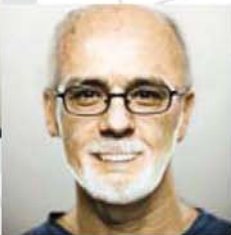
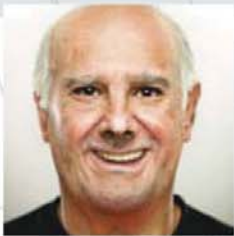


THE CHANGING FACE OF RETIREMENT

THE AEGON RETIREMENT READINESS SURVEY 2012
POLAND FACT SHEET



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INTRODUCTION

KEY FINDINGS

- **Widespread pessimism towards retirement:** Polish respondents are the most pessimistic of the countries surveyed about their prospects for retirement. 66% are pessimistic compared to just 23% who are optimistic.
- **The threat to state pensions:** People are understanding the need to have to plan for their retirement (83% agree) as well as agreeing that their state pension benefits will be less valuable due to government cutbacks. 64% believe that the social security system will not provide them with a comfortable lifestyle in retirement.
- **A generation aspiring to save?** 35% of Polish employees want to save towards retirement but are not currently doing so. This feeling is even more prevalent amongst 18-34 year olds, suggesting there is a young generation who with the right encouragement may become active savers.
- **Support for higher taxes to fund the retirement system:** Over half of respondents in Poland (62%) are willing to pay more taxes in order to maintain the affordability of the state pension, though 35% would like to see this combined with reduced generosity in benefits.
- **Greater personal responsibility:** 83% of respondents agree that they are more likely to have to plan for their own retirement due to the financial crisis. This is coupled with an acceptance of having to work longer to provide desired income in retirement, with 72% agreeing.

THE SURVEY

The first-ever AEGON Retirement Readiness Survey was conducted among more than 9,000 people in nine countries.¹ AEGON conducted the research in collaboration with the Transamerica Center for Retirement Studies® and Cicero Consulting to contribute to a common understanding among European countries and the United States of what measures need to be taken by individuals, employers and governments to create a new blueprint for modern retirement.²

Respondents were interviewed using an online panel survey, and the interviews were conducted in their local languages in January and February of 2012. The interviews dealt with a wide range of issues covering attitudes toward retirement preparedness, the roles of government and employers in providing retirement benefits, and the impact of the financial crisis on attitudes regarding investment risk and retirement planning.

8,100 employees and 900 retirees were interviewed to provide some comparison of the outlook of current employees and those already in retirement. The survey did not include the unemployed, long-term disabled or the self-employed, as each of these groups faces specific challenges in planning for retirement. Instead, the objective for this survey is to provide a broader perspective based on the mainstream working population.

1. RETIREMENT IN POLAND

Poland, like many developed world countries, is in the middle of implementing controversial pension reforms as part of a wider drive to put public finance on a more sustainable path ahead of a demographic shift towards a higher number of retirees. The majority of Poles are against Prime Minister Donald Tusk's plans to raise the retirement age, yet without lifting the retirement age, Poland's workforce would decrease by 4.9 million people, leaving one person in retirement for every two holding jobs, by 2040, according to government estimates. With the population at 38.2 million, Poland had a workforce of 16 million at the end of last year, according to an official statistical survey.³

Tusk wants to raise the retirement age to 67 for all Poles from 60 for women and 65 for men to help bring down state spending. Pawlak's more welfare-oriented Polish Peasants' Party felt that was too harsh and managed to water down the plan somewhat. The dispute had led to questions about whether the coalition would survive.⁴

The Polish Parliament has adopted a law amending the rules for the indexation of pensions out of the percentage of a quota, breaking the link between contributions and the amount of benefits received. This has undermined public confidence in the social security system.

2. THE CHANGING NATURE OF RETIREMENT

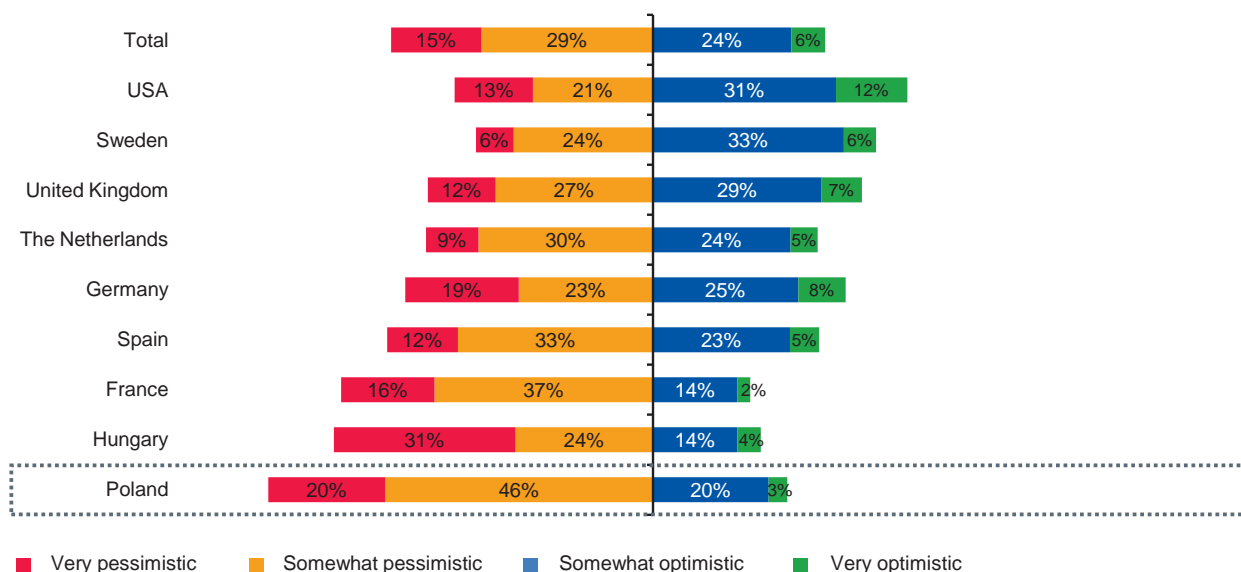
ATTITUDES AND ASPIRATIONS TOWARDS RETIREMENT

Given the economic reality and the pension reforms it is hardly surprising that the Polish are the most pessimistic about retirement. 66% are pessimistic about being able

to retire with a lifestyle they consider comfortable; more than any other country surveyed.

Chart 1: More pessimism than optimism about retiring comfortably

Q: How confident are you that you will be able to fully retire with a lifestyle you consider comfortable?
(Uncertains and "neithers" not shown)

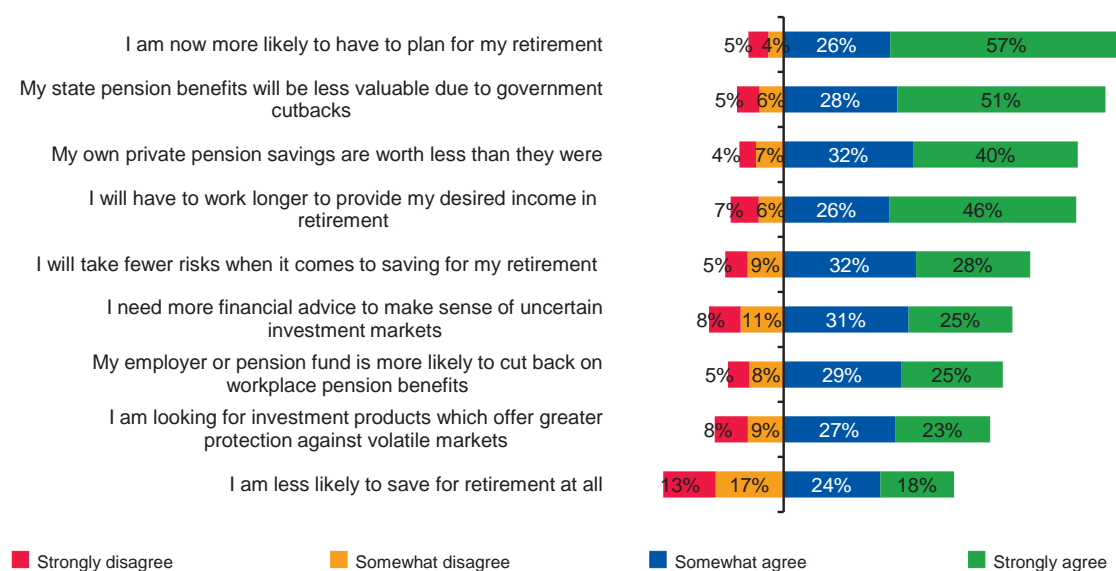


The attitudes of women towards retirement are driving much of this pessimism. 75% of women are pessimistic about having enough money to live on in retirement, compared to 64% of men. The impact of the financial crisis on the economy and public finance in Poland brought to the fore a number of concerns about the Polish pensions system.

Chart 2 shows that there is broad agreement that the financial crisis has reduced the future value of state, company and private pension funds, in doing so increasing the length of time people will spend working and reducing the desire for risk taking.

Chart 2: The Polish are taking on responsibility to plan their retirements as a result of the financial crisis

Q: To what extent do you agree with the following statements concerning the impact of the financial crisis on your retirement plans? (Uncertains and “neithers” not shown)



According to the OECD, the effective retirement age in Poland is 61.7 for men and 58.5 for women – some of the lowest in Europe. The median expected retirement age of our respondents was 67 for men and 65 for women.⁵ People appear to be anticipating future increases in the state pension age and reacting by delaying retirement plans past

current effective ages. It is encouraging to see, however, unlike other countries, women have a realistic view of their length of their retirements; this is important as most of those retired people living in poverty are women in late retirement (75 years old and greater).

Table 1

	MEN	WOMEN
Effective retirement age (OECD)	61.7	58.5
Life expectancy at 65 (OECD)	14.7	19.1
Expected retirement age	67	65
Expected years in retirement	16	20

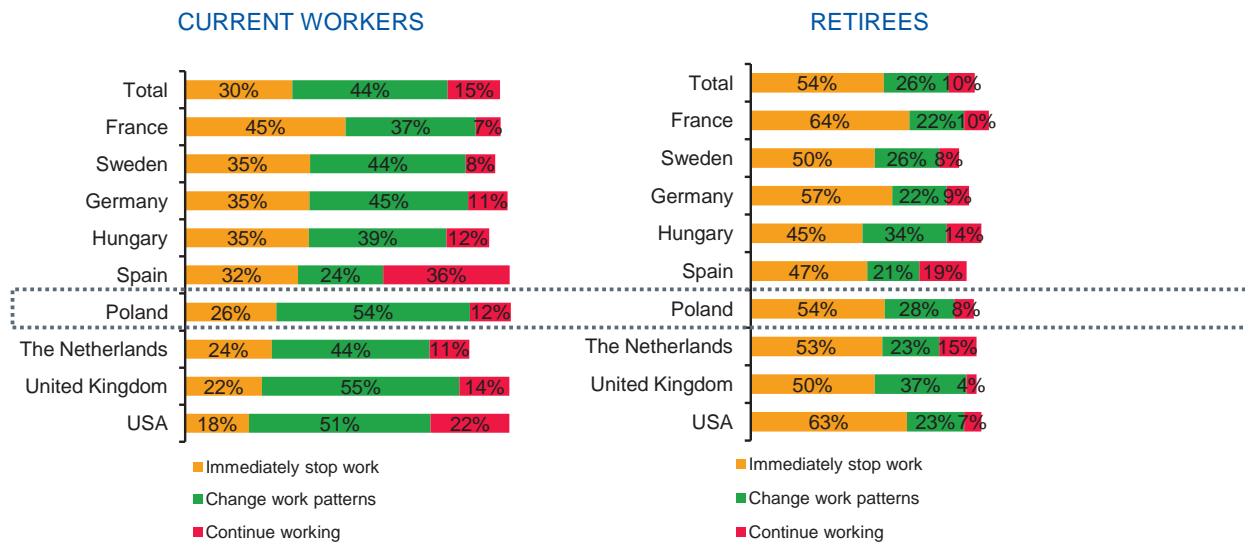
THE CHANGING MEANING OF RETIREMENT

Amongst current retirees in Poland, a large majority transitioned to retirement with an immediate halt to work. Our findings reveal that this is drastically different to how current workers believe they will transition, with most seeing a more gradual change to work patterns than a “cliff-edge”

sudden end to work. This shift in attitudes is not only prevalent amongst the young, but also in a majority of workers in their 50s. Overall, our research shows the retirement “event” more as a cue to develop a new, perhaps less strenuous, attitude to work, but not as a time where no paid employment will be undertaken at all.

Charts 3 and 4: The end of “cliff-edge” retirement?

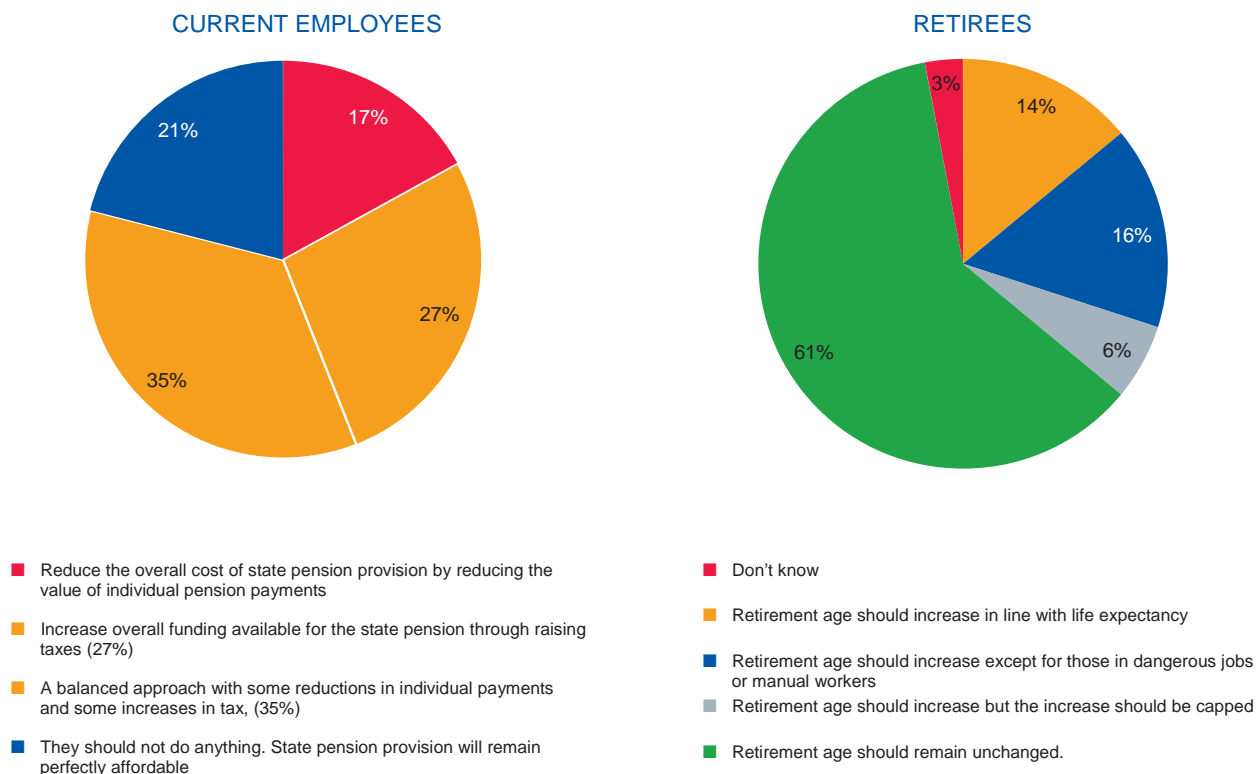
Q: Looking ahead, how do you envision your transition to retirement? Looking back, how did your transition to retirement take place?



WHO SHOULD PAY FOR RETIREMENT?

Charts 5 and 6: A surprising number believe the government should not do anything as state provision will remain affordable

Q: With the costs of government pensions becoming a greater concern as people live longer, which of the following do you think the government should undertake?/ To what extent do you feel that people should expect to work longer into old age as a way to offset the costs of people living longer?



A surprising 21% of respondents believe that the state pension will remain affordable into the future without any reform and that there is no need to change the retirement age. However, there is a belief that there should be a balanced approach with some reductions in individual payments and some increases in tax. Generally, a rational approach to the future of pensions is encouraging for Poland, and is reflected in some of our other findings:

- 72% believe that it is increasingly important to make sure that you are planning for your own retirement.
- 81% believe that it is important to have as many sources of retirement income as possible to spread out any risk.

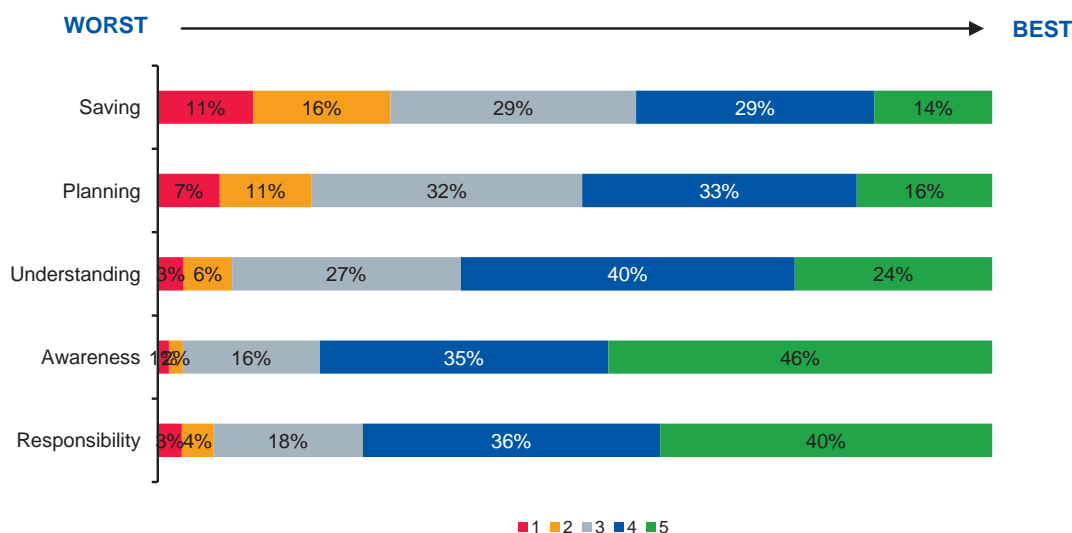
Despite this, 62% are against a change in the retirement age. This disdain for reform will be a challenge for the coalition government to face when implementing much needed reforms that involve raising the retirement age.

3. THE STATE OF RETIREMENT READINESS

Our research looked not only into Polish attitudes towards the future and retirement, but also sought to gauge how prepared people are for retiring. To do this, we required employees to score themselves from one to five on a series of issues, from their understanding of the need to save towards retirement to the extent to which they are actively

doing so. As chart 7 shows, the most important gap in Poland falls between understanding the need to prepare for retirement, and actually planning and saving towards an adequate retirement – only 4% of employees feel they are fully on track when saving for retirement.

Chart 7: A gap between understanding and planning in Poland



Respondents were asked to rank their retirement behavior in terms of responsibility, awareness, understanding,

planning and saving on a scale of 1 to 5, with 5 being best.

THE AEGON RETIREMENT READINESS INDEX (ARRI)

To calculate the index scores, the index incorporates the responses of the 8,100 employees surveyed across the nine countries. Each of the respondents was asked a series of questions to provide a cognitive assessment of their current retirement attitudes and behaviors. The survey asked three questions covering attitudes: whether employees accept personal responsibility their retirement income, whether they are aware of the need to plan for retirement, and their understanding of retirement related financial matters. It also asked three questions covering behaviors: the extent to which employees have put retirement plans in place,

whether they are adequately saving for retirement, and whether they are on course to achieve their required replacement income in retirement.

The responses to these six questions were weighed in the ARRI based on their importance in determining a respondent's saving profile, and an overall score out of ten for each respondent generated. The most important determinants were found to be their behaviors towards their own planning and saving, as well as how on course they were to achieve their desired replacement income.

As chart 8 shows, Poland is placed eighth out of the nine countries surveyed on the ARRI. This placing makes sense for the Polish context: whilst the economy has survived the financial crisis without a recession, future demographic

problems will make the pensions status quo unsustainable, and at present there is not an equivalent degree of private saving towards retirement to replace it.

Chart 8: Poland falls towards the bottom of AEGON retirement readiness index

Readiness Index created by weighting the responses to six questions according to statistical importance.

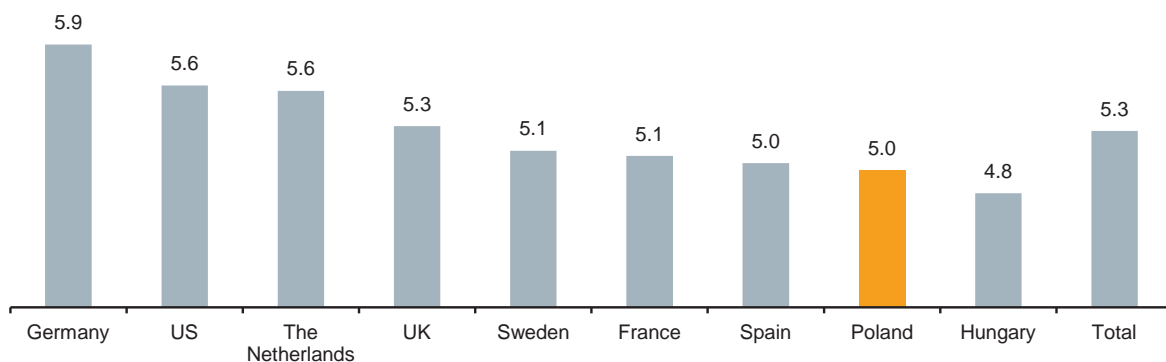
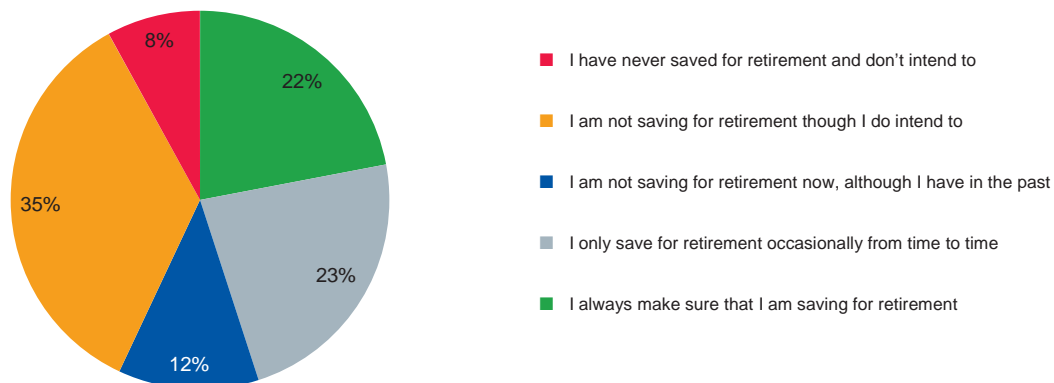


Chart 9: Over half of Polish employees are currently not saving for retirement

Q: Which of the following best explains your approach to saving for retirement?



Poland's position in the retirement index is reflected in its number of active savers. Only 22% are actively saving for their retirement, whereas 55% are not currently saving for retirement. Poland's largest category is the 35% of 'aspirational savers' who are not currently saving for

retirement but intend to. This group is predominantly younger and more female than average, suggesting that these are potential target groups where the level of saving could be improved.

4. THE CALL-TO-ACTION: TAKE ACTION, AND DO IT NOW

- There is a strong sense of pessimism in Poland about the future of pensions. Concern about being able to enjoy a comfortable retirement coupled with the majority of people not actively saving for retirement is a growing problem.
- Due to the long-term structural problems with public sector pension provision, the responsibility is, and will increasingly be, in the hands of the individual. If a large proportion of the population is to avoid falling into a pension poverty trap, then they must begin to save for themselves, even if at first the levels of saving are relatively low.
- In Poland our research identifies 18-34 year olds as a group which is presently saving little or nothing towards retirement, but is keen to do so. For these people, **taking action now** in terms of planning and saving will make a big difference to their quality of life in retirement.
- To ensure a healthy pensions system, it is important to have a balanced approach to pension provision, in which state, employees and employers all provide support to current and future retirees. Employers should think more proactively and creatively in providing benefits to employees, as well as ensuring that they are educated in how they should be preparing for the future.

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MEDIA RELATIONS

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1 The nine countries surveyed are: US, UK, France, Germany, the Netherlands, Spain, Poland, Hungary and Sweden.

2 The European countries included in the study were commissioned by AEGON. The US component of the survey was commissioned by the Transamerica Center for Retirement Studies®, a non-profit, private foundation.

3 http://blogs.wsj.com/emergingurope/2012/04/25/polish-public-against-governments-pension-plan/?mod=google_news_blog

4 http://www.salon.com/2012/03/29/polands_ruling_parties_agree_on_pension_reform/

5 Organisation for Economic Co-operation and Development (OECD) figures, OECD Health Data 2011.