

## Max Life Insurance's India Retirement Index Study reveals 9 in 10 Urban Indians worry about savings not lasting through retirement

*First edition of survey reveals India's Retirement Index stands at 44, key concerns over health and financial preparedness*

- 50% believe that savings will be exhausted within 10 years of retirement
- 1 in 4 have not even thought of retirement
- Retirement not amongst the top goals of investments/savings, only 2 out of 5 invest towards retirement
- 67% of Urban India considers life insurance as the most suitable product for retirement savings
- Retirement readiness highest in West Zone and Metros, North and South Zones least prepared

**7<sup>th</sup> December 2021, New Delhi:** Max Life Insurance Company Ltd. (“Max Life”/ “Company”), in partnership with Karvy Insights, today launched the first edition of its ‘**India Retirement Index Study**’ (IRIS) that maps the retirement preparedness of consumers in India. The retirement focused survey aims to reveal the state of urban India’s preparedness to lead a healthy, peaceful, and financially independent retirement life.

According to the study, urban India’s Retirement Index (on a scale 0 to 100) stands at 44. The study further measures retirement preparedness on the basis of 3 components – health, financial and emotional index. The degree to which Indians feel financially secure for retirement or the ‘financial preparedness index’ stands at 50 indicating concerns over financial wellbeing. The ‘emotional preparedness index’, with respect to community support including family and friends for emotional, social needs during retirement, scored high at a notable 62. The ‘health preparedness index’ ranked the lowest at 41 emerging as a key concern.

Commenting on the launch of IRIS, **Prashant Tripathy, Managing Director and CEO, Max Life Insurance** said, “As life expectancy rises and health patterns shift, retirement is set to become an important priority for a sizeable part of the population. Accentuated by the pandemic, the recent economic climate witnessed lower wage growth, financial uncertainty and job losses, resulting in further straining individual, household incomes. It is therefore important to understand the sentiment and challenges of our consumers today as we prepare for tomorrow. Our first edition of ‘**India Retirement Index Study**’ in partnership with Karvy Insights, serves as a comprehensive survey that gauges urban India’s behaviour and attitude toward retirement planning, savings, and investments in a deeply relevant manner. We are certain the study will create a benchmark for life insurance and offer insights to help innovate and meet the customers’ evolving needs as they inch towards retirement planning.”

Through a self-administered digital study, 1800+ respondents were surveyed across 28 cities comprising 6 metros, 12 Tier I and 10 Tier II cities to understand urban India’s readiness to lead a healthy, secured and financially independent retirement life.

**Sonia Pall, CEO, Karvy Insights**, remarked, “IRIS presents us with useful insights with regards to urban India’s attitudes towards retirement savings, investments, and the overall idea of financial protection during one’s golden years. It is a compelling take on urban India’s attitudes and preparedness for future retirement which comes at a time when future financial wellbeing and health matters are on the minds of many. We’re happy to be associated with Max Life Insurance in their endeavour to ensure urban India’s financial protection across all stages of life”

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Max Life Insurance's flagship survey - India Protection Quotient, reveals insights on the state of urban India's current financial protection and preparedness to meet the financial uncertainties of today. With this new survey - India Retirement Index Study - Max Life Insurance aims to map the pulse of the Indian consumer on their preparedness for tomorrow's retired life.

### KEY FINDINGS:

The following findings highlight India's outlook, priorities and challenges, towards retirement and retirement planning:

#### **URBAN INDIA'S OUTLOOK TOWARDS RETIREMENT**

- **Retirement evokes positive sentiments, yet 1 in 3 Indians do not want to retire**

While health and financial preparedness for retirement are low, IRIS reveals that urban Indians have an overall positive outlook on retirement. 68% associate it with positive thoughts such as more time to take care of family, hassle-free living and greater independence. Despite this, 33% or nearly 1 in 3 respondents do not want to retire. 19% cited they prefer to retire between the ages of 56 and 60. In comparison, 12% preferred to retire even later between 61 – 65 years.

- **Retirement readiness highest in West Zone and Metros, North and South Zones least prepared**

With a retirement index of 49, West zone outperformed other regions in terms of overall preparedness towards retirement. East came a close second with retirement index of 45 with both North and South standing at 42. The survey also noted that the West zone was the most prepared financially, emotionally, and health-wise for retirement. Similarly, with a retirement index of 47, metros felt most prepared for retirement. Tier 2 cities demonstrated a retirement index of 44, followed by Tier 1 cities at 43.

#### **ATTITUDE TOWARDS RETIREMENT INVESTMENT**

- **47% urban Indians invest in retirement for financial independence**

Due to an overwhelming sense of insecurity, 47% Indians are investing for retirement to ensure there is 'no need to depend on others for financial needs', with 38% investing with the aim to 'maintain lifestyle during retirement'

- **70% aware of retirement corpus amount, yet 1 in 4 believe ideal age to start planning after 65 years**

The survey found that 70% respondents were aware of the retirement corpus amount, highlighting urban India's awareness on increasing costs and the financial requirements to sustain their current lifestyle during retirement.

According to the survey, nearly 80% of the respondents feel they should have started investing earlier towards retirement. 41% respondents said one should start planning for retirement along with other financial responsibilities. At the same time, 26% or nearly 1 in 4 believe that the ideal age to start planning for retirement is when they reach 65 or their phase of second innings, further widening the gap towards sound retirement planning.

- **45% depend on children for retirement support**

While identifying the challenges to retirement investment, the survey found that 45% believe their children will aid them in old-age whereas 36% said they have adequate family wealth or other financial sources which will cater to their needs during retirement. A concerning 23% said they haven't even thought about retirement planning.

- **Only 24% consider 'savings for retirement' as a financial priority, despite 56% believing that savings will be exhausted within 10 years of retirement**

The pandemic has further exacerbated long-standing issues around income generation, leading to 56% of the respondents believing that their savings will be exhausted within 10 years of retirement. Only 24% consider 'savings for retirement' as a financial priority

- **67% of urban India consider life insurance most suitable product for retirement savings; only 40% have invested in it**

The survey also highlighted Indians investing in various retirement products. 67% respondents consider life insurance as the most suitable product for retirement savings whereas only 40% were found to be investing in it for their retirement. Bank deposits were found to be the second most suitable product by 41%. 31% cited real estate as most suitable, 26% said physical gold and 25% preferred to invest in mutual funds/ETFs/SIPs.

#### **OTHER INSIGHTS**

- **Business owners, salaried and self-employed individuals demonstrated an equal emotional preparedness**

IRIS found that among the respondents, business owners along with salaried and self-employed individuals demonstrated an equal emotional preparedness index of 62

- **Men and women at par with their retirement preparedness**

While men had an overall retirement preparedness index of 44, women were almost at par with retirement preparedness index of 43

- **Almost 80% hopeful of leading a healthy and fit life during retirement**

The survey brought to light that 4 out of 5 Indians are hopeful of being 'hale and hearty' in their retirement years. 63% said good health would be the most important aspect for retirement followed by financial support (29%) and social support (8%)

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#### **About India Retirement Index Study**

India Retirement Index Study is an annual retirement study by Max Life Insurance in association with Karvy Insights. Launched in December 2021, the survey aims to understand the retirement readiness of Urban India, with insights into awareness, aspirations and challenges of consumers during retirement

and it's planning. India Retirement Index is the degree to which Indians feel prepared for tomorrow's retired life on a scale 0 to 100. It is based on how prepared is India for a healthy, peaceful & financially independent post-retirement life.

**About Max Life Insurance ([www.maxlifeinsurance.com](http://www.maxlifeinsurance.com))**

Max Life Insurance Company Limited is a Joint Venture between Max Financial Services Limited and Axis Bank Limited. Max Financial Services Ltd. is a part of the Max Group, an Indian multi-business corporation. Max Life offers comprehensive protection and long-term savings life insurance solutions, through its multi-channel distribution including agency and third-party distribution partners. Max Life has built its operations over almost two decades through a need-based sales process, a customer-centric approach to engagement and service delivery and trained human capital.

As per public disclosures and annual audited financials for FY20-21, Max Life has achieved a gross written premium of INR 19,018 crore. As of 31st March 2021, the Company had INR 90,407 crore of assets under management (AUM) and a Sum Assured in Force of INR 1,087,987 crore.