Retirement Proposition Research

May 2025

Created in Partnership with

Contents

01 Alpha FMC

Alpha FMC: What makes us unique?

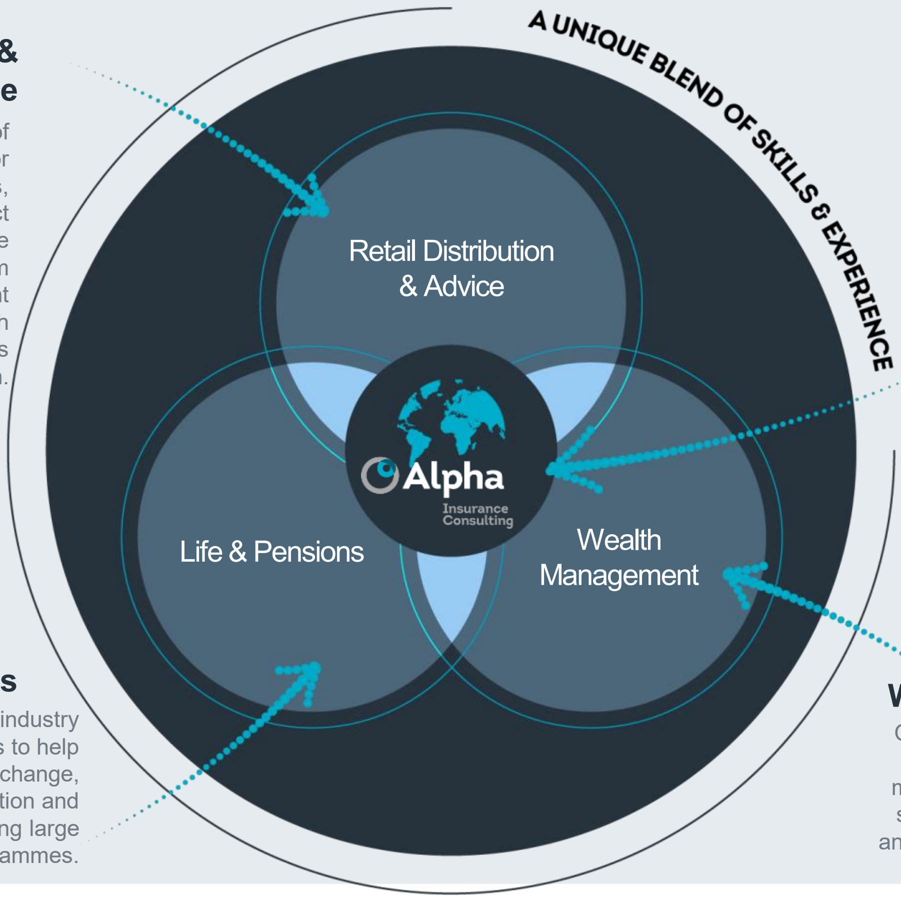
Alpha is uniquely placed to support our clients in the Life and Pensions, Retail Distribution & Advice and Wealth Management markets . Our key differentiator is we have deep industry knowledge in our chosen segments which we are able to showcase to our clients during engagements

Key Differentiators

- Solely Life, Pensions & Retail Investment Focused
- Extensive Industry Knowledge & Network
- Blend of Ex-Industry Practitioners & Experienced Consultants
- Assured and Proven Delivery
- Established Methodologies & Project Accelerators
- Unique Industry Perspective

Retail Distribution & Advice

We work with a wide range of clients in this dynamic sector including distributors, platforms, advice firms and product providers, operating across the full spectrum of change from distribution strategy development and proposition design, through to delivering holistic business transformation.



Unique Position & Global Footprint

We bring a unique blend of skills and global experience that continually enable us to deliver successful change programmes and strategic initiatives for various Life, Pension and Retail Investment market participants.

Life & Pensions

Our Life & Pensions work blends industry experts and experienced consultants to help L&P Providers to deliver value-add change, from growth strategy or cost optimisation and proposition design, through to delivering large scale transformation programmes.

Wealth Management

Our Wealth Management practice works with the leading Wealth managers across strategy, vendor selection, operating model design and transformation implementation.

Alpha has supported many firms to address their most important challenges.

Our work covers the entire value chain.

Scottish Widows, Vanguard, St James's Place, Novia, Royal London, J.C. Flowers & Co., embark group, Fairstone, Sesame Bankhall Group, HgCapital, Aegon, Aviva, M&G, Solomon, Phoenix, Legal & General, Santander, Just, Hellman & Friedman, nest, abrdn, 7IM, nucleus, Standard Life, canada life, Key Retirement, Chesnara, Schroders personal wealth, FNZ, NOW: Pensions, WealthWizards, Skipton Building Society, The Openwork Partnership, Money, HUB Financial Solutions, Kingswood, progeny, Close Brothers Asset Management

02 Methodology

Why did we compile this report ?

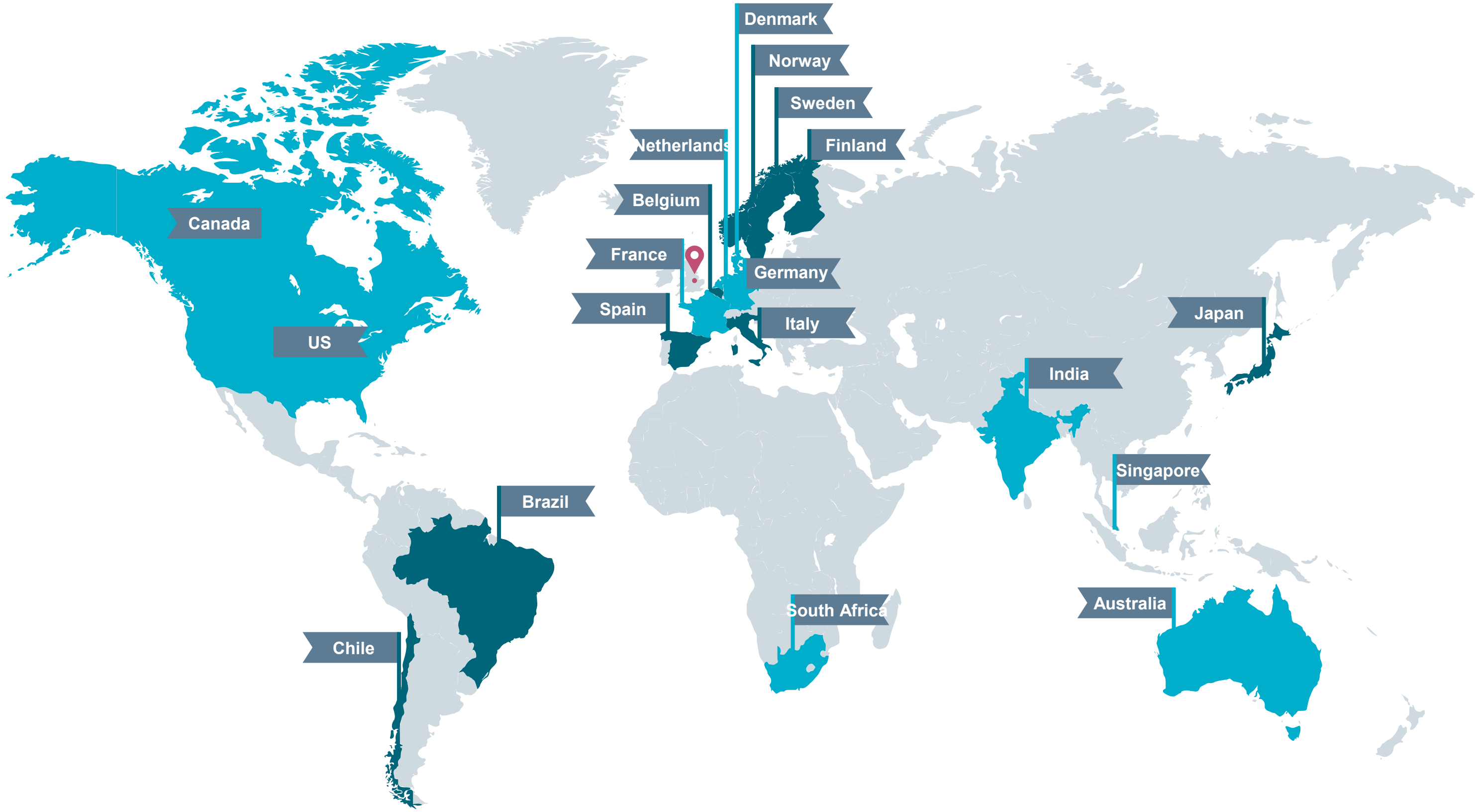
This Analysis was complied in Q4 2024 on the back of a number of request from clients to understand the changing eco-system of the global decumulation market. This report highlights the key factors that are causing challenges plus the response. It also highlights that there is a level of innovation happening in the market although consistency of offering and speed of change are issues

The approach we followed:

Interviews	We interviewed a number of leaders and clients globally to understand the current decumulation landscape and future trends
Desk based analysis	We used our collateral to sense check the outputs whilst adding more detail to the findings
Global SME knowledge	We overlayed the combined findings with our Global SME knowledge to challenge the outputs
Client Workshops	We presented the outputs to our clients globally to add an additional level of scrutiny to the findings

Our methodology utilised Alphas global reach

The world map below highlights the areas Alpha has researched to support discussion on the global decumulation market. The findings from this research is covered throughout this pack



Alpha Global SME Panel


Michael Thomson, ***Partner***


Britton Van Dalen, ***Senior Partner***


Peter Egeberg, ***Partner***


Bastiaan Aalders, ***Partner***


Stanislas Vital, ***Senior Partner***


Rajashik Chatterjee, ***Director***


Harry Coombes, ***Partner***

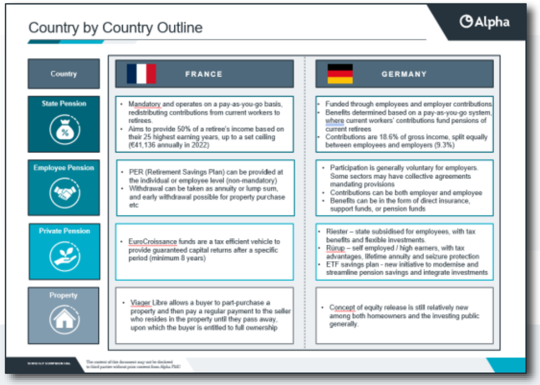

Veit Jung, ***Partner***

KEY:

- All countries with which Alpha engaged representatives and conducted interviews to understand regional trends in the pension decumulation space.
- All countries on which Alpha undertook desk-based research to build further insights around the global pension decumulation space.

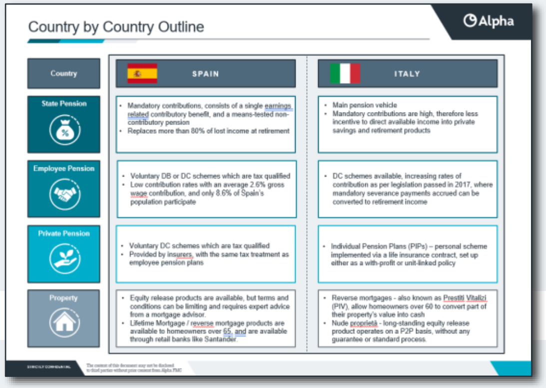
Methodology

As part of the global analysis we identified a number of trends which we will cover. We also identified a number of specific themes which have an impact on the decumulation market. The approach we followed and the areas of focus are noted below



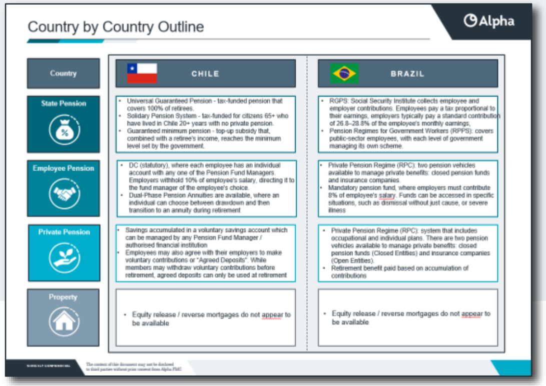
Country by Country Outline

Country	FRANCE	GERMANY
State Pension	• Mandatory and operates on a pay-as-you-go basis, redistributing contributions from current workers to retirees. • Aims to provide 50% of a retiree's income based on their 25 highest earning years, up to a set ceiling (€41,136 annually in 2022)	• Funded through employees and employer contributions • Benefits determined based on a pay-as-you-go system, where current workers' contributions fund pensions of current retirees • Contributions are 18.6% of gross income, split equally between employees and employers (9.3%)
Employee Pension	• PER (Retirement Savings Plan) can be provided at the individual or employee level (non-mandatory) • Withdrawal can be taken as annuity or lump sum, and early withdrawal possible for property purchase etc	• Participation is generally voluntary for employers. Some sectors may have collective agreements mandating provisions • Contributions can be both employer and employee • Benefits can be in the form of direct insurance, support funds, or pension funds
Private Pension	• EuroCroissance funds are a tax efficient vehicle to provide guaranteed capital returns after a specific period (minimum 8 years)	• Riester – state subsidised for employees, with tax benefits and flexible investments. • Rürup – self employed / high earners, with tax advantages, lifetime annuity and seizure protection • ETF savings plan - new initiative to modernise and streamline pension savings and integrate investments
Property	• Viager Libre allows a buyer to part-purchase a property and then pay a regular payment to the seller who resides in the property until they pass away, upon which the buyer is entitled to full ownership	• Concept of equity release is still relatively new among both homeowners and the investing public generally.



Country by Country Outline

Country	SPAIN	ITALY
State Pension	• Mandatory contributions, consists of a single earnings related contributory benefit, and a means-tested non-contributory pension • Replaces more than 80% of lost income at retirement	• Main pension vehicle • Mandatory contributions are high, therefore less incentive to direct available income into private savings and retirement products
Employee Pension	• Voluntary DB or DC schemes which are tax qualified • Low contribution rates with an average 2.6% gross wage contribution, and only 8.6% of Spain's population participate	• DC schemes available, increasing rates of contribution as per legislation passed in 2017, where mandatory severance payments accrued can be converted to retirement income
Private Pension	• Voluntary DC schemes which are tax qualified • Provided by insurers, with the same tax treatment as employee pension plans	• Individual Pension Plans (PIPs) – personal scheme implemented via a life insurance contract, set up either as a with-profit or unit-linked policy
Property	• Equity release products are available, but terms and conditions can be limiting and requires expert advice from a mortgage advisor. • Lifetime Mortgage / reverse mortgage products are available to homeowners over 65, and are available through retail banks like Santander.	• Reverse mortgages - also known as Prestiti Vitalizi (PIV), allow homeowners over 60 to convert part of their property's value into cash • Nude proprietà - long-standing equity release product operates on a P2P basis, without any guarantee or standard process.



Country by Country Outline

Country	CHILE	BRAZIL
State Pension	• Universal Guaranteed Pension - tax-funded pension that covers 100% of retirees. • Solidary Pension System - tax-funded for citizens 65+ who have lived in Chile 20+ years with no private pension. • Guaranteed minimum pension - top-up subsidy that, combined with a retiree's income, reaches the minimum level set by the government.	• RGPS: Social Security Institute collects employee and employer contributions. Employees pay a tax proportional to their earnings, employers typically pay a standard contribution of 26.8–28.8% of the employee's monthly earnings. • Pension Regimes for Government Workers (RPPS): covers public-sector employees, with each level of government managing its own scheme.
Employee Pension	• DC (statutory), where each employee has an individual account with any one of the Pension Fund Managers. Employers withhold 10% of employee's salary, directing it to the fund manager of the employee's choice. • Dual-Phase Pension Annuities are available, where an individual can choose between drawdown and then transition to an annuity during retirement	• Private Pension Regime (RPC): two pension vehicles available to manage private benefits: closed pension funds and insurance companies. • Mandatory pension fund, where employers must contribute 8% of employee's salary. Funds can be accessed in specific situations, such as dismissal without just cause, or severe illness
Private Pension	• Savings accumulated in a voluntary savings account which can be managed by any Pension Fund Manager / authorised financial institution • Employees may also agree with their employers to make voluntary contributions or "Agreed Deposits". While members may withdraw voluntary contributions before retirement, agreed deposits can only be used at retirement	• Private Pension Regime (RPC): system that includes occupational and individual plans. There are two pension vehicles available to manage private benefits: closed pension funds (Closed Entities) and insurance companies (Open Entities). • Retirement benefit paid based on accumulation of contributions
Property	• Equity release / reverse mortgages do not appear to be available	• Equity release / reverse mortgages do not appear to be available

Both the interviews and desk-based research focused on the following themes with a particular consideration on the decumulation offerings:

03 Global Decumulation Trends

The decumulation market is experiencing significant change

The decumulation market is currently experiencing significant change. We expect this trend to continue with providers reacting to further regulatory scrutiny whilst balancing changing customer needs. The factors that are driving the change are:

Market Size and Growth	European retirement assets are expected to quadruple over the next 5 years ($714bn to $2.5tn)
Regulatory Change	Increased scrutiny and focus from regulators for firms to develop robust decumulation strategies
CDC Pensions	Collective Defined Contribution (CDC) pensions are seen as a decumulation option in the UK and Netherlands
DIY Decumulation	Concerns about the adequacy of retirement income and the potential for suboptimal financial outcomes
Consumer Demand	Increased demand from consumers for tailored retirement income solutions

Key Findings

As part of our analysis we found a number of themes that were consistent globally. These themes are putting significant pressure on the global pensions markets which is why we expect significant regulatory activity to continue

Themes

Of the 19 geographies included in this research, all are dealing with the same themes when considering decumulation:

1. Increasing life expectancy
2. Aging population
3. Changing family demographics
4. Increasing need for flexibility

- All territories face the same challenge of providing guaranteed income and accrual opportunities for retirees, but within differing regulatory environments

- Every country is going through the same journey but is at different stages of the maturity curve in terms of their decumulation offering

Key Trends/Variations in Decumulation Solutions Worldwide

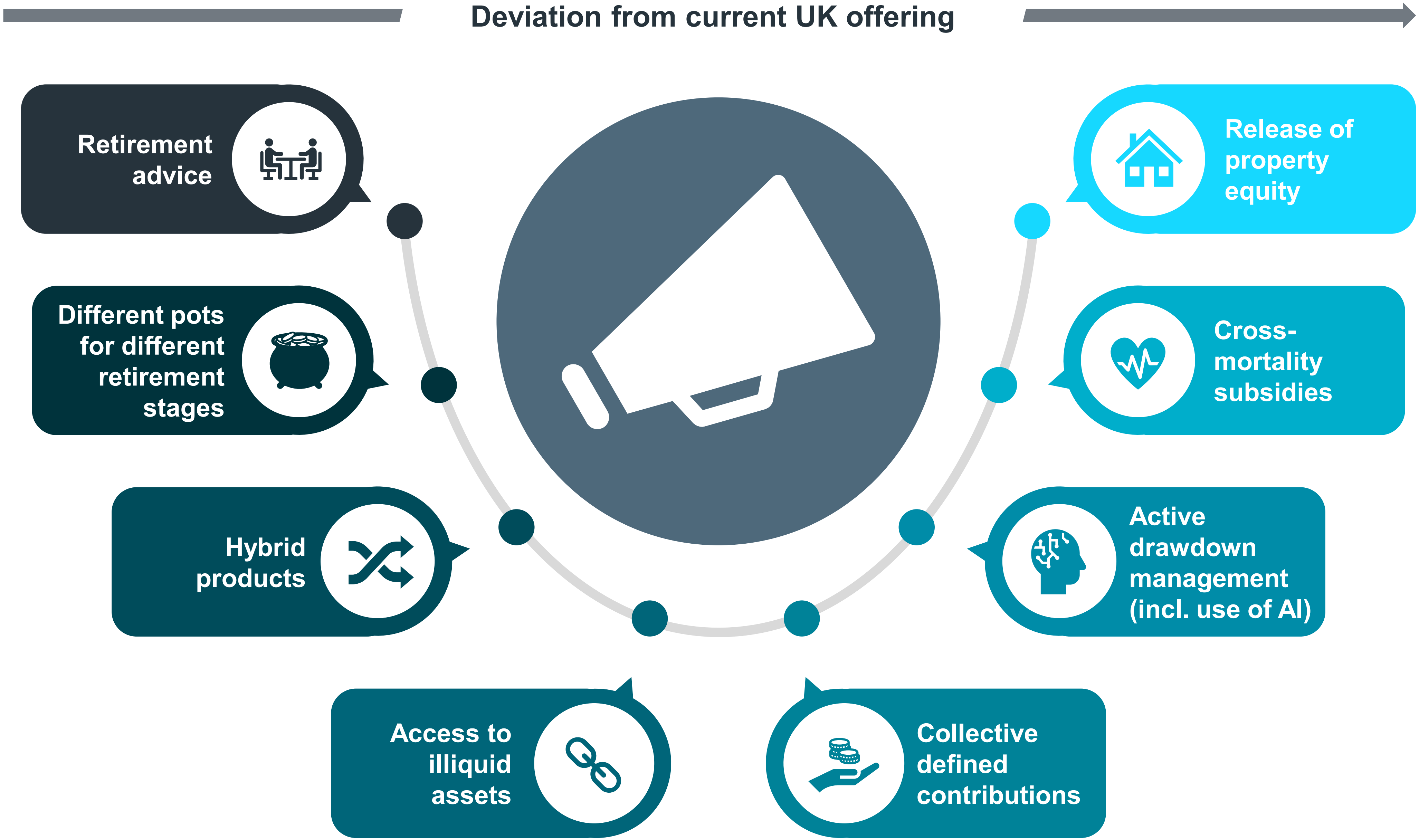
On the back of these global themes we have started to see product innovation across various countries as providers respond to changing customer needs. Examples of new products that are coming to market are:

DENMARK	• *Ratepensionen* (long term annuities) • *Livrenter* (Life long annuities) • *Instalment Payouts* (Similar to Drawdown but more structured) • *ATP Life long pension* (mandatory DC Scheme)
AUSTRALIA / CANADA	• *Account based pensions* (investment linked retirement income stream drawn down from superannuation fund) • *Lifetime Annuities/Term Annuities* • *Later Life Annuities* (designed with age 80+in mind)
CHILE	• *Life-Time Annuities* (Guaranteed fixed monthly income for life) • *Advanced Life Annuities* (hybrid product with life time annuity and programmed withdrawal for a number of years early in retirement) • *Temporary Withdrawal and Deferred Annuity*
UNITED STATES	• *Shift towards income solutions in DC plans* • *Guaranteed income lifetime products (greater use of these by clients)* • *Hybrid decumulation strategies (systematic withdrawals, partial annuitisation)*
FRANCE / BELGIUM	• *Tax optimised drawdown products / limited annuity products in the market* • *Introduction of hybrid products to defend against the increase in retirement age* • *Favourable tax regime for age 60+ to encourage saving for retirement*

04 Key Points

Key variations from UK

We are seeing product innovation at a global level which the UK are now responding too. UK providers are starting to develop similar propositions which will work in tandem with the current decumulation products that are being offered



Financial Advice & Retirement Stages

Our analysis is highlighting an increased focus on quality advice coupled with product flexibility as customers approach retirement

Retirement advice

Different pots for different retirement stages

Hybrid products

- Increasing need for improved quality of advice as well as an improved digital offering
- Increased focus on advisers evidencing customer outcomes by the regulator
- Move to considering retirement finances 'stage by stage' rather than one singular pot
- Customers are looking for increased flexibility throughout the retirement journey with products that can facilitate that experience
- Regular engagement needed; more opportunities available for advisers
- Engagement required throughout the lifetime of the policy rather than just at wake up point.
- Technology can facilitate customer engagement in an cost effective manner

Investment Strategies & Pooling

Globally we are seeing significant changes to investment strategies whilst products are being developed that will give customers greater flexibility of choice into retirement

Access to illiquid assets

Collective defined contributions

Active drawdown management (incl. use of AI)

- Pooling of funds now more common to allow for more diversification (Australia, Canada, Netherlands)
- There is also encouragement by some governments to invest in national priorities, and increased interest in LTAFs
- Evidence from Netherlands those retiring on a CDC scheme receiving on average 28% of their salary, as opposed to 21% on average from defined contribution schemes – UK legislation changes expected shortly
- CDC is being discussed by EBC's in the UK although providers think that it is a number of years away (5+) from being a fully formed option
- Potential requirement for more active management in drawdown - AI could be used to support portfolio rebalancing

Alternative Propositions

New propositions are launching at speed which are starting to emerge in the UK. Further change is expected and needed to keep up with changing customer needs

Cross-mortality subsidies

Release of property equity

- Despite some examples being markedly different from UK regulatory environment, there are opportunities for learnings for what has worked elsewhere
- Hybrid solutions are becoming more prominent globally although these have impact on technology stacks
- There are a number of assets currently inaccessible in the UK, which could offer alternative income vehicles for those in retirement
- Customers are looking at Retirement assets differently as they consider leaving a legacy for family
- There is significant balancing act between comfortable retirement and leaving behind a legacy
- Further innovation of products is required to meet customer needs

05 Regulation

Global regulation continues at pace

Regulation continues to be a significant factor. We expect this to continue in the future with a greater focus on evidencing customer outcomes. As Regulatory programmes are traditionally expensive providers are starting to use AI as a way of reducing operating costs whilst achieving customer needs

Activity	Regulatory Examples	Impact on the Decumulation Market
1 Increasing focus on client outcomes	The EU Retail Investment Strategy (2026) and Ireland's Consumer Protection Code (2025	• Greater focus on at retirement outcomes
2 A new lens on 'at-retirement' support	Australia is progressing with its 'Delivering Better Financial Outcomes' (DFBO) Reform act In Sept 2024, the US DoL introduced the retirement security rule	• Greater focus on advice approaching Retirement and in retirement • Focus on Value for Money propositions, fees and transparency
3 Focus on the provision of AI services	The EU's AI Act due in 2026 introduces a risk-based approach to regulating AI systems	• Clarity to customers around what processes are being driven by AI
4 Scrutiny of digital wealth services	Both MAS and the ASIC have increased their scrutiny on digital and global wealth platforms	• Transparency of advice approaches outcome evidence
5 Third-party oversight	DORA (EU) and the 'outsourcing by investment advisers' ruling from the SEC (USA) are two current examples of this increasing focus globally	• Increased oversight on 3rd party vendors

06 Appendix

Appendix

The appendix gives more detail on what each country is doing in response to the current challenges in the decumulation market. Focusing on the 4 key areas that we highlighted earlier:

State Pension	What pension provisions are available globally and what are the aims
Employer Pension	What workplace pension schemes are available and if they are mandatory or non mandatory
Private Pension	What type of private pension arrangements are available, types of products and selective tax regimes
Property	How property is being treated as a retirement solution globally

Country by Country Outline

Country	FRANCE	GERMANY
State Pension	• Mandatory and operates on a pay-as-you-go basis, redistributing contributions from current workers to retirees. • Aims to provide 50% of a retiree's income based on their 25 highest earning years, up to a set ceiling (€41,136 annually in 2022)	• Funded through employees and employer. • Benefits determined based on a pay-as-you-go, where current workers' contributions fund pensions of retirees • Contributions are 18.6% of gross income, split equally between employees and employers (9.3%)
Employee Pension	• PER (Retirement Savings Plan) can be provided at the individual or employee level (non-mandatory) • Withdrawal can be taken as annuity or lump sum, and early withdrawal possible for property purchase etc	• Participation is generally voluntary for employers. Some sectors may have collective agreements mandating provisions • Contributions can be both employer and employee • Benefits can be in the form of direct insurance, support funds, or pension funds
Private Pension	• EuroCroissance funds are a tax efficient vehicle to provide guaranteed capital returns after a specific period (minimum 8 years)	• Riester – state subsidised for employees, with tax benefits and flexible investments. • Rürup – self employed / high earners, with tax advantages, lifetime annuity and seizure protection • ETF savings plan - new initiative to modernise and streamline pension savings and integrate investments
Property	• Viager Libre allows a buyer to part-purchase a property and then pay a regular payment to the seller who resides in the property until they pass away, upon which the buyer is entitled to full ownership	• Concept of equity release is still relatively new among both homeowners and the investing public generally.

Country by Country Outline

Country	SPAIN	ITALY
State Pension	• Mandatory contributions, consists of a single earnings-related contributory benefit, and a means-tested non-contributory pension • Replaces more than 80% of lost income at retirement	• Main pension vehicle • Mandatory contributions are high, therefore less incentive to direct available income into private savings and retirement products
Employee Pension	• Voluntary DB or DC schemes which are tax qualified • Low contribution rates with an average 2.6% gross wage contribution, and only 8.6% of Spain's population participate	• DC schemes available, increasing rates of contribution as per legislation passed in 2017, where mandatory severance payments accrued can be converted to retirement income
Private Pension	• Voluntary DC schemes which are tax qualified • Provided by insurers, with the same tax treatment as employee pension plans	• Individual Pension Plans (PIPs) – personal scheme implemented via a life insurance contract, set up either as a with-profit or unit-linked policy
Property	• Equity release products are available, but terms and conditions can be limiting and requires expert advice from a mortgage advisor. • Lifetime Mortgage / reverse mortgage products are available to homeowners over 65 and are available through retail banks like Santander.	• Reverse mortgages - also known as Prestiti Vitalizi (PIV), allow homeowners over 60 to convert part of their property's value into cash • Nude proprietà - long-standing equity release product operates on a P2P basis, without any guarantee or standard process.

Country by Country Outline

Country	DENMARK	NORWAY
State Pension	• Statutory scheme • Contributions are made by employers and individuals via tax, and pension is automatically paid out upon retirement age	• Basic pension available for those that have lived or worked in Norway for over 5 years • Size based on years of work and earnings during this period
Employee Pension	• Collective agreements made within sectors, typically set up for 3-5 years with private providers • Typically includes health related benefits also as part of a bundled offering • Upon retirement, both guaranteed income and lump sum options are available	• Combination of defined benefit and defined contributions • During employment the employer must build up the member's fund via percentage of salary, and the fund guarantees fixed payments from retirement age
Private Pension	• Guaranteed income products available for either 10 years or up to 30 years • Contributions deductible from income, return on investments taxed lower than others in Denmark	• Individual Pensions Savings scheme available, a maximum limit of NOK 15000 can be invested each year with tax benefits • Unit-linked combined investment and insurance products available, culturally used for retirement but not tied to a specific age
Property	• Equity release products are available but approval is rare	• Equity release products are available, with demand expected to increase in the coming years

Country by Country Outline

Country	SWEDEN	FINLAND
State Pension	• Administered by the state with multiple components based on an individuals' situation (guaranteed pension, income supplement, housing supplement, personal income support, survivor's pension)	• Earnings related pension - Mandated, both employers and employees must contribute • National pension also available to supplement or to serve as sole pension for low earners
Employee Pension	• Four large occupational schemes available, membership based on employment sector • Membership is high but not mandatory, and it is a DB and DC hybrid	• Group pensions arranged at an industry or employer level, on a defined contribution basis • Contributions not considered income for the employee, and whilst an employee may contribute, the employer must contribute at least half of the total
Private Pension	• Individual pension schemes available through banks or insurance companies, on a voluntary basis	• Individual Pensions available but have lost popularity in recent years • Can be taken out by an individual, an insured person's spouse or an employer
Property	• Home equity extraction is common, with one third of mortgage borrowers extracting equity at least once during 2010-2017	• Small number of reverse mortgage products available

Country by Country Outline

Country	NETHERLANDS	BELGIUM
State Pension	• State pension available to those who reach state pension age. Residents contribute 2% per year whilst living and working in the Netherlands. • Current state pension age is 67 but is gradually increasing	• Employees are entitled from their first day of work. Self-employed are entitled once they have paid contributions for three months. • Contributions are taken directly from salary each month. Overall, employees pay 13.07% of their wages, and employers pay c. 27%.
Employee Pension	• CDC model adopted in response to change in legislation and closure of multiple DB schemes • Enables pooling of investments and hedging of individuals' longevity risk, and provides savers with income for life, removing the need for complex financial decisions	• Traditional defined benefit plans have been dominant in Belgium. However, defined contribution plans are becoming increasingly popular. • There are three types of occupational pension plans: company schemes, industry-wide schemes, and individual pension schemes.
Private Pension	• A variety of investment vehicles available as supplementary pensions • Retirement annuity contracts (Lijfrenteverzekering) enable individuals to save regular basis or a lump sum and agree on an 'expiry date' in advance. The Individual can then purchase an	• Pension saving scheme offered by the government on top of state pension, with a tax break of 25-30%. • Other savings vehicles that are used by some for pensions savings. Individuals are free to use these for this purpose and do not have to wait to retire to withdraw. These do not receive tax relief
Property	• Equity release products are available, with demand expected to increase in the coming years	• Properties can be sold under usufruct, of which the seller continues to live in the property until they pass away but will receive immediate access to the equity upon the sale

Country by Country Outline

Country	AUSTRALIA
State Pension	• Eligibility based on being 67 years or older, an Australian resident, and passing an income and assets test • Over 63% of Australians receive a full or part government pension, in some instances alongside income from super or part-time employment • Some are not eligible at the point of retirement due to income and assets but become eligible over time
Employee Pension	• Superannuation funds in place for 30 years, created to reduce dependency on the state pension • Contributions are mandated for both employer and employee, paid into an individual's superannuation account • Individuals can take a lump sum or 'income stream' (annuity) upon retirement • Tax is paid on contributions, but tax is not paid on withdrawing money from the super • Default and self-selection investment options available. Performance is published for transparency
Private Pension	• Retirement savings accounts are low-cost schemes for those without an employee pension, and operate under the same rules as superannuation accounts
Property	• Equity release products are available, but not commonly used. Property assets are often passed down to dependents as there is no IHT in Australia.

Country by Country Outline

Country	JAPAN	SINGAPORE
State Pension	• Basic plan for all Japanese residents • Fixed monthly income payment based on years of contribution	• Central Provident Fund (CPF) – contribution rates at 37% (17% employer, 20% employee, for under 55s) • Created to fund housing, healthcare, and income needs in retirement, split into different pots pre-55 and turned into a Retirement Account at age 55
Employee Pension	• Mandatory pension system, administered by the state • Higher monthly payments than basic plan, integrated as an earnings-related portion	• See detail for state pension (CPF)
Private Pension	• State-sponsored, allowing drawdowns • Becoming increasingly popular due to aging population, shift from DB to DC schemes and demographic changes	• Supplementary Retirement Scheme – voluntary scheme with tax relief, lump sum or payments over 10 years available at retirement age
Property	• Equity release products available from both government and private financial institutions	• Private property owners eligible for equity term loan • Home Equity Income Loan allows homeowners to participate in CPF LIFE or increase their existing CPF LIFE premium

Country by Country Outline

Country	INDIA	SOUTH AFRICA
State Pension	• National Old Age Pension Scheme in place for those over 60 who are considered below the poverty line and have no financial support from family members	• Known as a state old age grant, which is a non-contributory, means-tested public benefit programme, for over 60s
Employee Pension	• Superannuation funds available, run internally as a trust or in co-operation with life insurance companies • 30-50% can be taken as a lump sum, the remainder must be annuitised	• Mature DC market, whereby individuals largely opt for 'living annuities' (drawdown), investments and drawdown percentage reviewed on an annual basis • Two pot pension system from Sep 2024. Contributions split (1/3 savings, 2/3 retirement) to help manage financial stability / flexibility,
Private Pension	• A number of investment vehicles used for retirement savings such as mutual funds and unit linked life insurance policies, both of which provide tax rebates • Fixed deposit accounts also used for retirement savings, as well as investing in physical gold and property	• Retirement annuities (RA) available, which cannot be accessed until 55 (with exceptions) • With an RA, must use at least 2/3 of the total investment amount at retirement to invest in an annuity. 1/3 can be taken as a cash lump sum tax-free (up to certain limits).
Property	• Reverse mortgages available but popularity is unclear	• Equity release products were offered for a brief period but were unpopular due to high interest rates • No longer available with any existing providers

Country by Country Outline

Country	CHILE	BRAZIL
State Pension	• Universal Guaranteed Pension - tax-funded pension that covers 100% of retirees. • Solidary Pension System - tax-funded for citizens 65+ who have lived in Chile 20+ years with no private pension. • Guaranteed minimum pension - top-up subsidy that, combined with a retiree's income, reaches the minimum level set by the government.	• RGPS: Social Security Institute collects employee and employer contributions. Employees pay a tax proportional to their earnings, employers typically pay a standard contribution of 26.8–28.8% of the employee's earnings, • Pension Regimes for Government Workers (RPPS): covers public-sector employees, with each level of government managing its own scheme.
Employee Pension	• DC (statutory), where each employee has an individual account with any one of the Pension Fund Managers. Employers withhold 10% of employee's salary, directing it to the fund manager of the employee's choice. • Dual-Phase Pension Annuities are available, where an individual can choose between drawdown and then transition to an annuity during retirement	• Private Pension Regime (RPC): two pension vehicles available to manage private benefits: closed pension funds and insurance companies. • Mandatory pension fund, where employers must contribute 8% of employee's salary. Funds can be accessed in specific situations, such as dismissal without just cause, or severe illness
Private Pension	• Savings accumulated in a voluntary savings account which can be managed by any Pension Fund Manager / authorised financial institution • Employees may also agree with their employers to make voluntary contributions or “Agreed Deposits". While members may withdraw voluntary contributions before retirement, agreed deposits can only be used at retirement	• Private Pension Regime (RPC): system that includes occupational and individual plans. There are two pension vehicles available to manage private benefits: closed pension funds (Closed Entities) and insurance companies (Open Entities). • Retirement benefit paid based on accumulation of contributions
Property	• Equity release / reverse mortgages do not appear to be available	• Equity release / reverse mortgages do not appear to be available

Country by Country Outline

Country	UNITED STATES	CANADA
State Pension	• Financed through mandatory social security taxes from both individuals and employers • The amount an individual is paid is based on their earnings during their working years • Survivors' payments also made to surviving spouses or dependents of deceased individuals	• Canada Pension Plan available to those over 60 who have made at least one valid contribution throughout their working life • Monthly amounts calculated by the age an individual decides to start their pension, earnings and length of time contributing
Employee Pension	• 401k is a company sponsored retirement account which receives employer and employee contributions with tax benefits • Employees can move their 401k with them between jobs, or transfer the account to an Individual Retirement Account to receive similar tax benefits	• Consolidation of large public schemes into super funds called Maple 8, on the basis that larger funds can invest in riskier assets – corporate pensions run in the same way • Corporate pensions follow the DC model, where lump sum and drawdown options are available
Private Pension	• Individuals can contribute to an Individual Retirement Account with tax advantages • Various pension plans available to provide retirement income, e.g. the Tontine Trust in which individuals make regular contributions, and receive a guaranteed income for life	• Registered Retirement Savings Plans can be set up for an individual, with spousal benefits • Income earned is tax exempt when funds are vested, but contributions, withdrawals and received payments are taxed
Property	• Equity release not common • Reverse mortgage industry started to gain more traction but is still considered a fringe product and is not promoted by any of the major banks	• Equity release products are available but not commonly used

Contact Information

Alpha

1,180+ Consultants

North America
410+ Consultants
New York
Boston
Toronto
Denver
San Francisco

UK*
515+ Consultants
London
Edinburgh

Europe
200 Consultants
Luxembourg
Paris
Amsterdam
Geneva
Zurich
Copenhagen
Frankfurt

APAC
55+ Consultants
Singapore
Sydney
Melbourne

*Alpha has launched a branch in Abu Dhabi, which is overseen by and will initially form part of the UK business

Should you have any further questions on the information contained within this document, please contact:

Keith Alwyn
Keith.Alwyn@alphafmc.com
+44 7436 243 005

Dan Mahony
Dan.Mahony@alphafmc.com
+44 7867 905 978

A leading consultancy to the asset management, wealth management and insurance industries

Alpha