Longevity Without Security Is a Broken Promise



"Financial security is not just the foundation of a good retirement it is the bridge between longer lives and better lives."

By 2050, one in five people worldwide will be over 60. Yet most retirement systems were built for lifespans that ended a decade earlier. The world is aging—but not planning.

As populations live longer and birth rates decline across the globe, the foundations of retirement systems are under unprecedented strain. The promise of a financially secure retirement—once underwritten by governments and employers—is now increasingly the responsibility of individuals. In a world where life expectancy rises but financial certainty does not, how can societies redesign the retirement experience to match the realities of longevity?

At the heart of this global crisis lies a fundamental truth: financial security is the cornerstone of a good retirement. It is not enough to celebrate longer lives without ensuring that people can sustain the quality of life they had during their working years.

From Wealth to Income: Changing the Retirement Conversation

Most retirement systems today emphasize how much individuals have saved—focusing on account balances or accumulated wealth. But this misses the real question: how much income can that wealth generate over time?

An effective retirement plan should communicate not only the size of the nest egg but also the retirement income it can deliver, particularly in inflation-adjusted terms. Failing to make this connection often leaves retirees overestimating their security or under-preparing for future needs.

Four Strategies to Strengthen Retirement Readiness

To navigate this landscape, individuals—and the systems supporting them—must shift their

approach. Four key strategies can dramatically improve outcomes:

Strategy 1: Save More, Spend Less

The most direct approach. Whether by increasing contributions or reducing current consumption, building a larger retirement reserve remains the most reliable strategy.

Strategy 2: Extend Working Years Wisely

Delaying retirement increases savings while shortening the period those savings must cover. Even working a few extra years can significantly boost long-term resilience.

Strategy 3: Take Smart Investment Risks

Riskier assets like equities offer higher potential returns but also more volatility. Individuals should build flexible plans that can weather market downturns.

Strategy 4: Turn Assets into Income Streams

Use tools like annuities and reverse mortgages to transform static or illiquid assets into stable, predictable income, especially valuable for middle-income retirees.

Instruments for Income Stability

Among the most powerful yet underutilized financial tools are annuities, which provide guaranteed income for life, and reverse mortgages, which allow retirees to draw value from their homes without selling. These are especially relevant in countries like Thailand, where homeownership is high.

Another innovation is the Retirement Saving Bond—a government-backed instrument that works like a deferred pension. Indexed to inflation or consumption, these bonds provide predictable payouts and are ideal for informal sector workers without pension coverage.

Six Pillars of a Resilient Retirement Framework

Addressing the retirement challenge requires more than individual action. A robust, integrated system must rest on six complementary pillars:

Pillar I – Secure and Sustain National Pension Systems: Strengthen the foundation of public pensions to ensure long-term sustainability and public trust. Reforms should focus on adequacy, fiscal resilience, and transparent governance.

Pillar II – Optimize Employer-Based Defined Contribution Plans: Enhance defined contribution plans to better serve workers. Simplify plan design, use auto-enrollment, and provide clear income projections to aid informed decisions.

Pillar III – Expand Coverage to Informal and Gig Workers: Develop inclusive, low-cost savings options tailored to workers outside the formal sector. Use digital tools and incentives to bridge the retirement coverage gap.

Pillar IV – Unlock Retirement Income from Assets: Support policies that promote annuity use and home equity conversion to turn assets into income. Encourage financial innovation and consumer protection.

Pillar V – Redesign Work for Longer Lives: Adapt labor markets to accommodate older adults. Create flexible job roles, promote age-friendly workplaces, and match jobs to experience and capacity.

Pillar VI – Build a Lifelong Financial Safety Net: Integrate retirement into a broader system of financial resilience. Provide protection against shocks like illness or unemployment and promote early, continuous saving.

Beyond Pensions: Toward a Secure Longevity Economy

Retirement is no longer a single life phase—it is a decades-long financial and personal journey. Systems built for shorter lifespans must evolve to meet the needs of today's longevity economy.

For Thailand and other middle-income nations, this is a critical moment: either take proactive steps now or face a widening gap between rising life expectancy and falling retirement readiness. By shifting the focus from wealth accumulation to income security, promoting financial literacy, and building inclusive systems, countries can ensure a retirement experience built on dignity and security—not uncertainty and austerity.

Note: This article is based on insights from a keynote lecture delivered by Professor Robert C. Merton, School of Management Distinguished Professor of Finance at MIT Sloan School of Management, at Beyond Years: The Future of Longevity, organized by MIT Sloan Global Programs.

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