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Global Retirement Index: retiree income affected by a weak macroeconomic environment

- Shifts in retiree security globally attributed to government debt, inflation and cost of services for older citizens
- Europe leads way, based on strong pension financing and social programs
- Individuals expected to assume more of the responsibility for their own retirement security

France loses 3 places in the world rankings of retirement security, according to the 2015 Global Retirement Index published today by Natixis Global Asset Management. The Global Retirement Index is a worldwide benchmark comparison based on how retiree's needs are being met in 150 different countries. The findings overall suggest that retirement security is uncertain for most retirees given unsustainable demand for government resources and macroeconomic factors that affect the value of retiree savings, placing more responsibility on individual investors for their own welfare in retirement.

"Individuals will always be subject to sweeping political and economic events, but this doesn't mean they should stay passive; they have a key role to play" said Christophe Point, Director NGAM Distribution, France, French-speaking Switzerland and Monaco. "In France, individuals have invested a large share of their savings in fixed rate or capital guaranteed assets, but yields are expected to weaken year after year. Our role is to help investors recognise that reality, but more importantly, help them understand the need to act so that they can ensure their retirement security when the time comes".

Most investors will need help to achieve retirement security. A worldwide survey by Natixis Global AM* found that 68 percent of investors didn't have a financial plan and only 16 percent said they had a clear idea of the annual income they'll need to maintain their standard of living in retirement. In France, the findings also give cause for concern: 70% of the survey respondents said they did not have clear financial goals and 79% have not set up a financial plan with a view to achieving these objectives.

Individuals should focus on factors within their control, such as financial planning, setting goals and being more engaged with their finances.

The index ranks 150 nations on 20 trends across four broad categories: health and healthcare quality; material well-being in retirement; quality of life; and finances in retirement. Together, these trends provide a measure of the life conditions and well-being expected by retirees and near-retirees in each country.

European nations continue to enjoy the greatest financial security in retirement, taking eight of the top 10 places, with Switzerland and Norway leading the way for the second consecutive year. No. 3 Australia and New Zealand (No. 10) were the only non-European countries among the top 10.

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The biggest movers in 2015 were Japan, Qatar and Kuwait, each moving up more than 10 places in the ranking, with Japan moving from 27th to 17th due to improvements in its health ranking, Qatar moving from 31st to 21st and Kuwait moving from 40th to 26th. The two countries have experienced rapid growth, enjoy the world's first and second highest income per capita, and their unemployment rates are under 1.5%. Qatar has seen the quality of healthcare available to its retirees improve substantially over the past few years. Conversely, Greece slipped down 37 spots to 76th and Spain dropped 26 places to 55th.

Countries where retirement security is least secure are predominantly developing parts of the Sub-Saharan, Middle Eastern and Southeast Asian nations.

Top-ranked countries face fiscal challenges, ageing populations

The leading nations typically have growing economies; strong financial systems and regulations; public policies that provide broad access to healthcare and other social services; and substantial public investment in infrastructure and technology. For workers, they provide mandatory or quasi-mandatory retirement savings programs.

As developed economies, these nations also face challenges. More of their citizens are reaching retirement age, and a high percentage of them are living decades beyond. At the same time, there are fewer working-age people to support the social programs retirees have relied on. Since many of these nations already impose high taxes and their governments carry a heavy debt burden, the long-term viability of their retirement programs could be at risk.

"Ideally, a secure retirement involves the commitment of governments, employers and individual citizens," adds Christophe Point. "If governments' capacity to provide its share of the well-being of retirees is limited or compromised, the responsibility will fall elsewhere. Individual workers, savers and investors will be expected to assume more of that task for themselves. That is why we encourage investors to base their investment strategies on personal benchmarks, or individual long-term investment targets."

France's position in the ranking

France has remained relatively stable in the ranking, moving from 15th position in 2014 to 18th this year.

France ranks between Japan in 17th position and the United-States in 19th. This slight drop in the ranking is due primarily to a rising tax burden, high public debt, an ageing population, rising unemployment and low interest rates. However 2015 should see a modest economic recovery as the country's GDP shows signs of weak growth. But whether this will have a positive impact on unemployment remains to be seen - unemployment grew from 9.3% to 9.9% in 2014. Inflation was already dangerously low before oil prices started to tumble, a trend that should bring prices even lower. This could turn out to be a double-edged sword, helpful to consumers in the near-term but risky for the country's economy. Nevertheless, France has held on to its high ratings for the Health index thanks to a rising life expectancy (up from 81.5 to 82.5 years) and an efficient social security system that is advantageous to retirees (92.6% of their health expenses are covered).

Top 30 countries in Natixis Global AM's Global Retirement Index Survey:

Rank	Country	Health Index	Finances in Retirement Index	Quality of Life Index	Material Wellbeing Index	Global Retirement Index
1	Switzerland	83%	70%	91%	85%	82%
2	Norway	84%	63%	88%	95%	81%
3	Australia	81%	73%	80%	76%	77%
4	Iceland	81%	63%	86%	81%	77%
5	Netherlands	84%	62%	83%	81%	77%
6	Sweden	81%	64%	89%	75%	77%
7	Denmark	82%	59%	91%	78%	77%
8	Austria	88%	53%	86%	84%	76%
9	Germany	87%	59%	82%	79%	76%
10	New Zealand	78%	70%	84%	70%	75%
11	Luxembourg	84%	58%	78%	84%	75%
12	Canada	76%	68%	81%	72%	74%
13	Finland	81%	55%	87%	76%	74%
14	Korea, Rep.	75%	69%	67%	83%	73%
15	Czech Republic	81%	61%	76%	74%	73%
16	Belgium	82%	58%	75%	76%	72%
17	Japan	84%	54%	75%	76%	71%
18	France	86%	57%	80%	66%	71%
19	United States	80%	65%	78%	64%	71%
20	Slovenia	78%	57%	79%	73%	71%
21	Qatar	79%	77%	51%	81%	71%
22	United Kingdom	79%	53%	82%	69%	70%
23	Israel	77%	62%	75%	65%	70%
24	Malta	78%	61%	65%	76%	69%
25	United Arab Emirates	65%	55%	77%	84%	69%
26	Kuwait	67%	54%	69%	91%	69%
27	Estonia	76%	65%	72%	62%	68%
28	Slovak Republic	76%	62%	76%	60%	68%
29	Italy	82%	50%	80%	63%	67%
30	Singapore	63%	72%	66%	68%	67%
31	Uruguay	75%	63%	69%	58%	66%
32	Ireland	78%	59%	72%	58%	66%
33	Poland	73%	62%	67%	61%	66%
34	Panama	65%	64%	84%	51%	65%
35	Costa Rica	61%	69%	90%	47%	65%
36	Chile	62%	75%	79%	48%	65%
37	Malaysia	58%	69%	70%	62%	64%
38	Saudi Arabia	60%	53%	70%	77%	64%
39	Cyprus	68%	53%	76%	61%	64%
40	Lithuania	76%	64%	61%	56%	64%

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For a more detailed overview of the Natixis Global Retirement Index, including the rankings of all 150 nations evaluated, go to www.durableportfolios.com.

*Natixis Global Asset Management released its Global Survey of Individual Investors in May of 2014. Natixis' 2014 Individual Investor Research study is based on fieldwork conducted by Coredata in 14 countries throughout the Americas, Europe, Asia and the Middle East with 5,950 investors having assets of 200K+ (USD).

Methodology

The report was compiled by Natixis Global Asset Management with support from CoreData Research, a United Kingdom-based financial research firm. The report captured data from a variety of sources, including the World Bank and United Nations. The researchers calculated a mean score in each category and combined the category scores for a final overall ranking of the 150 nations studied. Categories measured include:

- Health in Retirement Index (Life Expectancy at Birth Index; Health Expenditure per-Capita Index; Physicians per 1,000 People Index; Non-insured Health Expenditure Index; Hospital Beds Index);
- Material Well-being in Retirement Index (Income per-Capita Index; Income Equality Index; Unemployment Index);
- Finances in Retirement Index (Investment Environment Index; Old Age Dependency Index; Inflation Index; Real Interest Rate Index; Tax Pressure Index; Bank Non-performing Loan Index; Government Indebtedness Index; Institutional Strength Index.); and,
- Quality of Life and Environmental Index (Happiness Index; Air Quality Index, Water and Sanitation Index, Biodiversity and Habitat Index and Climate Change and Energy Index).

About Natixis Global Asset Management

Natixis Global Asset Management is a multi-affiliate organization that offers a single point of access to more than 20 specialized investment firms in the U.S., Europe and Asia. The firm ranks among the world's largest asset managers.¹ Through its Durable Portfolio Construction® philosophy, the company is dedicated to providing innovative ideas on asset allocation and risk management that can help institutions, advisors and individuals address a range of modern market challenges. Natixis Global Asset Management brings together the expertise of multiple specialized investment managers based in Europe, the United States and Asia to offer a wide spectrum of equity, fixed-income and alternative investment strategies.

Headquartered in Paris and Boston, Natixis Global Asset Management, S.A.'s assets under management totaled \$894.3 billion (€708.0 billion) as of September 30, 2014.² Natixis Global Asset Management, S.A. is part of Natixis. Listed on the Paris Stock Exchange, Natixis is a subsidiary of BPCE, the second-largest banking group in France. Natixis Global Asset Management, S.A.'s affiliated investment management firms and distribution and service groups include Natixis Asset Management Asia Ltd; Active Investment Advisors;³ AEW Capital Management; AEW Europe; AlphaSimplex Group; Aurora Investment Management; Axeltis; Capital Growth Management; Darius Capital Partners; Dorval Finance;⁴ Gateway Investment Advisers; H2O Asset Management;⁴ Harris Associates; IDFC Asset Management Company; Loomis, Sayles & Company; Managed Portfolio Advisors;³ McDonnell Investment Management; Mirova;⁵ Natixis Asset Management; Natixis Environment & Infrastructure Luxembourg; Ossiam; Reich & Tang Asset Management; Seeyond;⁶ Snyder Capital Management; Vaughan Nelson Investment Management; Vega Investment Managers; and Natixis Global Asset Management Private Equity, which includes Seventure Partners, Naxicap Partners, Alliance Entreprendre, Euro Private Equity, Caspian Private Equity and Eagle Asia Partners. Visit ngam.natixis.com for more information.

¹ Cerulli Quantitative Update: Global Markets 2014 ranked Natixis Global Asset Management, S.A. as the 16th largest asset manager in the world based on assets under management as of December 31, 2013.

² Assets under management (AUM) may include assets for which non-regulatory AUM services are provided. Non-regulatory AUM includes assets which do not fall within the SEC's definition of 'regulatory AUM' in Form ADV, Part 1

³ Division of NGAM Advisors, L.P.

⁴ An affiliate of Natixis Asset Management.

⁵ A subsidiary of Natixis Asset Management. ⁶ A global investment unit of the Natixis Asset Management organization, operated in the U.S. through Natixis Asset Management U.S., LLC.

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