



The Culture of Aging: Financial Gerontology

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The Insurance Forum 2019
Tokyo, Japan

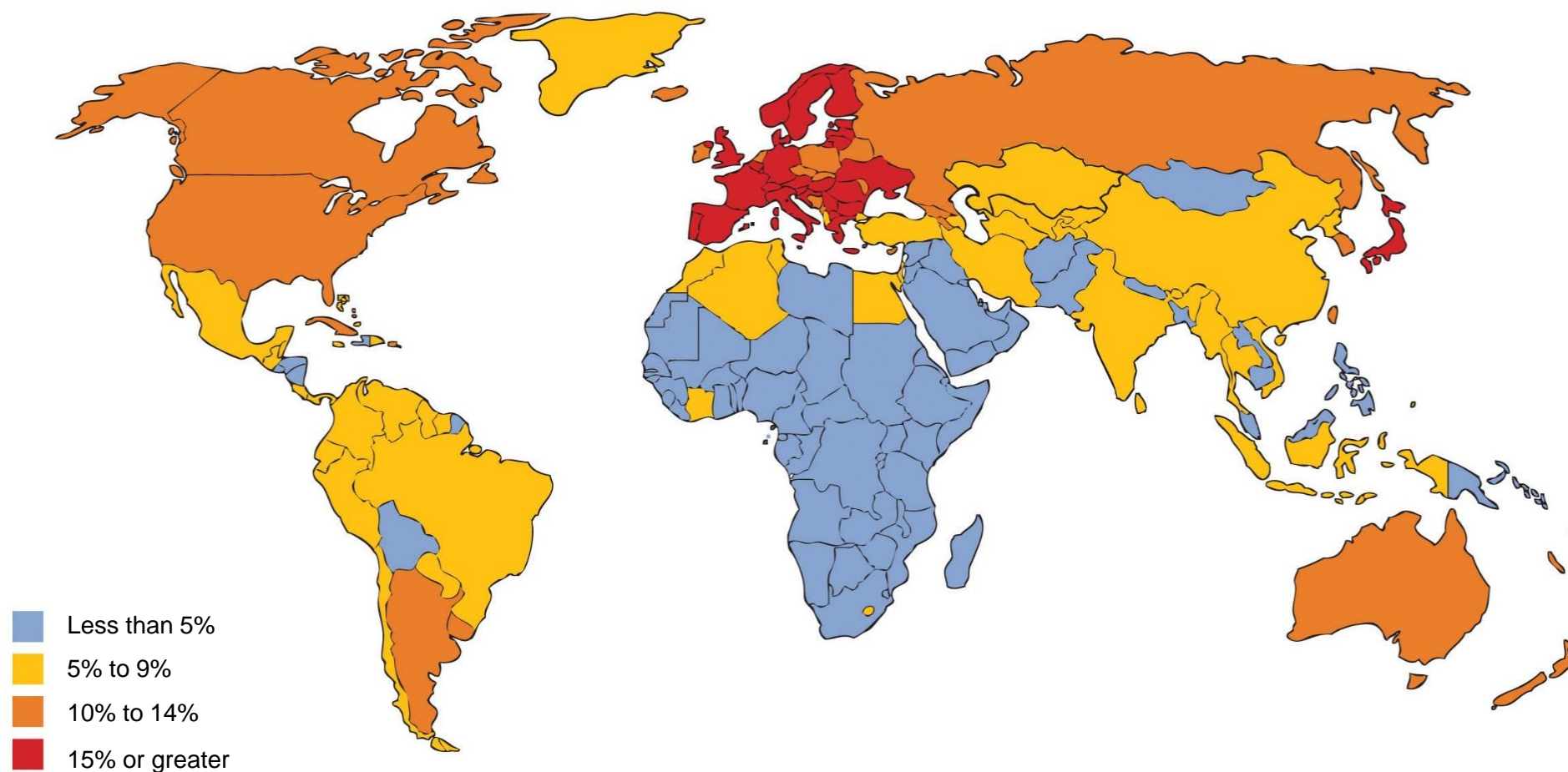
June 5, 2019



The World Is Getting Older

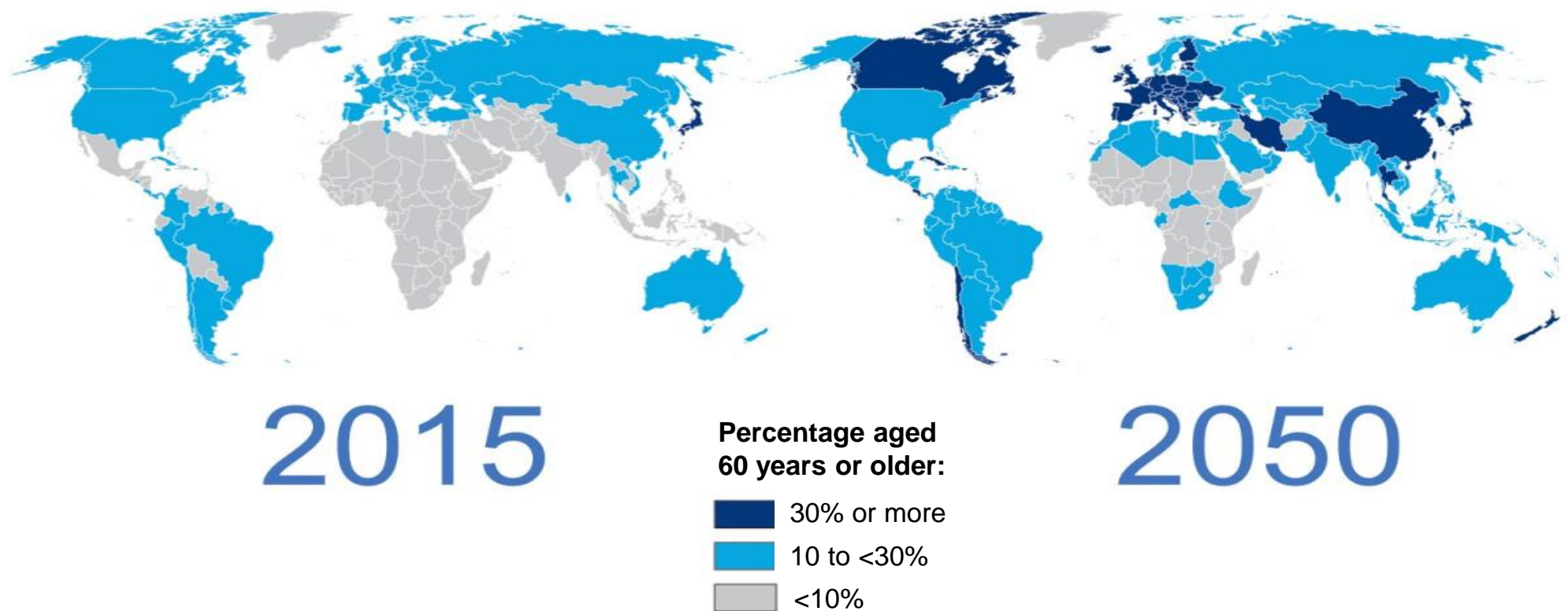


Percentage of Population 60 Years of Age or Older



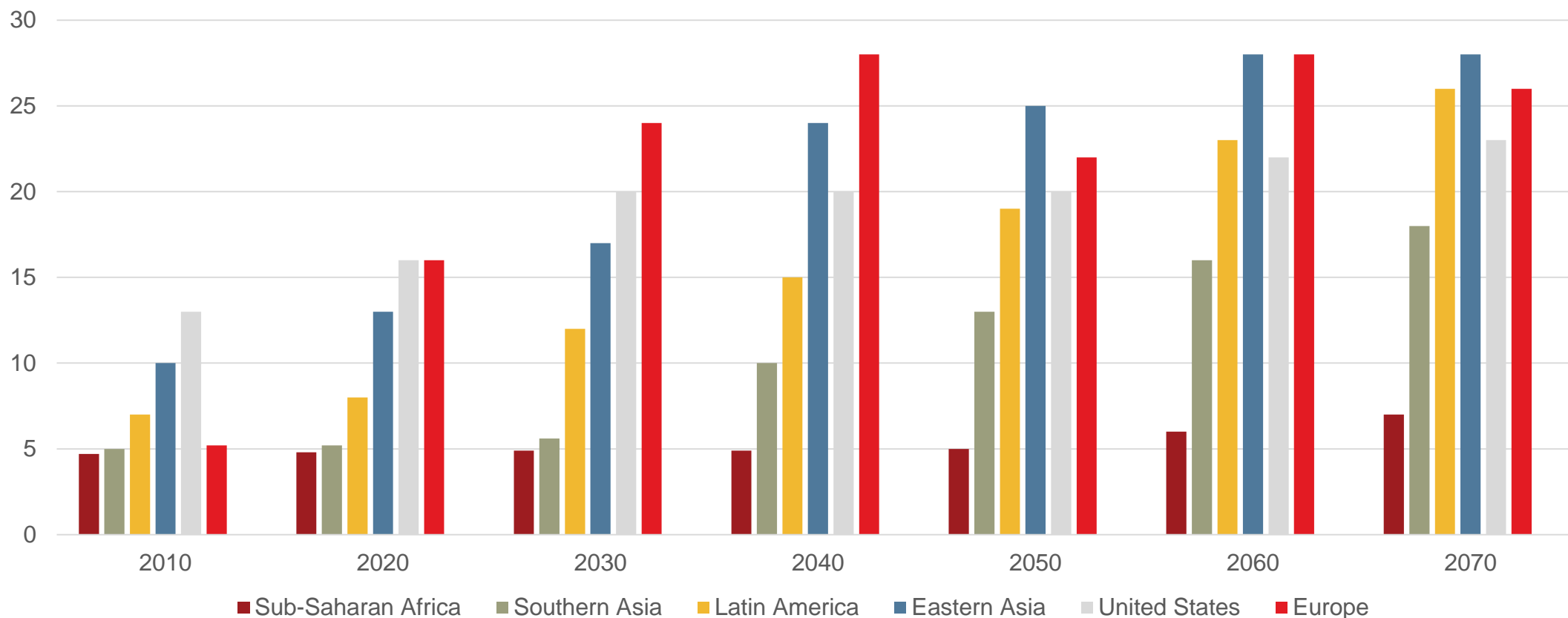
The Distinct and Continuing Trend

The world is getting older



Population by Region

Percentage of population projected to be over age 65



Source: Elizabeth Leahy Madsen. September 10, 2013. "For Fast Growing Countries, Should Aging be a Concern. Planning for the Second Demographic Dividend"

% of Population Over 65 Years Old by Rank

Rank	Country	% over 65 years old
1	Japan	27
2	Italy	23
3	Portugal	22
4	Germany	21
5	Finland	21
6	Bulgaria	21
7	Greece	20
8	Sweden	20
9	Latvia	20
10	Croatia	20

Select Median Ages by Country and Life Expectancies

Combined data for men and women

Country	Median Age *	Life Expectancy **
Monaco (Oldest Median)	53.1	89.5
Japan	47.3	84.3
Hong Kong	44.4	84.1
European Union	42.9	79.6
Canada	42.2	82.7
South Korea	41.8	82.6
United Kingdom	40.5	81
United States	38.1	79.7
China	37.4	76.6

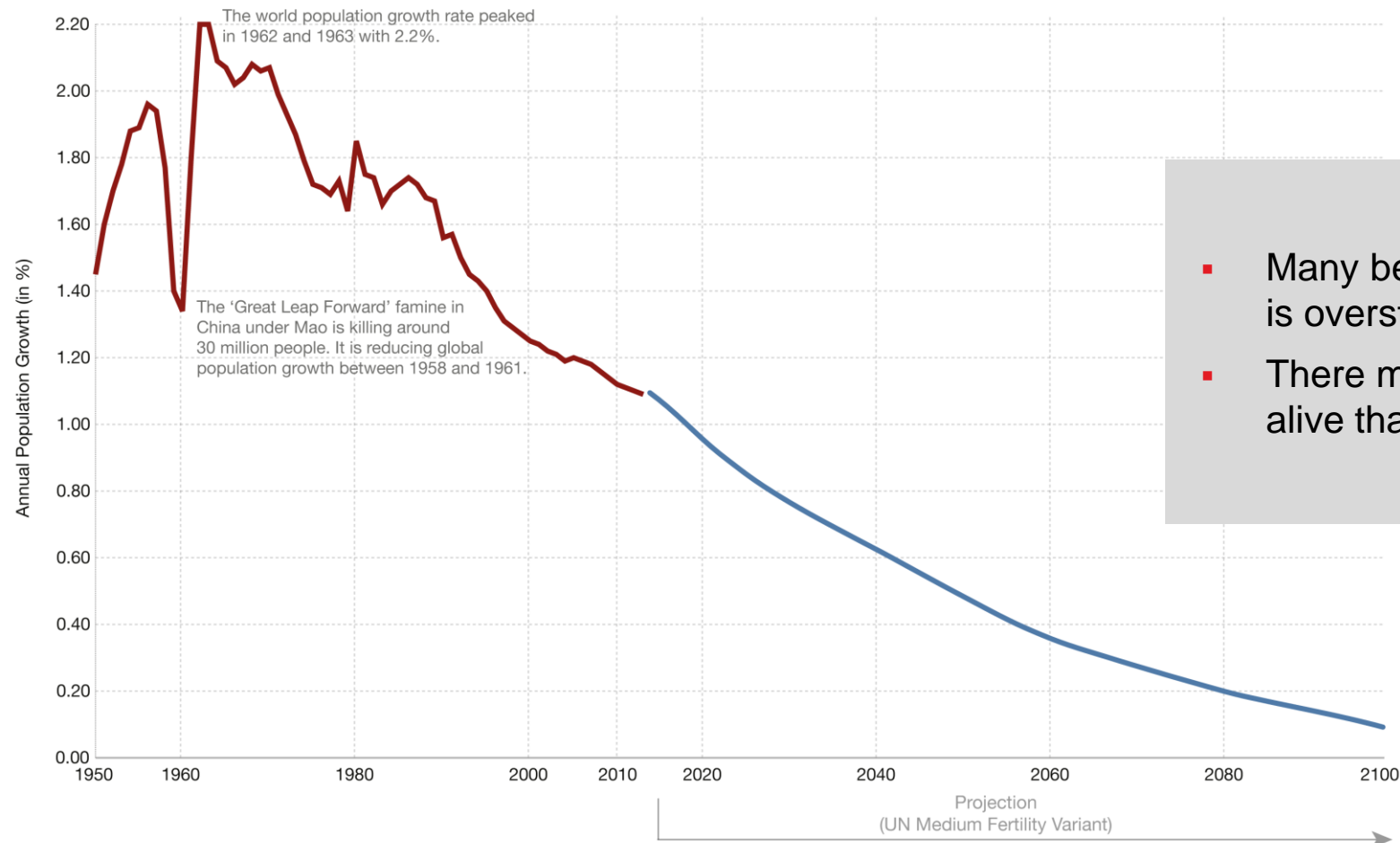
• *US Central Intelligence Agency 2017 Data

• ** World Population Review 2019 Data

World Population Growth Rate Has Changed Dramatically

OurWorld
in Data

Annual world population growth rate (1950-2100)



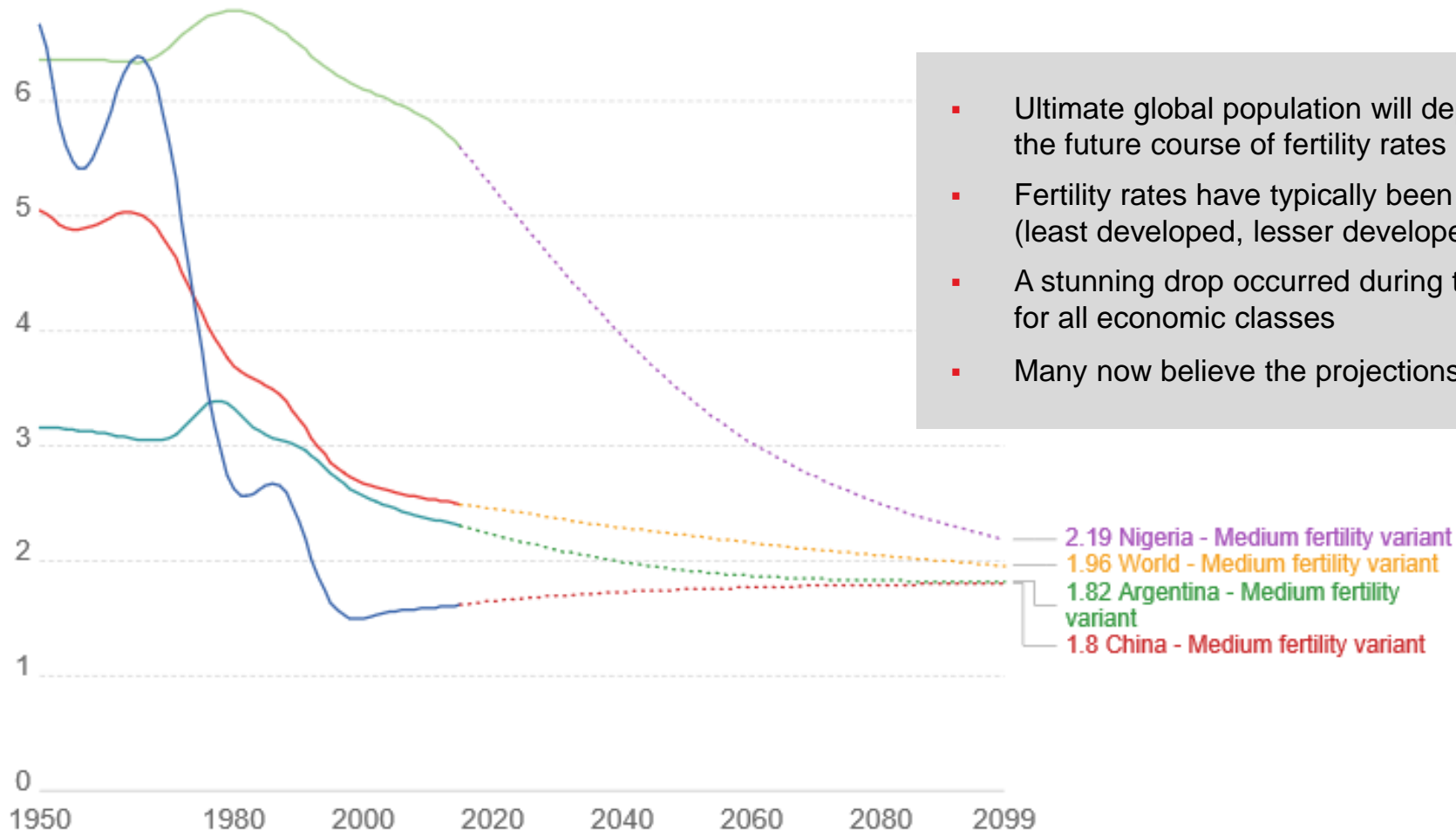
- Many believe the projection is overstated
- There may never be more children alive than are alive today

Data sources: Observations: US Census Bureau & Projections: United Nations Population Division (Medium Variant (2015 revision)). The interactive data visualization is available at OurWorldinData.org. There you find the raw data and more visualizations on this topic.

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Total fertility rate, including UN projections through 2100

Average number of live births per woman, if the woman were to experience the exact current age-specific fertility rates, and to survive till the end of her reproductive life.



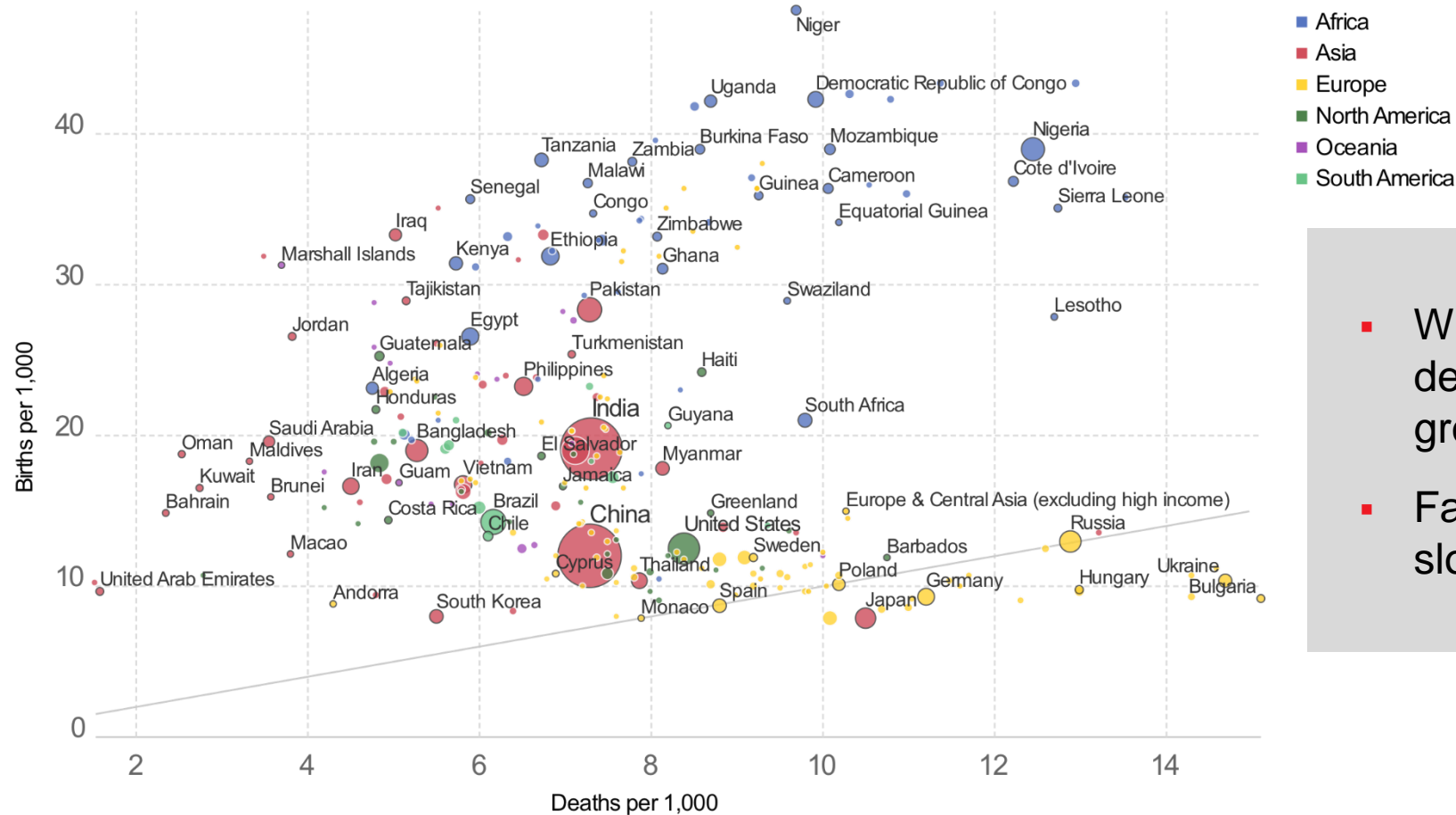
- Ultimate global population will depend upon the future course of fertility rates
- Fertility rates have typically been grouped by economic level (least developed, lesser developed, more developed)
- A stunning drop occurred during the past several decades, for all economic classes
- Many now believe the projections to be high

Source: UN Population Division (2017 Revision)

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Birth Rate vs. Death Rate, 2016

Both the birth and death rate are given per 1,000 people of the country's population. Countries which lie above the grey line have a greater birth than death rate, meaning the total population is increasing; those below the line have a declining population.



- Whether births exceed deaths determines if population is growing or shrinking
- Fastest growth in Africa, slowest in Europe

Although Slow Moving, Effects of Population Aging Are Forceful



Economic



Social

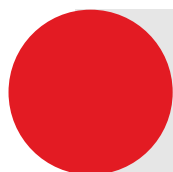


Health and
wellness

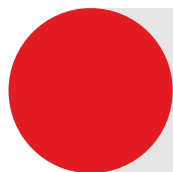


Population migration
causing political effects

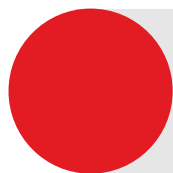
Financial and Economic Considerations



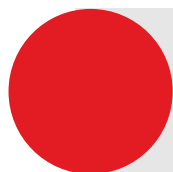
A global retirement income crisis



Deflation / economic stagnation



Generational conflict beginning to show signs of increase



Dependency ratios shifting dramatically

1970

10:1



2050

4:1

Health and Wellness Considerations

- Not only are people living longer, they are living longer in good health
- Nevertheless, strain will be placed upon caregiver sector: robotics will need to take up much of the slack
- Unfortunately little progress on treatment of Alzheimer's
- Multiple advances made by precision medicine techniques, but will access be broad or narrow?

Further Implications of an Aging Society

- Increasing need to educate elder populations in order that they continue contributing socially and economically
- Does society become resistant to change and slow to adapt?
Does innovation decrease? Do elderly withdraw from society, in part?
- There will be clearly increasing needs for services and security
- Population will become increasingly female
- Families become chronologically attenuated

Further Disruption: Life Extension

- “The first person who will live to be 150 years old is alive today”
- Substantial research and money expended, are increasing
- Goal: “age reversal”
- Who will have access?

Life Insurance Implications of Aging Societies

- Increased demand for service component to insurance offerings
- Risks increase in last 25% of life, sometimes gradually, sometimes suddenly
- May be increased emotional component to sales, ranging from fear to pride in leaving financial legacy to the next generation
- Expect more health and wellness benefits (living benefits) and more female orientation
- Life insurance industry should become more important and relevant

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