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Future-Proofing the Longevity Economy: Innovations and Key Trends

WHITE PAPER

MARCH 2025

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Contents

Foreword

Haleh Nazeri
Lead, Longevity Economy,
World Economic Forum

Graham Pearce
Senior Partner,
Global Defined Benefit
Segment Leader, Mercer

The world appears increasingly fragmented, but one universal reality connects us all – ageing. Across the world, people are living longer than past generations, in some cases by up to 20 years. This longevity shift, coupled with declining birth rates, is reshaping economies, workforces and financial systems, with profound implications for individuals, businesses and governments alike.

As countries transform, the systems that underpin them must also evolve. Today's reality includes a widening gap between healthspan and lifespan, the emergence of a multigenerational workforce with five generations working side by side, and the need for stronger intergenerational collaboration.

One of the most important topics to consider during this demographic transition is the economic implications of longer lives. This paper highlights five key trends that will influence and shape the financial resilience of institutions, governments and individuals in the years ahead. It also showcases innovative solutions that are already being implemented by countries, businesses and organizations to prepare for the future.

While the challenges are significant, they also present an opportunity to develop systems that are more inclusive, equitable, resilient and sustainable for the long term. This is a chance to strengthen pension systems and social protections, not only for those who have traditionally benefited, but also for those who were left out of social contracts the first time.

We are grateful to our multistakeholder consortium of leaders across business, the public sector, civil society and academia for their contributions, inputs and collaboration on this report. We look forward to seeing how others will continue to build on these innovative ideas to future-proof the longevity economy for a brighter and more prosperous tomorrow.

Executive summary

The world is at a pivotal moment in its demographic transition.

More than one in four people worldwide now reside in a country where the population has already peaked in size, signalling a profound shift in labour markets and economic systems.[1] Meanwhile, global life expectancy has increased significantly over the past century; however, this progress masks stark disparities – life expectancy can exceed 80 years in high-income countries yet remain below 60 in some low-income nations.[2] As birth rates decline, some of the world's most advanced economies would need to at least double their productivity growth rates to sustain historical improvements in living standards.[3]

These demographic shifts intersect with two other defining transitions of our time: the rapid acceleration of technological advances and artificial intelligence, as well as the escalating impact of climate change and extreme heat. Taken together, these forces create both an urgent challenge and an unprecedented opportunity to rethink financial resilience and economic participation across all life stages. Governments, businesses and civil society must act now to build systems that enable people of all generations to thrive.

Building on the Longevity Economy Principles, this publication synthesizes five key trends shaping financial resilience and highlights scalable innovations that can be adapted to different national and sectoral contexts.

Building resilient public retirement systems

As populations age, public retirement systems face growing challenges with regard to financial sustainability.

From accumulation to decumulation

The global shift from defined benefit to defined contribution plans places greater responsibility on individuals to manage their own financial security.

Role of employers in financial well-being

Supporting financial well-being is not just an investment in employees – it is an investment in organizational resilience and success.

Economics of caregiving and long-term care

The growing demand for care services requires urgent policy and workplace solutions to support both carers and care recipients.

Pathways for economic growth

Flexible social systems are essential for enabling individuals to navigate economic transitions, which in turn allows them to continue contributing meaningfully to long-term economic growth.

> The question is not whether change will come – but whether stakeholders will shape it or be forced to react to it.

The "future" of the longevity economy is not in some distant moment – it is already here. Around the world, innovative solutions are emerging to meet the challenges of this demographic transition, and these can be scaled, adapted and integrated into broader financial and social frameworks. By investing in resilient financial systems, inclusive policies and sustainable support structures, stakeholders across the public and private sectors can shape a longevity economy in which people of all ages can thrive. Without bold action, the world risks financial instability, overwhelmed care systems and a workforce unprepared for the future.

The question is not whether change will come – but whether stakeholders will shape it or be forced to react to it. This report serves as both a roadmap and a call to action – empowering decision-makers to take bold steps in reimagining financial resilience for generations to come.

Introduction

Society has an opportunity to proactively address the seismic demographic transition and co-design an environment in which both young and old can flourish, benefiting all.

Demographic shifts are reshaping the world in profound ways, driving unprecedented changes in social and economic systems.

As global populations age and birth rates decline, society must urgently adapt to the changing realities. All regions of the world will be affected by this seismic demographic transition. The statistics are sobering and highlight the urgency of this shift:

– By 2080, individuals aged 65 or older are projected to outnumber children under the age of 18.[4]

– By 2060, Asia will have 60% of the world's population aged 65 and older.[5]

– By 2050, the global population aged 65 and older will reach 1.6 billion, with one in six people over 65.[6] In Europe and North America, this ratio will rise to one in four; in some countries, such as Japan, South Korea and Italy, this ratio is projected to exceed one in three.[7]

– By 2050, sub-Saharan Africa is projected to have a net increase of 740 million people, experiencing the fastest increase in the traditional working-age population of all regions.[8]

– As of 2025, one in four people reside in one of the 63 countries that have already peaked in size, accounting for 28% of the world's population.[9] China, previously the world's most populous country, saw its population decline in 2022 for the first time in six decades.[10]

The traditional balance between the years spent in productive employment and retirement is rapidly becoming unsustainable. For decades, the "demographic dividend" – the economic benefit resulting from a large and increasing working-age population compared to retirees – has helped fuel growth in many nations. However, as life expectancy increases and birth rates decline, countries now face the dual challenge of maintaining the resilience of economic systems while ensuring younger generations are not overburdened with future financial strain.

These demographic changes not only necessitate a re-evaluation of economic, retirement, healthcare and care systems but also influence individuals' financial pathways and the role of employers in supporting a multistage life, creating a complex web of interdependencies that must be addressed holistically.

Yet society as a whole is largely unprepared for this significant demographic shift, either due to inadequate savings, lack of career flexibility or outdated pension systems with mandated retirement ages. In many regions, particularly in low- and middle-income countries, barriers including limited job opportunities, economic instability and inadequate infrastructure can add further complications.

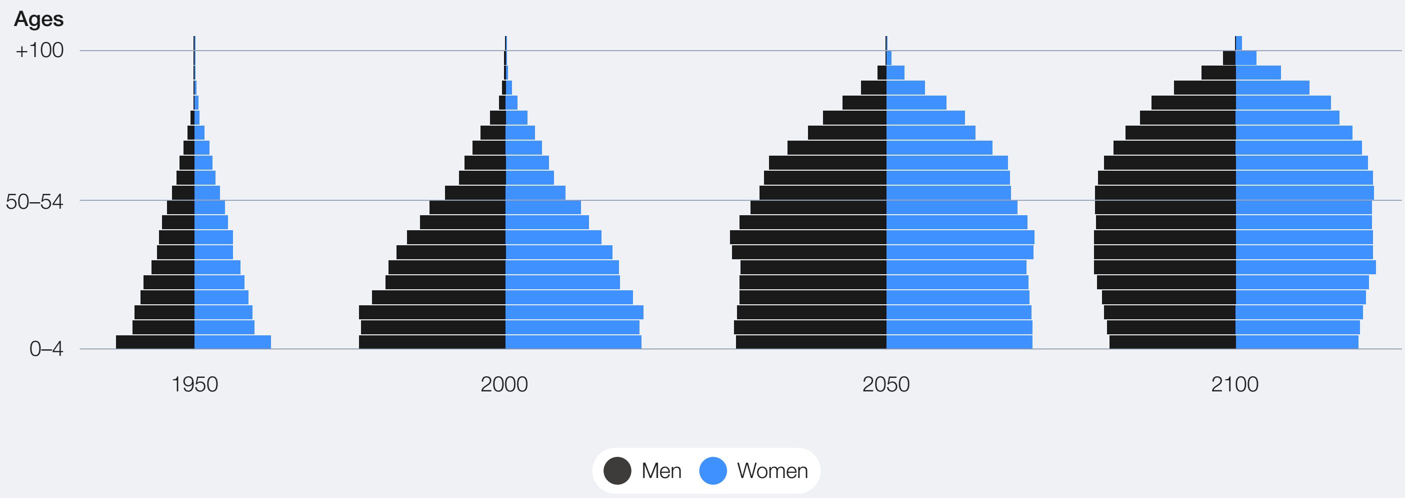
Reframing the demographic dividend

The idea that an ageing society is a burden, and will deplete resources and tax social services, needs to be reframed: in a multistage life, everyone can contribute and benefit at different times depending on their circumstances. The challenge, then, is creating systems that allow people to contribute to society at various stages of life, whether that means transitioning into entrepreneurial ventures, shifting careers or engaging in informal care provision, while also increasing the number of years in which people are healthy enough to make a positive contribution to the economy. Facilitating these transitions, ensuring financial security at each stage and promoting healthy ageing unlocks opportunities for all generations to thrive, while at the same time increasing the overall size of the economy.

An inclusive and financially resilient future is not just about making adjustments to existing systems, but about rethinking how individuals can be supported in their economic roles over time. Whether what is needed is providing access to lifelong learning, supporting carers or ensuring adequate retirement savings, the future of work (and life) – and the financial systems that support it – needs to be flexible and inclusive.

The world is at a pivotal point, one where the longevity economy offers immense potential. Society has an opportunity to proactively address this seismic demographic transition and co-design an environment in which both young and old can flourish, benefiting all. A profound public debate about the future of the longevity economy – in which a sound, resilient pension system is just one aspect – has been largely absent from global discourse. This paper aims to promote this dialogue and bring together stakeholders from the public and private sectors and civil society to collaboratively explore innovative solutions to future-proof the longevity economy.

FIGURE 1 **Global population pyramids**



NOTE: Medium-fertility scenario. Only countries and areas with a population of at least 1 million are shown in the line chart. The boundaries, colours, denominations and any other information shown on the map do not imply any judgement on the legal status of any territory or any endorsement or acceptance of such boundaries.

SOURCE: United Nations Department of Economic and Social Affairs. (2024). *World population prospects 2024.* https://population.un.org/wpp/

Innovations and emerging trends of the longevity economy

This paper builds upon the World Economic Forum's 2024 insight report, Longevity Economy Principles: The Foundation for a Financially Resilient Future. The sections and focus areas outlined below investigate the multifaceted challenges and the opportunities for innovations to support the world through this significant demographic transition:

– **Building resilient public retirement systems:** This focus area tackles the urgent need to reform public retirement systems in light of demographic changes, ensuring they are financially sustainable and inclusive, and that they meet the needs of an increasingly population with diverse requirements.

– **From accumulation to decumulation:** With people living longer, traditional retirement systems must be revamped to ensure that retirement savings can sustain individuals throughout their lifetimes. This section examines innovative solutions for turning retirement savings into reliable lifetime income and focuses on the "decumulation" phase of retirement.

– **Role of employers in financial well-being:** Employers can play a crucial role in enhancing financial well-being through programmes that provide support for employees at all stages of their lives.

– **Economics of caregiving and long-term care:** Providing care, for both children and older relatives, disproportionately affects women and has long-term implications for financial stability. This section highlights how systems must evolve to support caring roles and address gaps in savings and income.

– **Pathways for economic growth:** Examining how financial systems must adapt to support people through different life stages, career changes and caring responsibilities, this focus area explores solutions to help build both financial resilience for the individual and long-term growth for the economy.

Many reports on longevity naturally emphasize health as an important pillar. This paper complements that perspective by focusing on financial resilience, highlighting the systemic trends and innovations that can enable individuals to thrive. Additionally, the paper explores how broader trends and challenges are reshaping the longevity economy. Technology and artificial intelligence (AI) are transforming industries. At the same time, extreme heat and other climate-related challenges are already affecting vulnerable sectors of society. Finally, looking ahead to the future of the longevity economy, the paper examines how evolving societal attitudes to ageing, work, finance and health can create new opportunities for every generation.

There exists a myriad of innovative solutions that are ready to spread, scale and adapt to different national and sectoral contexts.

Building towards a more inclusive and financially resilient future

The solutions outlined in this paper provide a blueprint for how societies can embrace the longevity economy. The transition from a linear to a varied multistage life approach will not only help improve quality of life and financial security for individuals but also harness the potential of an increasingly older workforce to fuel innovation and economic growth.

The following sections explore achievable strategies and best practices, offering a vision for the future in which financial pathways are designed to support individuals at every stage of their life – helping to ensure not just financial resilience but also fulfilling careers and meaningful participation in society throughout a person's lifespan. In many ways, the "future" is already here, as there exists a myriad of innovative solutions that are ready to spread, scale and adapt to different national and sectoral contexts. The goal of this work is to develop a world in which purposeful contribution, meaningful connection and financial resilience are integrated throughout all life stages, creating new opportunities for engagement, economic growth and collective well-being.

TABLE 1 **Summary of the six principles of the longevity economy**

Ensure financial resilience through important life events Nearly 40% of people globally face financial instability after unplanned career interruptions, including breaks in their careers, illness or unexpected retirement.[11] Public–private collaboration is crucial to support individuals navigating these challenges.
Provide universal access to impartial financial education Only 33% of the global population is deemed financially literate,[12] contributing to wealth inequalities that are in turn strongly correlated with life expectancy inequalities. Comprehensive, impartial financial education enables individuals to make informed financial decisions.
Prioritize healthy ageing as foundational for the longevity economy Around one-fifth of life is expected to be lived with illness,[13] with 80% of adults in developing countries concerned about the cost of medical expenses. Equitable access to health services can facilitate well-being for both the individual and broader society.[14]
Evolve jobs and lifelong skill-building for a multigenerational workforce Globally, up to 25% of individuals aged 55 and older wish to work in old age but face barriers in finding opportunities.[15] Demographic shifts and technology innovations require jobs and skill-building to adapt and evolve, enabling individuals to extend their working years as desired.
Design systems and environments for social connection and purpose Social connection is integral to healthy longevity. Socially isolated older adults have a higher risk of poor health and earlier death. Designing systems and environments for social connection can mitigate these impacts.
Address longevity inequalities, including across gender, race and class The benefits of longevity are not distributed equitably. Promoting pay and pension equity, as well as support for informal carers, are some of the crucial steps that could deliver necessary change in this area.

1

Building resilient public retirement systems

Modernizing public retirement systems to be more resilient is not only a moral imperative but also a critical step towards achieving economic stability and social cohesion.

As populations age and lifespans increase, retirement systems worldwide face mounting challenges to remain sustainable and inclusive.

Without significant reforms, these systems risk insolvency, exacerbating poverty among older adults and placing undue strain on younger generations.

1.1 The case for action

Resilient systems can be achieved through innovative reforms that expand coverage, ensure equitable contributions and align benefits with long-term demographic realities.

Resilient public retirement systems are essential for economic stability and intergenerational equity.

Public retirement systems are a cornerstone of economic security. As life expectancies increase and birth rates decline, these systems face unprecedented challenges. Addressing these challenges requires innovative solutions that ensure financial stability, intergenerational equity and inclusion for all workers, particularly in informal sectors.

– By 2050, the global population aged 65 and older will more than double, reaching 1.6 billion people, creating unprecedented pressure on retirement systems to support longer lifespans.[16]

– More than half the world's workforce operates in informal economies, with no access to pensions or retirement savings, leaving millions unprepared for financial security in old age.[17]

– By 2060, governments globally could face deficits averaging 9.1% of gross domestic product (GDP) if ageing-related fiscal policies are not reformed. Emerging markets are particularly vulnerable, with potential deficits reaching 15.9% of GDP compared to 5.6% in advanced economies.[18]

Retirement systems vary significantly among countries in their design, funding mechanisms and reliance on private savings. Countries such as France and some northern European nations rely on taxation-based, risk-pooled state pensions, while the United States and many emerging economies expect workers to accrue their own savings through private retirement accounts. These differences shape the level of individual financial responsibility and the degree to which government intervention is necessary to ensure financial security in later life.

Without robust public retirement systems, millions of retirees could face poverty, and the broader economy could suffer from reduced consumer spending and increased healthcare costs. Countries that fail to act risk growing intergenerational tensions as younger workers bear the financial burden of funding unsustainable systems. These pressures are particularly acute in emerging markets, where coverage gaps and fiscal constraints exacerbate vulnerabilities.

However, there is a path forward. Resilient systems can be achieved through innovative reforms that expand coverage, ensure equitable contributions and align benefits with long-term demographic realities. By integrating public policy with private-sector innovations, countries can create sustainable systems that meet the needs of everyone. These reforms require bold action, cross-sector collaboration and a commitment to equity and sustainability.[19]

1.2 Understanding the challenges

Demographic shifts and fiscal strain are creating unprecedented challenges for public retirement systems.

As populations age, the number of retirees relying on public pension systems is increasing dramatically, while the working-age population, whose contributions fund these systems, is shrinking. This demographic shift places immense pressure on pay-as-you-go systems in which current workers' contributions fund retirees' benefits.

Combined with longer lifespans, this demographic shift means individuals will rely on pensions for more years than ever before, straining public finances. Without reforms, many systems face the risk of insolvency, jeopardizing the financial security of millions.

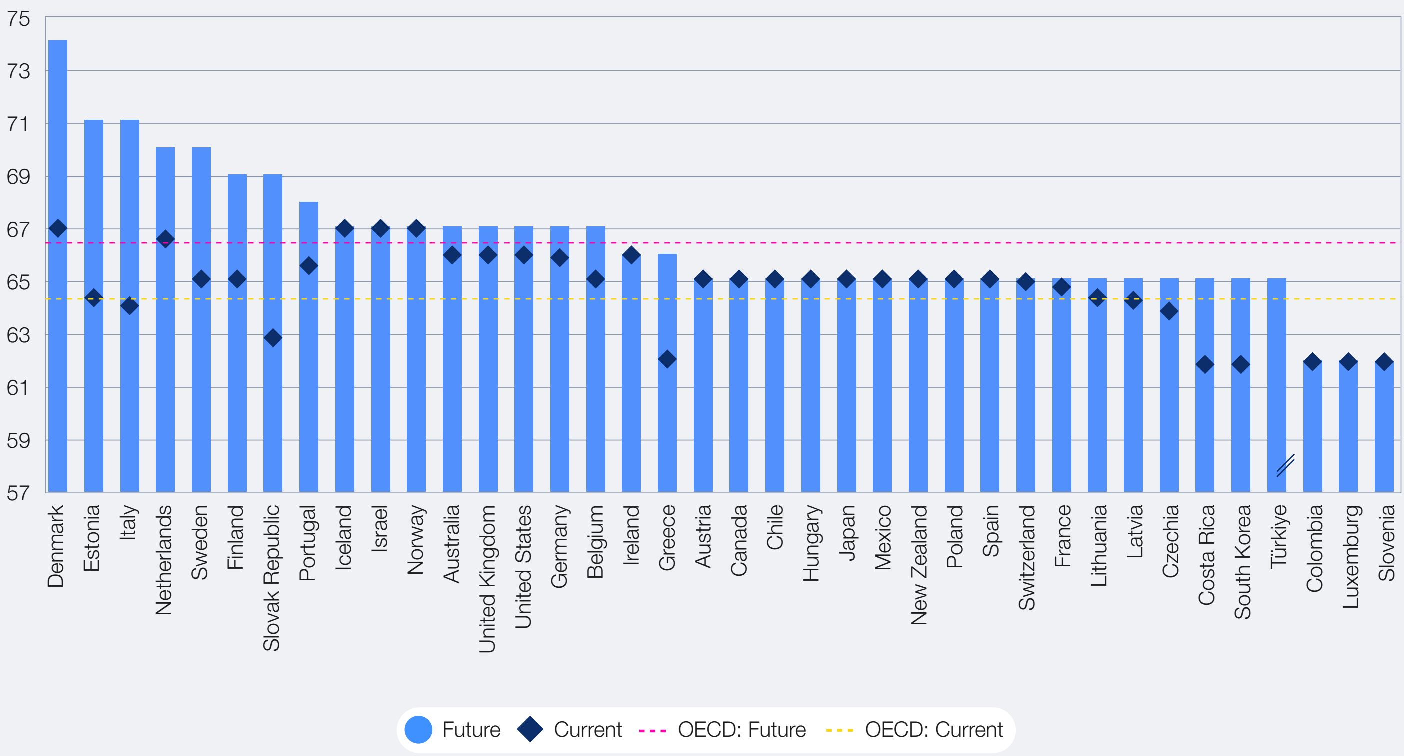
Transitioning from traditional pension models to more sustainable systems is complex and requires careful management.

Transitions from pay-as-you-go systems to funded schemes, or from defined benefit to (collective) defined contribution plans can take years, if not decades, and necessitate compromises on intergenerational redistribution, clear communication and long-term political commitments.

Gradual changes rather than abrupt shifts are necessary to help mitigate disruptions and allow individuals and organizations to adjust to new rules over time. Successful examples, such as the current transition in the Dutch occupational sector (see Section 1.3), demonstrate that with the right strategies these challenges can be effectively managed.

FIGURE 2 | **Retirement age is rising in more than half of OECD countries**

The graph below shows the normal retirement age for men entering the labour market at age 22 with a full career across the OECD. Based on current legislation, retirement ages will increase by about two years for those now entering the workforce.



SOURCE: OECD. (2023, December 13). *Pensions at a glance 2023.* https://www.oecd.org/en/publications/2023/12/pensions-at-a-glance-2023_4757bf20.html

Challenges with financial education, behavioural hurdles and trust can affect how well retirement systems work.

In some countries, trust in public pensions is eroding due to fears of insolvency, causing workers to hesitate to participate in systems they perceive to be unreliable. Lack of financial education can disproportionately affect underserved populations, leaving them unprepared for retirement.

Making sound long-term financial decisions can be challenging, especially given individuals' behavioural hurdles that encourage inertia and short-term thinking. Some tools that retirement systems can use to combat this include auto-enrolment and mandatory participation, which help people overcome inertia, as well as balancing levers such as premiums and tax incentives. By looking at public pension reform holistically, focusing on all aspects of individuals' lives, priorities and needs, systems can improve retirement outcomes and ultimately enhance financial security for all individuals.

Informal and gig workers often fall through the cracks of public retirement systems.

Globally, an estimated 60% of workers operate in the informal economy,[20] and the gig workforce is growing rapidly. These workers frequently lack access to contributory pension schemes, which depend on stable employer–employee relationships. The irregular nature of gig and informal work also makes it difficult to consistently contribute to retirement savings, leaving workers vulnerable in old age and perpetuating inequalities.

Moreover, pension systems often lack portability, making it challenging for workers who change jobs frequently or move across borders to build adequate retirement savings. As gig and informal work reshapes labour markets, public pension systems must evolve to include those workers or risk leaving a growing segment of the population unprotected in retirement.

1.3 Spotlights on innovation

Canada's CPP ensures financial sustainability

Canada has built one of the world's most financially resilient public retirement systems. At its core is the Canada Pension Plan (CPP), which has more than CA$675 billion of assets managed by the independent Canada Pension Plan Investment Board (CPPIB). Together, these entities ensure long-term stability and resilience against global economic and demographic pressures.

The CPPIB was established in 1997 to manage CPP assets with a professional, non-political approach. Its structure and strategies have transformed Canada's retirement system into a global benchmark for sustainability.[21]

- The CPP is designed to cover nearly all of the country's workers outside of the province of Quebec, which has its own plan. CPP contributors include immigrants and self-employed individuals.
- The CPPIB operates at arm's length from the government, ensuring professional management free from political influence.
- CPP assets are allocated across global equities, infrastructure, real estate, private equity and other assets in more than 50 countries, minimizing risks tied to regional economic fluctuations.
- Periodic reviews help to ensure that contributions are calibrated to keep the system sustainable for at least 75 years.

The CPP's predictable contribution rates (employees and employers each pay 5.95% up to a yearly maximum, with workers who exceed this maximum making some additional contributions) provide stability for individuals and businesses, protecting against the volatility seen in other systems. The latest actuarial review projects financial sustainability through to at least 2090, bolstering public confidence.

Canada's approach demonstrates how an independent, professionally managed investment board can safeguard retirement systems against demographic and economic challenges. By combining robust actuarial oversight with diversified global investments, the CPP ensures financial security for retirees while maintaining public confidence in the system.

The Netherlands' risk-sharing pension system

The Netherlands has developed a globally recognized pension system that combines collective risk-sharing with adaptive mechanisms to ensure sustainability and equity. The Dutch system integrates public, occupational and private pensions, balancing resilience with fairness while addressing the needs of a mobile international workforce.

The first pillar, the AOW (General Old Age Pension), is a universal, pay-as-you-go public pension funded through social security contributions and taxes. By linking the retirement age to life expectancy, the AOW addresses demographic pressures while ensuring basic income security for all residents.

The second pillar, occupational pensions, is undergoing significant reform under the Future Pensions Act of 2023.[22] One of the options is to transition to collective defined contribution (CDC) plans. Important features include:

- Introducing tools for the pension fund to design a life-cycle strategy that better matches the members' (collective) risk profile.
- More transparency of pension pots and how they evolve during the accumulation phase.
- Removing ex-ante redistribution effects that no longer match the modern labour market.
- In the renewed system, social partners need to make a choice between two contract forms with varying degrees of risk sharing and freedom of choice: the solidary defined contribution scheme and the flexible defined contribution scheme. Both contract forms are collective defined contribution schemes and share the characteristics of personal pension pots, lifelong annuities, diversified portfolios (including alternative asset classes) and the ability to absorb demographic and financial shocks.

With 90% of workers enrolled in occupational pensions and a focus on intergenerational equity, the Dutch system consistently ranks highly in global pension indices. The integration of CDC plans, strong governance and relatively high levels of contributions positions the Netherlands as a leader in sustainable retirement systems.

Rwanda's EjoHeza Scheme for the informal workforce

Rwanda's EjoHeza Long-Term Savings Scheme,[23] launched in 2018, is transforming retirement security by expanding financial inclusion for informal and low-income workers. Designed as a voluntary savings platform, EjoHeza (which means "a bright tomorrow" in Kinyarwanda), offers micro-pensions that integrate government incentives and digital accessibility to build a more resilient public retirement system.

This micro-pension approach addresses the unique challenges faced by workers without access to traditional pension schemes:

- Low-income savers receive up to a 100% match from the government on contributions, encouraging participation and boosting retirement savings.
- Accessible through mobile platforms, EjoHeza simplifies registration and savings processes via digital enrolment and contributions, ensuring wide reach, especially in rural areas.
- The scheme is open to all Rwandan citizens, including informal workers and children, promoting an inclusive culture of savings across generations.
- Participants can make small, irregular contributions, reflecting the earning patterns of informal and low-income workers. This flexibility ensures that individuals with inconsistent incomes can still save for retirement.

With millions of participants already enrolled, EjoHeza has significantly increased financial inclusion and strengthened Rwanda's social safety net. It is important to note that the level of savings is still low, suggesting the system of incentives and benefits may require continued refinement. However, its innovative approach to using technology, incentives and inclusivity provides a model for other nations seeking to build resilient public retirement systems.

Malaysia's approach to retirement system reform

Malaysia's Employees Provident Fund (EPF) exemplifies the opportunities and challenges of reforming retirement systems in an emerging economy. Established as a mandatory savings scheme for formal workers, the EPF has grown to cover more than 16 million members. As Malaysia's workforce evolves and its population ages, the EPF continues to refine its approach.

- The EPF allows partial withdrawals for housing, education and medical expenses, offering workers a degree of financial flexibility while retaining long-term savings for retirement. During the COVID-19 pandemic, Malaysia introduced temporary withdrawal schemes to help workers navigate economic hardship, though this raised concerns about retirement adequacy.
- To strengthen retirement savings while enabling flexibility, the EPF introduced a three-account structure in 2024, allocating 75% of savings for retirement, 15% for conditional withdrawals (e.g. housing or education) and 10% for a flexible account that members can access any time for emergencies. Early data suggests that most members are prioritizing retirement savings, with 70% opting not to use the flexible account.
- Recognizing the need to expand coverage, the EPF launched initiatives such as i-Saraan, which encourages voluntary contributions from informal workers through government-matching incentives. As of 2024, the government provides a 20% match (up to RM500 [approximately $110] annually), leading to a 53% increase in participation, from 380,000 members in 2023 to 580,000 in 2024.

Malaysia is exploring reforms to improve financial literacy, expand mandatory coverage to informal and migrant workers and enhance portability for workers transitioning between formal and informal sectors. These efforts signal the government's commitment to evolving the system into a more inclusive and sustainable model.

With the pursuit of legislative changes and coverage extension roadmap in place, Malaysia is poised to close the 40% coverage gaps of the workforce in accessing a formal retirement scheme. Notwithstanding, coverage of the informal sector – which accounts for a significant portion of the country's workforce – remains a challenge. Malaysia's retirement system highlights the challenges of balancing flexibility with sustainability and inclusion. Its reforms offer valuable insights for countries seeking to modernize retirement systems in response to shifting demographic and economic realities.

1.4 A path forward

Ensuring the long-term resilience of public retirement systems requires proactive, adaptive strategies that balance financial sustainability, intergenerational equity and inclusivity. As demographic shifts accelerate, governments, employers and financial institutions must collaborate to create solutions that protect retirees while maintaining the economic stability of working-age and younger populations.

To strengthen public retirement systems and enhance financial security for future generations, the following actions are critical:

1. Implement sustainable financing mechanisms

Adjusting contribution rates, linking retirement ages to life expectancy and diversifying investment strategies can help maintain system solvency without overburdening younger generations.

2. Adopt gradual, well-communicated reforms

Phased policy transitions, such as those seen in Canada and the Netherlands, can balance sustainability with fairness, preventing sudden disruptions to retiree benefits. Public confidence in pension systems can be strengthened through transparent governance, clear communication and behavioural nudges that encourage participation and long-term planning

3. Expand coverage to informal and gig workers

Innovative policies, such as portable retirement benefits and incentivized micro-pension schemes, can ensure financial security for workers outside traditional employment structures.

4. Encourage or mandate auto-enrolment in retirement savings

Countries with automatic enrolment in pension or retirement savings plans have seen significantly higher participation rates, helping individuals accumulate adequate savings for retirement. Expanding auto-enrolment policies and behavioural nudges can drive long-term financial security, particularly for low- and middle-income workers.

5. Use technology for efficiency and accessibility

Digital solutions can simplify enrolment, improve pension portability and provide individuals with real-time insights into their retirement planning.

2

From accumulation to decumulation

The next frontier in retirement: transforming accumulated savings for the future into a predictable and reliable lifelong income stream.

As the world has moved away from traditional defined benefit pensions towards more individual-led defined contribution plans, greater responsibility has shifted to each individual member to ensure that they can finance their desired level of income in retirement. Due to this transformation, a heightened focus has been placed on encouraging people to save and invest for their own futures. The financial services industry has developed savings and investment vehicles to meet this need.

However, in many countries, particularly those where retirement income is largely dependent on defined contribution systems, one challenge remains – how do people convert their savings into a suitable source of income that can last them through their later years? How can they navigate the process of “decumulation”?

2.1 The case for action

Dignity in old age requires access to adequate and sustained retirement income.

As more people globally are retiring from defined contribution plans, individuals in many countries are being pushed to make decisions about their retirement income that would traditionally have been left to institutions. This shift is particularly relevant in countries where defined contribution systems dominate retirement savings, such as the United States, Australia and the United Kingdom. (Notably, in countries where retirement income is automatically structured through collective risk-sharing models – such as the Dutch collective defined contribution system (see Section 1.3) or Singapore’s lifelong income approach (see Section 2.3) – these challenges are mitigated, as individuals do not bear the responsibility of managing decumulation.)

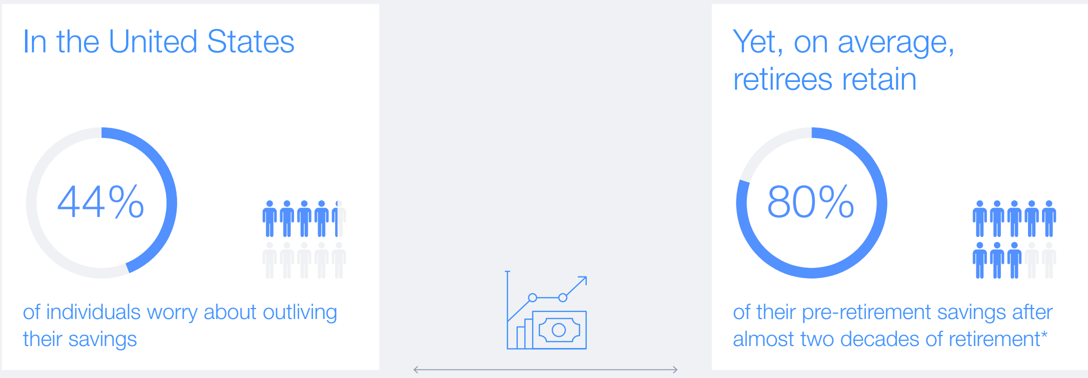
Should individuals consider purchasing an annuity or retain more flexibility by slowly withdrawing money from their savings? What is an appropriate asset allocation in retirement? How much should be left for future generations? How best to combat the behavioural fears of seeing bank balances decline while also watching as the costs of healthcare and other services rise?

This starts from an assumption that the individual has retirement savings outside of their public pension system. However, one in three Europeans are not saving for retirement;[24] one in five Americans aged over 50 have no retirement savings;[25] and in Australia, one in four men and one in three women lack a superannuation account.[26]

The 2024 *Global Retail Investor Survey* found that 44% of individuals worldwide fear outliving their savings, with younger generations more concerned than the generation closest to retirement age. Given retirement benefits have generally declined over time, younger cohorts anticipate lower replacement rates than their predecessors.

FIGURE 3 **Individuals fear not having enough savings – but hesitate to spend their savings in retirement**

The decumulation dilemma



NOTE: This statistic may include individuals who are also receiving retirement income from defined benefit plans.

SOURCE: World Economic Forum. (2024). Global Retail Investor Survey. https://wef.ch/investoroutlook25; BlackRock. (2024). Spending and Investing in Retirement. https://www.blackrock.com/us/individual/insights/retirement/spending-and-investing-in-retirement

Separate studies have looked at similar concerns around the world:

– 60% of people in Latin America do not believe that they have enough savings to last through retirement.[27]

– 58% of people in the European Union do not feel confident that they will have enough money to live comfortably throughout their retirement.[28]

– The proportion of workers in Asia worrying about being poor and in need of money when they are retired ranges from 50% of those surveyed in China to 95% in Viet Nam.[29]

– 70% of Americans are worried about not having enough to fund their retirement.[30]

However, despite these fears, retirees tend to draw down their savings conservatively if they have the option. In the United States, for example, retirees generally still have 80% of their pre-retirement savings after almost two decades.[31] While this can be partially explained by bequest motives, the average person appears to be unsure how much they can safely spend in retirement, which may speak to their limited comfort with their own longevity literacy[32] (their understanding of how long they will live[33]) or concerns about future financial volatility, often exacerbated by worries about the long-term resilience of public retirement systems.

2.2 Understanding the challenges

Over the past few decades, the retirement landscape for individuals has changed significantly, from guaranteed income to risk and uncertainty.

In place of a guaranteed level of retirement income with limited risk for workers, companies have ceded responsibility to the individual, enabling the potential for higher returns and flexibility, but with the downside challenges of uncertainty and risk. Many employers also used the transition to defined contribution plans to reduce contribution rates. This has long-term ramifications for individuals' retirement-preparedness.

Existing financial solutions, such as annuities, appear to struggle to adequately meet the need for a lifelong income.

The "annuity puzzle" is the discrepancy between the predictions of economic models, which would suggest high annuitization rates, with the small proportion of retirees who hold an annuity. For example, in the United States, approximately 12% of the population with sufficient financial assets to purchase an annuity (e.g. more than $100,000) chooses to buy one.[34] Recent findings by the Center for Retirement Research indicate that while approximately half of the population surveyed with assets sufficient to buy an annuity do want to buy an annuity for lifetime income security, they do not follow through on that desire.[35]

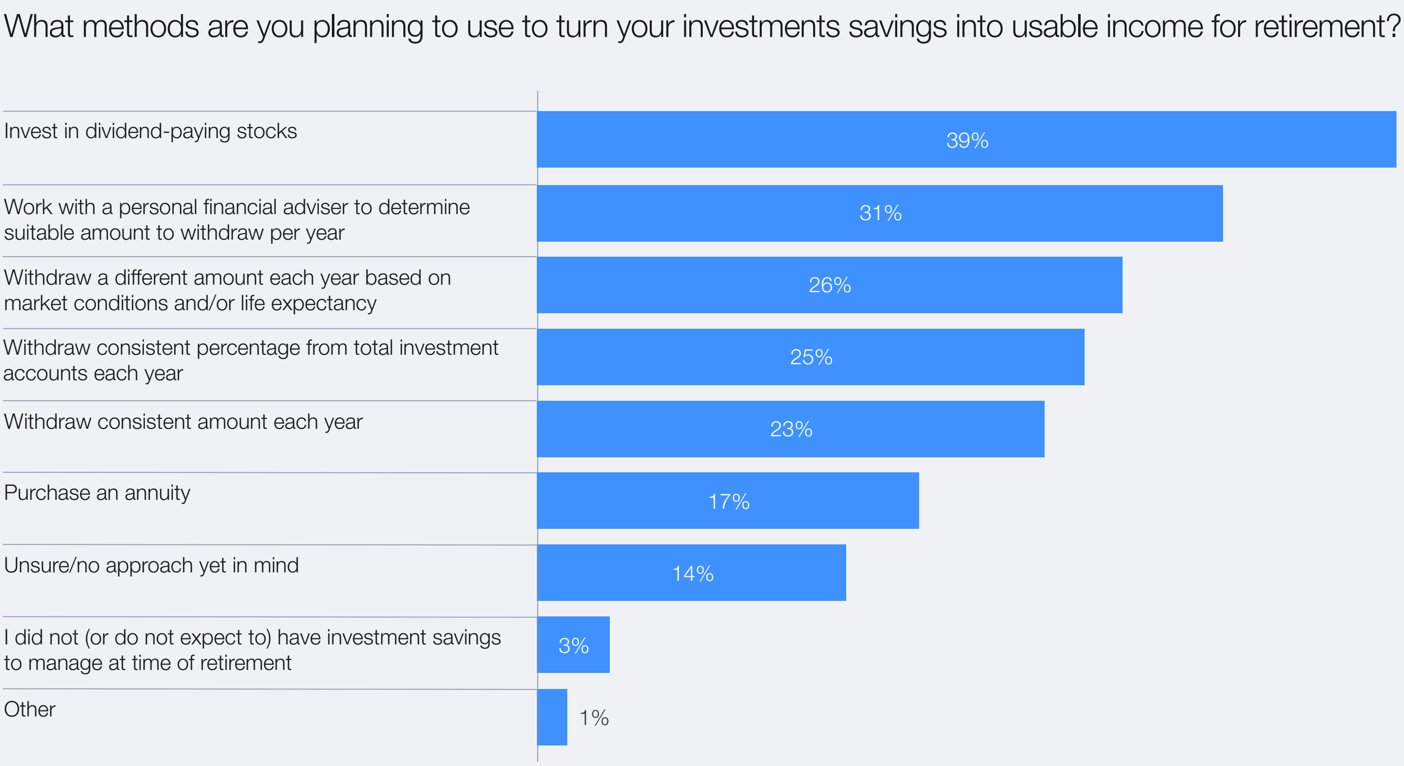
Studies have tested whether low annuity take-up can be explained by lack of liquidity or inability to make bequests.[36] A further reason may be that people feel uncomfortable converting a large sum of money irrevocably into an annuity, as this may reduce their ability to withstand financial shocks.

Individual investors are turning to their own investment solutions to address decumulation challenges.

With fewer retirees opting for annuities, many are turning to self-directed investment strategies to generate income in retirement. According to the 2024 *Global Retail Investor Survey*, retail investors are more likely to organize their decumulation strategy around dividend-paying stocks (39%). Others prefer working with financial advisers (31%) or adopting flexible withdrawal strategies (26%) based on market conditions or life expectancy; in contrast, only 17% plan to purchase an annuity, highlighting a broader preference for liquidity and control over more rigid, guaranteed income structures.

As individuals take on greater responsibility for their retirement securities, the financial services industry has an opportunity to offer more accessible, flexible solutions that balance income stability with investment growth.

FIGURE 4 | **Percentage of people using self-directed investments to generate retirement income**



NOTE: Investor respondents only. The 13 countries surveyed were: Australia, Brazil, China, France, Germany, India, Ireland, Japan, Singapore, South Africa, the UAE, the UK and the USA.

SOURCE: World Economic Forum. (2024). *Global Retail Investor Survey.* https://wef.ch/investoroutlook25

Current workers may already be adapting by anticipating working in some capacity through their retirement years.

The traditional idea that people undergo distinct phases of education, work and retirement is evolving. While accumulation and decumulation are traditionally seen as two separate phases, future individuals will likely see themselves in later life blending accumulation and decumulation, as they may choose to take on additional work or receive income from other sources in traditional retirement.

Current workers are more likely to anticipate working in some capacity through their retirement years and relying largely on their personal retirement savings and investments.[37]

> **Future individuals will likely see themselves in later life blending accumulation and decumulation, as they may choose to take on additional work or receive income from other sources in traditional retirement.**

2.3 Spotlights on innovation

Singapore's CPF LIFE – a model for retirement income

Singapore's CPF LIFE (Central Provident Fund – Lifelong Income for the Elderly)[38] is a national lifelong annuity scheme introduced to address longevity risk amid rising life expectancies. This incorporates risk-pooling elements more commonly found in defined benefit systems into CPF's defined contribution scheme, providing retirees with a stable, lifelong income stream.

Participants contribute to their CPF accounts during their working years, and these contributions are then used to fund their retirement income. Those with at least S$60,000 (approximately $44,250) are automatically enrolled in CPF LIFE, which ensures broad participation and results in the effective pooling of mortality risks with minimal adverse selection effects. The principal strengths include:

- Retirees can choose from three plans depending on their desired retirement lifestyle. To address potential loss aversion that participants may feel about purchasing an annuity, CPF LIFE was also designed to have a refundable feature, where participants will receive at least their premium either in the form of payouts or a bequest.
- Premiums and payouts are actuarially determined, undergoing periodic reviews to accurately reflect actual mortality and investment outcomes, enabling financial sustainability over the long term.
- CPF LIFE has low administration costs; it is administered by the Singapore government and is designed to be non-profit in nature. It does not incur distribution costs from agents' commissions. The high participation also results in greater economies of scale in administration, resulting in lower operational costs.

By integrating behavioural principles, flexibility, financial sustainability and economies of scale, CPF LIFE serves as an innovative model for countries seeking to strengthen financial security in later life.

Brazil's RendA+ bonds for retirement security

Brazil's RendA+ bonds, launched by the National Treasury in January 2023, are designed to provide a reliable, inflation-adjusted income stream to enhance retirement income security for individuals in defined contribution plans.[39]

- RendA+ bonds feature a structured payment plan that disburses funds in 240 monthly instalments over 20 years, linked to the Extended National Consumer Price Index (IPCA). This ensures that payments keep pace with inflation, maintaining retirees' purchasing power. The design simplifies the investment process, making it accessible to individuals regardless of their financial literacy.
- Payments linked to the IPCA safeguard retirees against inflation, providing stable income that adjusts to living costs. RendA+ operates as a market-driven instrument, with pricing based on the present value of future cash flows, ensuring transparency and trust.
- An intuitive online calculator helps potential investors determine how much they need to save to achieve their desired retirement income, enabling them to make informed financial decisions.

Ongoing education about the bond's benefits is crucial to overcoming barriers to adoption, as the initial uptake faced challenges, including confusion about the internal return rate compared to other government bonds.

The introduction of RendA+ marks a significant advance in Brazil's retirement security efforts, by providing a straightforward means for individuals to convert savings into guaranteed income. Continued focus on investor education will be essential to maximize its impact and help more Brazilians secure their financial futures.

Australia's Home Equity Access Scheme – unlocking housing wealth for retirement security

Home equity release provides an alternative way for retirees who have a significant portion of their assets locked in home equity to supplement their retirement income without selling their home. Australia's Home Equity Access Scheme (HEAS) is a government-backed initiative that allows retirees to convert part of their home equity into a steady income stream at a low interest rate.[40] The programme is designed to provide financial flexibility for older Australians who may not have sufficient retirement savings but who own their homes.

By unlocking home wealth without requiring a sale, the HEAS enables retirees to stay in their homes while supplementing their income for healthcare, living expenses or home modifications.

- Retirees can choose regular fortnightly payments, lump-sum withdrawals or a combination of the two, helping them structure their cashflow in retirement. The HEAS loan is secured by the homeowner's property.
- The HEAS offers a government-backed interest rate of 3.95% per annum, significantly lower than commercial reverse mortgage rates, ensuring affordability.
- A vital safeguard ensures that borrowers or their estates will never owe more than the home's value at the time of repayment, protecting both retirees and their heirs.

The rapid increase in participation – a surge of more than 300% since 2020[41] – highlights the growing appeal of home equity access as an alternative income source for retirees who face uncertainty in decumulation. With rising longevity and significant homeownership among older Australians, HEAS serves as a potential model for using housing wealth to address retirement security challenges.

2.4 A path forward

For individuals to achieve lasting financial security in retirement, the focus must shift from wealth accumulation to creating sustainable, predictable income streams. The current system often leaves retirees uncertain about how to manage their savings effectively, leading to either premature depletion or excessive financial caution.

To ensure sustainable lifetime income for retirees, important steps include:

1. Encourage structured, flexible income solutions

Expanding access to annuities, hybrid pension products and income-drawdown strategies to provide stability without limiting liquidity.

2. Enhance longevity literacy and financial planning tools

Equipping individuals with the knowledge and resources to estimate lifespan and manage income accordingly.

3. Use behavioural nudges to improve retirement income decisions

Framing choices around spending rather than wealth accumulation to encourage better financial planning.

4. Design financial products that balance flexibility and security

Offering customizable solutions that enable retirees to adjust their income based on changing needs.

5. Embed longevity risk protection in retirement systems

Ensuring that pension and retirement schemes incorporate lifetime income options to prevent financial shortfalls in later years.

FEATURE:

Technology and AI in the longevity economy

As people live longer and career paths become more dynamic, emerging innovations – including AI, digital platforms and automation – offer new tools to shape the future of the longevity economy. However, for these advances to be truly beneficial, they must be implemented with intentionality in order to minimize potential risks and remain human-centred.

Enhancing financial security and accessibility

The evolution of financial technology is transforming how individuals plan for and navigate longer lives. AI-driven financial tools personalize investment strategies, adjusting to fluctuations in income and economic conditions. Digital banking and blockchain-based financial products have the potential to enhance financial inclusion, particularly for gig and informal workers who often lack access to traditional pension systems. AI is also being incorporated into employer-sponsored benefits programmes to expand access to financial wellness solutions for employees at different life stages.[42] As AI-driven tools become more influential, challenges regarding misinformation, bias in financial decision-making, and security risks require ongoing oversight.

Precision care and preventive health solutions

Healthcare technologies are shifting the focus from reactive treatment to proactive prevention. AI-powered diagnostics are improving the early detection of chronic diseases, enabling timely interventions.[43] Smart home technologies and robotic carers are being explored as ways to support independent living. AI-powered health coaching is being integrated into digital health platforms to provide tailored recommendations for managing chronic conditions and improving daily well-being.[44] As AI plays a greater role in healthcare decisions, concerns about data privacy and equitable access remain. Human oversight in AI-assisted diagnostics and treatment will be essential for maintaining trust and accuracy.

Adapting careers for longevity

As career trajectories evolve, technology is playing a crucial role in supporting workforce participation at all ages. Automation and robotics are increasingly supplementing human labour, enabling individuals to remain in physically demanding roles for longer with the aid of assistive technologies. The global workforce is also experiencing a shift in learning approaches, with digital reskilling programmes helping older workers stay competitive.

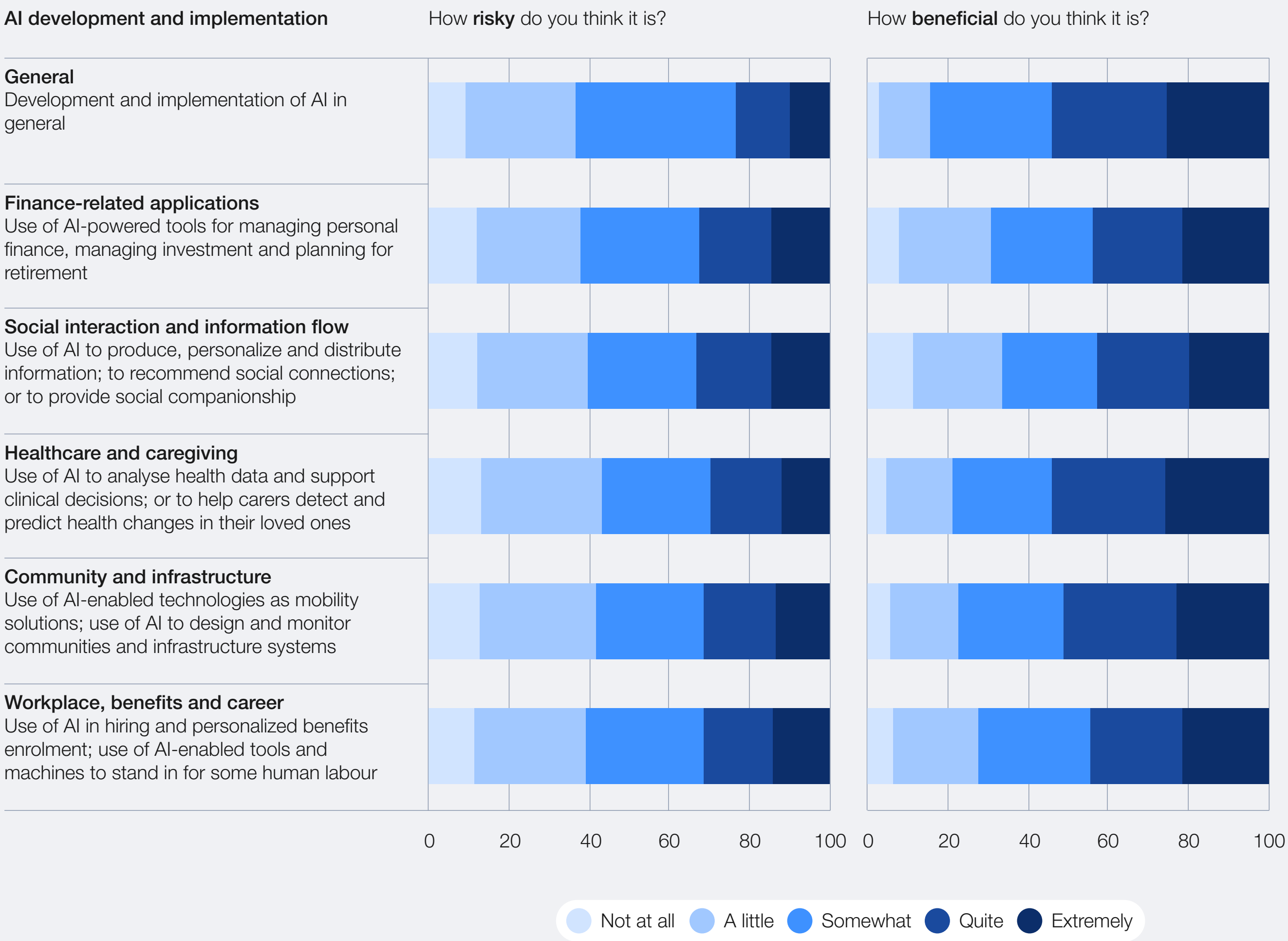
Ensuring inclusive technology adoption

Bias remains a critical concern, as AI models trained on non-representative or incomplete data risk perpetuating inequities. Companies also need to carefully consider how age bias may influence hiring and workplace technology adoption, particularly in AI-related roles, where assumptions about digital fluency could contribute to exclusionary practices.[45] Beyond bias, AI-driven scams, misinformation and opaque decision-making processes also present risks, underscoring the need for responsible AI governance and safeguards.

A path forward: Integrating technology for a thriving longevity economy

While there are risks associated with AI, harnessing technology effectively could also potentially improve financial resilience, support better health outcomes and enable meaningful work opportunities throughout extended lifespans. Public perception of AI remains largely optimistic – the recent MIT AgeLab data shown below suggests that most individuals believe its benefits outweigh the risks. By integrating technology in a deliberate and inclusive manner, societies can be better positioned to build a longevity economy that empowers individuals at every stage of life.

FIGURE 5: Perceptions of risks and benefits across AI domains



SOURCE: MIT AgeLab. (2021). *AI and longevity: Consumer and expert attitudes toward the adoption and use of artificial intelligence.* https://agelab.mit.edu/static/uploads/mit-agelab-ai-longevity_wp-04-21-1357_ada.pdf

3 Role of employers in financial well-being

Employers play a pivotal role in fostering financial well-being, ensuring employees can navigate both their immediate needs and their long-term financial security.

In today's complex economic landscape, employees increasingly look to their employers for support in navigating financial challenges. Rising living costs, unexpected expenses and the shift towards increased individual financial responsibility have made financial well-being a key concern for organizations. While public policy plays a role, many workers rely on workplace benefits and guidance to build financial security and plan for the future. Employers that prioritize financial well-being can foster a more engaged and productive workforce.

3.1 The case for action

> Employers that prioritize financial well-being can foster a more engaged and productive workforce.

As the longevity economy reshapes the workforce, prioritizing financial well-being is essential for building employee engagement and long-term organizational effectiveness.

Investing in financial well-being can improve not only individual health and financial security but also organizational productivity, engagement and retention. As the shift from defined benefit (DB) to defined contribution (DC) plans has placed more financial decision-making responsibility on individuals, employees increasingly look to their employers for guidance. Tailored programmes addressing diverse financial needs are essential for a thriving workforce and sustainable business outcomes.

– The 2021 Global Findex by the World Bank reported that 41% of adults globally would find it either impossible or very difficult to access emergency money within 30 days, and 65% are worried about having enough money for normal monthly expenses.[46]

– Employees experiencing financial stress are five times more likely to feel disengaged at work, citing this as a barrier to workplace focus and productivity.[47]

– According to a study, 95% of employers feel responsible for their employees' financial wellness.[48]

Despite the clear benefits, financial well-being deficits remain pervasive. Globally, many employees may not have the resources, knowledge or confidence to manage debt or save for their future effectively. This exacerbates stress, affecting workplace focus and morale. By addressing these challenges, employers can enable employees to achieve financial security, benefiting both individuals and organizations.

One significant challenge is that many employer-sponsored benefits – including life, disability, health insurance and retirement plans – often cease when employment ends. This can leave employees vulnerable, particularly those with dependent children or medical conditions. Such precarious situations can exacerbate financial stress.

Employers have an opportunity to bridge these gaps through targeted financial well-being initiatives, including personalized approaches to financial education, resources and employee benefits that use behavioural principles to support employees in taking meaningful action. Effective programmes should not only address immediate financial challenges, such as debt repayment and emergency savings, but also promote long-term resilience through retirement planning and investment education.

Employers in the private sector can work with government entities to consider what policies and partnerships can support workers. Improving financial well-being is not just an investment in employees – it is an investment in organizational success.

FIGURE 6 **Employers and financial wellness**

Most employers feel responsible for employee financial wellness, yet far fewer offer financial wellness programmes

SOURCE: Bank of America Workplace Benefits. (2024). *Inspiring inclusive financial wellbeing in the workplace.* https://business.bofa.com/content/dam/flagship/workplace-benefits/ID22-0888/Bofa-WBR-brief.pdf

3.2 Understanding the challenges

Financial stress is a growing challenge for employees at all life stages.

Employees face increasing financial pressures due to rising living costs and insufficient savings. Financial stress affects mental health and workplace productivity, with financially insecure employees reporting lower focus, higher absenteeism and reduced engagement. Employers today are dealing with a workforce struggling to manage their immediate financial needs while preparing for future goals.

Access to tailored financial wellness programmes remains uneven.

While some employers provide financial wellness programmes, many employees lack access to comprehensive support that meets their unique needs. In many countries, good-quality long-term savings vehicles are unavailable, making it difficult to justify investing in long-term retirement savings.

To address these challenges effectively, employers must consider the diverse circumstances of their workforce and strive to create inclusive programmes that cater for varying needs in different demographics and regions. It is critical to recognize that in emerging economies, resources and infrastructure for financial wellness support through employers may be limited.

Inequalities in financial well-being deepen existing disparities.

Low-income workers, women and marginalized communities often face systemic barriers that prevent them from achieving financial security. Women, for instance, are more likely to take career breaks for caring responsibilities, resulting in lower lifetime earnings and retirement savings. Employees belonging to marginalized communities may have less access to generational wealth or equitable workplace benefits, further widening financial gaps. Informal workers may have no private benefit entitlements, leaving them even more vulnerable in case they are unable to work.

Globally, these disparities are exacerbated by differing economic conditions, cultural norms and access to resources, highlighting the need for a more inclusive approach.

Policy and organizational gaps limit comprehensive support.

Despite a growing awareness of the importance of financial well-being, many employers and policy-makers have yet to implement systemic solutions. Financial wellness programmes are often fragmented, focusing on short-term issues rather than building long-term resilience. Additionally, public policies in many countries fail to support workers' financial security, such as inadequate paid leave, minimal retirement benefits, insufficient protection for gig and contract workers or insufficient oversight of equitable pay and promotion. Closing these gaps requires a coordinated effort by employers, governments and civil society. These challenges are often more pronounced in emerging economies, where social safety nets may be weaker.

3.3 Spotlights on innovation

Employer solutions for comprehensive financial wellness programmes

Many companies have taken innovative approaches to employee financial well-being to empower their employees at all life stages while promoting a culture of financial health during the working years and in retirement. Employers are advancing financial well-being in the following ways:

– Employers such as the Bank of America are implementing financial wellness programmes that provide access to advisers, budgeting tools and educational workshops to help employees manage their finances and plan for retirement.[49]

– CVS Health provides an employee relief fund that offers short-term financial assistance to employees facing significant hardship. Funded by employee contributions and an initial company donation, the programme provides tax-exempt grants of up to $3,000.[50]

– British retailer Tesco offers a range of financial well-being initiatives, including access to low-cost loans and early access to earned wages.[51]

– Companies such as Adobe promote a culture of financial well-being, offering one-on-one financial coaching in addition to encouraging peer-to-peer support on questions concerning finances, in this way integrating financial well-being into overall well-being strategy.[52]

– Siemens Healthineers in Germany has redesigned its company pension plan to provide an enhanced level of contributions for part-time workers and a bonus contribution for those in apprenticeships or vocational study programmes who are taken on as employees, enhancing financial well-being and reducing the gender pension gap.[53]

– Innovative providers such as NorthStar, Nudge and AdditionWealth provide financial services as a benefit through the employer channel, leveraging behavioural principles and hyper-personalization to support workers with their overall financial health.

By supporting employee financial confidence, these programmes can potentially enhance productivity, job satisfaction and loyalty, serving as scalable models for global financial well-being initiatives throughout the private sector.

Employee-directed employer-matching contributions in the United States

In August 2024, the Internal Revenue Service issued Private Letter Ruling 202434006,[54] allowing an employer to offer employees flexibility in allocating non-elective contributions among various tax-favoured benefits. This ruling enables employees to direct employer contributions to:

– 401(k) or similar retirement plans to enhance retirement savings

– Health savings accounts with tax advantages to cover medical expenses

– Retiree health reimbursement arrangements to fund future healthcare costs

– Assist with student loan repayments

This flexibility enables employees to align employer contributions with their individual financial priorities, such as accelerating student loan repayment or bolstering healthcare savings. The ruling reflects a growing recognition of diverse employee financial needs and promotes innovative benefit structures that support financial well-being. Adopting such flexible matching contribution programmes also enables employers to enhance employee satisfaction and retention while addressing the varied financial challenges faced by today's workforce.

United Kingdom auto-enrolment and sidecar savings – a flexible approach to financial resilience

In the UK, auto-enrolment has been a game-changer for workplace pensions, significantly increasing participation rates in employer-sponsored retirement savings plans. Following the introduction of auto-enrolment in 2012, pension participation among private-sector workers increased from 40% to more than 80% by 2024,[55] demonstrating the power of default enrolment in promoting long-term financial security. This approach uses behavioural nudges by automatically enrolling employees while allowing them to opt out, countering the inertia that often prevents people from saving.

- Alongside auto-enrolment, the sidecar savings model allows individuals to create accounts for both short-term emergencies and long-term retirement savings, encouraging consistent saving while ensuring access to funds when needed.[56]

- Workers can set up automatic contributions to their sidecar savings accounts, simplifying the saving process and promoting a culture of saving for both immediate and future needs. Employers can enhance financial security by offering matching contributions.

- Recent trials reported a median emergency savings balance of £384 after 12 months, demonstrating that the model is helping individuals begin to build financial resilience, and a small but growing population of savers also rolled over pension contributions.

For gig workers or those taking time off as carers, this model can be especially beneficial by providing a dedicated emergency fund that supports them during periods of uncertainty. Addressing both the need for liquidity in emergencies and the importance of retirement savings, the sidecar savings model helps contribute to overall financial stability.

3.4 A path forward

Employers can have a profound influence on financial well-being, shaping employee security and productivity through workplace culture as well as benefits and wages. As financial stress increases for many workers, companies have the opportunity to implement innovative, inclusive solutions that promote financial resilience.

To strengthen employee financial well-being, employer priorities include:

1. Expand holistic financial wellness programmes

Providing tailored education, tools and resources that address diverse financial needs at different life stages.

2. Integrate behavioural nudges into benefits design

Implementing auto-enrolment in retirement savings, emergency funds and insurance to encourage participation.

3. Offer flexible allocations for employer contributions

Allowing employees to allocate employer contributions to retirement, emergency savings, repaying student loans and other financial priorities.

4. Ensure financial security for gig and contract workers

Extending benefits and protections to non-traditional workers to promote long-term resilience.

5. Embed financial well-being into corporate strategy

Aligning compensation, career progression and financial support initiatives with overall business objectives.

FEATURE:

Extreme heat, climate change and the longevity economy

Climate change is reshaping economies, communities and public health systems worldwide, presenting significant challenges and considerations for the longevity economy. As extreme weather events become more frequent and environmental changes disrupt financial security, career stability and public health, individuals and institutions must navigate new uncertainties that affect their long-term well-being. A longevity economy that accounts for climate risks will require a deeper understanding of how these disruptions affect financial resilience, workforce participation and intergenerational stability.

Financial resilience in a changing climate

Rising global temperatures, natural disasters and resource scarcity are altering economic conditions, retirement security and individual financial stability. People face increasing risks related to housing markets, insurance costs and disruptions to employment and earnings. Climate-driven economic shocks may have long-term implications for pensions, social protections and access to financial resources, affecting both individuals and broader economic systems.

Research from the World Economic Forum projects that by 2050, climate change could cause $12.5 trillion in global economic losses,[57] compounding financial uncertainty for households and businesses.

Health and well-being in extreme heat

Extreme heat and environmental changes are increasingly recognized as significant public health concerns. The World Health Organization projects that between 2030 and 2050, climate change will cause approximately 489,000 additional deaths per year from heat-related illnesses, occupational hazards and extreme weather events.[58]

As individuals live longer and remain engaged in their communities and careers, climate-related health risks may shape labour conditions and access to care. Prolonged exposure to extreme heat can particularly affect older adults, outdoor workers and those with pre-existing conditions, raising questions about how urban planning, public health systems and employer policies will adapt to changing environmental conditions.[59]

The changing nature of work and careers

Climate change is influencing labour markets, with some industries experiencing new challenges and emerging opportunities. Extreme weather events, shifting ecosystems and environmental regulations are reshaping employment in the agriculture, construction, manufacturing and energy sectors, where workers face risks related to heat stress, air quality and disaster-related disruptions.

The International Labour Organization (ILO) warns that by 2030, heat stress related to climate change could result in the loss of the equivalent of 80 million full-time jobs globally,[60] with a projected 2.2% decline in global working hours by 2030, equivalent to economic losses of $2.4 trillion.[61] At the same time, new job sectors related to climate adaptation, renewable energy and sustainability are growing.

As the nature of work evolves, understanding the financial implications of climate-driven career transitions will be critical for individuals of different generations.

Climate justice and economic equity

The effects of climate change are not distributed equally, with marginalized communities often facing the greatest risks. The World Health Organization notes that 3.6 billion people already live in areas highly susceptible to climate change, with low-income countries and small island developing states enduring the harshest health impacts.[62]

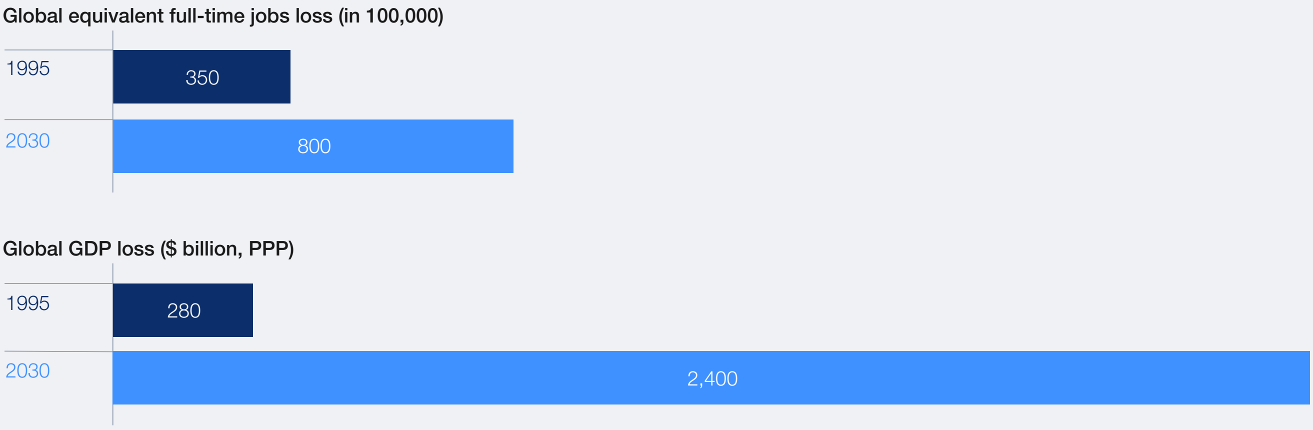
As climate change intersects with financial security and longevity, disparities in access to healthcare, social protections and economic resources are becoming more pronounced. Some countries, such as Bangladesh and the Netherlands, are developing climate-adaptive infrastructure and policies to mitigate risks for vulnerable populations, raising broader questions about how financial systems and social protections can account for climate-related disruptions worldwide.

A path forward: Building a resilient and sustainable longevity economy

The intersection of extreme heat, climate change and the longevity economy underscores the urgent need for proactive adaptation and long-term planning. Stakeholders throughout government, business and civil society must collaborate to build financial systems that integrate climate resilience, to create an inclusive longevity economy in which individuals of all generations can thrive, regardless of environmental challenges.

FIGURE 7: Heat stress means fewer jobs and increased GDP loss

Job and GDP losses due to heat stress in 1995 and projections for 2030



SOURCE: John, M. (2023, September 7). *Climate change adds workplace costs and hazards.* Reuters. https://www.reuters.com/business/environment/climate-change-adds-workplace-costs-hazards-2023-09-07/

4

Economics of caregiving and long-term care

Infrastructure to sustain the economics of caregiving – with support for both carers and recipients – is pivotal to enable a strong economy overall.

As the global population ages, the demand for carers and long-term care services is increasing dramatically. This shift places significant economic pressure on families, communities and public systems, as more individuals take on roles caring for ageing relatives or children.

4.1 The case for action

To meet the needs of an ageing population and achieve the United Nations Sustainable Development Goals related to health and well-being, the global economy will need to create 475 million care jobs by 2030.

Caring and long-term care systems must evolve to provide equitable and sustainable support for both carers and recipients.

The role of carers is becoming increasingly critical as the population ages, yet the economic realities they face are often overlooked. Many carers juggle their responsibilities alongside work and personal commitments, leading to financial strain, physical and emotional stress and long-term insecurity. Addressing the economics of caregiving and long-term care is essential not only for the well-being of carers but also for the sustainability of the healthcare and care systems as well as the overall economy. In many cases where carers are also still responsible for children, the burden can be exacerbated by the lack of availability of sufficient and affordable childcare.

The burden of caring is substantial:

- According to the ILO, the economic value of unpaid care work is estimated to be 9% of global GDP, underscoring its substantial yet often unrecognized contribution to the economy.[63] In the United States alone, family carers provide an estimated $600 billion worth of unpaid care annually.[64]
- Older spousal carers (aged 66–96) who experience care-related stress have a 63% higher mortality rate than non-carers of the same age.[65]
- Across the world, women carry out more than 75% of all hours providing care.[66] A separate study indicated that this disproportionate responsibility prevents 708 million women (and 40 million men) from participating in the labour market, significantly affecting broader economic growth.[67]
- In many countries, access to affordable childcare remains a critical barrier to labour force participation. The Organisation for Economic Co-operation and Development (OECD) reports that in some nations, childcare costs represent as much as 25–30% of household income, making it financially unfeasible for many parents – especially mothers – to remain in the workforce.[68]

To meet the needs of an ageing population and achieve the United Nations Sustainable Development Goals related to health and well-being, the global economy will need to create 475 million care jobs by 2030.[69] Similarly, expanding access to affordable childcare and early childhood education can enable parents to remain in the workforce while ensuring better outcomes for children.

Unpaid informal care subsidizes health and long-term care systems. Addressing these challenges requires a fundamental shift in how societies approach caring and long-term care. It is essential to promote the well-being of carers and ensure that they can continue to provide care without jeopardizing their financial futures. Policies and investment must focus on creating robust formal care infrastructure that complements informal care.

4.2 Understanding the challenges

The growing financial burden of caring is straining individuals and families.

As care provision needs increase with ageing populations, families face mounting expenses for professional care, medical services and support. At the same time, childcare costs remain prohibitively high in many parts of the world, creating a dual financial challenge for parents who are also responsible for caring for older family members. Research shows that workforce interruptions due to providing care can have long-term financial consequences, with working parents – particularly mothers – potentially retiring with 22% less in retirement savings than those who do not take time out of the workforce.[70] In many countries, the lack of affordable options forces individuals to rely heavily on unpaid carers, who often sacrifice work hours or leave the workforce entirely. As an example in the US, nearly 70% of family carers report difficulty in balancing their career and caring responsibilities, and nearly 30% of working carers have shifted from full-time to part-time work or have reduced their hours.[71]

This dynamic not only affects household income but also contributes to long-term financial insecurity, including reduced retirement savings. Caring now represents a significant and often unplanned financial challenge for many families. In many regions, roles providing care are increasingly filled by migrant workers, predominantly women, who often move in search of better economic opportunities.

Access to affordable long-term care remains a persistent challenge.

On top of the physical, emotional and financial cost of informal caring provided in the home and in the community, the rising costs of institutional care and professional services often exceed what families can afford. In the United States, the cost of nursing home care can surpass $100,000 per year, while similar trends are evident in other high-income countries.[72] Natural supply-and-demand dynamics will likely push costs higher around the world, as the supply of care workers reduces and demand for long-term care increases. Meanwhile, low- and middle-income countries often lack robust long-term care infrastructure, leaving many to depend on informal family care networks.[73] This gap highlights a global need for equitable and accessible care solutions to alleviate both financial strain and emotional stress.

Lack of support exacerbates challenges for carers.

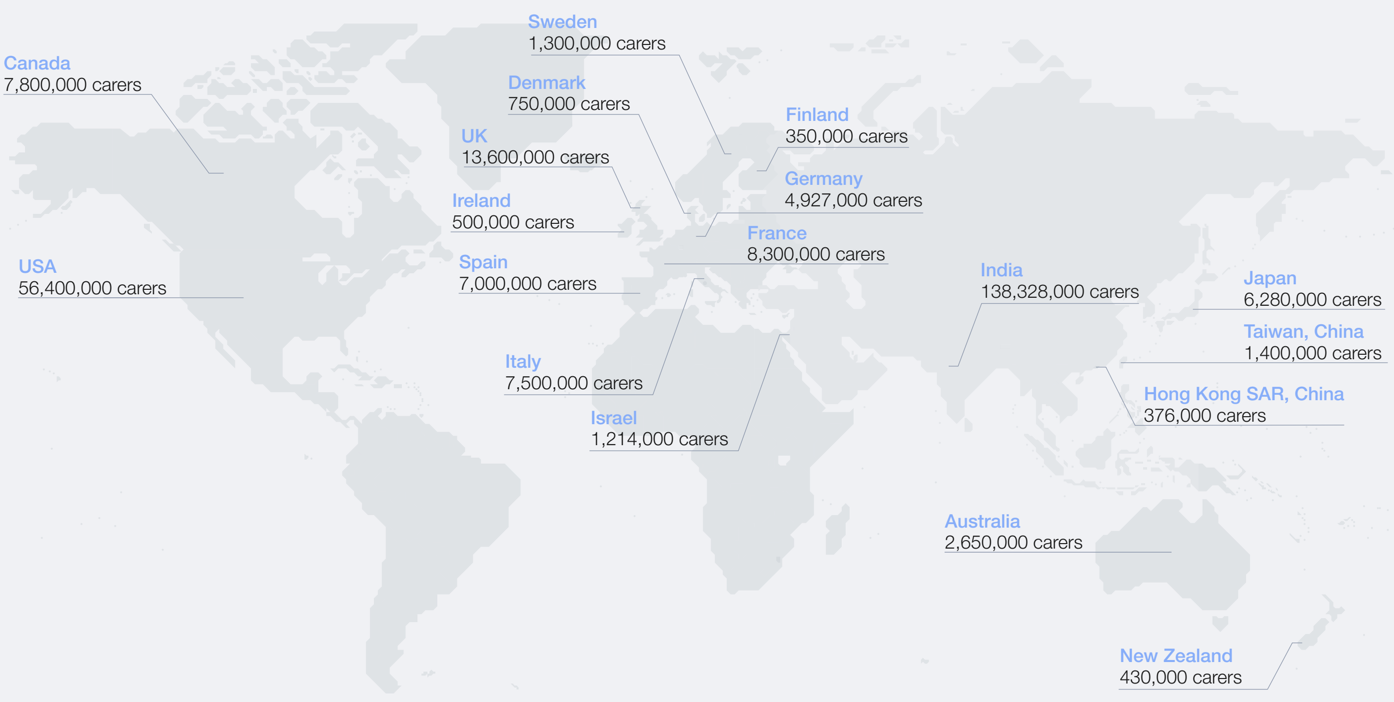
Despite the critical role of carers, many lack access to essential resources such as respite care, carer training, childcare assistance or mental health support. These gaps lead to carer burnout and negatively affect the health of both carers and care recipients. The absence of accessible support also perpetuates inequalities, with women disproportionately bearing the burden of unpaid care responsibilities.

Additionally, the absence of age-friendly (or disability-friendly) environments can hinder the ability of older adults to live independently, increasing their reliance on carers. By promoting age-friendly communities that enhance accessibility and social engagement, the demand for external support can be reduced and the overall carer experience improved.

Policy gaps leave many carers without adequate financial and systemic support.

Globally, policies often fail to recognize or support the economic contributions of informal carers, who provide the majority of care. Programmes such as Japan's Long-Term Care Insurance System and Germany's Care Allowance Programme offer valuable lessons in integrating public funding and carer compensation, but such systems remain the exception rather than the norm. Policy-makers must address the financial, physical and emotional costs of providing care through comprehensive reforms that include incentives, subsidies, childcare support and workplace protections for carers.

FIGURE 8 **Informal carers around the world**



Source: International Alliance of Carer Organizations. (2021). *Global state of caring.* https://internationalcarers.org/wp-content/uploads/2021/07/IACO-Global-State-of-Caring-July-13.pdf

4.3 Spotlights on innovation

Japan's community-based and technology-driven care innovations

Japan, with one of the world's fastest-ageing populations, combines community-based care models with targeted technology solutions. These innovations address workforce shortages while ensuring dignified, accessible care for older adults.

The Community-Based Integrated Care System allows older adults to age in place by providing localized healthcare, nursing care and daily living assistance within a 30-minute radius.[74]

- Tailored care plans address individual needs, promoting independence and dignity.
- Volunteers, neighbours and local organizations contribute to creating a strong support network for care recipients through active community participation.
- By enabling care at home or within the community, this system reduces the need for costly institutional care.

Technology plays a complementary role, with innovations such as AI-enabled monitoring systems used to detect falls and emergencies, companion robots such as "PARO" for emotional support and digital platforms to coordinate care among carers, families and healthcare providers.[75]

By integrating human-centred community care with effective technological advances, Japan offers a scalable and sustainable model to address the global challenge of providing care in an ageing society.

Employer-led and technology-driven innovations in care provision

As care demands rise worldwide, employers and start-ups are developing innovative programmes that combine personalized care, workplace flexibility and cutting-edge technology. These solutions help employees balance caring responsibilities with their careers, promoting well-being and productivity.

Key employer initiatives prioritize equipping carers with comprehensive tools and support:

- Companies such as Salesforce[76] and Microsoft offer extensive paid family leave and remote work options, reducing stress for carers during critical times.[77]
- Companies such as Google and Dow partner with providers such as Bright Horizons, Cariloop and KareHero to offer services including back-up care and care coordination, reducing logistical challenges for employees.[78]

Innovative start-ups are driving a global transformation in care provision:

- Tools such as Cera Care and Honor Technology leverage AI to manage and deliver at-home care.
- Waterlily enables individuals and financial advisers to develop tailored long-term care plans using AI.

These solutions provide scalable models for addressing global care provision challenges by blending workplace flexibility, human-centred care and advanced technology.

Care credits in pension systems in the European Union

With the European Union facing an ageing population and increasing care demands, care credits in pension systems are increasingly important. These credits allow individuals to accumulate pension entitlements while providing care, ensuring that carers are not financially penalized for taking on caring responsibilities.[79]

- Flexible care credit systems allow individuals to tailor their pension accumulation based on their unique carer situations, acknowledging the diverse nature of caring roles.

- Many member states allow carers to accumulate pension credits for time spent providing informal care to family members.

- France and Germany, for example, offer pension credits for both child-rearing and caring for older people, helping to balance gender disparities.

Countries are increasingly recognizing the long-term economic benefits of pension credits for carers, ensuring that career breaks do not result in severe retirement insecurity. The EU's focus on care credits reflects a commitment to creating equitable pension systems that support carers throughout the stages of life, from early parenthood to caring for older people.

4.4 A path forward

As care provision needs grow globally, both paid and unpaid carers face immense financial, emotional and social burdens. Addressing these challenges requires a fundamental shift in how societies value and support carers.

To create an equitable and sustainable care economy, important priorities include:

1. Expand financial and workplace protections for carers

Implementing carer credits, paid leave policies and flexible work arrangements to support those balancing employment and caring.

2. Invest in long-term care infrastructure

Strengthening formal care systems to reduce reliance on unpaid family carers and ensure access to quality services.

3. Reduce the gendered economic impact of caring

Addressing systemic inequalities that disproportionately affect women's workforce participation and long-term financial security.

4. Use technology in care provision solutions

Putting digital tools, AI-driven care coordination and community-based innovations to work in enhancing the accessibility and efficiency of care provision.

5. Promote age-friendly policies and environments

Developing systems and solutions that allow individuals to age in place with dignity and independence.

FEATURE:

The future of the longevity economy

By 2050, the longevity economy will be shaped by evolving demographics, technological advances and shifting societal priorities. To explore what longer, healthier lives could mean for work, finance, healthcare and intergenerational collaboration, members of the Global Shapers Community, an initiative of the World Economic Forum, shared their insights of how the world could look in 2050. Their perspectives highlight both opportunities and challenges, offering a global view of how societies can adapt to an era of longevity.

Natalie Montecino, USA
The longevity economy cannot thrive by 2050 if rural communities are left behind. As the US population ages, rural areas are at the forefront of this shift – 19% of the rural population is already 65 or older, compared to 15% in urban areas. Yet rural communities face mounting challenges: limited healthcare access, economic disinvestment and infrastructure gaps that threaten the well-being of older adults, while also discouraging younger generations from building their futures there. But this trajectory is not inevitable. Investing in rural resilience, technology and intergenerational collaboration can revitalize these communities, ensuring that longevity-driven economic growth uplifts all generations, not just those in urban centres.

Thaon Simms, Jamaica
By 2050, the Caribbean longevity economy has redefined ageing. Governments provide wearable health tech that monitors vital signs, flags risks and schedules preventive care, complemented by AI-powered mobile clinics reaching rural areas. Fully digitized health records enable seamless interregional healthcare. Universal financial literacy, taught from childhood, has empowered generations to invest and plan, supported by blockchain-based micro-pensions for informal workers. Climate-resilient cities, powered by renewable energy, ensure safety from storms and rising seas. Intergenerational housing fosters connection and purpose, creating a society where ageing is not just a stage of life but a thriving, empowered journey for all.

Rafaela Valencia-Dongo, Peru
It's a Thursday in 2050. As you leave your intergenerational community, you see your 92-year-old neighbour teaching children storytelling through immersive AI, part of a global mentorship programme bridging generational gaps. Walking through your ageless city, you meet your 76-year-old former classmate, now a climate-resilience consultant after completing an online certification. Lifelong learning is now the norm, with education accessible to all. You arrive at your workplace, a start-up at the forefront of longevity innovation. Inside, your 88-year-old colleague leads a discussion on the ethical implications of biotech advancements. Tomorrow, as part of the "Learning Fridays" initiative, you'll host a financial literacy workshop at the city's longevity hub, guiding people of all ages on navigating digital tools and decisions in a cashless world. Later, you visit your mother to pick fresh tomatoes and chat about her upcoming eight-day trip, part of a travel programme for senior adventurers. In 2050, ageing has been redefined.

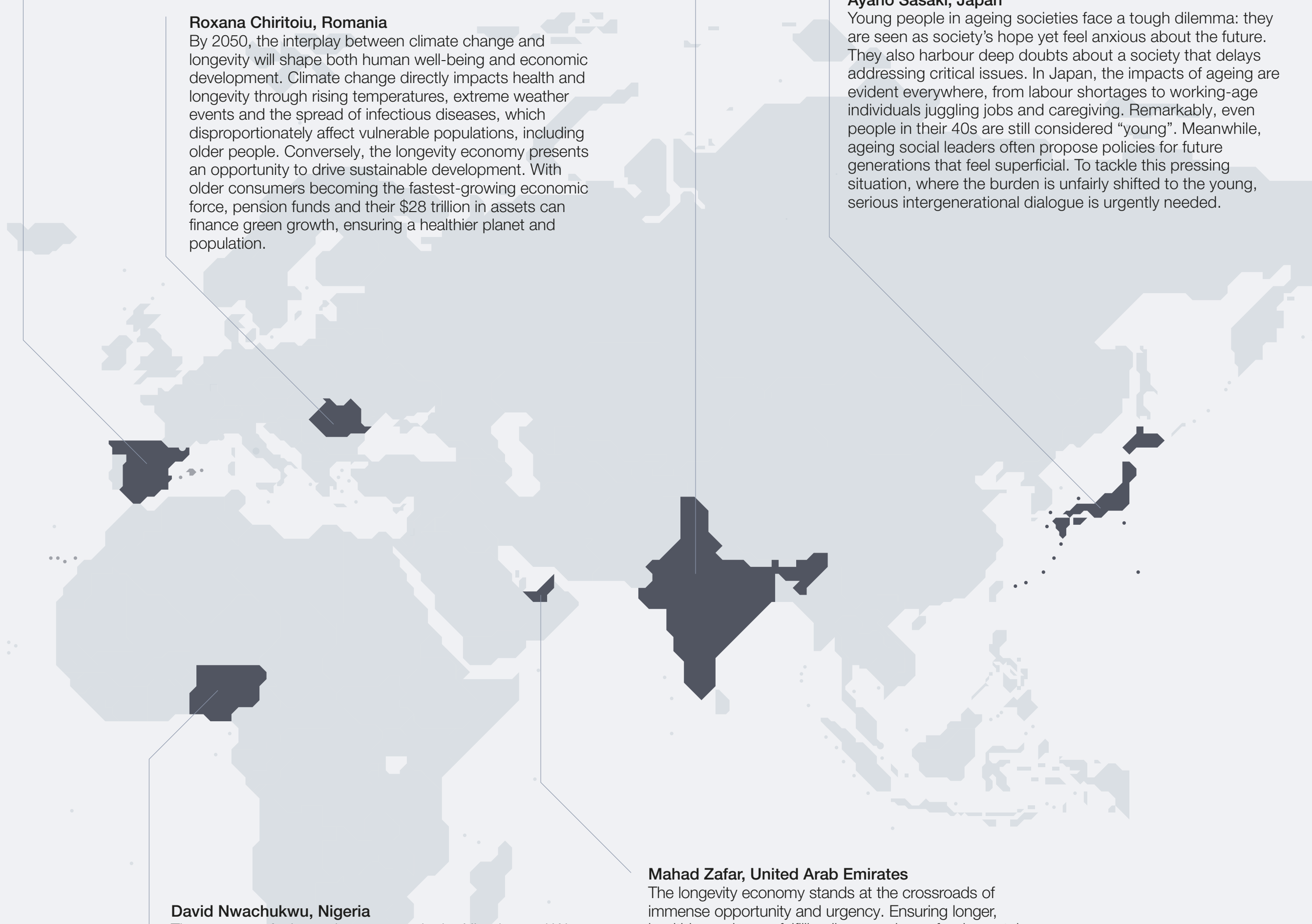
Clementina Colombo, Argentina
By 2050, Latin America will transform its traditional family-centred care model into a multigenerational, community-centred vision thriving on collectivism and strong social bonds. Society will provide equal opportunities at all ages, and older adults will be recognized as assets driving social and economic innovation. Homes will adapt to life's stages, integrating universal design for lifelong living, while fifteen-minute cities foster connection and preventive care. Public–private partnerships will align, developing innovations like AI-powered health advisers offering private real-time insights tailored to individuals' needs, shifting systems from reactive intervention to prevention, proactive health and sustainable financial well-being across the lifespan.

Adam Skali, Spain
By 2050, longevity will be one of humanity's defining economic challenges and opportunities. As Europe's widely accessible healthcare systems – and soon other regions' – encounter sustainability pressures from ageing populations and chronic diseases, we must shift from reactive treatments to integrated, preventive care models informed by social determinants of health. Digitalization and policies that align economic incentives with healthier choices can reduce long-term costs and foster longer, more fulfilling lives. Transforming fragmented care into patient-centred, interconnected systems will preserve economic stability and improve population health. The longevity economy isn't just about managing ageing – it's about reshaping how societies invest in human potential, making health an essential driver of prosperity.

Roxana Chiritoiu, Romania
By 2050, the interplay between climate change and longevity will shape both human well-being and economic development. Climate change directly impacts health and longevity through rising temperatures, extreme weather events and the spread of infectious diseases, which disproportionately affect vulnerable populations, including older people. Conversely, the longevity economy presents an opportunity to drive sustainable development. With older consumers becoming the fastest-growing economic force, pension funds and their $28 trillion in assets can finance green growth, ensuring a healthier planet and population.

Aishwarya Srinivasan, India
Gender equity must be a key component for the longevity economy. With 42.1% of its workforce between the ages of 15 and 29,80 India has the youngest and largest workforce in the world. As of 2022–2023, the percentage of women in India's labour force is 25.4% in urban areas and 41.5% in rural areas.81 By 2050, as one of the largest ageing populations, creating implementable strategies to financially secure our women with a bottom-up approach will ensure a financially inclusive and resilient ageing population for the country.

Ayano Sasaki, Japan
Young people in ageing societies face a tough dilemma: they are seen as society's hope yet feel anxious about the future. They also harbour deep doubts about a society that delays addressing critical issues. In Japan, the impacts of ageing are evident everywhere, from labour shortages to working-age individuals juggling jobs and caregiving. Remarkably, even people in their 40s are still considered "young". Meanwhile, ageing social leaders often propose policies for future generations that feel superficial. To tackle this pressing situation, where the burden is unfairly shifted to the young, serious intergenerational dialogue is urgently needed.



David Nwachukwu, Nigeria
The success of a longevity economy in the Nigerian and West African context largely depends on the steps we take to address existing policy gaps and cultural norms. Nigeria faces a critical challenge, with over 80 million youth and 53.40% unemployed. Our underfunded public health framework and a misery index of 38% highlight systemic issues. By 2050, this demographic will approach middle age, but without health, employment or satisfaction, a thriving longevity economy is unattainable. However, opportunities abound. Leveraging Nigeria's culture of community and advancing inclusive policies could drive innovation, open the informal economy and create systems that sustain employment and purpose across generations.

Mahad Zafar, United Arab Emirates
The longevity economy stands at the crossroads of immense opportunity and urgency. Ensuring longer, healthier and more fulfilling lives requires a fundamental reengineering of markets and systems from a first-principles perspective – one that prioritizes advancing healthspans and wealthspans over merely extending lifespans. This shift reframes ageing from a "liability model" to an "asset model of longevity". MENA presents a unique dynamic – while the region remains demographically young, it must proactively shape a future where extended lifespans redefine economic and social structures. The UAE, with its visionary leadership, is making significant strides towards cultivating a longevity society, embedding longevity across sectors to strengthen societal cohesion and long-term resilience.

Notes: The Global Shapers Community is a worldwide community of more than 11,000 young change-makers from more than 150 countries, working together on local projects to help their communities thrive. The Global Shapers Longevity Economy Taskforce is comprised of 25 active Global Shapers and alumni. In addition to the 10 individuals listed here, the taskforce includes Sampson Kofi Adotey, Chiugo Aghaji, Diogo Alves, Yuliia Demchyk, Penelope Gregoriou, Limtiya Izzath, Yujing (Carol) Jin, Immaculata King, Mohammed Mishal, Brad Olsen, Pranidhi Sawhney, Samiya Sheikh, David-Alexandru Timis, Krystle Reid Wijesuriya, Moreblessing Wine.
Viewpoints shared here are their own.

5 Pathways for economic growth

Financial and social systems need to evolve to empower individuals to thrive at every stage of life, driving sustained economic growth.

Current life expectancies have increased over those of prior generations, and traditional career paths are becoming more varied. Individuals are navigating longer, more complex careers and multistage lives, with more fluid transitions between education, work, caring responsibilities and retirement. As economies adapt to these shifts, enabling financial resilience during those key transitions is essential not only for individual well-being but also for sustained economic growth.

5.1 The case for action

To sustain growth in the longevity economy, financial systems can be designed to provide both security and flexibility.

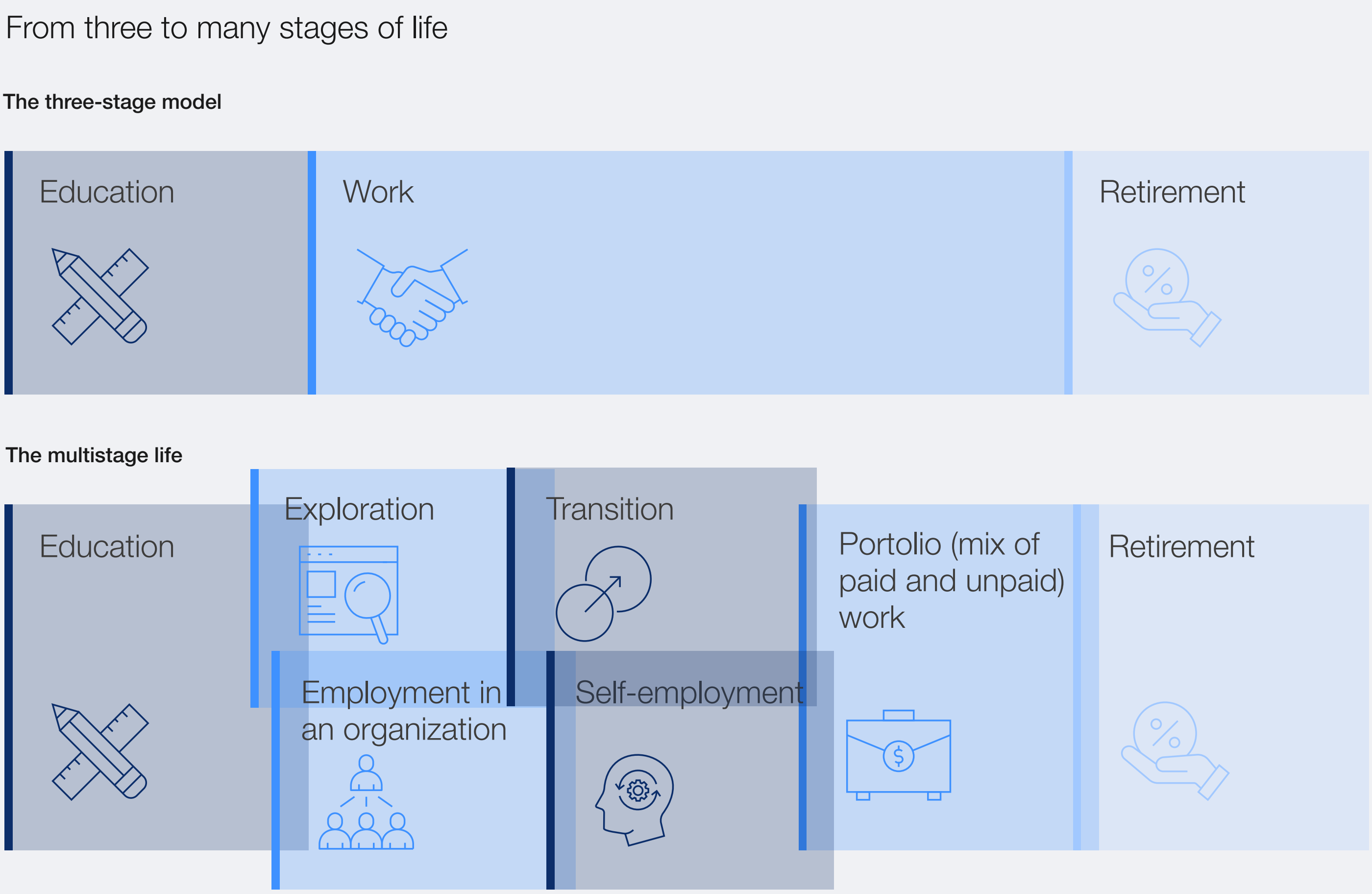
Ensuring financial security across life's transitions is essential for both individual well-being and long-term economic resilience.

The traditional notion of a linear career ending in a single retirement event is no longer a reality for many people. Today's workers may make multiple career changes, undertake entrepreneurial ventures and take on caring responsibilities while enjoying longer lifespans. This demands a reimagining of financial systems to support individuals through these stages, ensuring they have access to appropriate insurance, savings and skill-building opportunities that enable them to meaningfully engage in the economy. In turn, this not only enhances personal financial security but also allows individuals to continue to contribute to economic growth throughout their lives.

- By 2031, nearly 25% of the workforce in developed economies will be aged 55 and over,[82] highlighting the need for financial and employment systems that can enable career transitions and continued workforce participation.
- Women, who tend to take more career breaks for caring responsibilities, often experience significant gaps in their financial security, with a reported 26% lower retirement savings than men on average.[83]
- More than 60% of workers globally are in the informal sector, and hence lack the safety nets provided by formal employment and pension systems, which increases financial vulnerability and limits economic mobility.[84]

To sustain growth in the longevity economy, financial systems can be designed to provide both security and flexibility, enabling individuals to transition between roles, invest in skill development and engage in care provision without long-term financial setbacks.

FIGURE 9 **From three to many stages of life**



SOURCE: Gratton, L., & Scott, A. (2017). The corporate implications of longer lives. *MIT Sloan Management Review*. https://sloanreview.mit.edu/article/the-corporate-implications-of-longer-lives/

5.2 Understanding the challenges

Career transitions often leave workers with inadequate financial buffers.

The modern workforce is increasingly dynamic, with people moving between jobs, careers and countries and perhaps taking time out of work or working at a reduced rate. While these transitions can provide exciting new opportunities, workers who change jobs or careers may lose access to essential benefits such as health, disability and life insurance, leaving them financially vulnerable during crucial periods such as illness, disability or family needs.

Without a system that guarantees continuity of coverage, individuals face gaps in their protection, which can have lasting financial repercussions. A comprehensive solution is needed to ensure that workers are protected, regardless of their job transitions or life phases.

Caring responsibilities drive significant financial disparities.

As noted in the discussion on the economics of caregiving and long-term care, caring responsibilities can have profound impacts on long-term financial security. Within an ageing population, more individuals, especially women, are expected to take career breaks to care for children, ageing parents or family members with disabilities. These breaks often lead to gaps in their earnings and contributions to retirement savings, as well as affecting their career progression, hindering their ability to accumulate wealth over time.

Gig, freelance and informal workers face income instability and limited access to benefits.

The rapid rise of gig, freelance and informal work is reshaping the labour market, but these jobs often come with significant challenges. The inherent income volatility makes it difficult for workers to make consistent contributions to retirement savings and build long-term financial security. Without the stability of regular, salaried employment, these workers can also face limited access to traditional employee benefits such as paid health insurance, occupational retirement plans and paid leave.

As the gig economy expands, there is a pressing need for systems that can provide more reliable financial support and ensure adequate retirement security for these non-traditional workers.

Access to lifelong skill-building is essential for career mobility and financial stability.

In today's rapidly evolving job market, workers need continuous access to skill-building and upskilling opportunities to remain competitive and financially secure. Many individuals who may be near or over retirement age but remain in good health may wish to continue working. However, the lack of accessible, affordable training programmes means that these workers are often unable to transition into higher-paying or more stable roles as they age, which affects their financial stability over time, especially for those who may have needed to take time away from their careers for caring responsibilities. Additionally, older workers or those in marginalized communities are often overlooked when it comes to career development programmes, further exacerbating inequalities.

5.3 Spotlights on innovation

Denmark's Flexicurity system – combining flexibility with financial security

Denmark's Flexicurity system combines labour-market flexibility with social security, designed to support individuals through various life stages, including transitions between education, work, care responsibilities and retirement. As of January 2025, the unemployment rate in Denmark stands at approximately 2.9%,[85] a relatively low rate that reflects in part the effectiveness of this flexibility in creating job opportunities.

- The Danish welfare system offers robust unemployment benefits, healthcare and pensions. Unemployment benefits can last up to two years, with maximum payouts dependent on prior earnings. This safety net is essential for individuals in job transitions, ensuring financial stability during unemployment.

- The Danish government invests significantly in education and training, with more than 20% of the workforce participating in adult education programmes in 2023.[86] This system promotes continuous skills development through funding for various training and reskilling initiatives, helping workers adapt to evolving job-market demands.

- Denmark provides generous parental leave policies, allowing up to 52 weeks of leave for parents, with benefits covering a substantial portion of their salary. This support alleviates the financial impact of a caring role, enabling individuals to balance work and family responsibilities effectively.

The Flexicurity model integrates various services, including job placement, training and financial advice, into a cohesive system. The Danish Agency for Labour Market and Recruitment provides comprehensive support to job seekers, including access to career counselling and training programmes, facilitating smoother transitions between jobs and careers.

Brazil's Bolsa Família – a model for financial inclusion and resilience

Brazil's Bolsa Família programme, initiated in 2003, serves as a compelling example of how targeted social policies can promote financial resilience and support individuals through various life stages. By providing conditional cash transfers to low-income families, the programme not only addresses immediate financial needs but also lays the groundwork for long-term socioeconomic mobility.

- Eligible families receive monthly financial aid contingent upon their children's regular school attendance and compliance with health check-ups. This approach ensures that immediate financial assistance is coupled with investments in employees.

- The programme has been instrumental in reducing extreme poverty in Brazil. Notably, a 2023 study found that 64% of children and teenagers (aged 7–16) who were enrolled in Bolsa Família in 2005 had exited the programme by 2019, with half of them securing formal employment. This indicates a significant movement towards economic self-sufficiency and the breaking of intergenerational poverty cycles.[87]

- By directing financial resources primarily towards women, Bolsa Família enhances women's economic autonomy and decision-making power within households, contributing to broader social empowerment.

Bolsa Família exemplifies how well-structured social programmes can create pathways for individuals to navigate the complexities of a multistage life, promoting financial stability, educational attainment and long-term economic resilience.

France's lifelong learning accounts – a future-ready workforce

In France, the Compte Personnel de Formation system empowers workers by allowing them to accumulate credits for professional training throughout their careers. Private-sector employers have adopted and enhanced this model by offering additional corporate-sponsored credits and tailored reskilling opportunities.[88]

- Employees accrue credits annually, which they can use to fund accredited training programmes, certifications or career transitions.

- Employers supplement these credits with company-specific learning budgets, supporting industry-relevant skills and personal growth.

- Under the scheme, 28 million eligible full- and part-time workers will receive €500 ($520) annually directly into their skills account to spend on upskilling and continuous learning, with low-skilled workers and those with disabilities receiving up to €800 ($830) annually, capped at a total of €5,000 and €8,000, respectively.[89]

This system not only ensures that workers remain adaptable in a rapidly evolving economy but also facilitates smooth career transitions and promotes financial stability. Investing in reskilling allows employers to retain talent and cultivate a workforce that is well-equipped to navigate the complexities of a multistage life.

5.4 A path forward

The evolving nature of work and longer life expectancies demand financial systems that support individuals throughout their multistage lives. Public- and private-sector collaboration is essential to ensuring that career transitions – whether planned or unexpected – do not lead to financial instability.

To create resilient financial pathways for the multistage life, important actions include:

1. Support lifelong skill-building and career mobility

Expanding access to continuous education and reskilling programmes to enable workers to adapt to evolving labour markets.

2. Encourage phased retirement and flexible work structures

Offering structures that allow individuals to work in a reduced capacity while maintaining income security and essential benefits.

3. Enhance financial protections for non-traditional workers

Creating tailored retirement savings, insurance and emergency support structures for gig workers, freelancers and those in informal employment.

4. Strengthen public policy guardrails for financial stability

Establishing robust protections and benefits to support individuals navigating career transitions or other life events that mean they are unable to work for a period.

5. Enable carer-related career transitions

Providing resources and workplace flexibility for carers to mitigate the financial strain of unpaid care responsibilities.

Actions for impact

To navigate the longevity economy, cross-sector actions are needed that address the economic and social implications of demographic transitions.

The following actions are designed to empower stakeholders – including policy-makers, employers, financial institutions, civil society organizations and individuals – to implement innovative solutions that promote financial resilience and inclusivity at all stages of life. Given the rapid pace of demographic change and the evolving nature of work, these actions are more critical than ever.

Prioritizing these actions can help create a robust framework that both supports individuals and strengthens the overall economic fabric of society. This section outlines achievable strategies that can be adopted now to ensure a sustainable and equitable future for all, reflecting the principles of the longevity economy and the urgent need for systemic innovation.

TABLE 2 **Actions that empower stakeholders to implement innovative solutions**

1. Improve retirement income solutions to ensure financial security in later life

Policy-makers	Employers	Financial institutions	Civil society	Individuals
Support policies that encourage innovative, cost-effective retirement income solutions	Provide access to retirement planning tools and resources for employees nearing retirement	Develop and market innovative retirement income products and integrate solutions with employer offerings	Educate the public on available retirement income planning options and best practices	Engage with financial institutions and advisers to plan for a sustainable income in retirement

2. Modernize retirement and social security systems to support longer lives and evolving career paths

Policy-makers	Employers	Financial institutions	Civil society	Individuals
Assess and recommend updates to social security policy to improve financial sustainability based on demographic and workforce trends	Review how current policies can be made more flexible to meet long-term savings needs given increasingly diverse career paths	Provide robust, cost-efficient products to help people manage long-term savings	Help individuals understand their savings needs and gather diverse community input to inform policy-makers	Reflect on personal financial and retirement goals, understand gaps and explore available resources

3. Encourage auto-enrolment and behavioural nudges to increase retirement savings participation

Policy-makers	Employers	Financial institutions	Civil society	Individuals
Mandate or encourage auto-enrolment in retirement savings programmes to increase participation rates	Implement auto-enrolment features in employer-sponsored retirement plans to improve savings outcomes	Provide infrastructure and advisory services to facilitate seamless auto-enrolment in retirement products	Advocate for policies supporting auto-enrolment and educate the public on its long-term benefits	Participate in auto-enrolment programmes and actively monitor personal financial progress

4. Expand access to financial products and protections for gig and informal workers

Policy-makers	Employers	Financial institutions	Civil society	Individuals
Create incentives for financial institutions to develop tailored products for gig workers and strengthen support during transitions	Partner with financial institutions to offer customized retirement and insurance solutions for contract and gig workers	Innovate savings and insurance products specifically designed for gig and informal workers	Raise awareness about available financial products and advocate for improved access	Actively seek out and enrol in retirement savings and insurance products designed for gig workers

5. Promote the use of technology in financial services to enhance access and personalization

Policy-makers	Employers	Financial institutions	Civil society	Individuals
Encourage innovation in fintech and support digital inclusion initiatives for financial services	Provide employees with access to digital financial tools and personalized financial planning platforms	Invest in technology-driven financial solutions to enhance accessibility and efficiency	Support digital literacy programmes to ensure individuals can effectively use financial technology	Use technology to manage personal finances, track spending and access financial education resources

6. Strengthen care provision and long-term care systems to support informal carers and formal care infrastructure

Policy-makers	Employers	Financial institutions	Civil society	Individuals
Establish national care-provision policies that include pension credits for informal carers as well as support for formal care workers	Implement workplace policies supporting employees who are carers, such as flexible working hours and paid leave	Develop financial products that provide individuals with access to long-term care	Advocate for the recognition and support of carers and provide community resources	Engage in community support networks for carers and plan ahead for potential care responsibilities

7. Develop comprehensive employee benefits programmes integrating retirement savings, reskilling, caring and health support

Policy-makers	Employers	Financial institutions	Civil society	Individuals
Encourage employers to adopt comprehensive benefits programmes through incentives and regulatory guidelines	Offer benefits that integrate retirement savings, reskilling programmes, carer support and health resources	Collaborate with employers to provide financial planning tools and retirement resources	Promote best practices for integrated employee support programmes and assist in policy implementation	Use employer-provided resources to enhance financial security, career preparation and overall well-being

8. Expand lifelong learning and financial education to support career adaptability and financial well-being

Policy-makers	Employers	Financial institutions	Civil society	Individuals
Facilitate public–private partnerships to create lifelong learning programmes and incentivize employer investment in training	Develop workplace learning programmes and offer financial education as part of employee benefits	Support training initiatives and create educational resources for financial literacy	Organize community workshops and digital resources to enhance access to financial and career education	Engage in lifelong learning opportunities and financial literacy programmes to improve career skills and financial well-being

9. Support flexible work structures and career transitions through policies and employer incentives

Policy-makers	Employers	Financial institutions	Civil society	Individuals
Encourage flexible work arrangements and protect employee rights during career transitions	Implement policies that allow for flexible work, including sabbaticals, part-time roles and job-sharing	Design financial products that support employees during career breaks	Advocate for policies promoting work–life balance and providing support for carers	Use available resources to navigate career changes and seek out employers offering flexible work (if relevant)

10. Foster cross-sector collaboration to drive systemic change in the longevity economy

Policy-makers	Employers	Financial institutions	Civil society	Individuals
Facilitate multistakeholder partnerships to ensure sustainable and inclusive longevity economy solutions	Collaborate with government and financial institutions to create suitable programmes for employees	Engage with policy-makers and employers to develop scalable financial inclusion models	Champion collaboration efforts that bridge the gaps between the public, private and non-profit sectors	Participate in financial and longevity-related initiatives and stay engaged with policy discussions

The actions outlined in this section provide a comprehensive framework for navigating the complexities of the longevity economy. Empowering stakeholders – including policy-makers, employers, financial institutions, civil society organizations and individuals – to collaborate effectively can enhance the impact of these initiatives. Establishing mechanisms for measuring outcomes will be crucial for adapting strategies as needed. Prioritizing cultural awareness and sensitivity in solution design will help ensure they are inclusive and relevant to people from all backgrounds.

Conclusion

A fundamental shift in perspective is required to transform this demographic transition into a driver of strength and economic growth.

As the global population ages, societies must evolve to ensure financial security, purpose and support across all life stages. This white paper has explored five key areas for innovation: building resilient public retirement systems; accumulation to decumulation; the role of employers in financial well-being; the economics of caregiving and long-term care; and pathways for economic growth.

A fundamental shift in perspective is required. Instead of viewing ageing through a lens of limitations, society must recognize the value of multistage lives, adaptable retirement structures and inclusive financial systems – both to empower individuals and to strengthen the economy. Modernizing public retirement systems will ensure sustainable security for ageing populations, and rethinking lifetime income strategies can help individuals effectively manage financial resources over extended lifespans. At the same time, caregiving and long-term care need greater financial and policy support to address the growing demand for sustainable, high-quality care solutions.

Traditional models of work, retirement and financial planning are no longer sufficient. Resilient public retirement systems, sustainable lifetime income strategies and adaptable financial pathways must align to support individuals across longer, multistage lives with a greater range of experiences. Policies, financial products and employer strategies need to evolve to foster career flexibility, financial resilience and security at every stage of life.

Governments, the private sector and civil society must collaborate to modernize policies and financial structures, using technology and innovation to create inclusive, adaptive solutions. The longevity economy is already being shaped by new ideas, technologies and policies. The decisions made today will determine whether longer lives will translate into greater opportunity and prosperity for individuals and societies alike.

Contributors

Lead Author

Lin Shi
Project Fellow, Longevity Economy & Principal, Mercer

World Economic Forum

Haleh Nazeri
Lead, Longevity Economy, World Economic Forum

Mercer

Graham Pearce
Senior Partner, Global Defined Benefit Segment Leader, Mercer

Acknowledgements

Steering Committee

Anne Ackerley
Senior Advisor, BlackRock

Ramsey L. Alwin
President and Chief Executive Officer, National Council on Aging

John Beard
Irene Diamond Professor of Health Policy and Epidemiology, Columbia University

Cesar Buenadicha
Discovery Unit Chief, IDB Lab

Catherine Collinson
Chief Executive Officer and President, Transamerica Center for Retirement Studies

Joseph Coughlin
Director, MIT AgeLab, Massachusetts Institute of Technology

Paul Gruenwald
Global Chief Economist, S&P Global

Cynthia Hansen
Managing Director, Innovation Foundation, The Adecco Group

Lukas Junker
Head, Global Center of Competence Life, Allianz

Deland Kamanga
Group Head, Wealth Management, BMO Financial Group

Surya Kolluri
Head of TIAA Institute, Teachers Insurance and Annuity Association

Charles-Antoine Laplante
Head, Finance and Strategy, Global Retirement, Manulife Financial

Wendy Liu
Chief Executive Officer, Zurich Integrated Benefits & International Life, Zurich Insurance Company

Joseph Lu
Director, Longevity Science, Legal & General

Lisa Margeson
Managing Director, Retirement Research & Insights, Bank of America

Kerry McMullan
Head L&H Structured Solutions, Swiss Reinsurance Company

Annette Mosman
Group Chief Executive Officer, APG

Rich Nuzum
Executive Director, Investment and Global Chief Investment Strategist, Mercer

Ahmad Zulqarnain Onn
Chief Executive Officer, Employees Provident Fund

Juan Manuel Valle Pereña
Chief Executive Officer, AFORE Coppel, Coppel

Tara Perkins
Managing Director, Head of Global Public Affairs, CPP Investments

Samuel Rhee
Co-Founder, Chairman and Chief Investment Officer, Endowus

Andrew J. Scott
Professor of Economics, London Business School

Ken Stern
Chair, Longevity Project

Fiona Stewart
Lead, Aging and Pensions, World Bank

Yuka Sumi
Acting Unit Head, Medical Officer, Ageing and Health, World Health Organization

Toma Šutić
Adviser of the Commissioner in charge of Demography, European Commission

Working Group

Pablo Antolin
Principal Economist of Private Pension Unit, Organisation for Economic Co-operation and Development

Chloe Barz
Director, International Government and External Affairs, Robinhood Markets

K. C. Boas
Head, Retirement Thought Leadership, BlackRock

Caroline De Souza Rodrigues Cabral
Senior Economist, Swiss Reinsurance Company

Martha Deevy
Associate Director and Senior Research Scholar, Stanford Center on Longevity

Catherine Foot
Director, Phoenix Insights, Phoenix Group UK

Mark Glover
Innovation Foundation, The Adecco Group

Ana Luisa Saavedra Granja
Head of Strategy, AFORE, Coppel

Michael W. Hodin
Chief Executive Officer, Global Coalition on Aging

Nicole Jorwic
Chief of Advocacy & Campaigns, Caring Across, National Domestic Workers Alliance

Lidia Lafoz
Research Specialist, Innovation Foundation, The Adecco Group

Steven Lewis
Global Head of Insight, JLL

Mike Mansfield
Chief Executive Officer, ProAge

Marco La Marca
Member of Cabinet of the Commissioner in charge of Demography, European Commission

Paolo Marini
Global Head Broker Relations, Zurich Integrated Benefits, Zurich Insurance Company

JoAnne Moore
Vice-President, Thought Leadership and Content, Corebridge Financial

Daniel Murray
Deputy Chief Information Officer, EFG International

Silvia Neira
Vice-President, Global Initiative on Ageing & Longevity

Alwin Oerlemans
Head of Product Management, APG Asset Management

Anne Ollen
Managing Director, Teachers Insurance and Annuity Association

Monika Queisser
Head, Social Policy Division, Directorate of Employment, Labour and Social Affairs, Organisation for Economic Co-operation and Development

David Rabinowitz
Principal, Deloitte Consulting

Maria Da Silva
Director, Strategic Initiatives, Global Sustainability, John Hancock

Shruti Singh
Senior Economist, Ageing and Employment Policies, Organisation for Economic Co-operation and Development

Rachel Snyderman
Managing Director, Economic Policy, Bipartisan Policy Center

David Sun
Senior Executive Vice-President, Cathay Financial Holdings

Ana Tripsa
Head of Insurance Risk Management, NN Group

Christophe Weber
Senior Vice-President, Corporate Affairs, Communications and Strategy, The Swiss Bank of Geneva

Balqais Yusoff
Head, Strategy Management Department, Employees Provident Fund

Additional Thanks

Isabela Bartczak
Specialist, Longevity Economy, World Economic Forum

Morgan Camp
Coordinator, Centre for Financial and Monetary Systems, World Economic Forum

Joan Collar
Chief Commercial Officer, MMC Asia

Hope French
Innovation Specialist, Longevity Economy, World Economic Forum

Natalya Guseva
Head, Financial Markets and Resilience Initiatives, World Economic Forum

Gog Soon Joo
Chief Skills Officer, SkillsFuture Singapore

Kilolo Kijakazi
Senior Advisor

Brooke Lapointe
Global Retirement and Investments Program Manager, Mercer

Brandon Lee
Group Director of the Transformation Support Group, Workforce Singapore

Mona Mourshed
Founding Global Chief Executive Officer, Generation

Daniel Murphy
Risk and Resilience Specialist, World Economic Forum

Amal Abou Rafeh
Chief of the Programme on Ageing, United Nations Department of Economic and Social Affairs

Cortney Sanders
Senior Advisor

Yvonne Sonsino
Partner, Mercer

Hallie Spear
Specialist, Financial Markets and Resilience Initiatives, World Economic Forum

Global Shapers Longevity Economy Taskforce

Production

Albert Badia Costa
Designer

Alison Moore
Editor, Astra Content

Charles Phillips
Editor, Astra Content

Endnotes

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World Economic Forum
91–93 route de la Capite
CH-1223 Cologny/Geneva
Switzerland

Tel.: +41 (0) 22 869 1212
Fax: +41 (0) 22 786 2744
contact@weforum.org
www.weforum.org