



# Securing retirement: what makes a strong retirement system





**1.6 billion**  
people aged 65+  
by 2050<sup>1</sup>

By 2050, 1.6 billion people worldwide will be over age 65<sup>1</sup>. Longer lives are a mark of progress, but they fundamentally reshape what retirement systems must deliver: not simply account balances at a retirement date, but sustainable income, financial resilience, and confidence across retirements that now commonly span 30 to 40 years.

Replacement rates  
fall below  
**50%**   
of pre-retirement income<sup>2</sup>

Too many systems, however, were designed for a different era; one of shorter retirements, linear careers, stable employer relationships, and defined benefit promises. Today's reality is more complex. Across both advanced and emerging economies, typical replacement rates fall below 50% of pre-retirement income, leaving millions facing insecurity in later life<sup>2</sup>.



**1 in 2** retirees exit  
earlier than planned<sup>3</sup>

Nearly half of retirees exit the workforce earlier than planned, often due to health, caregiving responsibilities or economic stress<sup>3</sup>. Workers are under-saving, households struggle with financial shocks, and the gap between what retirement systems are designed to deliver and what people experience in practice continues to widen.

These challenges are not abstract. When retirement systems fall short, the consequences ripple through public healthcare, housing, and social welfare frameworks, creating long-term fiscal pressures for governments and placing greater burdens on families and employers alike.

## Manulife in action



At Manulife, we believe strong retirement systems do not emerge by accident. They must be intentionally designed to support longer lives, broader participation, confident decision-making, and lasting income security. As one of the world's leading financial services organisations, with capabilities across insurance, retirement, wealth, and asset management, we operate across diverse markets, from mature pension systems to rapidly developing ones. Our global purpose is to help people confidently save and invest for their retirement goals. We see the next decade as a decisive inflection point, and our role extends beyond managing assets to helping shape more resilient systems, supporting policy evolution, and equipping individuals with the tools to navigate increasingly complex financial journeys.

**We believe a strong retirement system shares five defining qualities:**

- 1. Adequacy and longevity protection
- 2. Access and inclusion for all workers
- 3. Flexibility with protection
- 4. Confidence through advice and engagement
- 5. Transparency and accountability in outcomes

1



**Adequacy and longevity protection: designing for income that lasts**



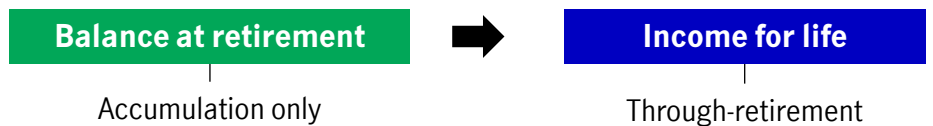
**Inflation + Longevity + Volatility require structured income planning**

The first and most fundamental test of any retirement system is whether it helps people live comfortably and securely throughout retirement. Adequacy is not simply about building a large account balance. It means converting accumulated savings into income that can support daily living, keep pace with inflation, withstand market volatility, and last across increasingly long retirements.

Longer lives have changed the equation. Retirement is no longer a short transition period but a multi-decade phase requiring continued risk management, growth exposure, and structured income planning. Systems designed for adequacy and longevity protection must anticipate these realities. They set contribution pathways aligned with modern life expectancies and evolving work patterns. They must allow investments to maintain appropriate growth exposure well into retirement, not simply shift to conservative portfolios at age 65. And they need to incorporate solutions that translate account balances into sustainable income streams, protecting against both inflation and the risk of outliving one’s assets.

Investment strategies that maintain growth exposure and incorporate structured income solutions significantly reduce the likelihood of late-life financial shortfall<sup>4</sup>. This means designing for decumulation from the start, not treating it as an afterthought. It also means recognising that healthcare costs and long-term care needs can vary dramatically by geography and household circumstances. Effective systems integrate access to protected income solutions, including annuities and longevity insurance, that provide a safety net when savings alone may prove insufficient.

Adequacy in retirement does not happen by chance. It is the result of deliberate design choices: realistic savings targets, through-retirement investment strategies, and income solutions that match the length and uncertainty of modern retirements.



**Manulife in action**



Across markets, Manulife has helped shape retirement system designs that extend beyond accumulation to focus on income sustainability. In North America, we support target-date fund frameworks that maintain appropriate equity exposure through and beyond retirement. In Hong Kong, we have provided retirement income solutions to our customers. These approaches reflect the reality that longevity and inflation risk do not end at retirement; they may need to be actively managed throughout decumulation.

2



## Access and inclusion: ensuring participation across changing work patterns



A retirement system is only as strong as the breadth of people it reaches. Yet millions of workers remain outside formal retirement frameworks, disproportionately women, gig workers, part-time employees, and lower-income earners<sup>5</sup>. Contribution gaps created by caregiving, informal employment, or intermittent work histories accumulate into lasting disadvantages that compound across generations.

Inclusive systems recognise this and intentionally design for it. They make participation the default rather than optional, and features such as automatic enrollment, starter contribution rates, and gradual auto-escalation encourage people to start savings early and keep contributing regularly, even when they are not actively engaged with the system. They make participation the default rather than optional. They support portability and continuity as workers move between employer, industries, or modes of work, making it easy to transfer savings and discouraging cash-outs at job changes that erode long-term retirement security. They simplify enrollment and engagement so that workers who are not financial experts can still build meaningful retirement security. And they recognise that the workforce modern economies depend on, whether salaried, self-employed, or engaged in platform-based work, deserves access to the same long-term savings opportunities.

Expanding access is not about mandating participation in a one-size fits all model. It is about reducing structural barriers, supporting continuity of savings across different employment arrangements, and ensuring that the people who contribute to economic growth can also prepare for their own futures. When coverage becomes broader and more inclusive, retirement shifts from being a benefit for some to a foundation for economic resilience across entire populations.

## Manulife in action



Manulife works with employers and policymakers to broaden access through simpler plan design, digital enrollment, and engagement tools that reduce friction across the savings journey. We offer workplace savings solutions tailored to small and mid-sized employers and support participants as they transition between jobs by providing guidance to keep retirement savings on track.



3

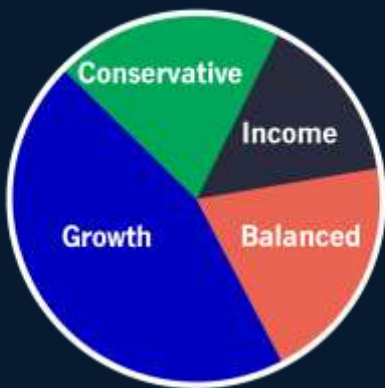


**Flexibility with safeguards:  
Enable choice while  
protecting long-term  
outcomes**

Too conservative by default



Professionally managed default



Retirement is personal, and systems must reflect the diversity of individual needs. But flexibility without structure can become a source of fragility. Behavioural research consistently shows that individuals, especially during periods of uncertainty, draw down savings too quickly or make decisions that unintentionally jeopardise long-term security<sup>6</sup>. In retirement savings, freedom without guardrails can quietly unwind decades of disciplined saving.

Strong systems balance flexibility for savers with wisely constructed safeguards. They allow individuals to make personal choices regarding contribution rates and investments, withdrawal options, structure income streams, annuitisation options, or hybrid models, while embedding design features that protect against premature depletion. Well-designed defaults, from contribution levels to diversified, age appropriate asset allocation, ensure that participants who do not make active choices can still build meaningful retirement security. They incorporate nudges that help people stay disciplined during market stress and guidance that supports more resilient withdrawal patterns. When flexibility is paired with protection, it becomes a source of strength rather than an amplifier of risk.

This is particularly evident in how default investment strategies are designed. For example, over the past three decades, the S&P 500 delivered approximately 9% annual returns on average, compared with about 4% for U.S. bonds. A system that defaults savers into overly conservative portfolios, without maintaining appropriate equity exposure, can significantly undermine retirement outcomes. Relying solely on bonds instead of maintaining equity exposure would translate into over US\$1,200 less in monthly retirement income.<sup>7</sup>



**Manulife in action**



Manulife designs retirement solutions that combine participant choice with strong investment governance. Our target-date and balance fund strategies serve as professionally managed defaults that reduce complexity while maintaining appropriate risk exposure. We also provide retirement income and withdrawal planning tools, including income projection capabilities, to help participants assess sustainable drawdown strategies at critical decision points.

4



## Confidence through advice: turning complexity into clarity

### Advice ladder



Even the most well-designed system cannot succeed if participants do not understand it or trust it. Living in retirement involves navigating longevity risk, medical inflation, market uncertainty, tax considerations, and decisions that must be made at precisely the moments when individuals are most vulnerable to stress or misinformation. Guidance, whether digital, human or hybrid is the mechanism that turns complexity into clarity and translates system design into better individual outcomes.

Strong retirement systems increasingly use intuitive digital experiences, clear communications, and ongoing education to help individuals and families stay financial engaged, understand trade-offs, and make more confident retirement decisions.

Our global research shows that individuals who receive personalised projections, scenario modeling, and timely interventions are far more likely to save adequately, stay invested during volatility, and make decisions consistent with long-term security<sup>6</sup>. Advice is not an accessory, it is core infrastructure. As retirements lengthen and choices multiply, systems that embed trusted, accessible advice across health and wealth will help retirees anticipate healthcare costs, close adequacy gaps and achieve financial resilient. The result, more prepared retirees and stronger outcomes.

Effective advice goes beyond investment selection. It helps individuals understand whether they are on track, what trade-offs exist between saving more and retiring later, how health care and long term care costs might affect their plans and what income strategies align with their goals and risk tolerance. It meets participants where they are, digitally for routine check ins, and through human advisors for complex high stake decisions. This value is evident in practice.

### Manulife in action



Manulife integrates guidance throughout the retirement journey. Digital planning tools provide personalised projections and “what-if” scenarios, while experienced human advisors support more complex, high-stakes life-stage decisions. The combination helps participants remain engaged and confident well before choices become irreversible.



5



## Transparency & accountability: building trust for the long term

### Manulife Member Outcomes Index



Adequacy

Investment  
appropriatenessFinancial  
resilience

Retirement readiness score :



Trust is the foundation on which every retirement system depends. Participants commit a lifetime of savings based on the expectation that systems will be fair, transparent and aligned with their long term well-being. Yet trust is fragile. It erodes quickly when information is opaque, fees are unclear or outcomes are difficult to understand.

Systems built on transparency and accountability strengthen trust at every stage. They communicate clearly how investment strategies manage risk, how fees relate to the value provided, and how participants are progressing toward income sufficiency. They focus reporting not on the size of the balance, but on what that balance means for future income.

Strong retirement systems are underpinned by robust governance and asset-protection frameworks, including clear legal structures, trustee oversight, segregation of assets, and effective regulatory supervision. This foundation makes transparency on risks, fees, and income readiness both possible and credible.

They also align incentives so that providers succeed only when participants succeed. Accountability ensures that retirement systems deliver on the promises that millions of individuals and families rely on.

## Manulife in action



Manulife has pioneered outcome-focused measurement through our Manulife Member Outcomes Index (MOI), which assesses retirement readiness across savings adequacy, investment appropriateness and financial resilience. By reframing engagement around income readiness rather than balances alone, Manulife MOI provides clearer signals for participants and enables sponsors to identify gaps and take corrective action earlier.

## Looking ahead: Manulife's commitment

### Retirement is not tomorrow's problem



It is shaped by the decisions we make today and will ultimately be judged not by contribution rates or investment returns alone, but by the security, resilience, and quality of life it delivers across the full arc of people's lives.

Around the world, governments, employers and financial institutions are all being tested by demographic change, rising longevity, and economic uncertainty. The countries that lead in retirement innovation will be those that design systems capable of supporting longer working lives, widening coverage, and helping individual navigate financial decisions with confidence.

At Manulife, our commitment is to help shape the future of retirement, not from the sidelines, but through active partnership. Our global longevity research, digital advice capabilities, financial-resilience insights, and experience operating across diverse pension landscapes position us to contribute meaningfully to system design and policy evolution. We believe retirement providers must be enablers of stronger ecosystems: strengthening savings adequacy, enhancing advice and decision-making, and building trust through transparency, risk management, and long-term stewardship.

The coming decade will redefine what retirement means, for individuals, families, societies and economies. We have an opportunity and a responsibility to build systems that deliver more than income. Systems that deliver resilience, equity and confidence for generations to come.



## Sources:

1. United Nations, [World Population Prospects 2022: Summary of Results \(2022\)](#)
2. OECD, [Pensions at a Glance 2023](#)
3. Manulife, [Global Financial Resilience & Longevity Report \(2025\)](#)
4. Manulife, [Longevity risk: how longer lifespans affect shortfall risk in retirement planning \(2023\)](#)
5. International Labour Office, [Women and Men In The Informal Economy \(2024\)](#)
6. Manulife, How participant actions can help or hinder their retirement savings (2023)
7. Illustrative example only. Assumes a 30-year investment horizon, consistent annual savings of US\$10,000, long-term nominal return assumptions of 9% of equities and 4% for bonds, and a 4% annual withdrawal rate. Outcomes are sensitive to assumptions and do not account for fees, taxes, inflation, or market volatility. Past performance is not indicative of future results.



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