



Retire Without Worries

Your Roadmap to Living Life to the Fullest







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Executive Summary

The Philippines faces a critical confluence: a rapidly aging population and a complex economic landscape. This white paper explores the challenges and opportunities surrounding Filipino retirement planning.

Filipinos dream of a fulfilling retirement, but financial realities often paint a different picture. Rising healthcare costs, inflation, and limited government support threaten their golden years.

Understanding the Filipino Retiree:

- Filipinos value family and often prioritize supporting younger generations.
- Traditional reliance on social safety nets may be insufficient.
- Many Filipinos lack financial literacy and struggle with long-term planning.

The Challenges of Retirement Planning:

- **Financial Strain:** Immediate needs compete with saving for retirement.
- **Healthcare Costs:** Filipinos face significant healthcare burdens.
- **Inflation:** Rising costs of living erode purchasing power.
- **Limited Financial Literacy:** Many Filipinos lack knowledge about investment options, which can lead to difficulty in determining appropriate savings amounts and effective saving strategies.
- **Cultural Factors:** Strong family ties may create a false sense of security.

InLife's Solution: A Secure Future Awaits

InLife's retirement insurance product offers a strategic solution to these challenges. Retire Assure provides:

- **Guaranteed Income Stream:** Secure a predictable income throughout retirement.
- **Inflation Protection:** Maintain purchasing power despite rising costs.
- **Legacy Planning:** Provide financial support for loved ones after you're gone.
- **Financial Discipline:** Regular premium payments promote long-term savings.

This white paper delves deeper into:

- The evolving demographics and financial landscape in the Philippines.
- The specific challenges faced by Filipino retirees.
- The benefits and features of InLife's retirement insurance product.



Introduction

Individuals are confronted with a complex interplay of hopes and fears as they age. Visions of a fulfilling retirement, characterized by financial security, good health, and quality time with loved ones, coexist with anxieties about the future. The specter of financial instability, health challenges, and a myriad of variables cast a long shadow over these aspirations. **In 2023, the country reported a substantial PHP 1.44 trillion for healthcare expenditures alone. A significant portion of this expense was borne by Filipino households through out-of-pocket payments, amounting to 44.4% or approximately PHP 633.6 billion.** This substantial outlay highlights the considerable financial strain usually experienced by Filipinos in accessing healthcare services.

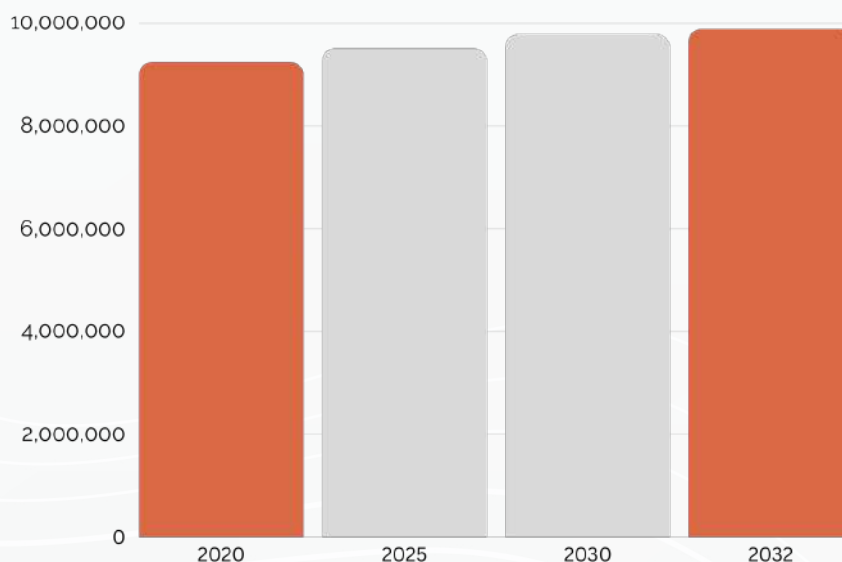
The Philippines is at a critical juncture. While the overall population of the Philippines is relatively young, the number of Filipinos aged 60 and above is consistently growing. With this, the Philippines is grappling with the dual challenges of a growing elderly demographic and a complex economic landscape. It is characterized by overlapping complexities that have hindered its development. These include a dualistic structure– a stark contrast between a modern, urbanized sector and a largely rural, agricultural economy. This dualism creates disparities in development, income distribution, access to resources, inadequate infrastructure, vulnerability to external shocks, inequality, and demographic challenges. These intersecting trends have created a perfect storm, with a significant portion of the Filipino workforce facing uncertainty about their financial future. This white paper delves into the critical factors shaping the retirement landscape in the Philippines, identifying key challenges and exploring potential solutions.

By understanding the aspirations, fears, and financial realities of Filipinos, we can develop effective strategies to empower individuals to secure a fulfilling retirement. This paper will examine the current state of retirement planning, identify the key barriers hindering retirement readiness, and explore innovative solutions to address these challenges. Ultimately, the goal is to provide a roadmap towards a more secure and prosperous retirement for all Filipinos.

The Retirement Crisis

The Philippines is undergoing a demographic shift, with an accelerated increase in the elderly demographic. This shift is accompanied by a growing prevalence of chronic diseases, disabilities, and cognitive decline among the elderly. Such conditions can significantly diminish the quality of life and independence, imposing substantial burdens on individuals and care systems alike. As of 2020, there are 9,242,121 senior citizens, or Filipinos who are above 60 years of age. Additionally, the Philippines boasts a rich history of life longevity. The oldest resident on record, Francisca Montes Susano, lived to the old age of 124 years. But by **2032**, it is projected that **the country's senior citizen population will increase by seven (7%) percent**

Projected Growth of Senior Citizen Population in the Philippines



The senior citizen population in the Philippines is projected to increase by 7% in 2032.

This changing demographic presents great challenges, particularly in financial security, and highlights the pressing need for retirement planning for Filipinos.

Although the Philippine government has set certain laws in place like the Expanded Senior Citizens Act of 2010 or RA 9994 which is designed to enhance the welfare of older citizens and aims to provide a range of benefits, this may not be enough to support the lifestyle average Filipinos want to have in retirement.

Additionally, according to experts, retirees may be surprised by the costs associated with healthcare, homeownership, and taxes.



Here are other financial roadblocks you can expect after retirement:



Inflation: The rising cost of goods and services can significantly diminish purchasing power.



Healthcare expenses: Medical costs, including insurance premiums, medications, and potential long-term care, can be substantial.



Unexpected emergencies: Life is unpredictable; having a financial cushion for unforeseen circumstances is crucial.



Tax implications: Retirement income is often subject to taxes, which can impact overall finances.

The Philippine government currently faces challenges in providing adequate support for its senior citizen population. Many anticipated government-sponsored benefits for retirees are severely limited in scope and accessibility.

Although retirement plans in the private sector offer tax benefits and legal protections, these advantages usually come with stringent eligibility requirements. Employees typically need to work for the same employer for at least ten years and be at least fifty years old to qualify.

Additionally, utility discounts are available for certain individuals or households, but with specific eligibility requirements and limitations. Republic Act No. 9994 offers a limited 5% discount on monthly water and electricity bills for senior citizens. This meager benefit is

subject to strict qualifications: the senior citizen must be the sole owner of the utility accounts, and monthly consumption cannot exceed 100 kilowatt-hours of electricity or 30 cubic meters of water. Moreover, the discount is capped at one per household, regardless of the number of senior residents, further diminishing its potential impact.

Furthermore, healthcare for senior citizens in the Philippines is even more challenging. PhilHealth promises discounts on medical and dental care, including costly procedures like CT scans and blood tests, in government facilities. While the program encompasses both inpatient and outpatient services, the assistance offered is limited. Inpatient care, for instance, only provides deductions on total hospital bills based on the specific medical condition, leaving patients to shoulder a significant portion of the costs.

Meanwhile, inflation and the cost of living do not help the case of Filipinos at all. Metro Manila residents navigate a challenging economic environment characterized by competing pressures. While the recent minimum wage adjustment to PHP 645 per day offers some respite, the substantial average annual family expenditure of PHP 2,508,000 in 2023 underscores the financial strain faced by many households.

The emotional toll of financial insecurity in retirement cannot be overstated. The fear of outliving one's savings, the inability to afford necessary healthcare, and the prospect of a diminished quality of life can significantly impact the overall well-being of retirees.



Understanding the Filipino Retiree

To gain a deeper understanding of how Filipinos prepare for retirement and such eventualities, **a comprehensive study was conducted to examine retirement attitudes, goals, and challenges.** The research employed a mixed-methods approach, combining online triad interviews and quantitative surveys to provide a holistic view of the retirement landscape. **Six distinct triads were formed based on demographic factors such as age and parental status:** Gen X with kids, Gen X without kids, Gen Y without kids, Filipinos leading both frugal and indulgent lifestyles.

	With Kids	Without Kids
Millenials (23-39 years old)	1	1
Gen X (40-55 years old)	1	1
	Frugal	Indulgent
Mix of Gen X and Millenials (25-55 years old)	1	1
Total	3 triads	3 triads

These qualitative insights were complemented by **quantitative data from 505 respondents nationwide.**

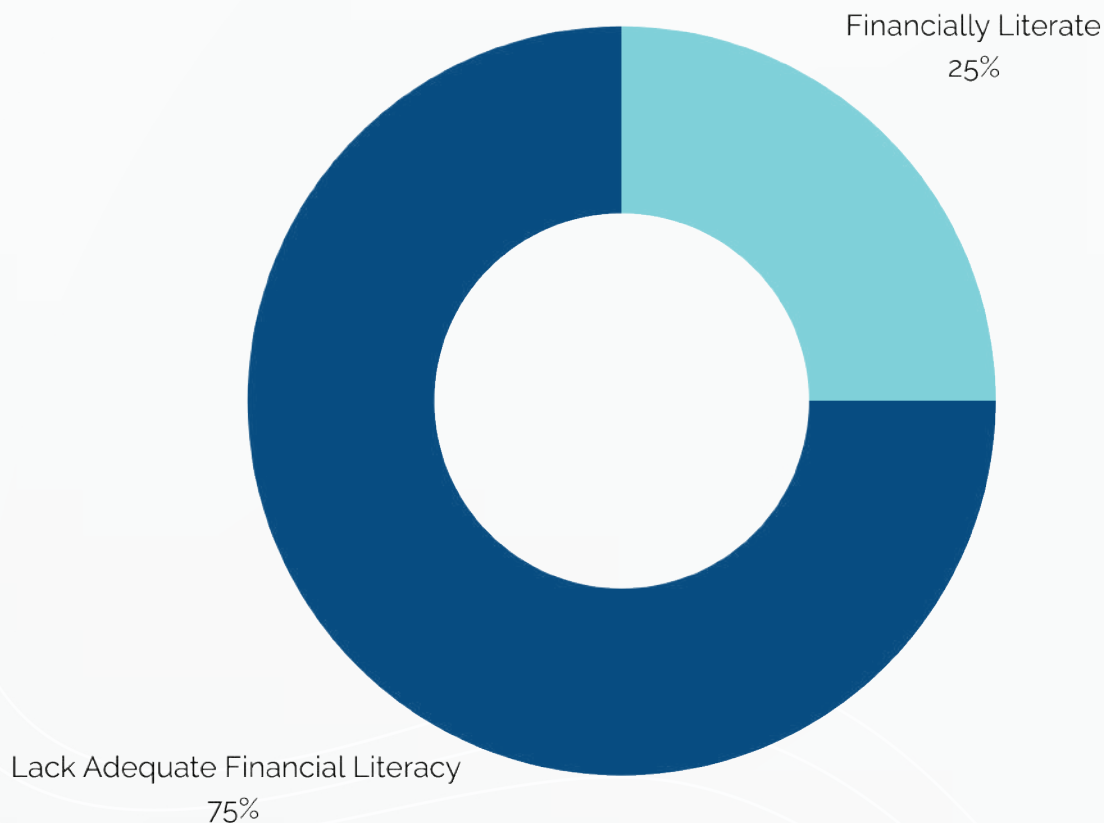
The key respondents offer insights into the concerns and perspectives of a significant segment of the Filipino population: the young, working-class individuals who form the backbone of the country's middle class.

The data gathered reveals a pressing concern among this group regarding financial uncertainty, despite their relative financial stability. This suggests a growing awareness of the need for long-term financial planning, including retirement savings and insurance. The findings also highlight the importance of financial literacy education in empowering this demographic to make informed decisions about their financial future.

Financial literacy, encompassing knowledge of fundamental concepts such as interest rates, compound interest, inflation, and risk diversification, is a critical component of financial well-being.

A 2022 Standard & Poor's Global Ratings study positioned the Philippines squarely with the bottom 30 of 144 nations assessed in terms of financial literacy, with only 25% of Filipino adults demonstrating adequate knowledge.

Financial Literacy Among Filipino Adults



Philippines ranks among the bottom 30 of 144 nations in financial literacy.

Moreover, the 2021 Financial Inclusion Survey revealed that a mere two percent of Filipinos could correctly answer all basic financial literacy questions, while a majority exhibited only partial comprehension.

Although many understand the importance of savings, insurance, and investments, **fewer than thirty (30%) percent feel confident about their financial preparedness for retirement.**

The Philippines presents a unique and complex landscape when it comes to retirement planning. While Filipino culture places a strong emphasis on family and intergenerational support, significant challenges persist in ensuring financial security for the elderly.

Traditionally, Filipinos have relied on a strong sense of family obligation to care for aging parents and relatives. This cultural value, deeply rooted in Filipino society, has created a system of shared responsibility across generations. As a result, older Filipinos historically had a safety net of family support to rely on in their later years.

However, a significant majority of Middle-Class Filipinos, 52%, prioritize having a steady source of retirement income to avoid relying on their children. This reflects a growing desire to break free from the generational cycle of dependence and achieve financial independence in old age.




Despite all of this, the reality of retirement planning in the Philippines is far from ideal. This goes both ways, as many Filipinos prioritize saving for their children's future over their financial security. Moreover, as mentioned earlier, there is a heavy reliance on employer-provided retirement benefits or government pensions, such as those offered by the Social Security System (SSS).

Unfortunately, these sources of income may not be sufficient to sustain a comfortable retirement. The rising cost of living, coupled with increasing life expectancy, has made it challenging for many Filipinos to save enough for their golden years.

Filipinos are increasingly burdened by financial pressures. The rising costs of healthcare, housing, and essential goods have eroded purchasing power, making it challenging to save for retirement. **A significant majority of respondents expressed concern about healthcare costs (72%).** The pervasive impact of inflation has exacerbated these financial challenges. To cope, many Filipinos prioritize immediate needs over long-term health and financial security. This trade-off leads to a cycle of poor health outcomes as individuals forgo preventive care and essential medical treatments. The psychological toll of financial strain, coupled with uncertainty about the future, further compounds these issues.

Individuals usually prioritize immediate financial needs over preventive care and essential medical treatments. Financial strain induces a vicious cycle of poor health outcomes. As individuals divert resources to basic necessities, they are compelled to compromise on healthcare spending, leading to suboptimal health conditions and reduced productivity. Apart from the strain on a person's physical well-being, the weight of these financial burdens and the constant worry of watching savings dwindle against rising costs can feel overwhelming, leaving many to wonder how they will manage to maintain their standard of living when their work years are over.



"Wala pa talagang plano kasi occupied parin sa mga bills, expenses, and di din kalakihan yung natitira for savings..."

- Female, Gen Y, MMA

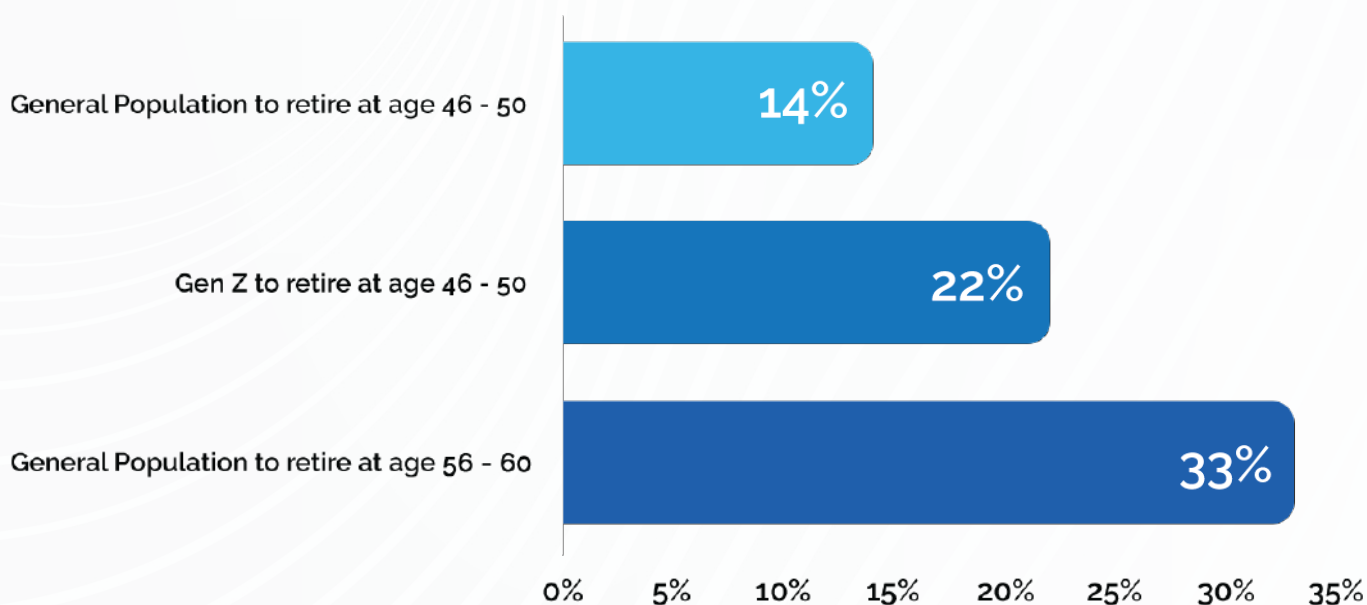
In fact, fifty-three (53%) percent expressed worry about having insufficient funds to sustain their desired lifestyle in retirement.

Filipinos independently estimate that they require an average monthly income of **PHP 25,000 to PHP 50,000 to sustain their current lifestyle post-retirement.** However, considering **projected inflation rates of 3% for 2029 alone**, and the potential for unforeseen expenses, these estimates may prove insufficient.

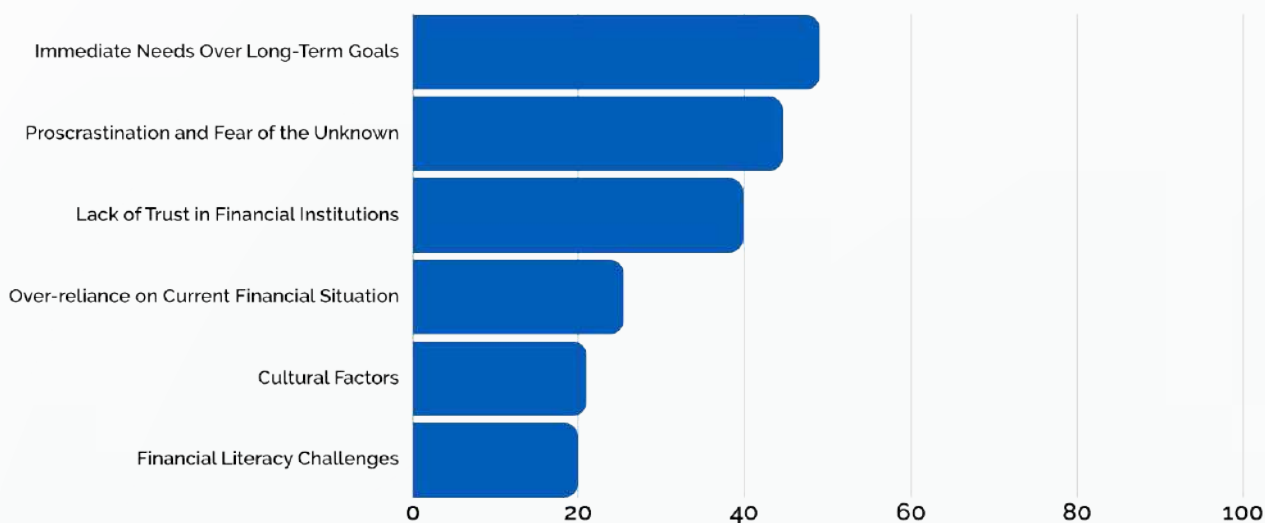
"Ineexpect ko na dapat monthly, meron kaming 50K na budget. Expected naman na lalaki pa yung expenses kasi matagal pa yun kasi ayaw din namin magdepende sa anak. Kaya work ng work lang ako hanggang kaya."

- Male, Gen X, MMA

Despite these challenges, Filipinos exhibit an optimistic outlook regarding a fulfilling retirement. Key goals include spending quality time with family and friends, starting or growing a business, and achieving financial freedom. To realize these **aspirations, a significant portion of respondents (33%) aim to retire between the ages of 56 and 60.** Gen Zs exhibit a stronger preference for early retirement, with **22% aiming to retire between the ages of 46 and 50** compared to only 14% of the general population. This highlights a growing trend among younger generations to prioritize work-life balance and personal fulfillment over traditional career paths.



However, a considerable gap exists between aspirations and actions. **Only fifty (50%) percent of respondents are actively taking steps to prepare for retirement.** The disparity between retirement aspirations and concrete actions highlights several barriers to effective retirement planning among Filipinos according to our respondents:



Only 50% of respondents are actively preparing for retirement.



Immediate Needs Over Long-Term Goals: The pressing demands of daily living, such as housing, food, and healthcare, often prioritize short-term financial needs over long-term planning (**48%**).



Procrastination and Fear of the Unknown: Delaying retirement planning due to perceived complexity or uncertainty about future financial conditions is a significant obstacle (**40%**).



Lack of Trust in Financial Institutions: Concerns about security and investment risks discourage individuals from investing in retirement accounts (**33%**).



Over-Reliance on Current Financial Situation: A common misconception among Filipinos is that their current income level will suffice for a comfortable retirement, resulting in strategies that would yield insufficient savings and investment (**17%**).



Cultural Factors: Strong familial ties and the expectation of intergenerational support might influence the perception of retirement as a less pressing concern (**13%**).



Financial Literacy Challenges: A lack of understanding of financial concepts, investment options, and retirement planning strategies can hinder individuals from making informed decisions (**12%**).

Delaying retirement planning often stems from the intimidating nature of the process. With immediate financial pressures demanding attention, the distant future of retirement can easily be postponed. Many Filipinos harbor dreams of a fulfilling retirement—spending time with loved ones, pursuing passions, and living comfortably. However, the immediate demands of daily living often overshadow long-term financial planning.

"Ngayon di mo pa masasabing stable eh kasi may pinapaaral pa na anak, nagtatrabaho ng full-time, and madami pa rin na bayarin. Baka next 5-10 years gagaan na din once na lumaki na yung savings tapos yung mga investment ay tutubo na din."

- Male, Gen X, Cebu



Retirement Insurance Plan

Addressing the needs of Filipino retirees will require a strategic tool for retirement planning. A retirement insurance product is designed to provide a guaranteed income stream for life, ensuring financial security throughout your retirement years. This means you'll receive regular payments, often monthly, until your death..

There are different types of retirement products, each with its own features and benefits. Some retirement products may offer additional features like inflation protection or death benefits.

Retirement insurance product offers several advantages that make them a valuable component of a comprehensive retirement plan:



Guaranteed Income: One of the primary benefits of a retirement insurance product is the assurance of a steady income stream throughout retirement, regardless of market fluctuations.



Inflation Protection: Many retirement product contracts include features that adjust payments to account for inflation, ensuring that your retirement income maintains its purchasing power over time.



Legacy Planning: Some retirement products can be structured to include death benefits, and providing financial support for your loved.



Financial Discipline: Investing in a retirement product can encourage regular saving and discourage premature withdrawal of retirement funds.

InLife's Retire Assure: A Secure and Worry-Free Future Awaits

InLife's retirement solution is tailored to meet the unique needs and aspirations of Filipino retirees. This comprehensive strategy combines protection, savings, and income generation, offering a secure and worry-free future.

Key Features:

- **Guaranteed Monthly Income:** Enjoy a steady stream of income starting at age 60 or 65, and continuing until age 100.
- **Potential for Income Growth:** Benefit from cash dividends that may increase over time, helping you maintain your lifestyle.
- **Flexibility:** Choose your preferred premium payment frequency (annual, semi-annual, quarterly, or monthly) and select a peso bank account to receive your monthly payouts and dividends.
- **Unparalleled Life Insurance Protection:** Your beneficiaries will receive a substantial death benefit, ensuring financial security for your loved ones.
- **Hassle-Free Application:** No medical check-ups are required, making the application process quick and easy.

Two-Phase Approach:

1. **Accumulation Phase:** Build a fund through regular premium payments.
2. **Payout Phase:** Receive a guaranteed monthly income, providing a steady stream of income to support your lifestyle.





Why Choose InLife's Retire Assure?

This product is specifically designed to address the unique financial challenges of retirement, providing a robust solution for current and future financial security. By integrating various features that cater to different aspects of retirement planning, Retire Assure stands out as a dependable choice. Consider the comprehensive benefits it offers:

- **Security:** Enjoy a guaranteed income stream, providing peace of mind in your retirement years.
- **Growth Potential:** Benefit from the potential for increased cash dividends, helping you maintain your purchasing power.
- **Protection:** Ensure your loved ones' financial security with comprehensive life insurance coverage.
- **Flexibility:** Choose the payment and payout options that best suit your needs.
- **Convenience:** Enjoy a hassle-free application process.

InLife's retirement solution is a pioneering product in the Philippine market, offering a reliable and innovative way to secure your financial future.





Addressing Consumer Needs and Overcoming Challenges

The challenges faced by Filipino retirees are multifaceted, encompassing rising healthcare costs, inflation, and limited government support. InLife's retirement insurance product is designed to meet the evolving needs of Filipino retirees and offer a strategic solution to these complex challenges.

By providing a guaranteed income stream, retirement insurance can mitigate financial risks, ensure a comfortable retirement, and provide for loved ones.

InLife aims to empower individuals to secure their financial future and live life fully.

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