limited to urban areas.
- ❑ The survey universe consists of “main earners” aged 20 and over, including both current main and retired main earners.
- ❑ Respondents were asked about their general attitudes toward retirement, as well as about their own retirement experience and expectations.
- ❑ Current retirees were asked about their current retirement experience, while current workers were asked about their retirement expectations.

The Future of Retirement in Indonesia

By overwhelming majorities, East Asians reject the traditional model of family-centered retirement security.

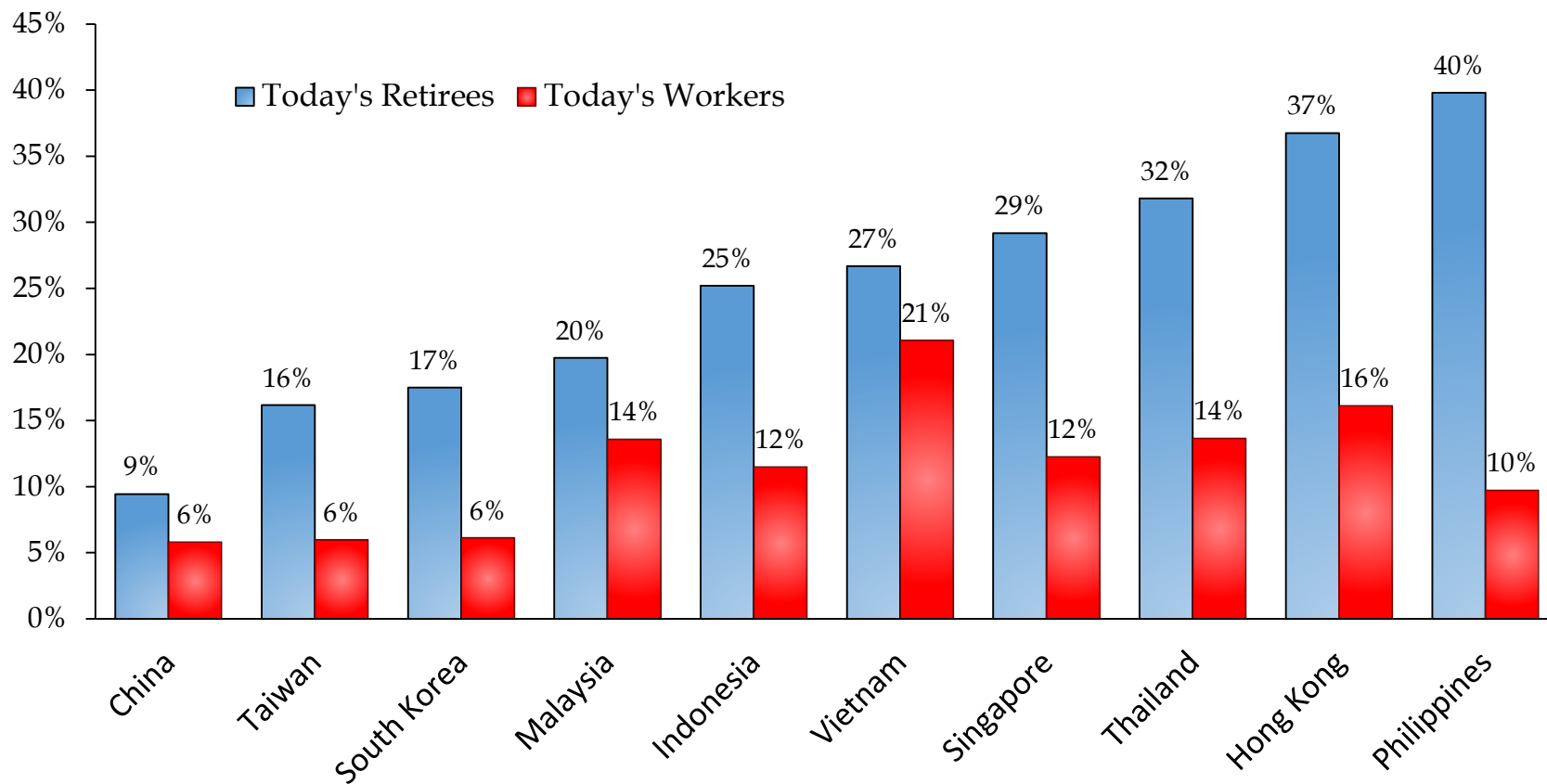
"Who, ideally, should be mostly responsible for providing *income* to retired people?" and "Who, ideally, should be mostly responsible for providing *personal care* to retired people?"

Share of Respondents Saying "Grown Children or Other Family Members"



Looking to the future, today's workers expect to be less dependent on the family than today's retirees are.

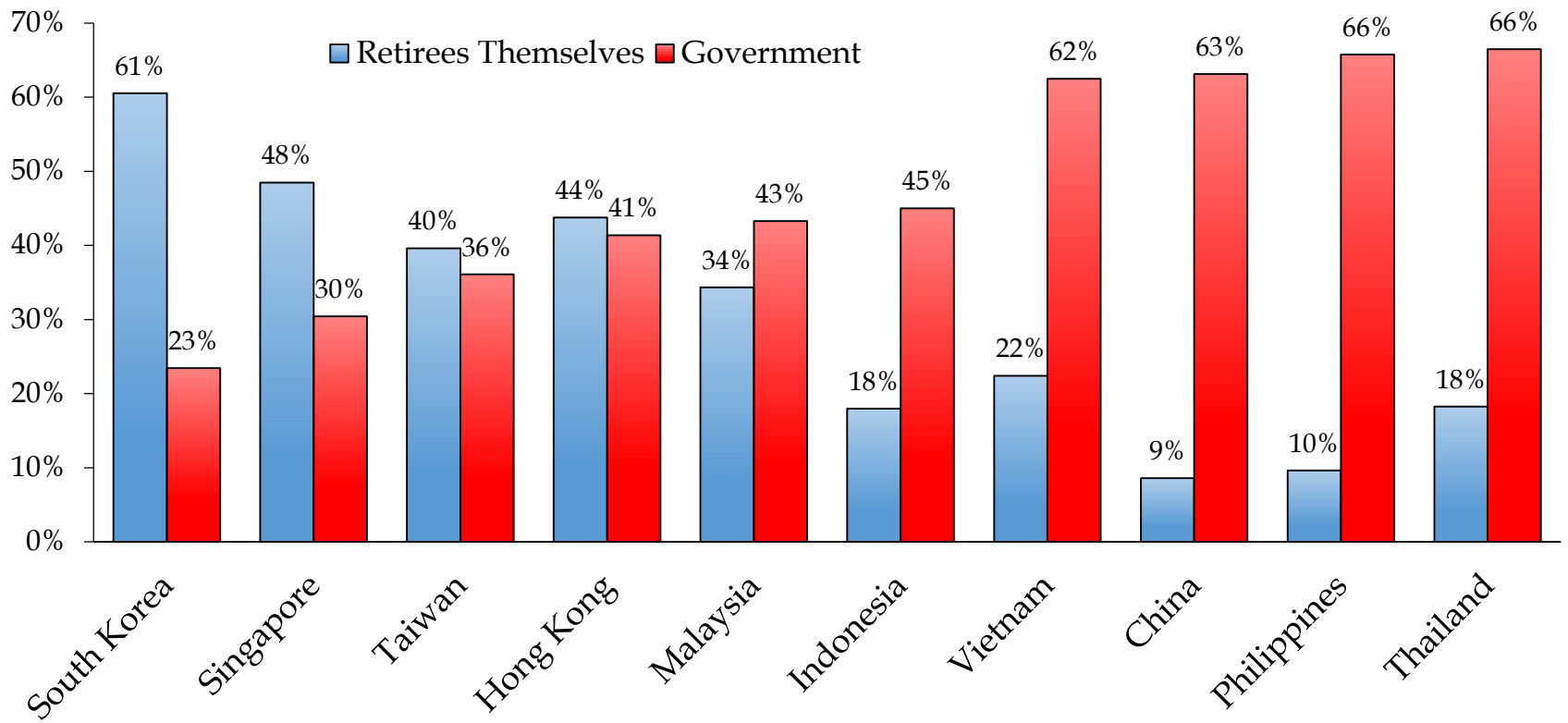
Share of Today's Retirees Who Are and Share of Today's Workers Who Expect



Views differ greatly across East Asia about who should replace the family as guarantor of retirement security.

"Who, ideally, should be mostly responsible for providing income to retired people?"

Share of Respondents Saying "Retirees Themselves, through Their Own Savings" versus Share Saying "Government"



Indonesians are divided about the role of government, employers, and individuals in providing retirement income.

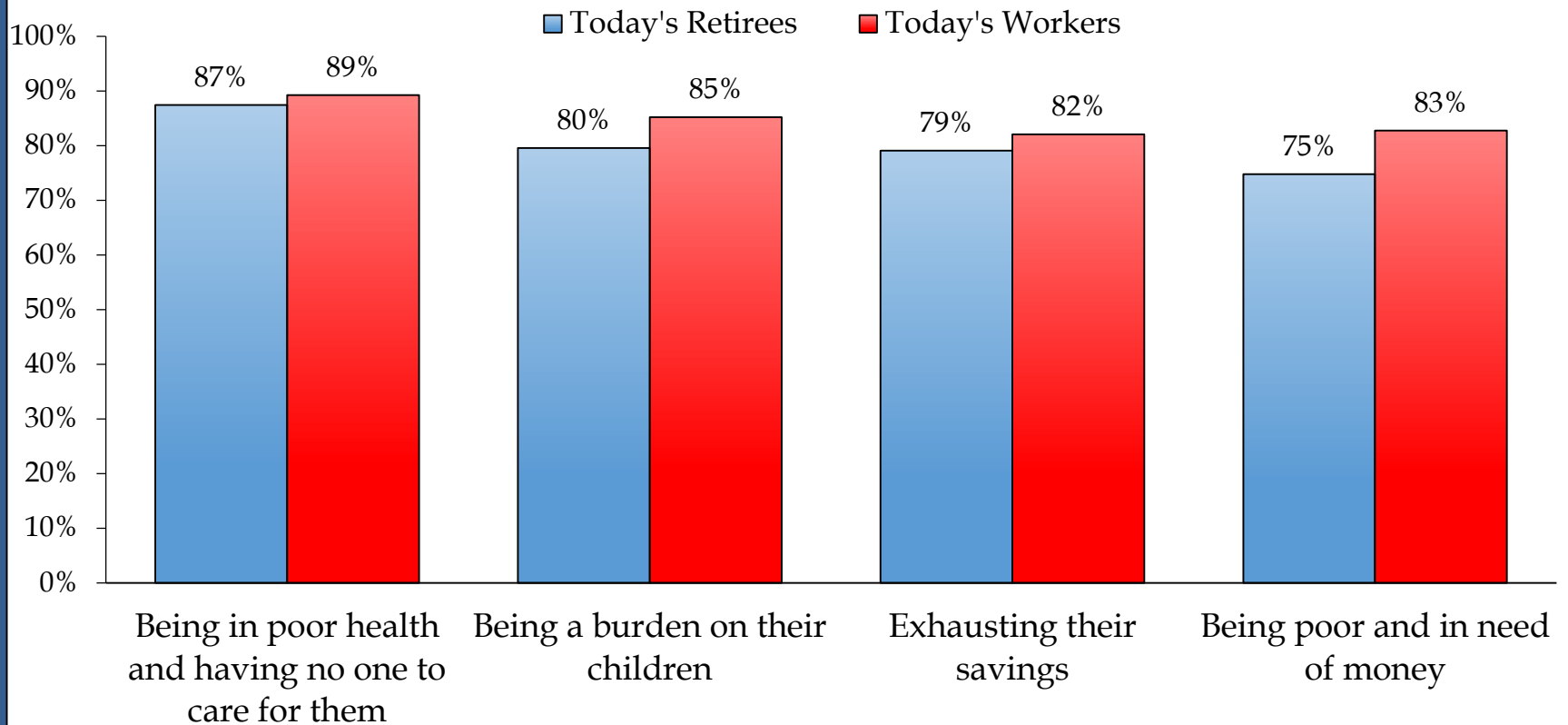
"Who, ideally, should be mostly responsible for providing income to retired people?"

Share of Indonesian Respondents Saying...

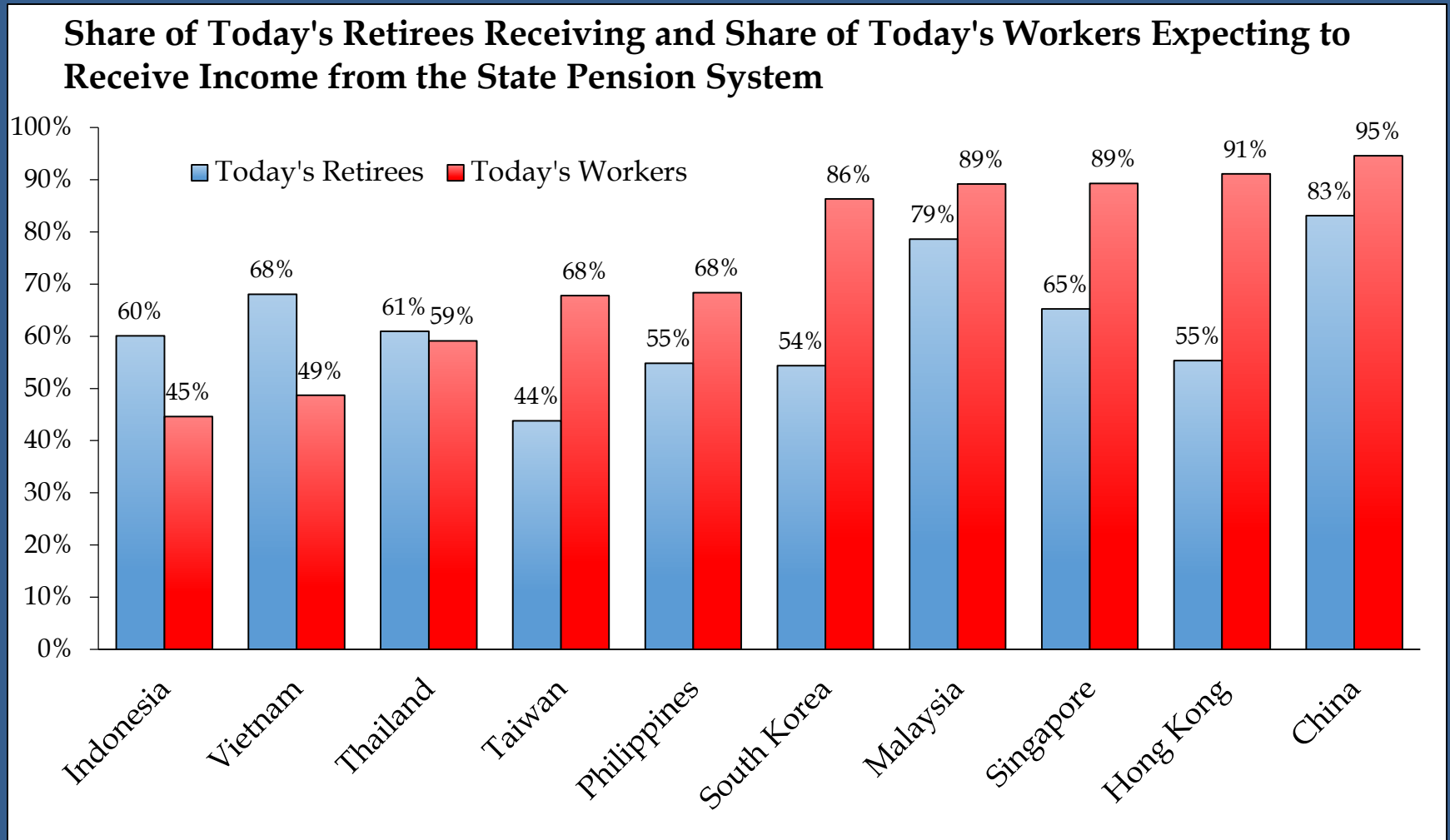


Most Indonesians are anxious about their retirement security, and with good reason.

Share of Today's Retirees and Share of Today's Workers in Indonesia Who Worry about Each of the Following Things Happening during Retirement...

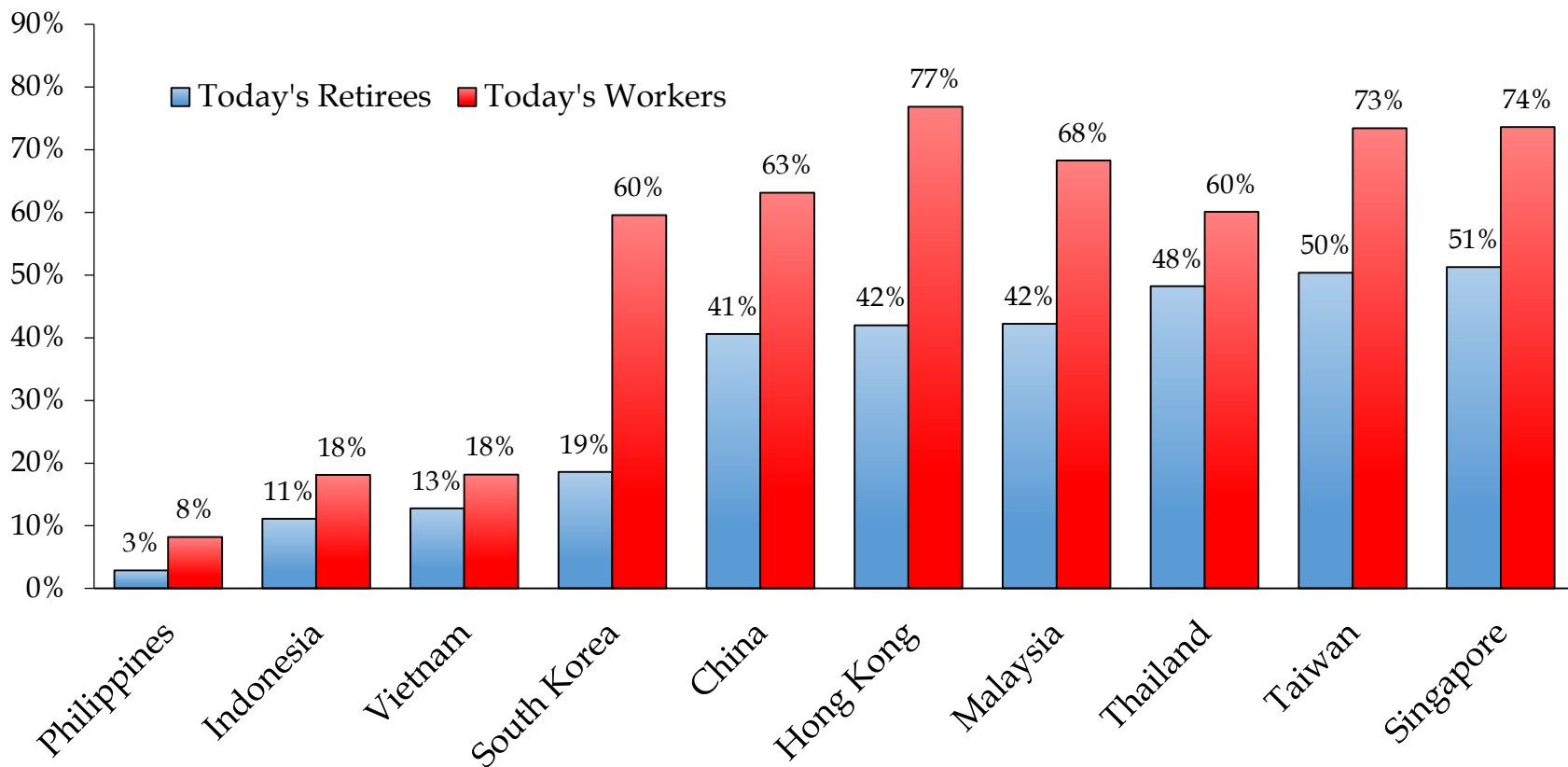


While state pension receipt is expected to rise in most East Asian countries, in Indonesia it is expected to fall.



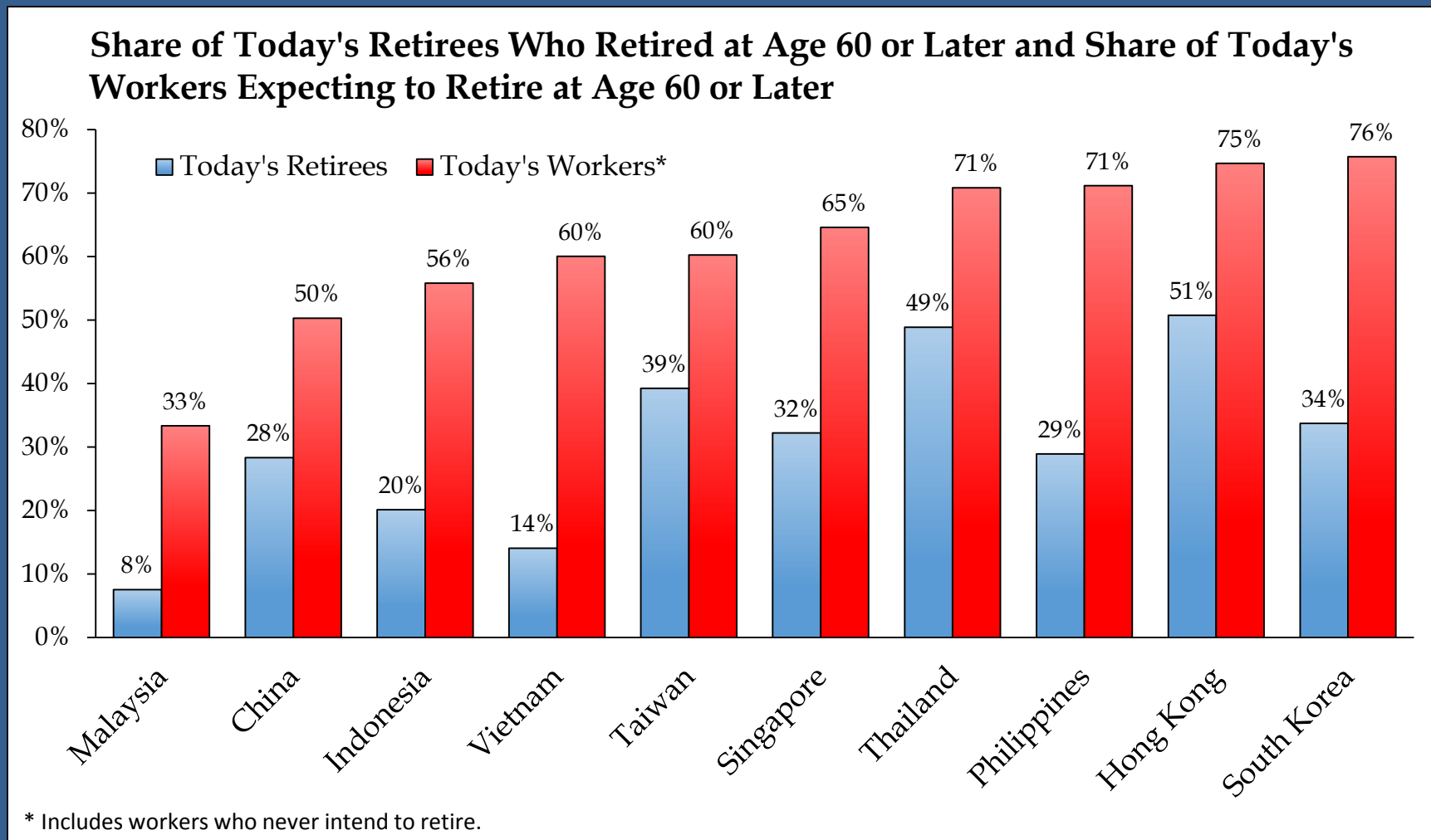
Very few Indonesians can count on asset income in retirement.

Share of Today's Retirees Receiving Income and Share of Today's Workers Expecting to Receive Income from Financial Assets*



* Includes insurance and annuity policies and stocks, bonds, and mutual funds, but excludes bank deposits.

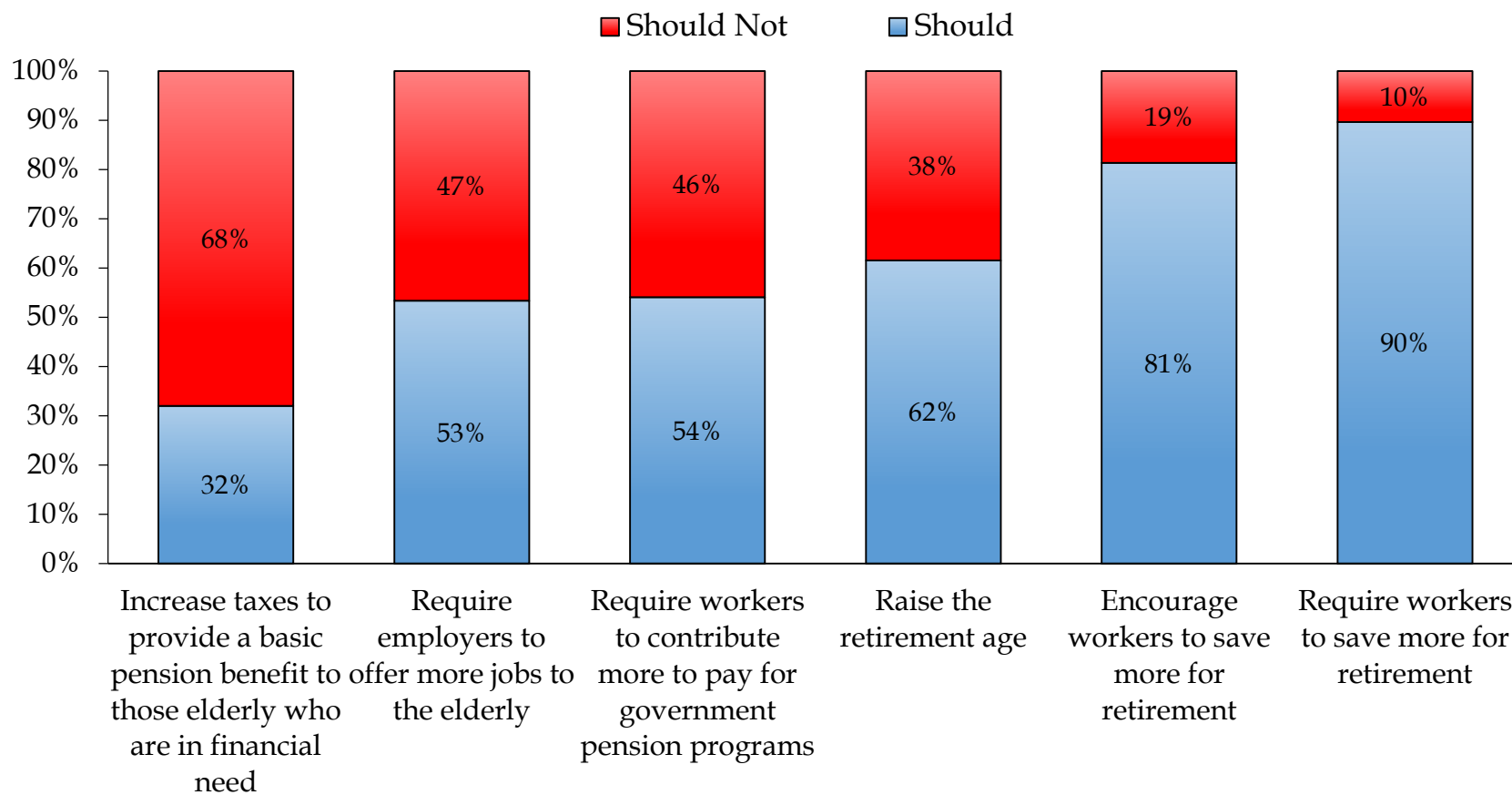
Indonesia's early retirement ages complicate the challenge of ensuring retirement security.



Strategic Implications

What Indonesians Think About Retirement Reform

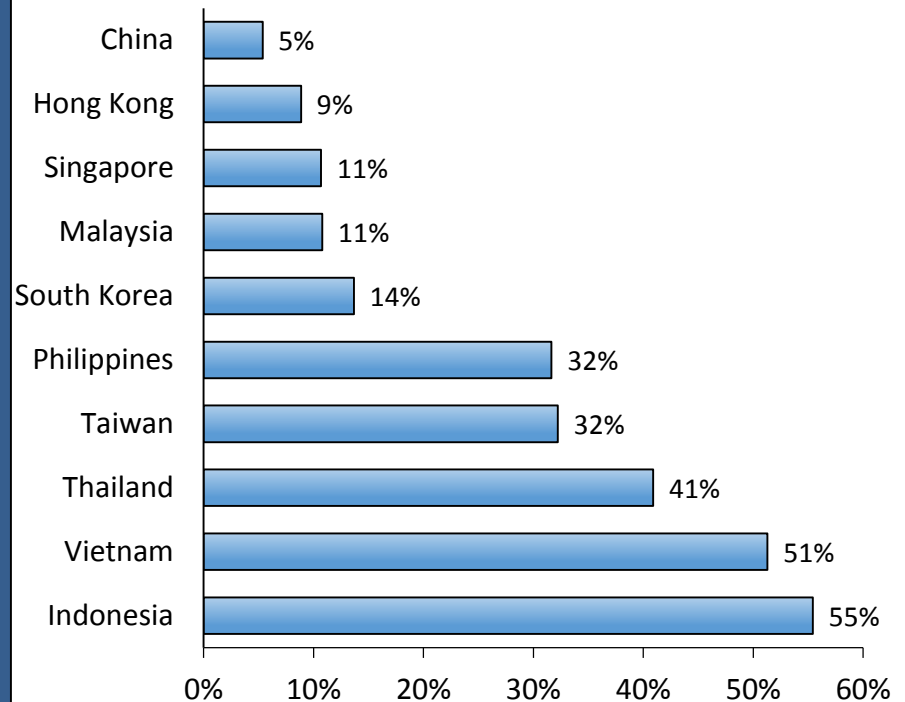
Share of Indonesian Respondents Saying That Government Should or Should Not ...



Directions for Reform

- ▣ **Improve the adequacy of state pension systems**
- ▣ Encourage or require workers to save more for their own retirement
- ▣ Establish more robust floors of old-age poverty protection
- ▣ Raise retirement ages and encourage longer work lives

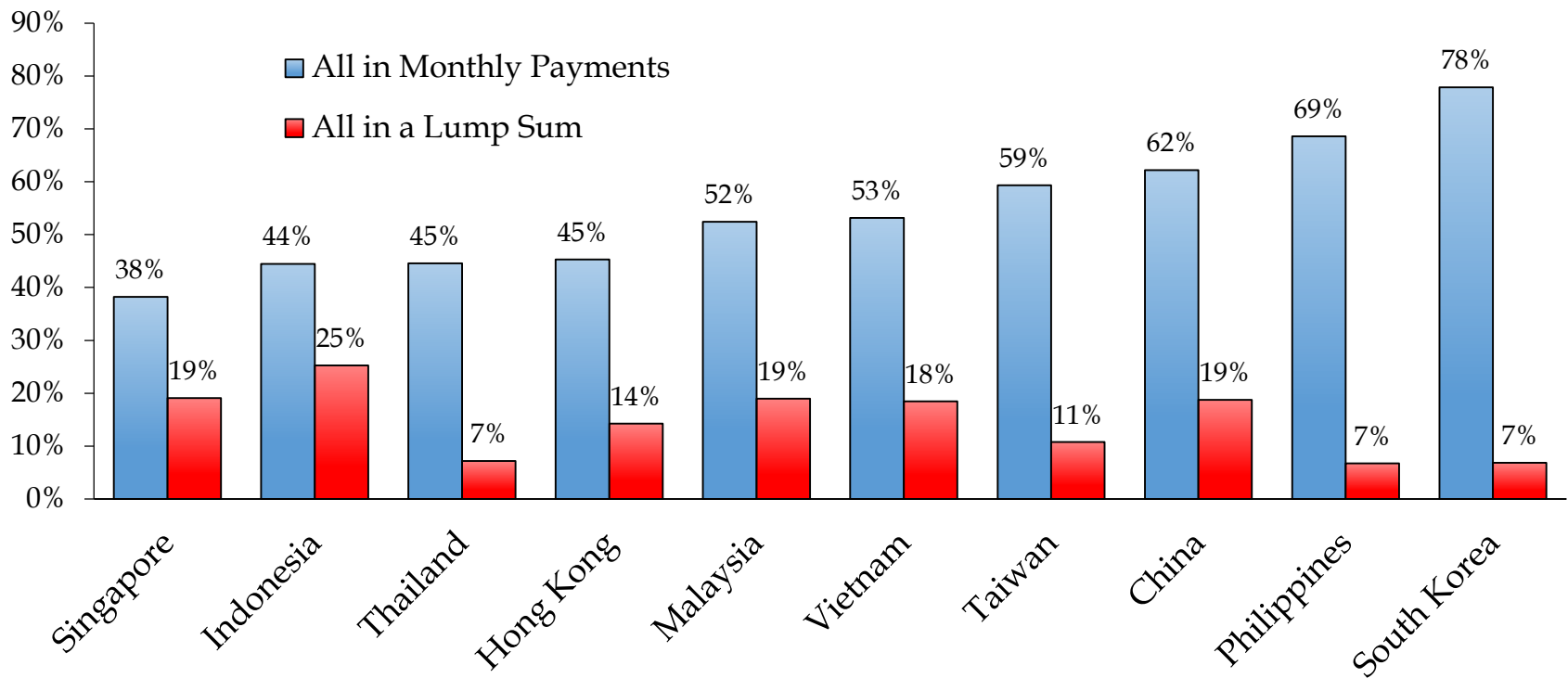
Share of Today's Workers Who Do Not Expect to Receive a State Pension Benefit



There is widespread demand for translating lump-sum pension payments into retirement income streams.

“If you could choose how pension benefits will be paid to you, please indicate which of the following ways you would prefer to receive the benefits.”

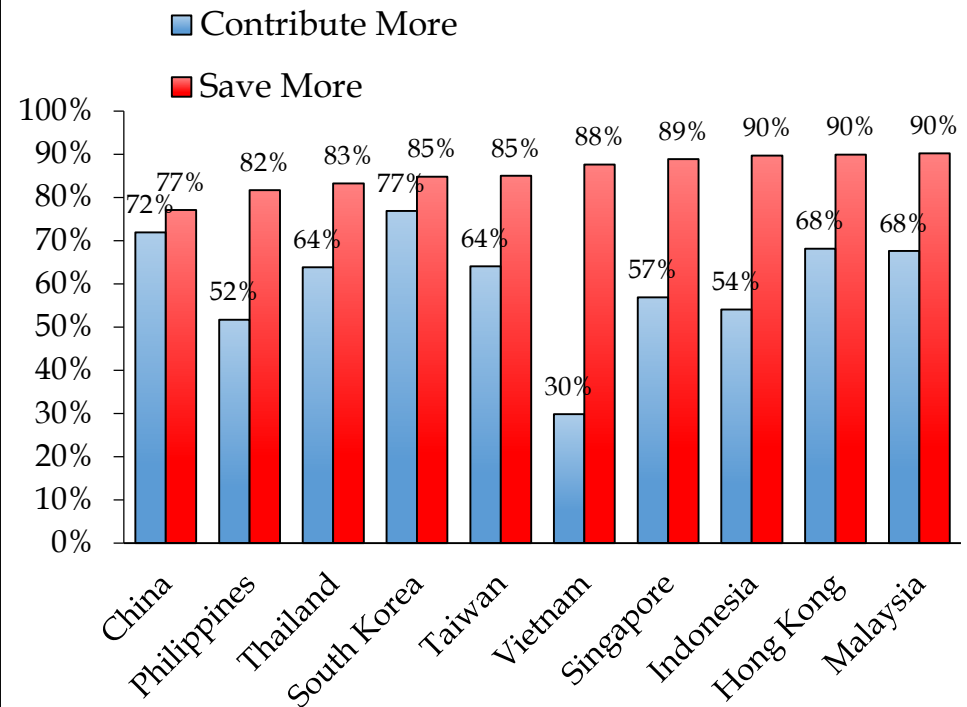
Share of Today's Workers Saying “All in Regular Monthly Payments” versus Share Saying “All in a Single Lump Sum”



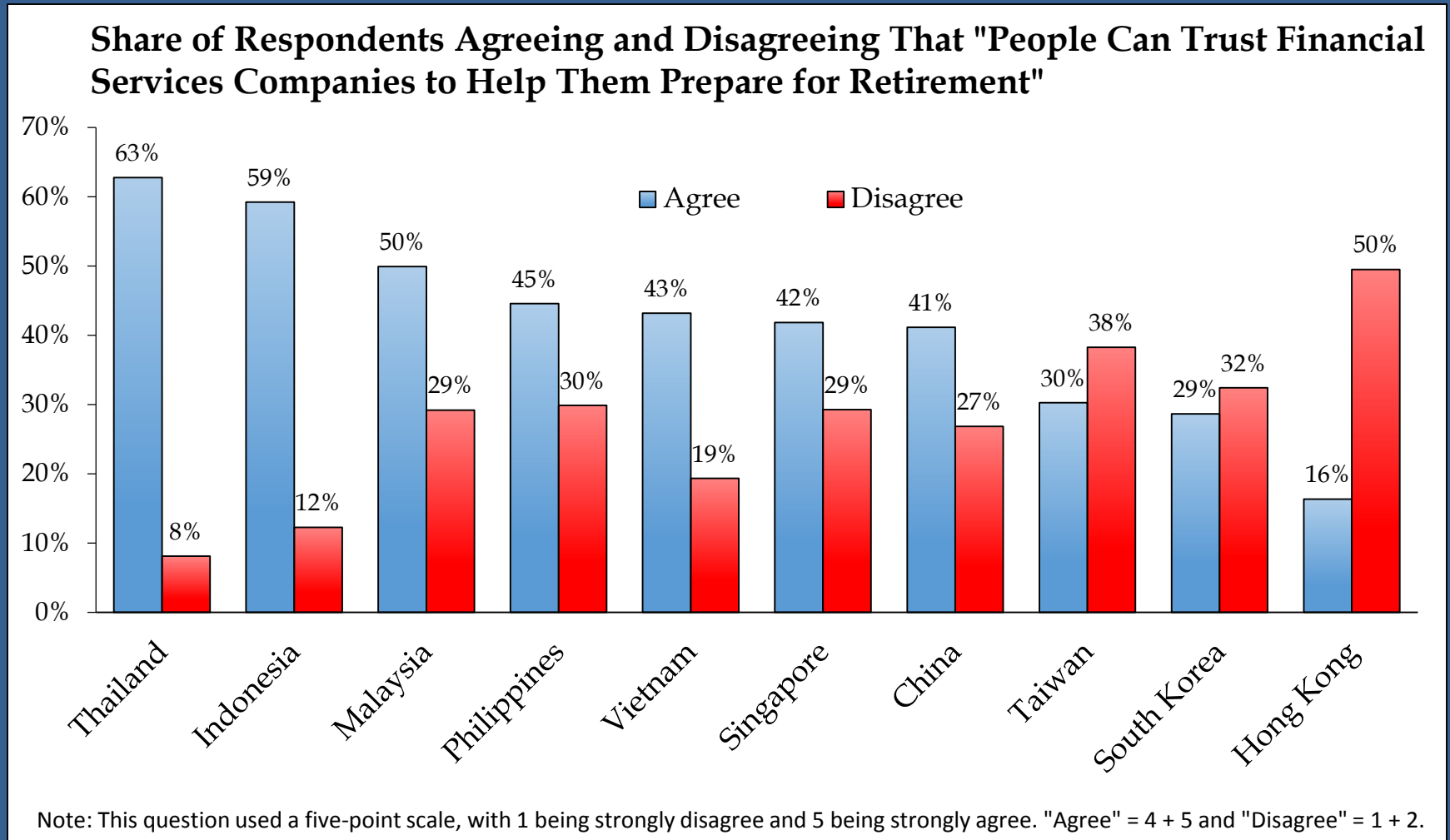
Directions for Reform

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Share of Respondents Saying “Require Workers to Contribute More to Pay for Government Pension Programs” versus Share Saying “Require Workers to Save More for Their Own Retirement”

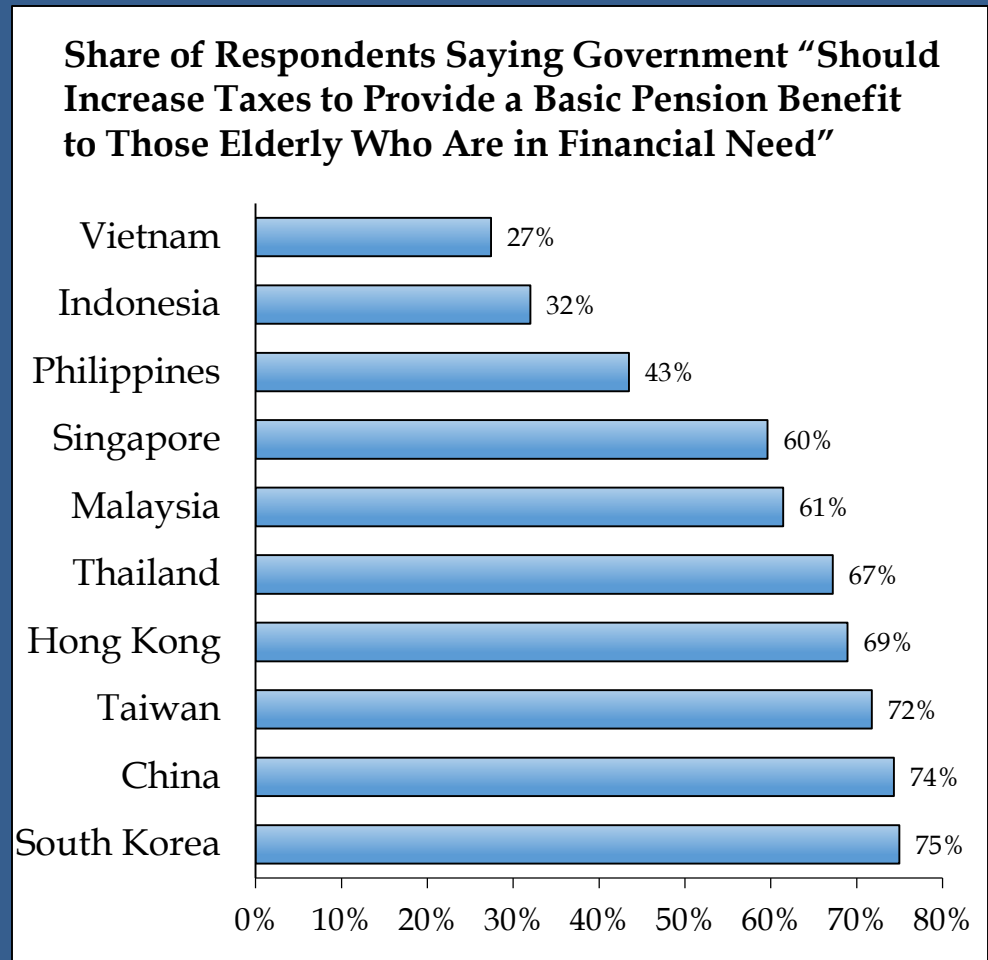


Although Indonesians have a low level of market-orientation, they have a high level of trust in the financial services industry.



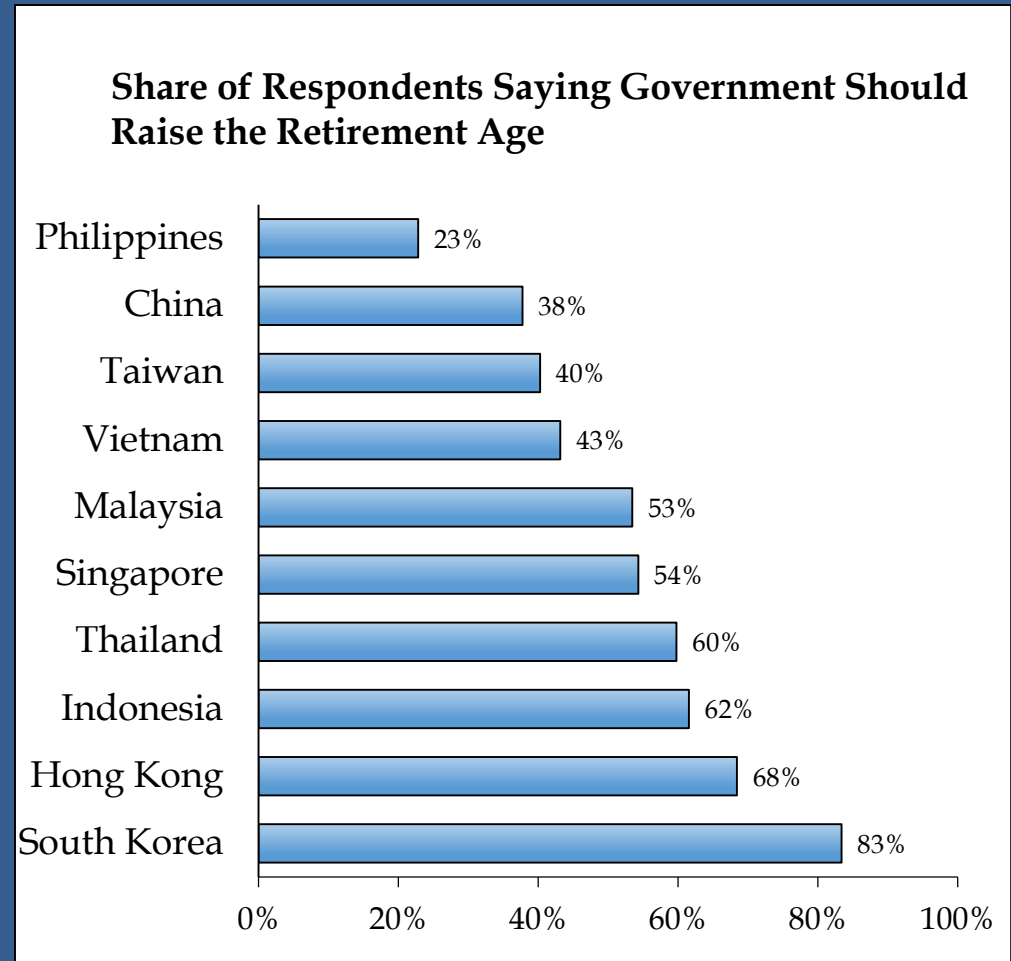
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