



Japan Country Report



A Retirement Wake-Up Call

The Aegon Retirement Readiness Survey 2016

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Introduction

Now in its fifth year, the Aegon Retirement Readiness Survey explores how increasing life expectancy is impacting the ways in which individuals plan for retirement.

Countries around the world are facing unprecedented change, creating both challenges and opportunities. The concept of retirement is evolving; life expectancy continues to increase; pressures on governments and pension systems are intensifying; and, greater responsibility is shifting to the individual.

People are having difficulty keeping up with this rapid pace of change. Too few are adequately saving and planning for retirement. Most need greater access to financial advice and planning tools in order to navigate the future and improve their retirement outlook. Moreover, people's expectations of how they will transition to retirement may be unrealistic unless employment practices change.

This report evaluates the current state of retirement readiness in Japan and delineates key areas warranting focus and attention, including the need for: sharing the responsibility for retirement preparation, inspiring habitual saving, making retirement plans more inclusive by design, facilitating the new flexible retirement, and promoting active living and healthy aging in retirement.

The conclusion is that the Japanese need a retirement wake-up call. Solving the retirement challenge must be recognized as a shared responsibility. It requires engaging all stakeholders – governments, pensions industry, employers, and individuals – to actively take responsibility, and create a dialogue for an inclusive retirement, and implement solutions so that everyone has the opportunity to achieve long term financial security.

The Aegon Retirement Readiness Survey 2016 finds that Japanese workers have made little progress since 2012 in their retirement saving behavior and have lost momentum in retirement preparedness that would enable them to enjoy a comfortable, secure life in retirement.



Key Findings

- **Japan ranks last in the 2016 Aegon Retirement Readiness Index (ARRI).**

With a score of 4.7 out of 10, Japan has a low level of retirement readiness and ranks last of the countries surveyed for the 5th year in a row. Japan is the only country to achieve a score below 5 this year and has made no noticeable improvement over the past 5 years.
- **The level of personal responsibility Japanese workers feel for ensuring that they have sufficient income in retirement is relatively high (78 percent) although this has been in decline since 2012 (when it was at a high of 86 percent).**

The level of awareness Japanese workers have for the need to plan financially for retirement is also relatively high (66 percent) but little progress has been made since 2012 (65 percent).
- **The Japanese achieve low scores for the behaviors that drive the ARRI score.**

Although levels of retirement planning (21 percent), financial preparedness (17 percent) and the proportion of Japanese workers that say they will achieve 75 percent or more of their needed retirement income (20 percent) have all improved since 2012, they still all remain low.
- **The Japanese are most likely to agree that the government should be responsible for funding people's retirement (66 percent).**

Almost three-in-five (58 percent) of the Japanese agree that governments should encourage employers to automatically enroll all of their employees into a retirement plan, the same proportion again (58 percent) agree that employers should provide through retirement plan benefits.
- **Japanese workers and retirees anticipate that the government will fund the majority of their income in retirement.**

The Japanese will largely depend on government funding estimating that the government will provide over half (52 percent) of their income in retirement. Employer workplace retirement plans will make up 17 percent while almost a third (31 percent) will come from their own savings and investments.
- **The proportion of Japanese workers that save habitually for retirement is well below the global average.**

Just over a quarter (27 percent) of Japanese workers save habitually for retirement compared to 38 percent globally. Only Hungary has a lower proportion of habitual savers. However the proportion of habitual savers in Japan has increased from 22 percent in 2012.
- **Of all 15 countries surveyed the appeal of auto enrollment is lowest among the Japanese.**

Almost two-in-five (38 percent) of the Japanese find auto enrollment appealing at a 6 percent deferral rate compared to the global average 65 percent. At an 8 percent deferral rate 35 percent of the Japanese find it appealing compared to 61 percent globally. The Japanese however, have long been familiar with retirement systems that operate by automatic processes, where contributions are made from the employer's side only. Japanese workers are used to not having to contribute to such plans themselves.
- **Japanese employers are not keeping up with offering digital retirement tools to their employees.**

Less than one-in-ten Japanese workers report having access to each of the following digital tools: online retirement modelling tools, digital access to view and manage their retirement savings, webcasts and seminars about saving for retirement to help them prepare for retirement or to shape and manage their retirement accounts.
- **Less than half (46 percent) of Japanese workers have retirement strategies (written or unwritten).**

Fewer Japanese workers (5 percent) have a written plan than the global average (13 percent), and fewer Japanese workers (41 percent) have a non-written plan than the global average (45 percent).
- **Few Japanese workers have backup plans if they become unable to work and have to leave work earlier than planned.**

Only 14 percent of Japanese workers have a backup plan and of those that do, most say that they will use their personal savings (64 percent). Seventeen percent say they will rely on inheritance and 16 percent say they will rely on their partner.
- **Half (51 percent) of Japanese workers say that they will continue working to some extent into retirement.**

Japanese workers are more likely to say that they will work into retirement for financial reasons than the other countries surveyed. Forty-three percent expect to continue working to some extent in retirement because they expect employment to be their primary source of income during this transitional period. Two-in-five (40 percent) have general anxieties about their retirement income and whether their savings will last while 43 percent are concerned that Social Security benefits will be less than expected.

Part 1: The state of retirement readiness: 2012 to 2016

The Aegon Retirement Readiness Survey is now in its fifth year. A cornerstone of the research is the Aegon Retirement Readiness Index (ARRI), which was created in 2012 to assess the relative levels of retirement preparedness across all countries surveyed. Individuals are grouped according to whether they achieve a high index score (eight or above out of 10), a medium score (between six and 7.99) or a low score (below six). With a score of 4.7 this year, Japan achieves a low score and ranks last in retirement preparedness out of the 15 countries surveyed.

Chart 1 Japan places fifteenth in the 2016 Aegon Retirement Readiness Index

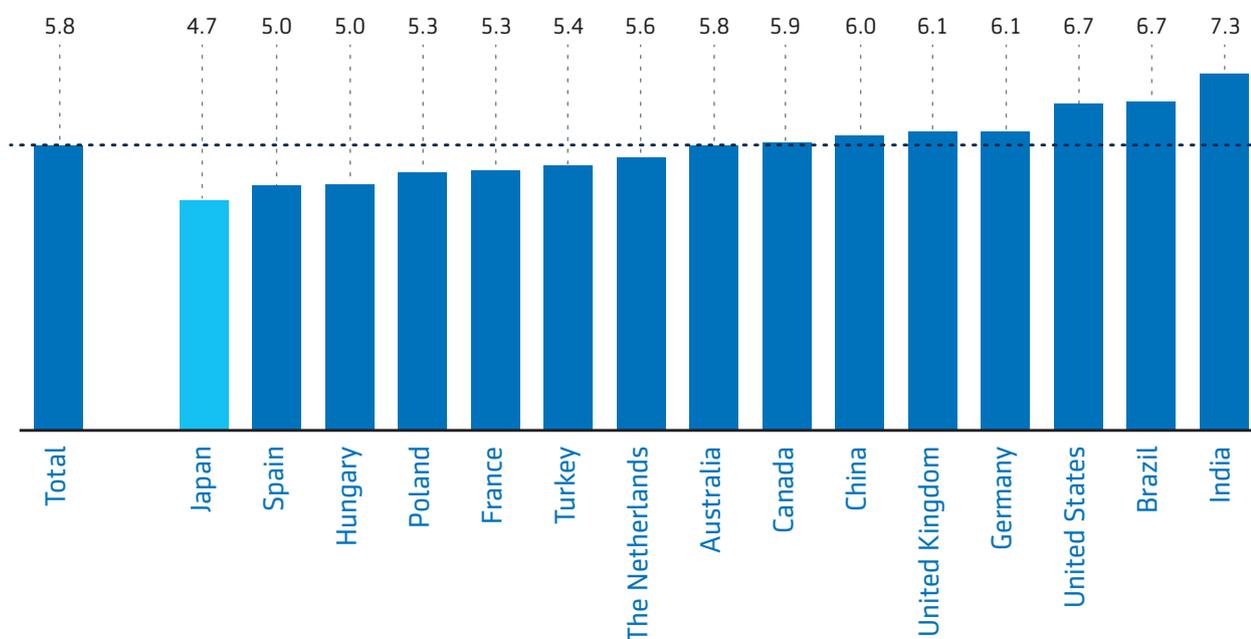
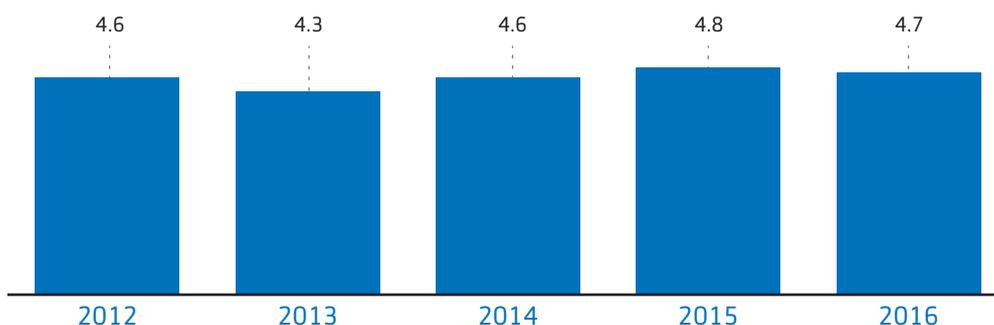


Chart 2 Japan 5-Year trend: Aegon Retirement Readiness Index



Japan is the only country to achieve an ARRI score of less than 5.0 this year and has consistently ranked last in retirement readiness out of all the countries surveyed over the past 5 years. Japan's ARRI has remained consistently between 4.6 and 4.8 over all 5 years with the exception of 2013 when it dipped to 4.3 before recovering to 4.6 in 2014.

So what is behind Japan's consistently poor performance in the ARRI? The economy is likely to be a key contributing factor. Japan is among the world's largest economies behind only the US and China (and the Euro area)¹. Average wages in Japan are competitive at \$35,800, although slightly below the OECD average at \$41,300². On the surface the Japanese should be well positioned financially to prepare for retirement. However year-on-year GDP growth stood at 0.5 percent in the first quarter of 2016 and has largely been stagnant over the past 35 years with GDP growth averaging just 1.97 percent since 1981⁴. Interest rates turned negative in Japan in 2016 and remain at -0.1 percent,⁴ although interest rates have long been set at less than 1 percent, since the 1990s. Similarly inflation hasn't risen above 5 percent in Japan since the early 1980s and has been below zero for most of 2016⁵. The overall long-term picture of Japan's economy is largely one of stagnation and this is reflected throughout the survey findings, where the Japanese display inertia and are among the most negative of all the countries surveyed in their responses. Asked about Japan's economy, 48 percent said that it will get worse over the next 12 months (compared to 33 percent globally). The Japanese are by far the most negative country about their own financial situation too, with 39 percent saying it will get worse in the next 12 months compared to 18 percent globally.

This negative sentiment is evident in how the Japanese view retirement. The Japanese are among the least confident that they will be able to fully retire with a lifestyle that they consider comfortable (6 percent compared to 22 percent globally). They also associate fewer positive words with retirement than any of the other 14 countries surveyed (51 percent compared to 68 percent globally), and are among the most negative (68 percent associate negative words with retirement compared to 50 percent globally). The Japanese are twice as likely to associate the words 'insecurity' (41 percent), and 'boredom' (22 percent) with retirement than the averages globally (20 percent and 11 percent respectively globally), and are four times less likely to associate retirement with 'leisure' than the global average (11 percent compared to 44 percent globally).

Japan has one of the world's oldest populations with over a quarter of the population (26.3 percent⁶) aged 65 and over, and the proportion aged 65 and over is set to increase to 30.4 percent by 2030. Life expectancy in Japan is among the highest worldwide at 84 years⁷, meaning that workers need to prepare to fund even longer retirements. At the same time birth rates have remained among the lowest worldwide at (8 per 1,000⁸) and migration rates are also low – which begs the question: who will support Japan's rapidly aging population? Despite Japan's low ARRI score there is at least some evidence that the Japanese recognize the size of the issues facing them; of the 15 countries surveyed Japan is among the least positive about how future generations will fare in retirement, with only 3 percent saying they will be better off, 19 percent saying they will be about the same and two-thirds (67 percent) saying they will be worse off. As shown in part 2, the Japanese show awareness and take responsibility for their retirement planning but are in need of a wake-up call to action.

¹ Trading economics (World Bank Group): <http://www.tradingeconomics.com/japan/gdp>

² OECD, Average annual wages: https://stats.oecd.org/Index.aspx?DataSetCode=AV_AN_WAGE

³ Trading economics (Cabinet Office, Japan): <http://www.tradingeconomics.com/japan/gdp-growth-annual>

⁴ Trading economics (Bank of Japan): <http://www.tradingeconomics.com/japan/interest-rate>

⁵ Trading economics (Ministry of Internal Affairs & Communications): <http://www.tradingeconomics.com/japan/inflation-cpi>

⁶ UN, Department of Economic and Social Affairs – Population Division

<https://esa.un.org/unpd/wpp/Download/Probabilistic/Population/>

⁷ World Bank, 2.2 World Development Indicators: <http://wdi.worldbank.org/table/2.21#>

⁸ World Bank, 2.1 World Development Indicators: <http://wdi.worldbank.org/table/2.1>

Aegon Retirement Readiness Index Components

The ARRI is based on responses to six survey questions, three broadly attitudinal and three broadly behavioral in nature. The Japanese show the strongest agreement with the attitudinal responses around taking personal responsibility for making sure that they will have a sufficient income in retirement (78 percent) and awareness of the need to plan financially for retirement (66 percent). Agreement with the other component index questions is substantially lower; the next highest response is in the ability to understand financial materials related to retirement (27 percent). Over the past 5 years the level of personal responsibility taken has actually rescinded (from 86 percent in 2012 to 78 percent in 2016), while the level of awareness for the need to plan has remained largely the same (from 65 percent to 66 percent). It is actually in the behavior responses that we see some of the biggest improvements; retirement planning has increased from 14 percent in 2012 to 21 percent in 2016, financial preparedness has grown from 10 percent to 17 percent, while income replacement has improved from 15 percent to 20 percent.

Chart 3 What factors shape the ARRI findings?

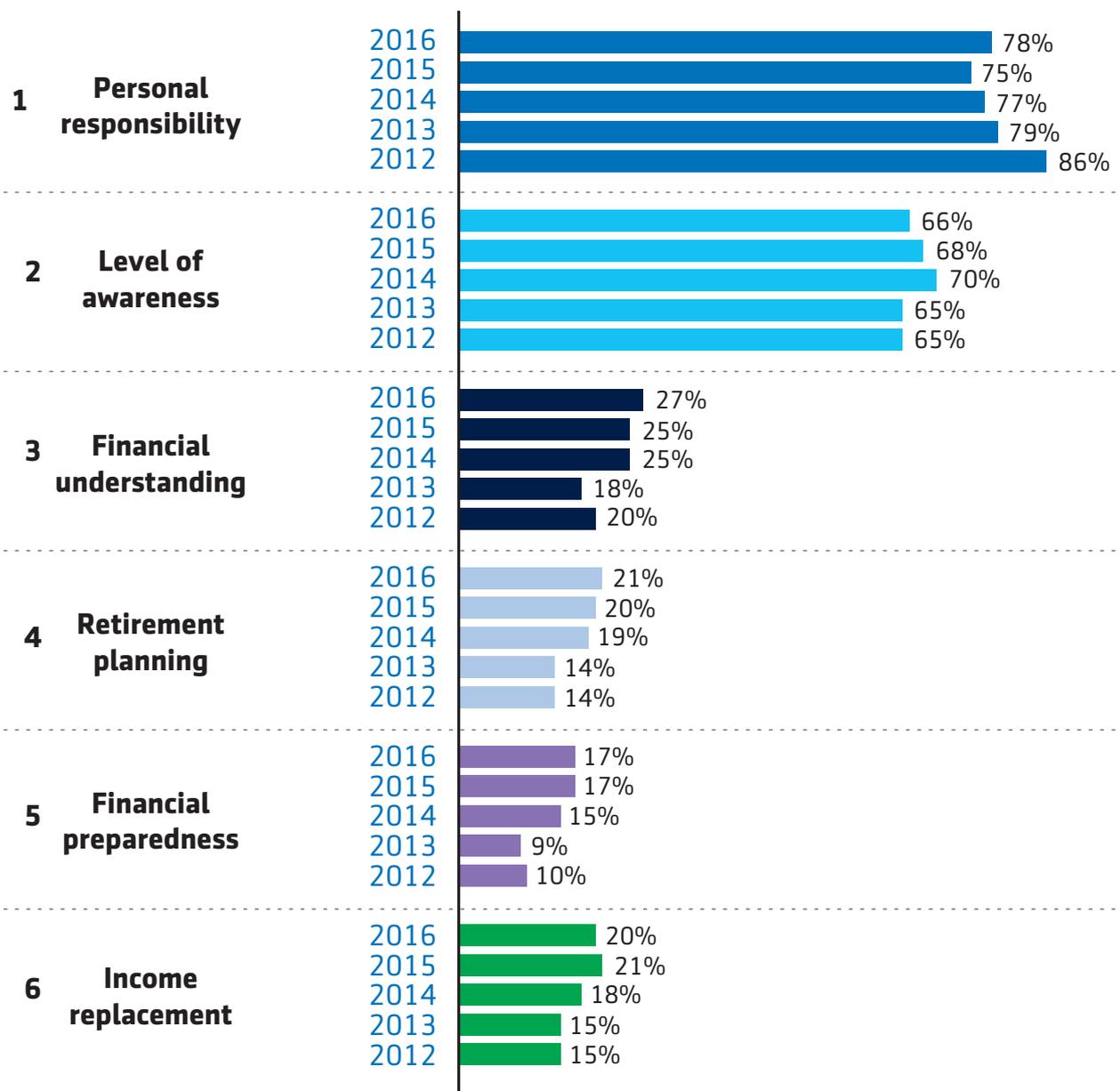


Chart 4 Japan's 5-year trend: ARRI Components

The six index questions are answered on a five-point scale. Bars show the proportion of "top two option" (4 and 5) responses between 2012 and 2016.

For the first five questions from top to bottom, workers were asked to rate their level of agreement with a statement, e.g., "To what extent do you feel personally responsible for making sure that you have sufficient income in retirement?" From code 1 "I don't feel responsible at all" through to code 5 "I feel very responsible." Bars represent top-two options (4 and 5), for example, that workers feel "somewhat or very responsible."

For the sixth question, "income replacement," workers were asked what proportion of their current income they expect to need in retirement, followed by "Do you think you will achieve this income?" This is answered on a scale from code 1 "I don't know if I am on course to achieve my retirement income" through to code 5 "Yes I am on course to achieve my retirement income." The bars represent top-two options (4 and 5), that they are on course to achieve at least 75% of their needed retirement income.

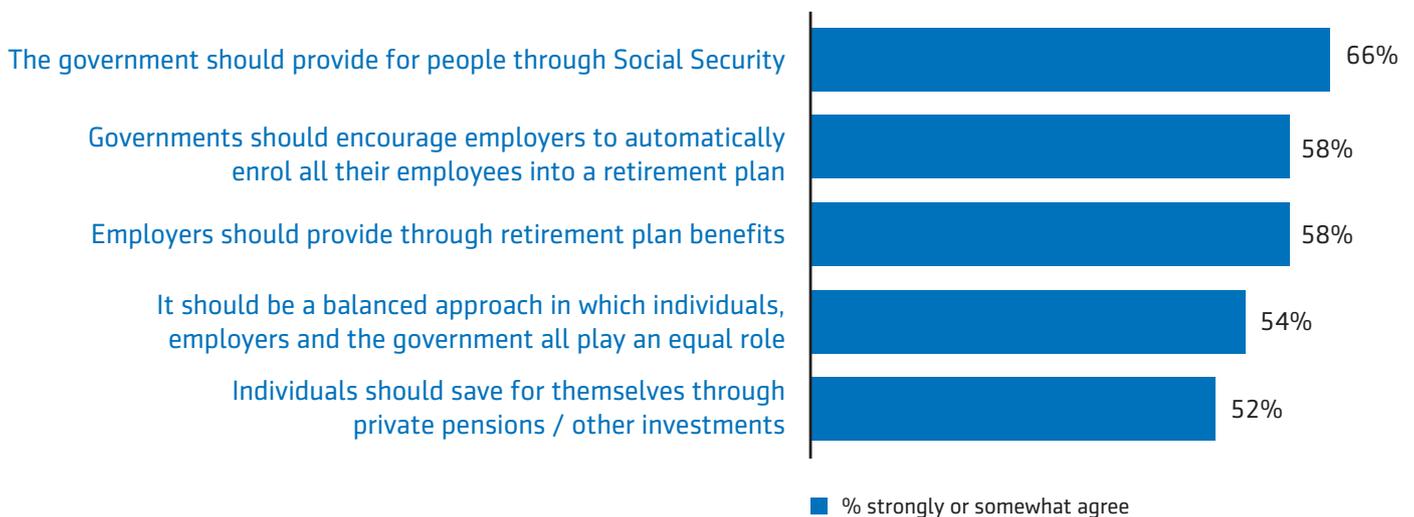


Part 2 - Retirement readiness is a shared responsibility – and it requires a shared solution

With increased longevity, retirement is lasting longer and people are enjoying more time after their working life. Funding this longer retirement rests on three pillars – firstly, governments must provide appropriate vehicles to invest in and guidance on how to do so, secondly, employers must engage with employees on planning their retirement as well as contributing their part financially. Finally individuals must take personal responsibility and put aside and invest a sufficient proportion of their salary. And start doing so in time.

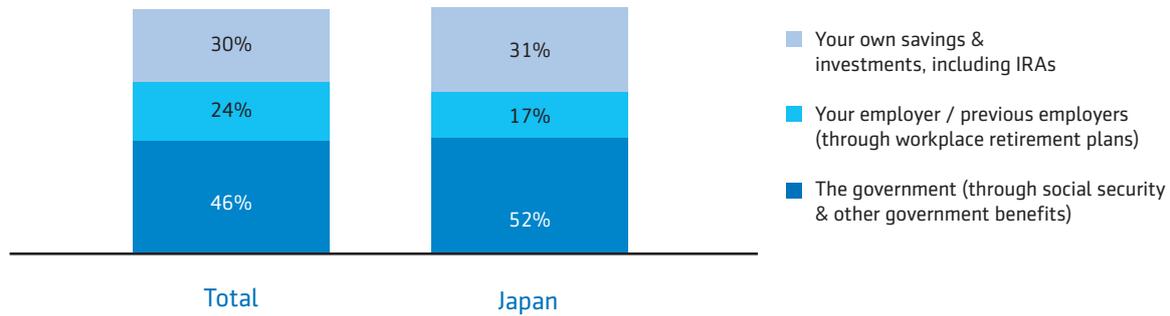
Japanese attitudes towards who should be responsible for funding people's retirement points in the direction of the government. Two-thirds (66 percent) agree that the government should provide for people through Social Security. Almost six-in-ten (58 percent) agree that Governments should encourage employers to automatically enroll all their employees into a retirement plan and the same proportion (58 percent) agree that employers should provide through retirement plan benefits. Fewer Japanese feel that retirement funding should be placed on the shoulders of Japanese workers via private pensions or other investments (52 percent).

Chart 5 *Japan's attitudes on how to fund retirement*



In line with funding attitudes, the Japanese expect that the largest proportion of their retirement income will come from the government via Social Security and other benefits (52 percent). However in contrast to their funding attitudes they expect very little funding to come from employer retirement plans (17 percent), with more expected to come from their own savings and investments (31 percent).

Chart 6 Proportion of retirement income by three broad sources



Given that the sustainability of the government retirement systems around the world are under strain as a result of the growing aging population and of longer life expectancy, all social partners need to take a more balanced, and realistic approach in which governments, employers and individuals are working together to fund retirement.

Part 3 – Habitual saving is critical for success

The importance of habitual saving cannot be stressed enough. People who save habitually are in a better position in planning for their retirement, feel more responsible, and have a better understanding of what retirement will mean for them financially. Only Hungary (25 percent) has a lower proportion of habitual savers than Japan (27 percent). Although encouragingly the proportion of habitual savers has been steadily growing in Japan, up from 22 percent in 2012.

Chart 7 Approach to saving for retirement

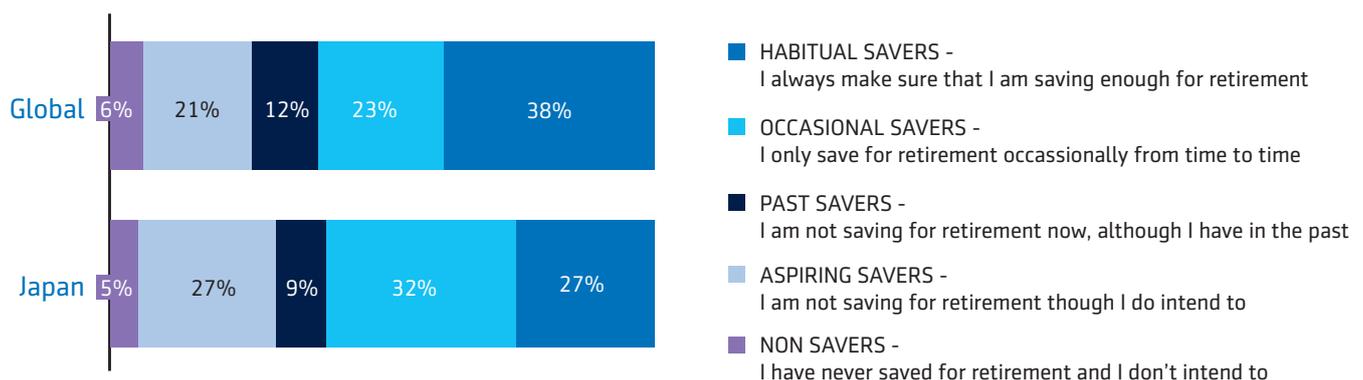
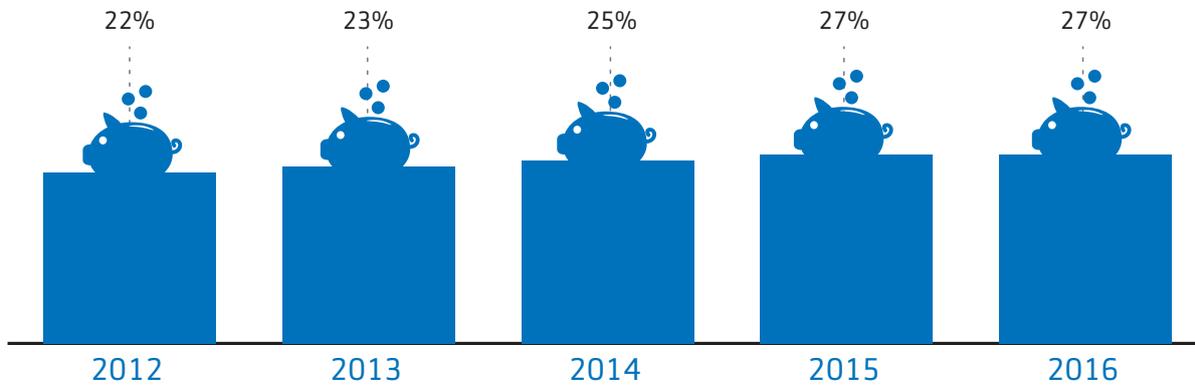


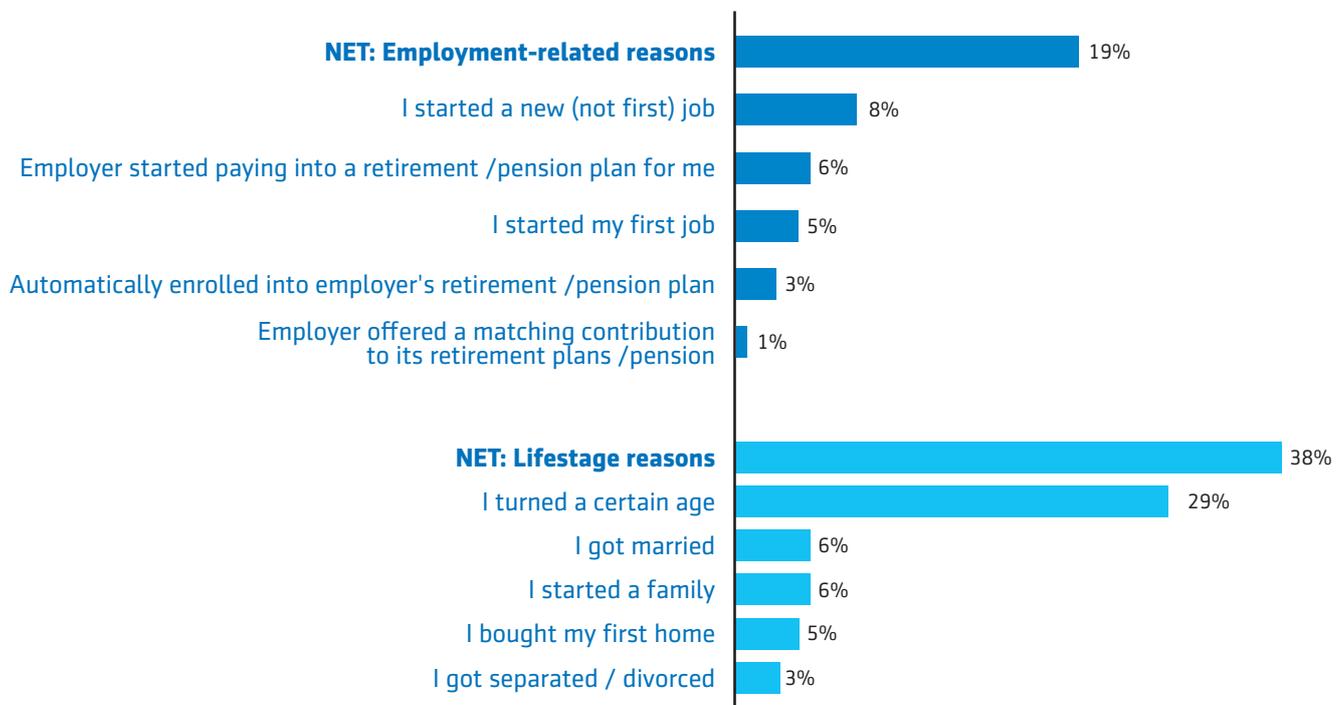
Chart 8 Japanese habitual savers: 5-Year trend



Triggers that start workers saving for retirement can be put into two broad categories. Firstly, encouragement from employers can have a strong influence on individuals to take that step to start saving for retirement. Second, major life stage changes can be just what's needed to energize workers to focus more on retirement.

One-in-five (19 percent) of those already saving for or intending to save for retirement were prompted by their employer. Starting a new job provided the initial nudge for many. For those motivated by a life stage change, turning a certain age was a key to initializing their retirement saving.

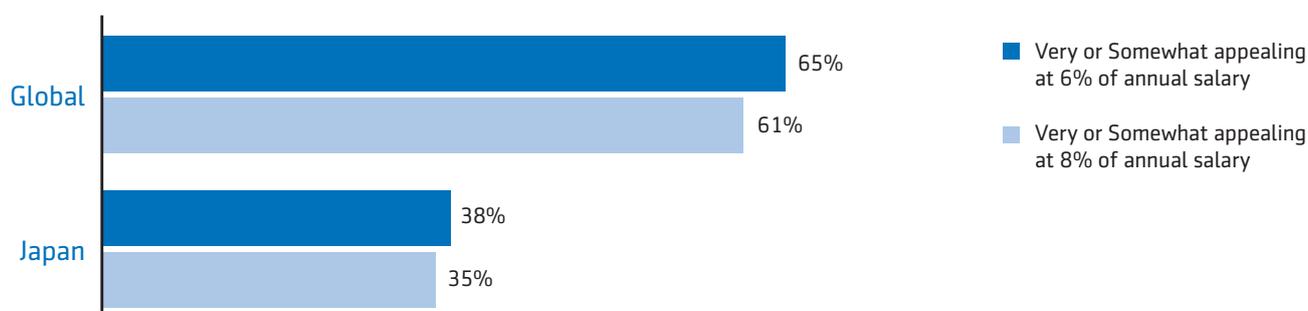
Chart 9 What prompted retirement saving among savers and intenders



Part 4 – Making it easy and more convenient to save

Workplace retirement plans can provide an impetus to start saving for retirement. Automatic enrollment into a workplace retirement plan, whereby workers are automatically enrolled and a set proportion of their salary is invested into a retirement plan has wide appeal globally. However in Japan employers are already required to enroll all of their employees into workplace retirement plans, and employers must make contributions to these plans but employees do not have to contribute. Given that Japan already has an automatic system in place, that doesn't require employees to pay in, it is unsurprising that of the 15 countries surveyed the Japanese are the least receptive to the idea of automatic enrollment. At a 6 percent deferral rate only 38 percent of Japanese workers found it appealing and at an 8 percent deferral rate 35 percent found it appealing.

Chart 10 *The appeal of auto-enrollment*



The role of workplace retirement plans

The workplace is a primary channel for encouraging retirement savings, yet only 12 percent of Japanese workers feel their employers provide enough information and support to help with their retirement planning. Asked overall, compared with 3 years ago does your employer do more, less, or about the same to help its employees plan for their retirement, 4 percent answered more, 5 percent less and 31 percent about the same. However the largest response (33 percent) among Japanese workers was not applicable - my employer does nothing to help employees plan for retirement - which is the highest proportion of all 15 countries surveyed.

Japanese employers fall a long way short in providing services to help workers prepare for retirement. Few workers say that they receive annual retirement plan statements (6 percent compared to 19 percent globally) or educational materials (6 percent compared to 14 percent globally), suggesting better information would be a significant step forward. Easy access to clear and concise information is a key component to staying engaged with one's savings and investments- particularly those that are intended to be used in retirement, which is decades away for most savers.

In this digital age, it is unimaginable that so few Japanese workers have access to online tools to help them with retirement planning – specifically, less than 10 percent of workers say they have access to each of the following: online retirement modelling tools, digital access to manage their retirement savings, webcasts or seminars about saving for retirement or company sponsored blogs and online network groups. When offered such services Japanese workers did not find them particularly helpful either – only 37 percent found webcast meetings either extremely or very helpful.

Chart 11 *Very few Japanese workers are offered digital tools from their employers to help them prepare for retirement*



	Percentage of workers offered this service	Percentage who find the service very / extremely helpful (among those offered)
 Webcast meetings/seminars about pensions/saving for retirement	6%	37%
 Digital access to view / manage retirement savings	5%	(low base size)
 Online retirement modeling tools	4%	(low base size)
 Company-sponsored blogs and/or online network groups	4%	(low base size)

Employers offer a wide range of benefits to attract and retain workers. Paid time-off and overtime and bonus pay are among the most popular. As the workforces around the world grow older the demand for flexibility around retirement age is likely to increase. Presiding over a population with the highest life expectancy globally, the Japanese government has already implemented reforms to enable workers to have a more flexible transition into retirement. Once an employee reaches 60 their employer has 3 options: to increase the retirement age to 65, drop the mandated retirement age altogether, or introduce a “continued employment system” which allows them to offer flexible working arrangements on a yearly contract basis until workers reach 65. Yet few Japanese workers say that they have access to services to prepare them for the transition. Currently, only 35 percent of workers say that they are offered the ability to work past normal retirement age and only 20 percent say that they are offered phased retirement or other employer programmes providing for a transition into retirement. Awareness among workers of the various flexible retirement programmes that are available to them is low and employers need to do more to promote them. Twenty-seven percent are offered a retirement plan with employer contributions, 16 percent have access to a retirement plan without employer contributions.

Chart 12 *Workplace benefits provided to Japanese workers*

	Percentage of workers offered this service
Vacation/ paid time off	70%
Convenient location of workplace	61%
Overtime and bonus pay	58%
Opportunities for career progression	40%
Medical health insurance	37%
Ability to work past the normal retirement age	35%
Retirement plan with employer contributions	27%
Life insurance	26%
Access to good training provision	21%
Flexible working hours	20%
Phased retirement or other employer programmes providing for a transition into retirement	20%
Retirement plan without employer contributions	16%

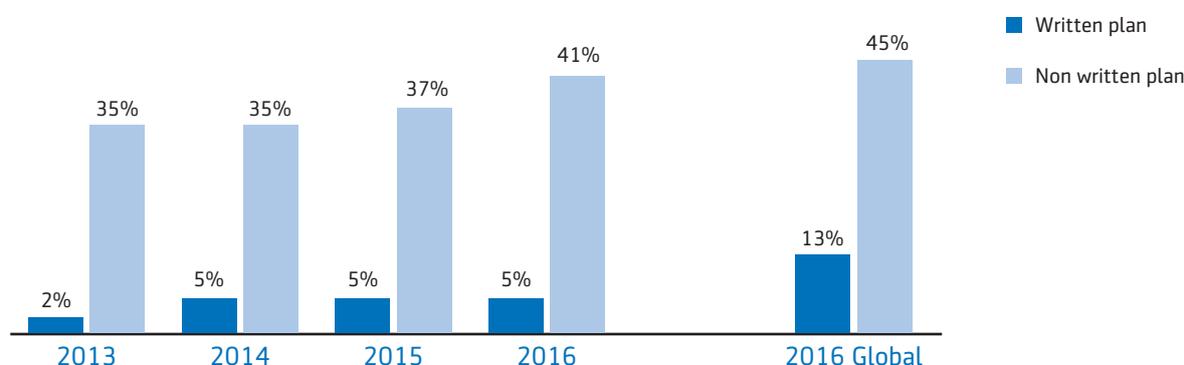
When asked which sources Japanese workers currently use to prepare for retirement, 33 percent said that they are seeking financial retirement planning advice digitally, choosing to use digital services such as government websites (7 percent), personal finance websites/ online retirement planning tools (14 percent), retirement plan provider websites (14 percent) or financial services provider website (16 percent). Workers are seeking retirement planning services and advice digitally outside of their employment, highlighting an opportunity for employers to help their employees prepare for retirement by offering them online information about workplace retirement plans and benefits. If workers have easier, faster access to their retirement plans, they may be encouraged to become more involved and take greater charge of their retirement planning. Improved access will provide workers with more control and focus over the planning and management of their retirement funds.

Many Japanese workers consult their friends and family (24 percent) for retirement advice which may not always be the most prudent source of information, as friends and family may not be qualified to offer sound advice. Others rely on professionals - professional financial advisors (15 percent) or bank advisors (15 percent).

Part 5 – The imperative for retirement literacy and planning

A written retirement strategy is not merely a piece of paper but is often the outcome of a process where future retirees have taken the time to consider what their post working life can look like and how they can fund it. Overall, 46 percent of Japanese workers have a retirement strategy, well below the global average (58 percent). Only 5 percent have a written plan which is again well below the global average. Positively, the proportion of Japanese workers with a written plan has increased by 3 percentage points since 2013, while the proportion of those with a non-written plan has also increased by 6 percentage points.

Chart 13 Japanese workers with a retirement strategy



Vulnerable groups, such as people who work part-time, lower income earners and people with low education, are less likely to have had the opportunity to formulate a strategy to prepare financially for retirement - written as well as one that is not written down. For example, 41 percent of part-time workers compared to 46 percent of all Japanese workers have taken the first step toward a more financially secure retirement by having a strategy written or not written.

Among the vulnerable groups low income earners (40 percent) and women (40 percent) are less likely to have a retirement plan than all Japanese workers (46 percent). Of concern for the future, young workers age 20-29 (33 percent) are among the least likely to have a retirement plan (either written or non-written).

Chart 14 Part-time workers, women and the young are among the least likely to have a retirement strategy, written or non written

	Total	Women	Young (age 20-29)	Work part-time	Low income (personal)	Low education (less than undergrad degree)	Aspiring savers	Non- savers
I have a written plan	5%	4%	1%	4%	4%	3%	1%	0%
I have a plan, but it is not written down	41%	36%	32%	37%	36%	34%	21%	20%
I do not have a plan	45%	48%	58%	46%	49%	50%	66%	67%
Don't know	9%	12%	9%	13%	11%	13%	12%	13%

Only 14 percent of Japanese workers say they have a backup plan to provide them with an income should they be unable to continue working before reaching their planned retirement age.

Of those with a backup plan, almost two-thirds (64 percent) say that they will rely on their savings as part of their backup plan. Seventeen percent say they will rely on an inheritance and 16 percent say they will rely on their partner's income.

Chart 15 One-in-seven of all Japanese workers have a backup plan

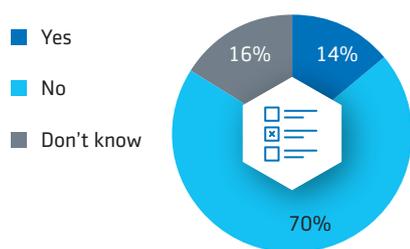
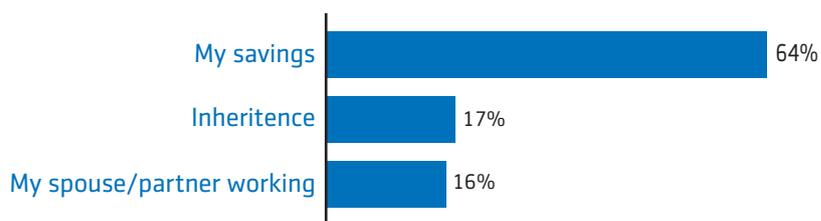


Chart 16 Their 'backup plan' includes...

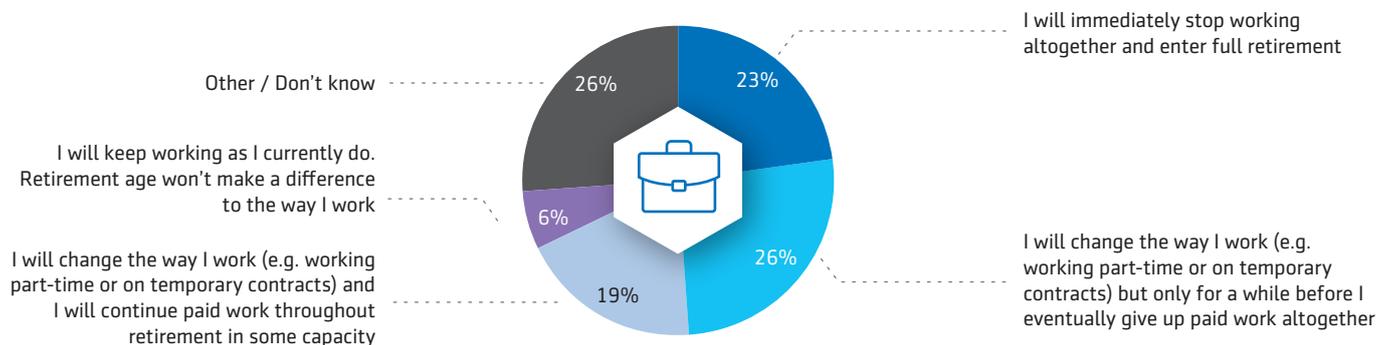


Part 6 – It's personal: Making the case for the new flexible retirement

The Aegon Retirement Readiness Survey 2016 showed that the Japanese expect to live an average of 16 years in retirement, but the reality is that they may live even longer. Increases in longevity may require individuals needing to work longer in order to adequately fund retirement. Working longer can also promote active living and healthy aging.

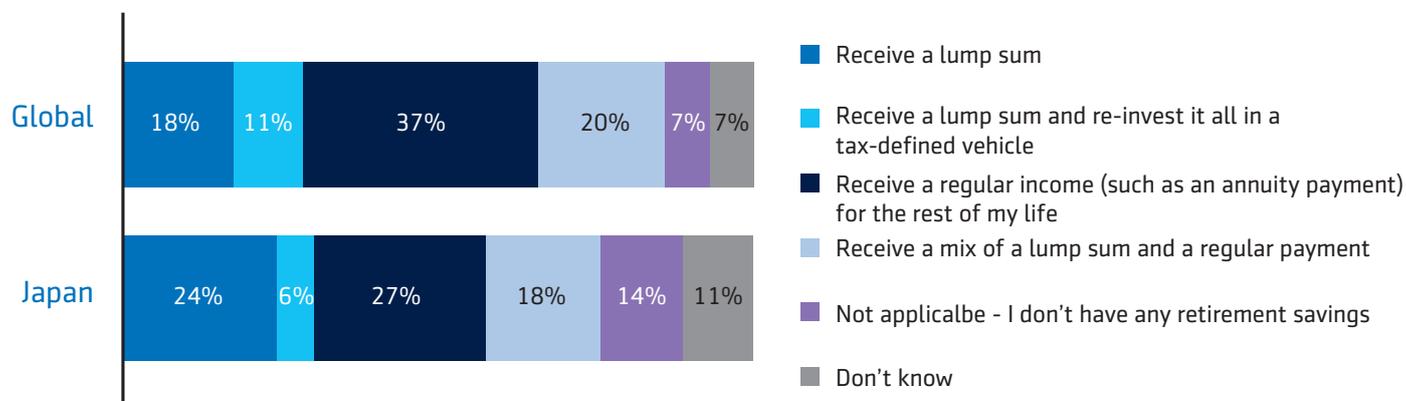
Half (51 percent) of Japanese workers intend to work into retirement, which may involve shifting from full-time to part-time work. For others, it may involve working in a different capacity. However, employers are falling short in accommodating workers in extending working lives and transitioning into retirement. A third (33 percent) of Japanese workers find phased retirement to be a very or extremely important occupational benefit, yet only 20 percent are offered it. Among those who envision working to some extent in retirement, 38 percent want to do so to keep active and to keep their brain alert and a further 24 percent say that they simply enjoy their work or career. However, financial reasons seem to be far more important for Japanese workers compared to workers in other countries. 43 percent expect to continue working to some extent in retirement because they expect employment to be their primary source of income during this transitional period. Two-in-five (40 percent) have general anxieties about their retirement income and whether their savings will last while 43 percent are concerned that Social Security benefits will be less than expected.

Chart 17 Working into retirement will be the norm



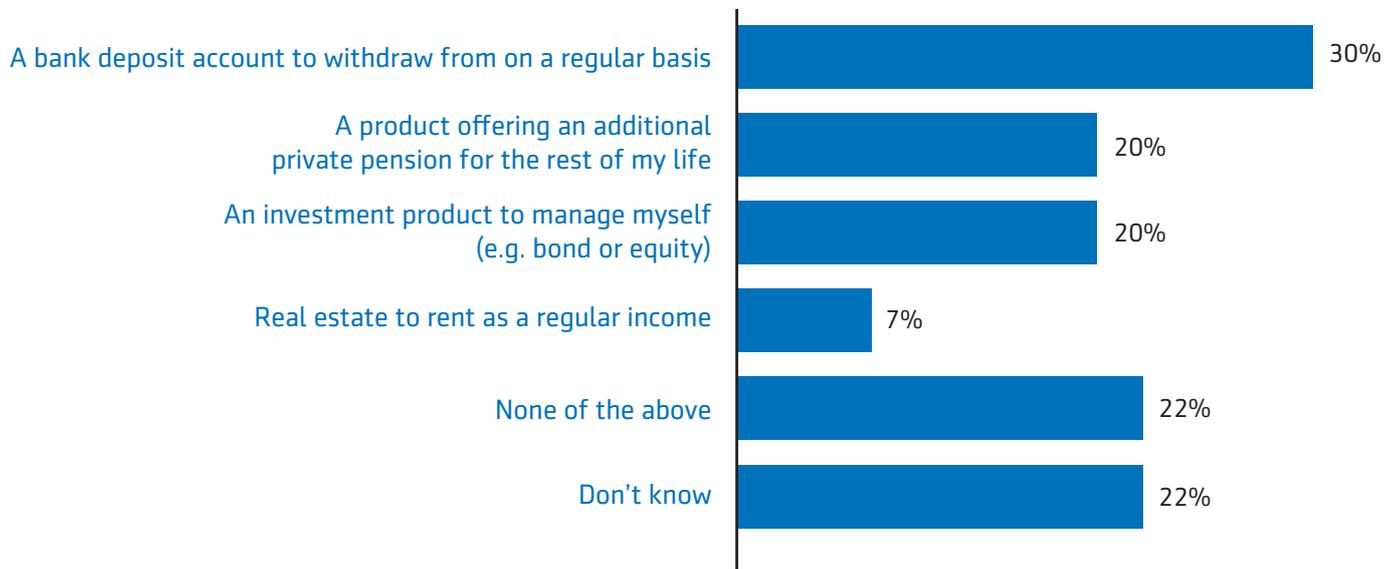
With the transition into retirement changing as more workers seek flexibility as they reach retirement age, the way in which retirement savings are received is becoming increasingly important. Japanese workers are far less likely to prefer receiving their retirement savings as a regular income (such as an annuity payment) for the rest of their lives (27 percent compared to 37 globally) and are far more likely to prefer to receive a lump sum (24 percent compared to 18 percent globally) compared to people in other countries.

Chart 18 Almost a quarter of Japanese workers would prefer to receive their retirement savings as a lump sum



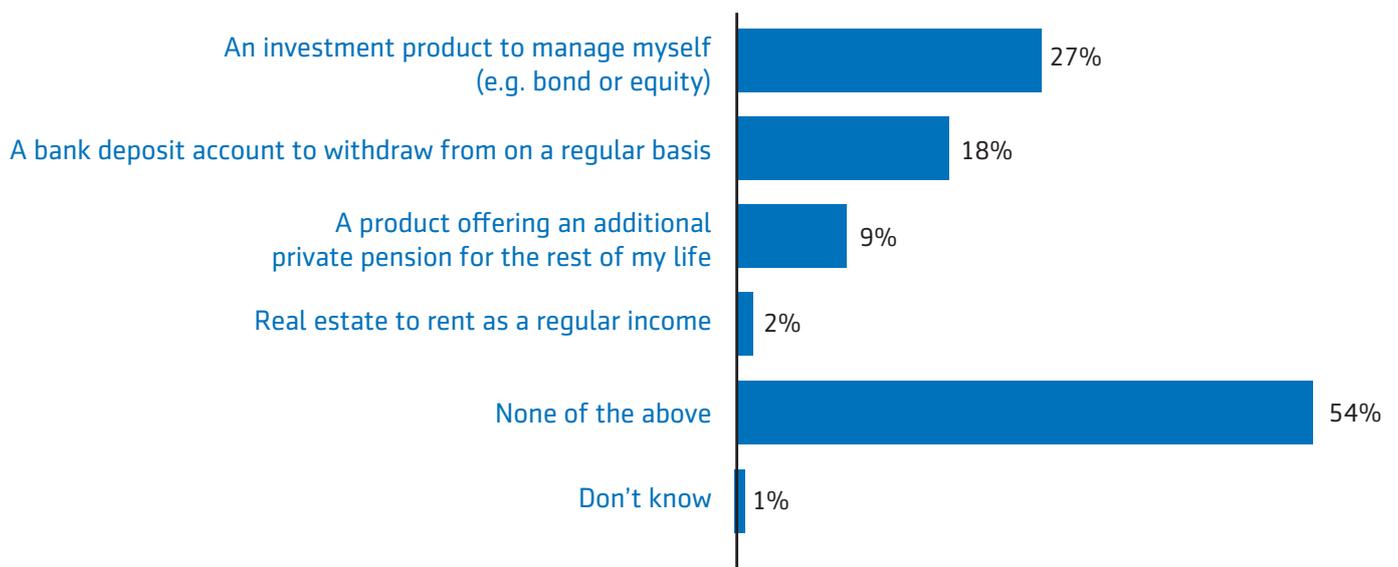
When asked how they would like to prepare an additional income in exchange for a lump sum 30 percent of Japanese workers said they would prefer a bank deposit account to withdraw from on a regular basis. One-in-five (20 percent) prefer a product offering an additional private pension for the rest of their life, and the same proportion (20 percent) prefer an investment product to manage themselves such as a bond or equity.

Chart 19 A bank deposit account to withdraw from on a regular basis is the most popular exchange for a lump sum



Over half (54 percent) of the fully retired did not purchase an additional pension in exchange for a lump sum payment. Whereas Japanese workers' preferred product in exchange for a lump sum was a bank deposit account, of the retired that have exchanged a lump sum, the most common product purchased was an investment product to manage themselves (27 percent). Eighteen percent purchased a bank deposit account and 9 percent purchased a product offering an additional private pension for the rest of their lives.

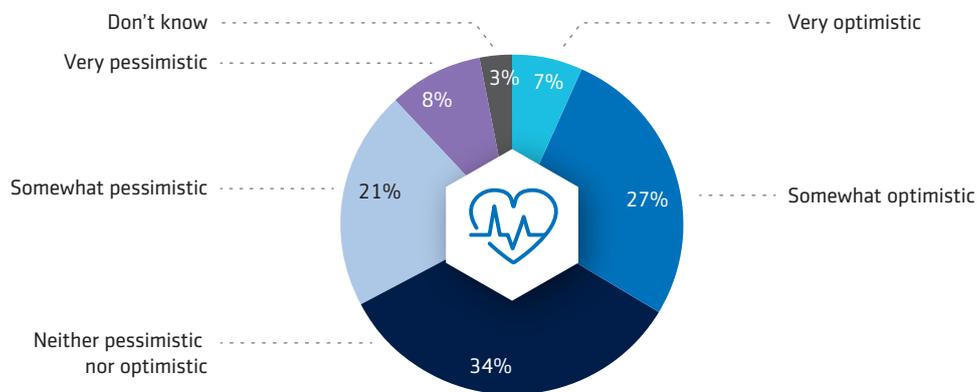
Chart 20 Over half of those in retirement did not purchase an additional pension in exchange for a lump sum payment



Part 7 – The promise of active living and healthy aging

Almost two-in-five (38 percent) of all Japanese claim to be in good or excellent health. Being healthier for longer opens up opportunities to stay active and engaged, travel, and enjoy things considered to be important to them. A third (34 percent) are optimistic that they will be able to maintain good health in retirement.

Chart 21 *When thinking about their retirement, a third of all Japanese are optimistic about maintaining good health*



With increasing life expectancies, there is a need for many to extend their working lives and retire at an older age. Doing so can help bridge retirement savings and income needs. It's also an opportunity to stay involved and enjoy more years filled with active living and healthy aging.

Recommendations

The world is ready for its retirement wake-up call. The fifth annual Aegon Retirement Readiness Survey finds little improvement in Japan's retirement preparedness since 2012. Around the world, many workers expect to rely heavily on government benefits and are not saving enough to adequately fund their retirement income needs. The reality is that people are living longer than ever before, yet inadequate attention is being given to address the costs and implications associated with increased longevity. Governments, employers, and individuals must continue to expand upon actions that have proven effective while innovating new solutions for the future.

With Japanese retirement eligible age set to increase over time, and rising in line with life expectancy, the Japanese need to reconsider if the government will be able to fund half of their retirement income. They will need to assume greater personal responsibility in saving either directly or through company plans.

1. Currently, very few Japanese employers are taking advantage of the digital tools that are available to help promote good retirement planning and management among their workers. This presents a missed opportunity in encouraging workers to save for retirement. If given easy and quick digital access to planning and management tools to enhance the retirement experience, workers would be more apt to become involved, take charge of their retirement planning, resulting in a better retirement planning journey.
2. Employers and governments should continue to promote financial literacy and raise awareness, not only of the need to save for retirement, but also how to invest long term savings, and the benefits of working longer.
3. Governments should consider engaging family and friends in their campaigns to help increase awareness of the benefits of establishing a retirement savings strategy, especially for those not covered by an employer-sponsored retirement plan. No age is too young or old to start. Parents can instill good savings habits in their children by teaching them how to budget and invest.
4. Parents and adult children can begin to discuss topics that are typically sensitive, such as getting one's legal affairs in order, inheritance, caregiving, and other financial matters.
5. Individuals should create a retirement strategy to fund retirement and manage their retirement savings to last a lifetime. A retirement strategy should be tailored to the individual's plans for retirement (e.g. travel, continued working, etc.), other possible sources of income in retirement, and the individual's health. Individuals should take advantage of any professional financial advice or other tools in modeling their retirement. Online tools and robo advice can help individuals assess the amount they will need to save and how to invest their savings.
6. The retirement plan or strategy should help people to manage retirement savings to last a lifetime. Building up adequate retirement savings is one half of the solution. Individuals should also plan to manage their retirement savings during the decumulation phase to provide them an income for life that includes possible pension income and government benefits. Lifetime income can be achieved through a guaranteed lifetime income product (annuity) or through a combination of other solutions and/or products, without any guarantees.
7. Individual retirement strategies should also include a backup plan to enable the individuals to pay for unexpected expenses and events. A wide range of insurance products including life, income or critical illness policies, for example, can provide a cost-effective way of helping individuals and their families in the event employment ends prior to expected retirement date because of an illness, disability or death.

8. Governments and employers should encourage individuals to work longer or, at a minimum, facilitate their working past normal retirement age. As many individuals and employers tie retirement age to the date of receipt of government retirement benefits, any increase in the age of entitlement (when people can draw on their social security pension) would likely influence a change in behavior and encourage individuals to work longer.
9. Employers can also facilitate workers remaining in the workforce past their normal retirement date by developing age-friendly workplaces and by implementing phased and flexible retirement options (e.g., flexible work arrangements, reducing hours, working in a different capacity). Employers are encouraged to consider the benefits of retaining older workers in the workforce, such as the experience they bring, their loyalty and understanding of the business. Employers and governments should facilitate continued training to enable individuals to maintain skills to perform their job. Individuals should take advantage of training and phased retirement programmes and consider the benefits of remaining in the workplace (e.g., maintaining an active mind and body, fulfillment, community, increased income).
10. Finally, as individuals consider their preparedness for retirement, actions to keep healthy and active can increase their confidence in their retirement security and their ability to work longer. Employers should be encouraged to promote greater vitality through wellness programmes in the workplace and governments and employers should consider incentives for healthy and active lifestyles.

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