



Aging and
Retirement



Retirement Readiness in Japan

Financial Security and Risk Perceptions

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Retirement Readiness in Japan: Financial Security and Risk Perceptions

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CONTENTS

Executive Summary.....	4
1 Introduction	5
2 Background and Methodology.....	7
Survey Design and Data Analysis.....	7
Background on the Retirement Landscape.....	7
Demographics.....	8
3 Retirement Readiness and Income Sources.....	9
Retirement Perceptions and Priorities.....	9
Planning Behaviors and Financial Confidence	10
Retirement Concerns and Post-Pandemic Shifts	11
Income Sufficiency and Future Expectations.....	13
Employer Plans and Participation	16
4 Financial Awareness and Risk Perceptions	19
Financial Literacy and Information Sources.....	19
Investment Preferences by Age Group.....	20
Insights on Annuity Product Preferences.....	21
Health Concerns and Insurance Demand	22
5 Key Changes Since 2018.....	26
Retirement Planning, Income Strategies and Confidence.....	26
Health Concerns, Insurance Coverage and Information Sources.....	28
6 Conclusions	30
About The Society of Actuaries Research Institute	31
About Reinsurance Group of America, Incorporated (RGA)	32

Retirement Readiness in Japan: Financial Security and Risk Perceptions

Executive Summary

Japan is facing a critical juncture in its retirement landscape, with nearly 29% of its population aged 65 or older, placing mounting pressure on public pension systems and private retirement resources. Since the *2018 SOA Asia Retirement Study*, the retirement landscape has evolved significantly due to economic shifts, the prolonged impact of the COVID-19 pandemic, and changing attitudes toward financial security in later life. In response, Japanese Workers and Retirees are adapting their planning strategies, yet challenges remain in ensuring long-term retirement readiness.

This report, based on a 2024 joint consumer survey conducted by the Society of Actuaries (SOA) and Reinsurance Group of America, Incorporated (RGA), examines retirement preparedness in Japan. It explores key aspects such as retirement planning behaviors, financial literacy, risk perceptions, sources of retirement income, and confidence in financial sustainability. The study segments respondents into three generational groups—Prime Age Workers, Pre-Retirees, and Retirees—providing insights across life stages.

The findings indicate that Retirees in Japan are far more engaged in retirement planning than their younger counterparts, particularly in estimating retirement income and evaluating social pension benefits. However, younger groups exhibit lower levels of preparedness and confidence, with many uncertain about their financial future and regretful about delayed savings. Concerns about rising healthcare costs, inflation, and tax burdens are widespread, fueling demand for insurance products that offer protection against longevity and critical illness risks.

While overall confidence in retirement security has improved since 2018, participation in employer-sponsored retirement plans remains limited, and consumer distrust of financial institutions remains low. Interest in annuities and guaranteed lifetime income products is growing, especially those offering enhanced benefits linked to health status, though actual adoption remains modest. These insights highlight the need for increased financial education, tailored retirement products, and policy initiatives to support Japan's rapidly aging society.



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1 Introduction

Japan is undergoing a significant demographic shift, with its aging population grappling with evolving retirement systems and financial security. Since the *2018 SOA Asia Retirement Study*¹, Japan has experienced notable economic and social changes, including the effects of the COVID-19 pandemic, changes in retirement planning attitudes and behaviors, and shifting financial risk perceptions. The official retirement age in Japan varies by company, though most set the age between 60 and 65. A 2013 revision to the Act on Stabilization of Employment of Older Persons allows workers to remain employed until 65, and many companies now offer reemployment or continuation options². According to the Statistics Bureau³, approximately 29% of Japan's population is over the age of 65, underscoring the demographic pressure on public pension systems and personal financial readiness.

This report is based on a collaborative consumer study conducted by the Society of Actuaries (SOA) and Reinsurance Group of America, Incorporated (RGA), examining retirement preparedness in Japan, focusing on financial awareness, risk perceptions, retirement planning activities, and income sources. While many Japanese respondents carefully assess their pension benefits and income sources, less than half actively manage their savings, and even fewer feel confident in their ability to maintain their desired lifestyle in retirement. Concerns such as tax increases, potential reductions in government pensions, and rising healthcare costs weigh heavily on retirement planning decisions. According to the 2025 Allianz Global Pension Report⁴, Japan ranks 68th out of 75 countries in terms of pension system sustainability, reflecting deep-seated challenges related to its aging population and the long-term viability of its retirement income systems. The findings in this report offer valuable insights for policymakers, financial institutions, and individuals to help improve retirement security in Japan. The report also identifies emerging opportunities for insurance companies to develop new products that align with the growing demand for financial protection and retirement solutions.

This report is structured into five key sections, providing a comprehensive analysis of Japan's retirement landscape:

- **Background and Methodology** outlines the study's research framework, detailing survey methods, respondent demographics, and approaches to data analysis used to assess retirement preparedness in Japan.
- **Retirement Readiness and Income Sources** explores savings habits, pension reliance, and participation in employer-sponsored retirement plans. While many workers have access to retirement savings plans, only a third contribute. Confidence in retirement funds is low, with many expecting to work longer or after retirement. The section also reviews attitudes toward annuities and insurance. While interest in protection-linked annuities is high, adoption remains limited—revealing a gap between intent and action while signaling market opportunities.
- **Financial Awareness and Risk Perceptions** examines financial literacy among Workers and Retirees, highlighting generational differences in information sources—with a focus on digital sources for younger individuals and more traditional media sources for older generations. The findings reveal key retirement concerns, including longevity risk, healthcare costs, and inflation. A lack of financial literacy in the market exacerbates limited consumer confidence in financial decision-making.

¹ Society of Actuaries. (2018). *Spotlight on Retirement: Japan and Taiwan*. <https://www.soa.org/resources/research-reports/2018/spotlight-on-retirement/>

² Japan Institute for Life Insurance. *Household Economy and Life Planning*. <https://www.jili.or.jp/lifeplan/houseeconomy/1046.html>

³ Statistics Bureau, Ministry of Internal Affairs and Communications website. <https://www.stat.go.jp/data/jinsui/2023np/index.html>

⁴ Allianz. (2025). *Global Pension Report 2025*. https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/economic-research/publications/specials/en/2025/january/2025-01-30-Pension-Report.pdf

- **Key Changes Since 2018** highlights major shifts in better retirement planning, financial confidence, and income security. Post-pandemic concerns over inflation and pension reliance have grown, with mixed levels of preparedness among individuals. The section also observes both progress and stagnation in retirement planning practices, noting increased awareness of risks, but ongoing hesitancy to take action in critical areas like long-term income planning.
- **Conclusions** summarize key insights and offers recommendations for financial institutions, insurers, and policymakers, stressing the need to enhance financial literacy, boost participation in retirement savings, and develop financial products that address longevity and healthcare risks. The report underscores the importance of policy and product innovation in helping Japan's aging population maintain financial stability in retirement.

Through systematic analysis of these areas, this report offers valuable insights to support the development of effective retirement strategies for Japan's aging population.

2 Background and Methodology

SURVEY DESIGN AND DATA ANALYSIS

This study is based on a quantitative consumer survey conducted in November 2024 by the SOA and RGA. The survey consisted of 35 questions exploring a broad range of topics related to retirement planning and financial behavior. Key themes included:

- Perceptions of retirement
- Financial literacy and investment knowledge
- Current and expected income sources
- Retirement savings behavior and confidence
- Risk tolerance and insurance preferences
- Attitudes toward aging, health, and long-term care
- Post-pandemic shifts in financial outlook

The survey also assessed interest in annuities and respondents' readiness to adapt their strategies in response to economic and societal changes.

Survey responses were analyzed using descriptive statistics, such as frequency distributions and percentage breakdowns, to identify key trends. Where relevant, results were segmented by life stage to enable generational comparisons on retirement expectations, preparedness, and behavior. Findings were also benchmarked against the *2018 SOA Asia Retirement Study*, with comparisons made to assess changes before and after the COVID-19 pandemic. Results are presented using tables and charts to support interpretation and enable cross-market analysis.

BACKGROUND ON THE RETIREMENT LANDSCAPE

According to the Statistics Bureau of Japan, as of October 2023, 35% of the Japanese population are aged 60 and over, while 29% are above age 65⁵. The general retirement age in Japan is between 60 and 65 years of age. The vast majority of companies (94%) in Japan have a retirement age and, of those companies, 96.9% set a uniform retirement age. Seventy-two percent of companies set a uniform age of 60 years, while 21% have a requirement for retirement at 65 years.

In Japan, 60% of survey respondents report having access to at least one form of retirement plan through their employer, though 40% indicate they do not have any employer-sponsored options, revealing a significant gap in retirement coverage. Among those with access, 36% participate in a defined contribution enterprise annuity, while 31% are covered by a traditional pension or defined benefit plan. Participants prefer financial products or investments that create guaranteed income (43%) or fixed income (39%) for life to meet their financial needs in retirement. These types of products/investments guarantee that the owner receives more than the principal amount.

⁵ Statistics Bureau, Ministry of Internal Affairs and Communications website: <https://www.stat.go.jp/data/jinsui/2023np/index.html>

DEMOGRAPHICS

A total of 750 respondents from Japan participated in the online study, all of whom were identified as primary or joint decision-makers for their household finances. The study targeted three age segments: Prime Age Workers (ages 30–45), Pre-Retirees (ages 46–59), and Retirees (ages 60–75).

- Prime Age Workers are people in an early stage of their careers and planning for marriage or families.
- Pre-Retirees are currently working and gradually approaching retirement, while planning to build savings to maintain their lifestyle, health, and financial stability.
- Retirees are close to, or currently, in retirement.

The sample of respondents was split by gender with 51% male and 49% female. The majority of respondents (54%) indicated that they earn a household income between JPY 6,000,001 – 10,000,000. Tables 1-3 below provide the full breakdowns of the study demographics.

Table 1

AGE BANDS

Age	Percentage
30-45 years old (Prime Age Workers)	31%
46-59 years old (Pre-Retirees)	31%
60-75 years old (Retirees)	38%

Table 2

GENDER DISTRIBUTION

Gender	Percentage
Men	51%
Women	49%

Table 3

ANNUAL HOUSEHOLD INCOME (JPY)

Income Range (JPY)	Percentage
2,000,000 - 6,000,000	20%
6,000,001 - 10,000,000	54%
More than 10,000,000	26%

This report benchmarks current findings against the *2018 SOA Asia Retirement Study*. The findings outline how the Japanese market responded to the impact of the COVID-19 pandemic on key areas including retirement readiness, income sources, financial knowledge, risk tolerance, and attitudes. The report aims to provide valuable insights for policymakers, financial institutions, and insurers, helping them adapt strategies to support an aging population and enhance long-term financial stability and retirement preparedness.

3 Retirement Readiness and Income Sources

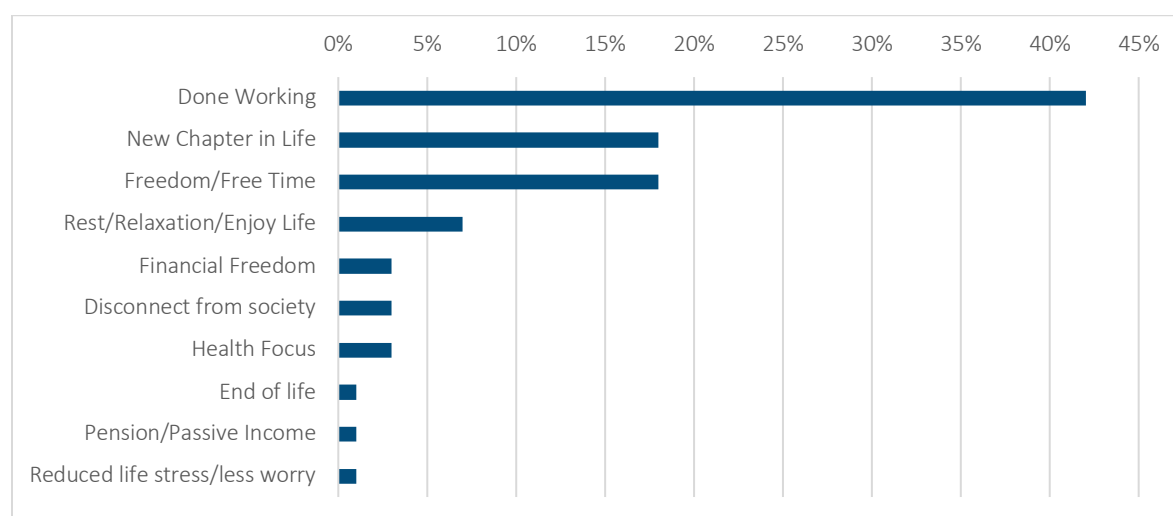
RETIREMENT PERCEPTIONS AND PRIORITIES

- Retirement in Japan is viewed mainly as the end of work and the start of a new chapter.
- Health and independence are major priorities, while communal living options are less popular.
- There is a strong cultural emphasis on independence, stability, and meaningful daily life.

Retirement in Japan is most often associated with the completion of one's career, with many respondents viewing it as a professional milestone (Figure 1). According to the survey, over 40% of respondents identified ending their career as the primary meaning of retirement. Other notable associations include starting a new chapter or second phase in life, cited by around 18% of respondents, and gaining freedom and more personal time, recognized by approximately 18%. A smaller proportion viewed retirement as a break to enjoy life and relax, while concerns such as financial insecurity, disconnection from society, and aging were less commonly mentioned.

Figure 1

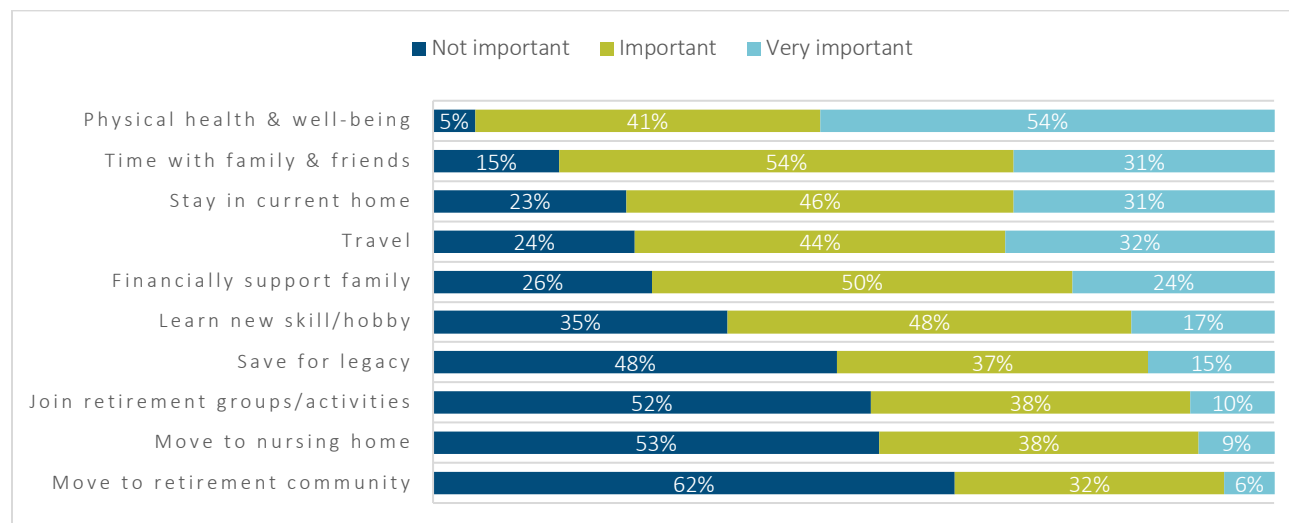
TOP MEANINGS OF RETIREMENT



When respondents were asked about the importance of various activities in retirement, an overwhelming 95% emphasized the critical need to maintain physical health and well-being, underscoring it as either important or very important. This highlights a universal recognition of health as a cornerstone of a fulfilling retirement. Figure 2 illustrates that 76% of participants also placed high value on spending quality time with friends and family, reflecting the strong desire for social connections and support networks during retirement. Traveling emerged as another significant priority, with 85% of respondents rating it as important or very important, indicating a widespread aspiration to explore and experience new places.

Financially supporting family was deemed crucial by 77% of those surveyed, showcasing a continued commitment to family responsibilities even in retirement. Seventy-four percent of respondents expressed the importance of remaining in their current residence, highlighting a preference for stability and familiarity in their living environment. Learning new skills or hobbies was important to 65% of respondents, while social engagement through group activities saw a more divided response—only around 50% of respondents viewed it as important. On the other hand, moving into a nursing home was overwhelmingly seen as not important (62%), reflecting a strong preference for independence and aging in place. Moving into a retirement community was deemed not important by 53% of respondents.

Figure 2
IMPORTANCE OF RETIREMENT ACTIVITIES



PLANNING BEHAVIORS AND FINANCIAL CONFIDENCE

- Retirees in Japan are noticeably more proactive in retirement planning compared to younger groups.
- Confidence in financial preparedness is moderate, with some concerns about long-term readiness.
- Retirement discussions in the workplace are rare, highlighting a need for greater employer support.

Retirees in Japan are the most active in retirement planning, with 59% reviewing their social pension benefits, compared to 23% of Pre-Retirees and 17% of Prime Age Workers (Table 4). They are also more likely to estimate their retirement income (43%), calculate assets (30%), and assess how long their savings will last (31%). Despite this, retirement expense planning is relatively limited, with only 32% of Retirees considering future costs. Healthcare planning is even less common, with just 9% accounting for post-retirement medical expenses. Thirty-seven percent of Prime Age Workers and 45% of Pre-Retirees have not started any retirement planning, compared to only 19% of Retirees.

Table 4
RETIREMENT PLANNING BY AGE GROUP

Planning Activities	Prime Age Workers	Pre-Retirees	Retirees
Checked pension benefits at different ages	17%	23%	59%
Estimated retirement income	24%	17%	43%
Calculated retirement assets/investments	26%	19%	30%
Estimated how long assets will last	23%	21%	31%
Estimated retirement expenses	21%	18%	32%
Decided where to live	17%	20%	18%
Planned activities and their costs	8%	10%	12%
Estimated healthcare costs	9%	7%	9%
None of the above	37%	45%	19%

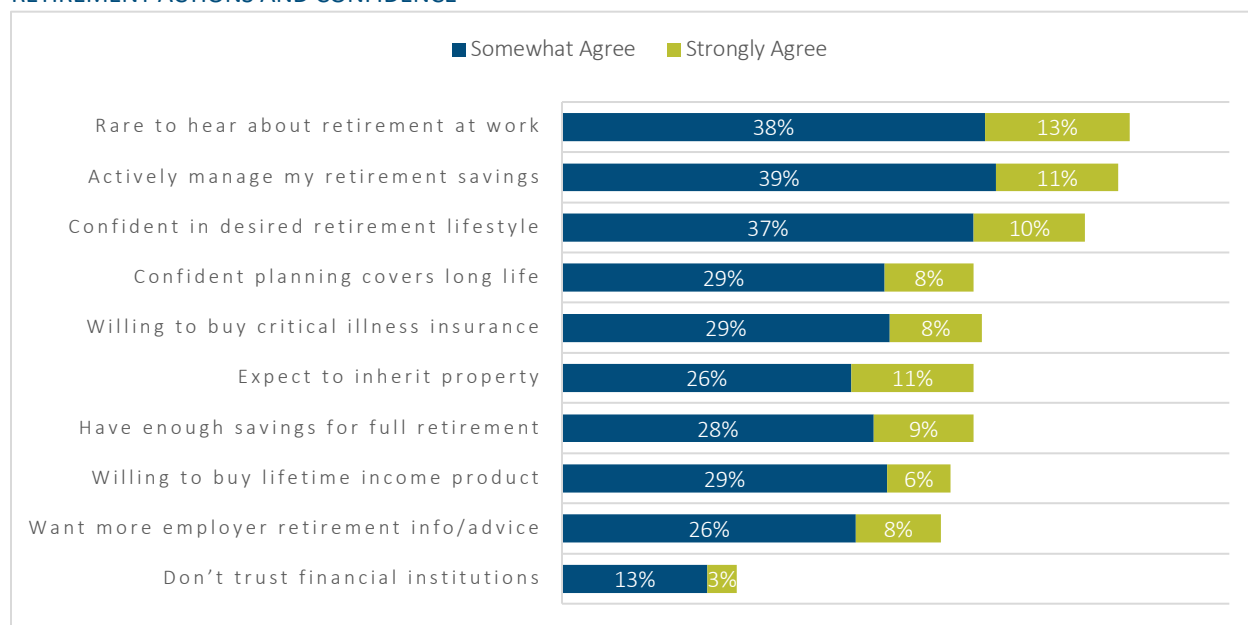
Figure 3 (below) illustrates key attitudes toward retirement planning and financial confidence among individuals in Japan. While retirement discussions in the workplace remain uncommon, with 13% strongly agreeing and 38% somewhat agreeing, a significant portion (11% strongly agree and 39% somewhat agree) are actively involved in monitoring and managing their retirement savings.

Confidence in retirement planning is moderate, with 10% strongly agreeing and 37% somewhat agreeing that they will be able to maintain their desired retirement lifestyle, though only 8% strongly agree and 29% somewhat agree feeling assured that their planning will sustain them if they live longer than expected. Financial preparedness remains a concern, as just 28% strongly agree that they have enough savings to last through retirement.

Interest in financial protection products is present but not widespread—8% strongly agree and 29% somewhat agree they would consider purchasing insurance for critical illness, and a similar 6% strongly agree and 29% somewhat agree expressing interest in guaranteed lifetime income products. Trust in financial institutions remains low, with just 3% strongly agreeing and 13% somewhat agreeing that they distrust financial institutions. Eight percent strongly agree and 26% somewhat agree that they would like their employer to provide more comprehensive retirement planning advice, highlighting a potential opportunity for workplace financial education initiatives.

Figure 3

RETIREMENT ACTIONS AND CONFIDENCE



RETIREMENT CONCERNS AND POST-PANDEMIC SHIFTS

- Healthcare costs, chronic illness, and insufficient savings are top concerns, reflecting anxiety over long-term financial security.
- Tax increases and pension reductions are widely seen as major threats for an aging population.
- Inflation, living costs, and health have worsened since 2019 despite some savings gains.

Figure 4 highlights the top retirement concerns among individuals in Japan. Tax increases emerge as the most pressing issue, with 50% identifying it as a major concern and 40% viewing it as a minor concern. Reductions in

social pension benefits by the government or employers are a significant worry, with 45% considering it a major concern. The impact of an aging society on government support is another key issue, with 41% citing it as a major concern and 49% as a minor concern, reflecting anxieties about the long-term sustainability of public retirement systems.

Inflation remains a persistent worry, with 30% concerned that their savings and assets may not keep pace with rising costs, while 24% are particularly focused on potential difficulties in securing long-term care or nursing home services. Market-related risks, including stock market downturns and declining interest rates, are also cited as major concerns by 24% and 25% of respondents, respectively. While concerns about supporting a surviving spouse and accessing adequate medical insurance are present, they are not as widely shared as financial uncertainties.

Figure 4

TOP RETIREMENT CONCERNS

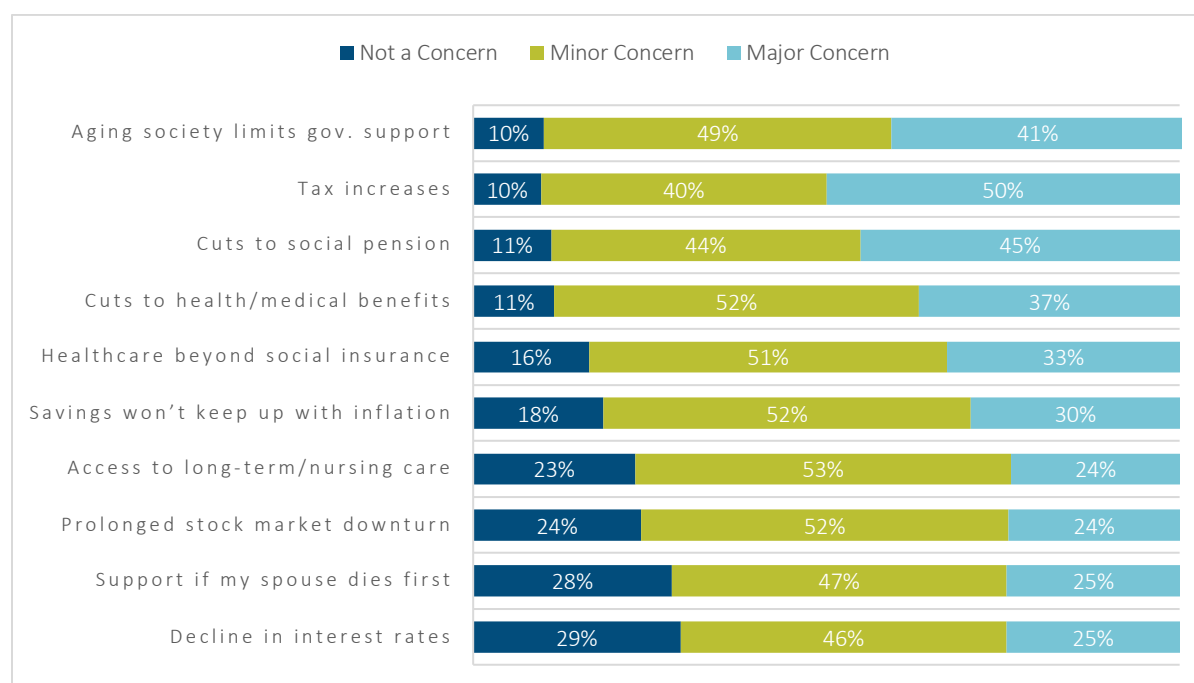


Figure 5 highlights the changes in retirement preparedness among individuals in Japan, comparing their situation today to 2019. While family support has improved for 62% of respondents, financial and economic conditions have worsened in several areas. Fifty-seven percent report better overall savings, and 55% feel their retirement savings have improved since before the pandemic. Inflation has negatively impacted 79% of respondents, making it the most widely cited concern. Living costs, including housing and utilities, have worsened for 69% of individuals, reflecting rising financial pressures. Employment opportunities have deteriorated for 52%, while 51% feel their job situation has declined since 2019. Health concerns have also increased, with 53% stating that their health has worsened.

Figure 5
CHANGES IN RETIREMENT PREPAREDNESS SINCE 2019

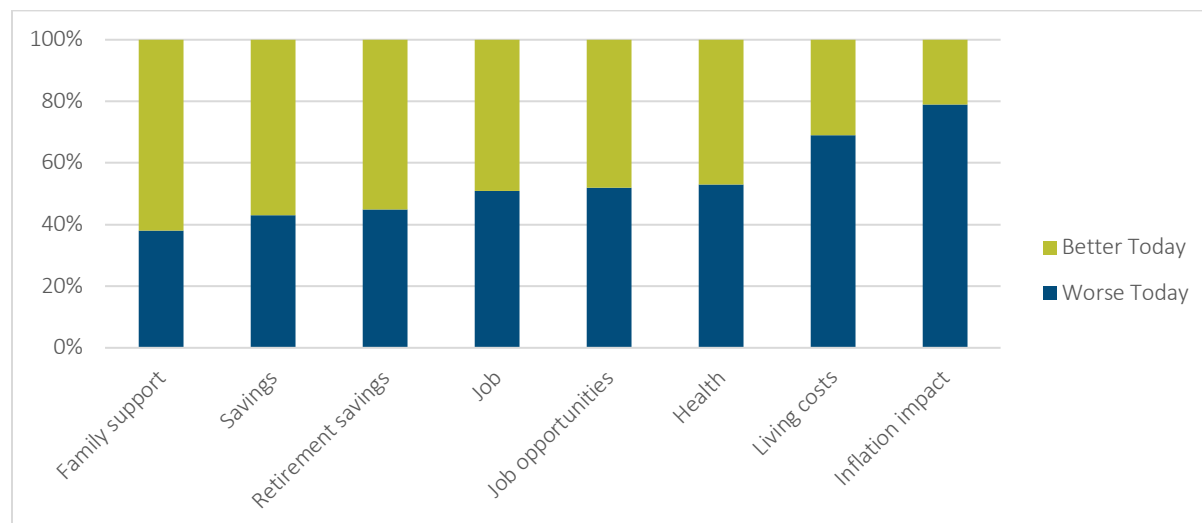


Table 5 highlights different retirement income strategies across age groups in Japan. "Withdraw principal (NET)" refers to a combined category including those who withdraw principal either regularly or occasionally alongside interest. Withdrawing principal is the most common approach, used by 42% of Prime Age Workers, 40% of Pre-Retirees, and 38% of Retirees. Corporate annuities with tax benefits are more common among Retirees (19%) than younger groups. Interest in guaranteed lifetime income products is limited across all ages. Twenty-one percent of Retirees report no intention of using their retirement savings for income—higher than other groups. Uncertainty is also prevalent, with 32% of Pre-Retirees and 27% of Prime Age Workers unsure about their income plans, compared to 16% of Retirees.

Table 5
RETIREMENT INCOME STRATEGIES BY AGE

Income Strategies	Prime Age Workers	Pre-Retirees	Retirees
Withdraw principal (NET)	42%	40%	38%
Occasional principal + interest withdrawal	30%	27%	31%
Regular principal + interest withdrawal	17%	18%	10%
Corporate annuity (tax benefit)	13%	14%	19%
Buy lifetime income product	12%	11%	7%
Withdraw interest/dividends only	10%	6%	9%
Rental income from property	10%	3%	4%
Will not use savings for income	10%	10%	21%
Don't know	27%	32%	16%

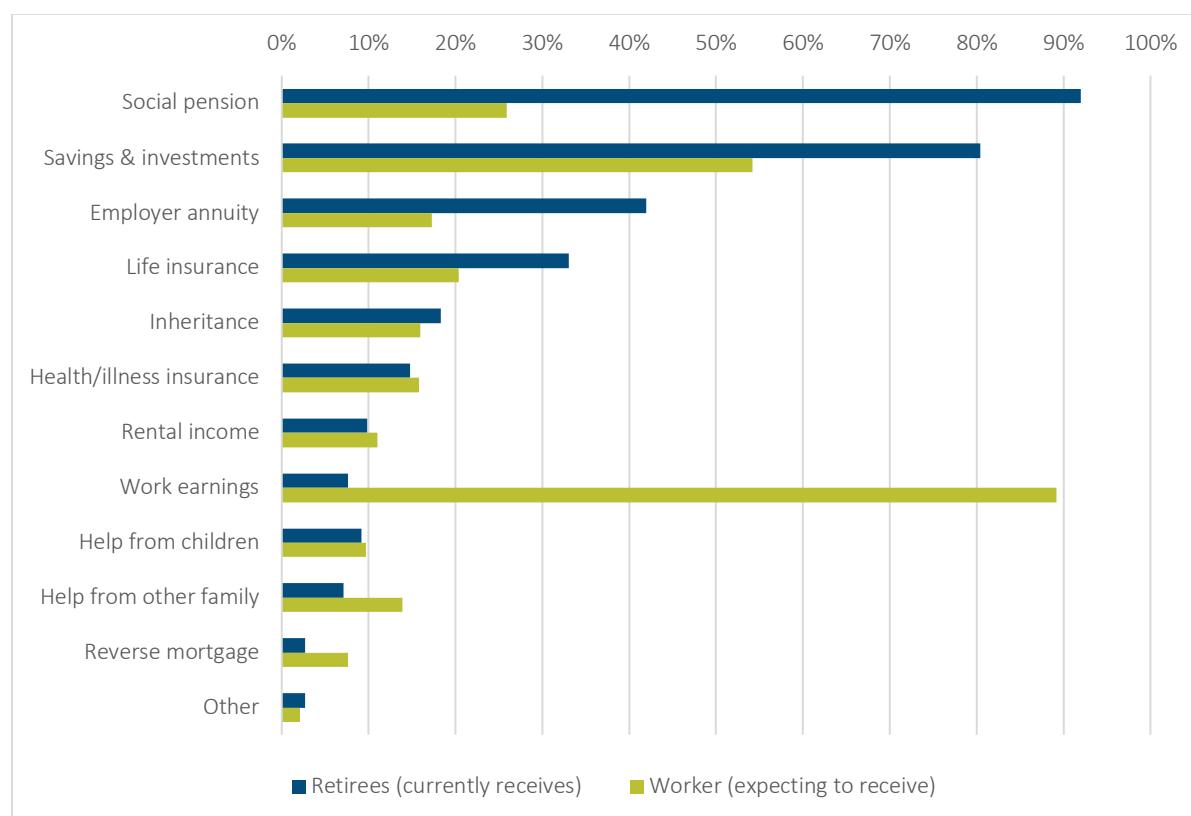
INCOME SUFFICIENCY AND FUTURE EXPECTATIONS

- Savings, pensions, and insurance are top income sources, but younger Workers expect to rely more on employment than Retirees do.
- Retirees feel more confident in meeting retirement needs than younger Workers, who show greater uncertainty and concern.
- Savings grow with age, yet many Prime Age Workers regret not starting earlier.

The key sources of income for Retirees and Workers in Japan are highlighted in Figure 6. In this context, "Workers" refers to both Prime Age Workers and Pre-Retirees. Personal savings and investments serve as the primary financial resource, with 80% of Retirees and 54% of Workers relying on them. This reliance is underscored by national data showing that over 60% of household financial assets are held in cash and deposits, while only 17% are allocated to stocks and other investments, indicating a strong preference for liquidity and capital preservation. However, Japan's household savings rate was only 1.5% in 2023—the third consecutive annual decline—reflecting rising consumer spending driven by inflation, despite increases in disposable income⁶.

Social pensions are also a major component, supporting 92% of Retirees, though only 26% of Workers expect to depend on them in the future. Employer-sponsored retirement plans, such as voluntary enterprise annuities, play a lesser role, with 42% of Retirees and 17% of Workers utilizing them. Life insurance contributes to income for 33% of Retirees and 20% of Workers. Inheritance from family members is anticipated by 18% of Retirees and 16% of Workers, while critical illness, health, or long-term care insurance supports 15% and 16%, respectively. Unlike Retirees, the majority of Workers anticipate continuing employment in retirement, with 89% expecting to earn income from full- or part-time jobs, compared to only 8% of Retirees who currently do so. The traditional ideal of retirement as rest is giving way to a reality where most Workers, lacking financial confidence and facing inflation and pension concerns, expect to keep working—making health and income protection more essential than ever.

Figure 6
SOURCES OF RETIREMENT INCOME



⁶ Economic and Social Research Institute (ESRI). (n.d.). *Household sector data*. https://www.esri.cao.go.jp/en/sna/household/household_top.html

Figure 7 highlights differences in confidence levels regarding retirement income between Workers and Retirees in Japan. Retirees tend to be slightly more optimistic, with 36% believing it is likely that their social pension and employer-sponsored income will be sufficient, while only 5% are fully confident. Among Workers, confidence is lower, with just 7% definitely confident and 26% considering it likely that their retirement income will be adequate. Uncertainty is more significant among Workers, as 30% find it unlikely that their income will be enough, and 17% are certain it will not be sufficient. This contrasts with Retirees, 35% of whom believe their income is unlikely to be enough, while 18% are certain it will not be sufficient.

Figure 7

CONFIDENCE IN RETIREMENT INCOME TO COVER BASIC NEEDS

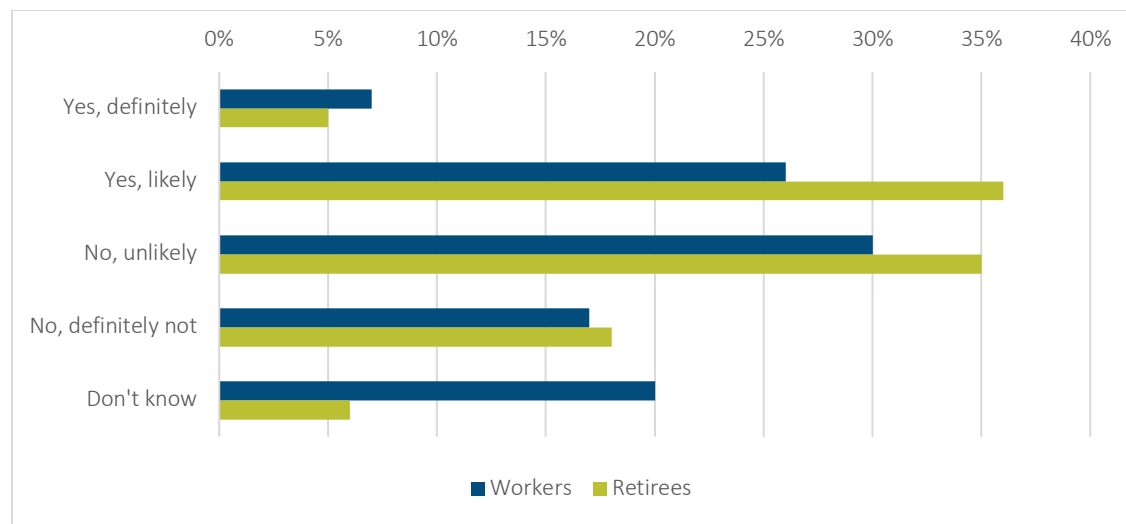


Table 6 highlights differences in average savings across age groups in Japan. Retirees have the highest savings, with an average of JPY 18,357,114, followed by Pre-Retirees at JPY 12,749,126 and Prime Age Workers at JPY 9,443,626. These figures indicate that savings tend to accumulate significantly as individuals approach retirement. Despite these savings levels, some respondents feel they started saving too late. Overall, 11% agree they delayed saving, with Prime Age Workers (19%) expressing the most regret, compared to 10% of Pre-Retirees and only 4% of Retirees.

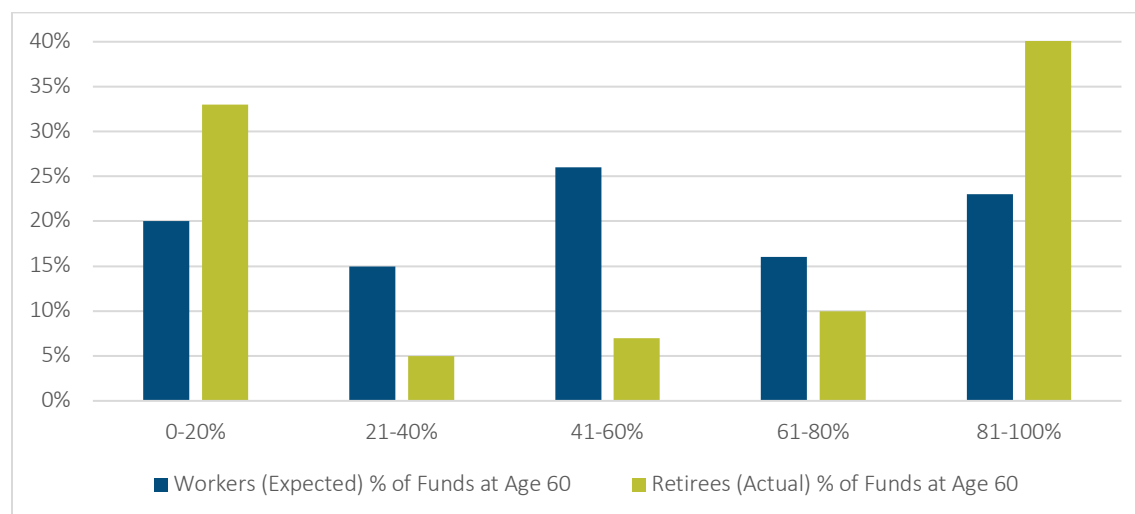
Table 6

AVERAGE SAVINGS AND SAVING ATTITUDES BY AGE

Questions	Total	Prime Age Workers	Pre-Retirees	Retirees
Average savings (JPY)	13,688,587	9,443,626	12,749,126	18,357,114
Started saving too late (%)	11%	19%	10%	4%

Figure 8 highlights a significant gap in retirement savings expectations between younger individuals and current Retirees in Japan. Those under 60 anticipate having less retirement savings by the time they reach 60 compared to what Retirees had at that age. Only 23% of Workers expect to have 81-100% of their required retirement funds by age 60, whereas 45% of current Retirees have reached this level. Conversely, 20% of younger individuals believe they will have only 0-20% of what they need, compared to 33% of Retirees who were in a similar situation at 60.

Figure 8
EXPECTED RETIREMENT FUNDS BY AGE 60



EMPLOYER PLANS AND PARTICIPATION

- Sixty percent of respondents have access to at least one employer-sponsored retirement plan, but participation remains limited.
- Defined contribution annuities are most common, though a significant portion still lack any plan access.
- Contribution levels are modest, and many Workers are unaware of plan details or incentives.

Figure 9 highlights the availability of employer-sponsored retirement savings plans in Japan. Sixty percent of respondents report having access to at least one form of retirement plan through their employer, though 40% indicate they do not have any employer-sponsored options, revealing a significant gap in retirement coverage. Among those with access, 36% participate in a defined contribution enterprise annuity, while 31% are covered by a traditional pension or defined benefit plan, either active or frozen. Additionally, 12% are enrolled in an Employee Stock Ownership Plan (ESOP) or stock purchase plan, reflecting some interest in employer-provided investment opportunities.

Figure 9
EMPLOYER RETIREMENT PLAN AVAILABILITY

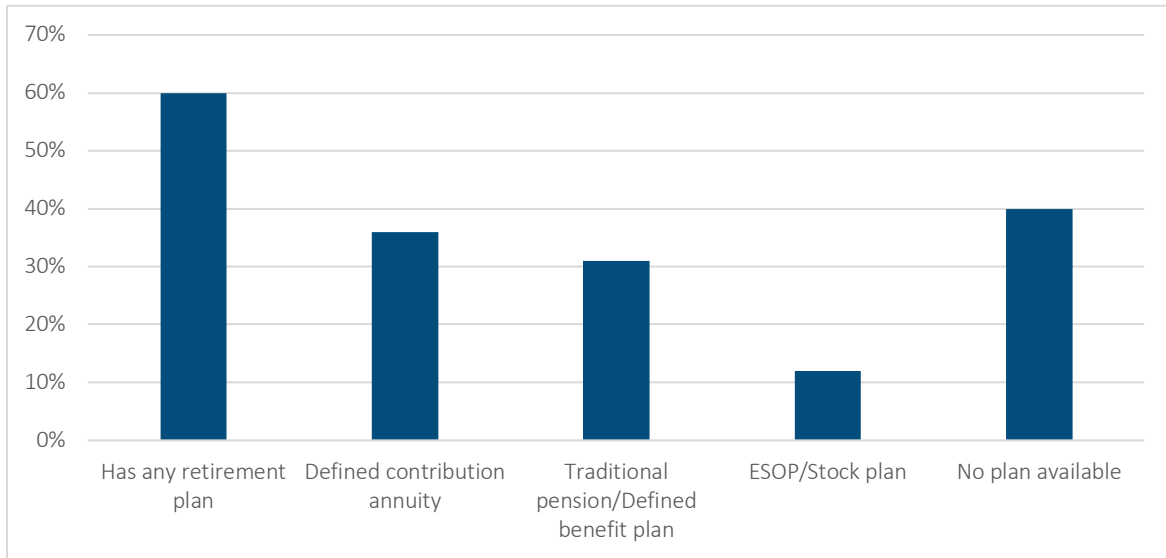
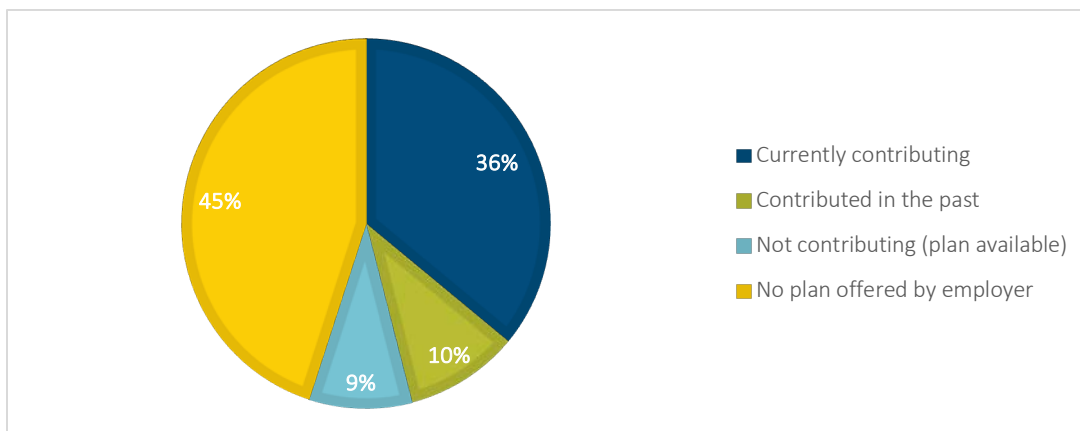
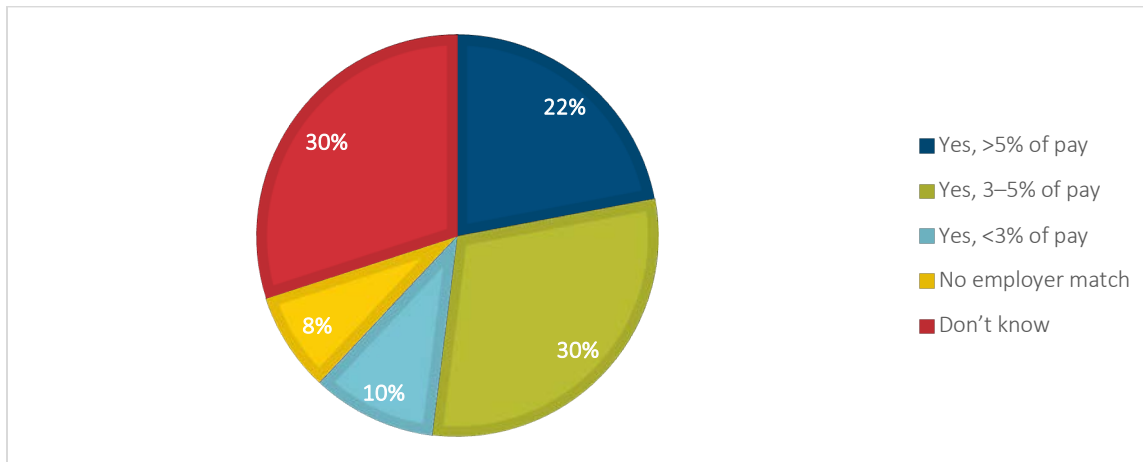


Figure 10 shows that 36% of Workers in Japan are actively contributing to an employer-sponsored retirement plan. An additional 10% previously contributed but are no longer doing so, while 9% have access to such plans but have never contributed, indicating missed opportunities for long-term savings. Forty-five percent of Workers report that their employer does not provide any retirement savings plans, highlighting a significant gap in availability. This lack of access could pose challenges for future retirement security, emphasizing the need for broader coverage and increased participation in employer-sponsored plans.

Figure 10
PARTICIPATION IN EMPLOYER RETIREMENT PLANS



Among the 46% of Workers in Japan who are either currently contributing or have contributed to an employer-sponsored retirement plan, Figure 11 shows that 30% contribute between 3% and 5% of their salary, while 22% contribute more than 5%. A smaller portion, 10%, contribute less than 3% of their pay. Eight percent report that their employer does not provide matching contributions, potentially limiting the incentive to save. Thirty percent of respondents are unsure about their contribution details, suggesting a need for greater financial awareness and education regarding retirement savings.

Figure 11**CONTRIBUTION LEVELS TO EMPLOYER PLANS**

4 Financial Awareness and Risk Perceptions

FINANCIAL LITERACY AND INFORMATION SOURCES

- While most individuals feel at least somewhat knowledgeable, a large proportion report limited understanding of financial products.
- Online platforms are the most common sources of financial information for Prime Age Workers and Pre-Retirees, while Retirees rely more on traditional and personalized channels.
- Retirees are more likely to use traditional sources like books, television, and printed materials, while younger groups rely more on digital sources, such as social media and financial websites.

Financial literacy is fundamental to effective retirement planning. It empowers individuals to better understand and monitor investments and insurance products, make informed decisions, and safeguard their financial future. By improving financial literacy and maintaining a diversified portfolio, consumers can safeguard against risk, grow their assets, and achieve their savings goals in a timely manner.

One fundamental barrier to retirement planning and readiness is low financial literacy; respondents reported that 17% were not knowledgeable at all about investment and financial products and another 42% indicated very limited knowledge (Figure 12). In support of boosting financial literacy, the Japanese government has announced the “Plan to Realize a Nation Built on Asset Management.” The plan is designed to provide measures to accelerate the shift from “savings to investment” and supports individual asset formation through asset management. It is attracting attention as a strategy to maximize the growth potential of the entire Japanese economy. As part of this plan, Japanese financial institutions are implementing financial literacy and investment education activities.

Figure 12
FINANCIAL LITERACY LEVELS

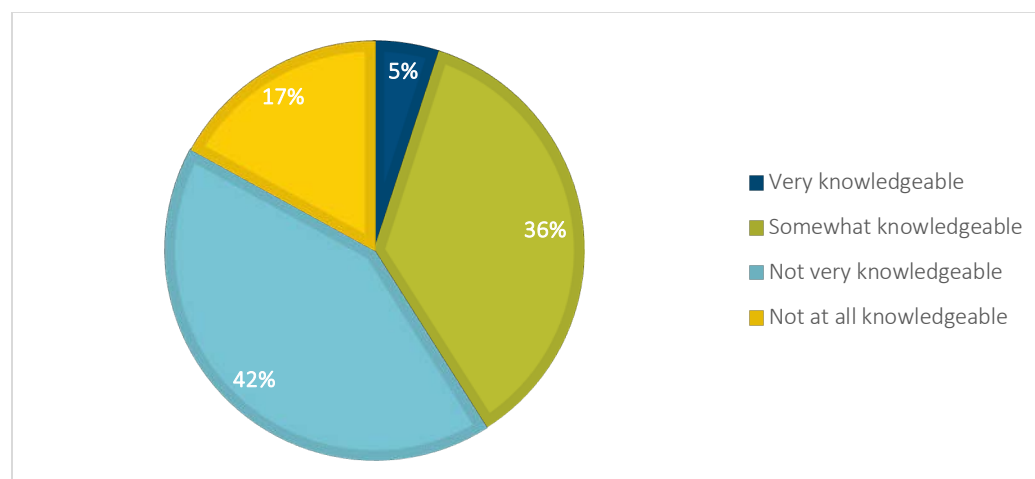


Table 7 highlights clear generational differences in where individuals seek financial information for retirement planning. Prime Age Workers and Pre-Retirees favor online sources, including financial websites and social media, reflecting their digital habits and familiarity with technology. In contrast, Retirees tend to rely more on traditional media such as television and print publications, as well as more personalized guidance from booklets, seminars, and advisors. These trends suggest that financial education strategies should be tailored by age group to effectively reach and engage different segments of the population.

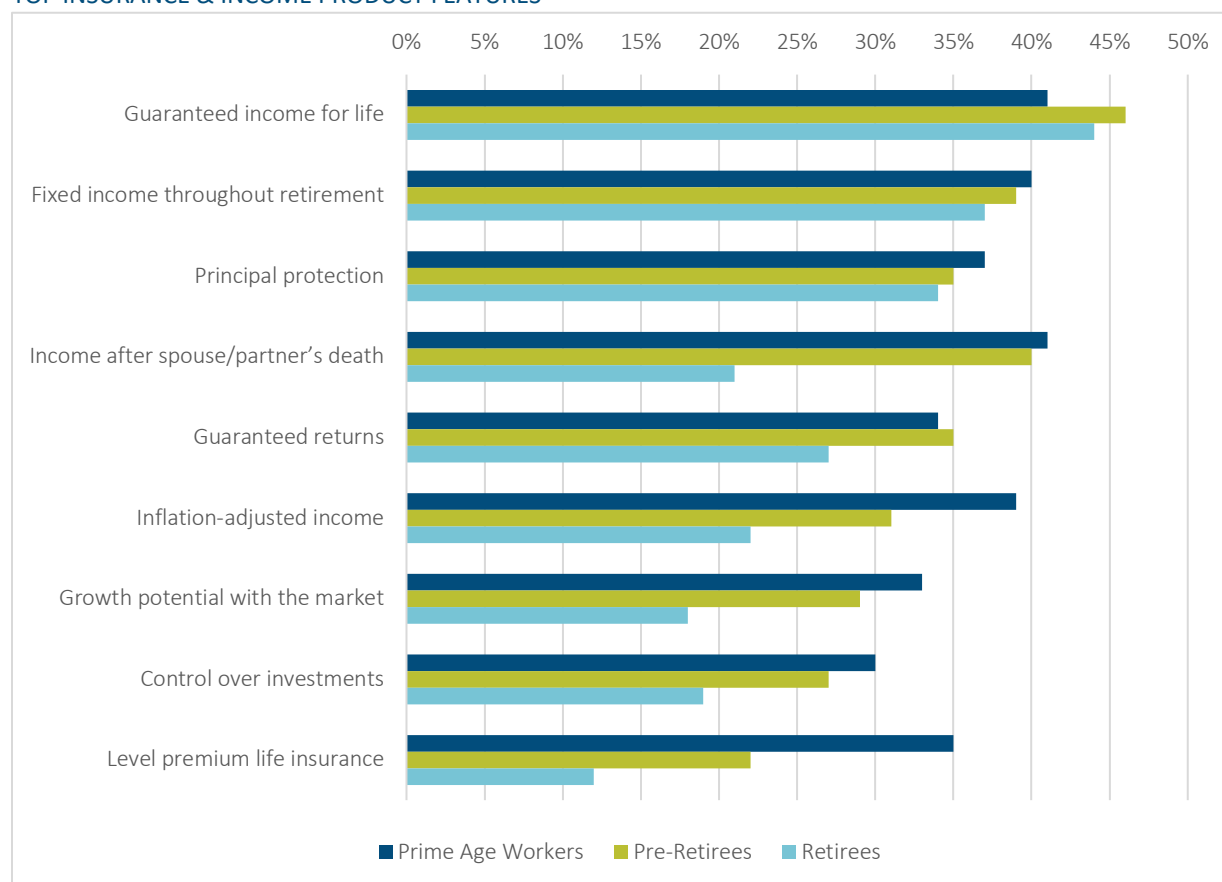
Table 7
SOURCES OF INFORMATION BY AGE GROUP

Source of Information	Prime Age Workers	Pre-Retirees	Retirees
Internet/financial websites	60%	68%	61%
TV or radio	29%	41%	57%
Family, friends, or co-workers	44%	42%	31%
Books, magazines, newspapers	26%	27%	51%
Social media	34%	22%	14%
Financial advisor / insurance agent	23%	22%	17%
Retirement account website	17%	22%	16%
Employer (HR / benefits department)	19%	19%	17%
Booklets or written materials from employer	17%	14%	21%
Workshops or seminars	13%	10%	5%
Employer plan representatives	7%	9%	7%
Mobile apps	11%	4%	2%

INVESTMENT PREFERENCES BY AGE GROUP

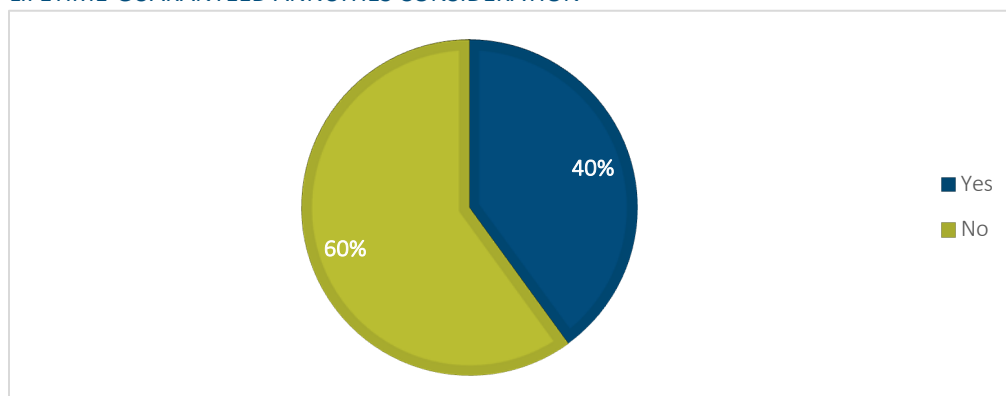
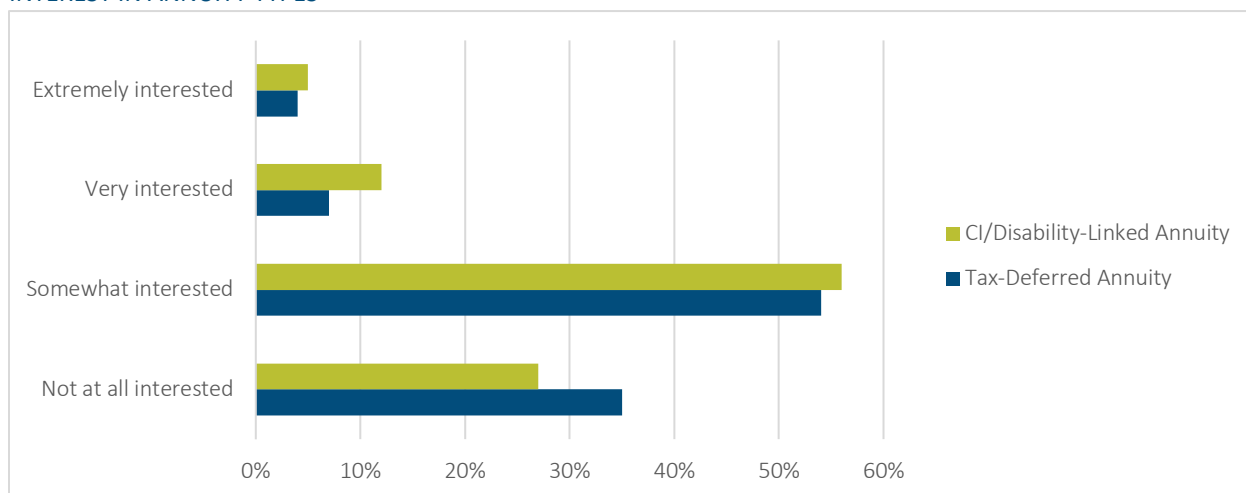
- Guaranteed income for life and fixed income throughout retirement are the most preferred features across all age groups.
- Retirees prioritize principal protection and income continuity after a spouse's death.
- Prime Age Workers place greater value on growth potential and control over investments, reflecting a higher risk appetite.

Investment strategies also vary by age band, as Prime Age Workers are more likely to entertain a riskier investment portfolio, while Pre-Retirees or Retirees will be more interested in stable earnings and savings (Figure 13). Survey respondents indicated that 43% prefer financial products or investments that create guaranteed income for fixed income (39%) for life as the most important to meet their financial needs. These types of products/investments guarantee that the owner receives more than the principal amount.

Figure 13**TOP INSURANCE & INCOME PRODUCT FEATURES****INSIGHTS ON ANNUITY PRODUCT PREFERENCES**

- Less than half of respondents are willing to convert assets into lifetime-guaranteed annuities.
- Interest in tax-deferred annuities remains strong due to their long-term financial advantages.
- Annuities offering added income for critical illness or disability are the most appealing option overall.

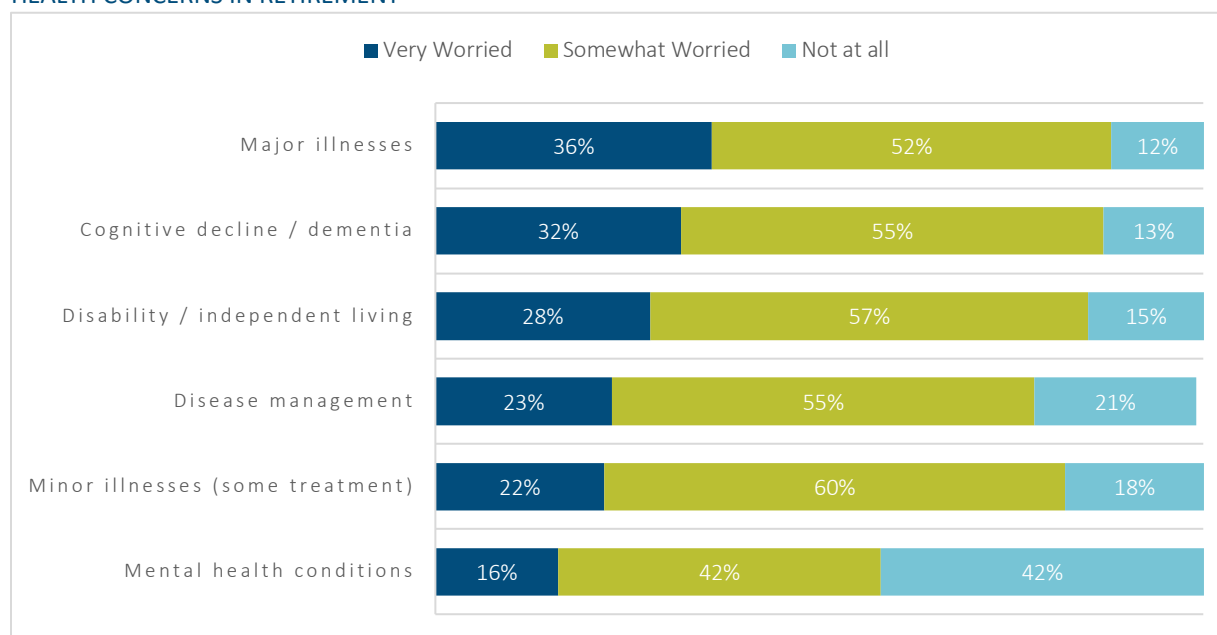
The appetite for converting a portion of respondents' assets into lifetime-guaranteed annuity in retirement was appealing for less than half at 40% (Figure 14). However, when respondents were asked if they were interested in purchasing annuities with an increase in monthly income payments in the event of a critical illness or disability, 73% indicated an interest (see Figure 15 below). Tax-deferred annuities garnered slightly less interest at 65%.

Figure 14**LIFETIME-GUARANTEED ANNUITIES CONSIDERATION****Figure 15****INTEREST IN ANNUITY TYPES****HEALTH CONCERNS AND INSURANCE DEMAND**

- Respondents show high levels of concern about major illness, cognitive decline, and loss of independence during retirement.
- Interest in insurance coverage is highest for critical illness, dementia, and long-term care protection.
- Medical and critical illness insurance are more commonly held and account for a significant share of new insurance business.

The survey findings also revealed that Japanese respondents were most concerned about developing major illnesses (88%), cognitive decline or dementia conditions (87%), or disability or inability to stay independent during retirement (85%) (Figure 16). Survey results yielded a high interest in considering purchasing or reviewing Critical Illness (CI) protection products to cover major and minor illnesses.

Figure 16
HEALTH CONCERNS IN RETIREMENT



The Japan market continues to see demand and growth potential in Hospital Cash/Surgical Cash (Medical insurance) and Critical Illness (e.g., Cancer) products (see Figure 17). These products already represent 21% of New Business Annualized New Premium (NB ANP) in FY2023⁷. However, insurance growth remains flat, and insurance companies are competing to maintain the new business share by differentiation in product benefits, underwriting simplification, and price competitiveness. For dementia coverage and long-term care coverage, further awareness and market development seem necessary.

Survey respondents were asked about their likelihood of purchasing or reviewing insurance coverages in the next 12 months, and they indicated interest in:

- Critical Illness (CI) Insurance: Fourteen percent are very likely to consider buying CI coverage, while 34% were somewhat likely to purchase; this finding is in line with respondents' concerns for developing major illnesses in retirement.
- Medical (In/Out-Patient) Insurance: Thirteen percent reported a higher likelihood of buying medical insurance (which is currently held by 32% of respondents). The growth of this insurance signifies its significance in providing extended healthcare services for the retired and general populations.
- Health & Wellness Insurance: Twelve percent are very interested and another 38% are interested (a total of 50%) in insurance that provides benefits or access to providers for health and wellness, particularly for disease management such as diabetes.
- Dementia Insurance: Respondents indicated that 12% were very interested in dementia insurance, which was a major concern for 28%.

⁷ The Life Insurance Association of Japan. *Life Insurance Business Overview Fiscal Year 2023*. www.seiho.or.jp/data/statistics/summary/

- Mental Health and Long-Term Care Insurances: These garnered high interest (11%) from respondents; however, as stated earlier, further market awareness and development are required to increase uptake rates.

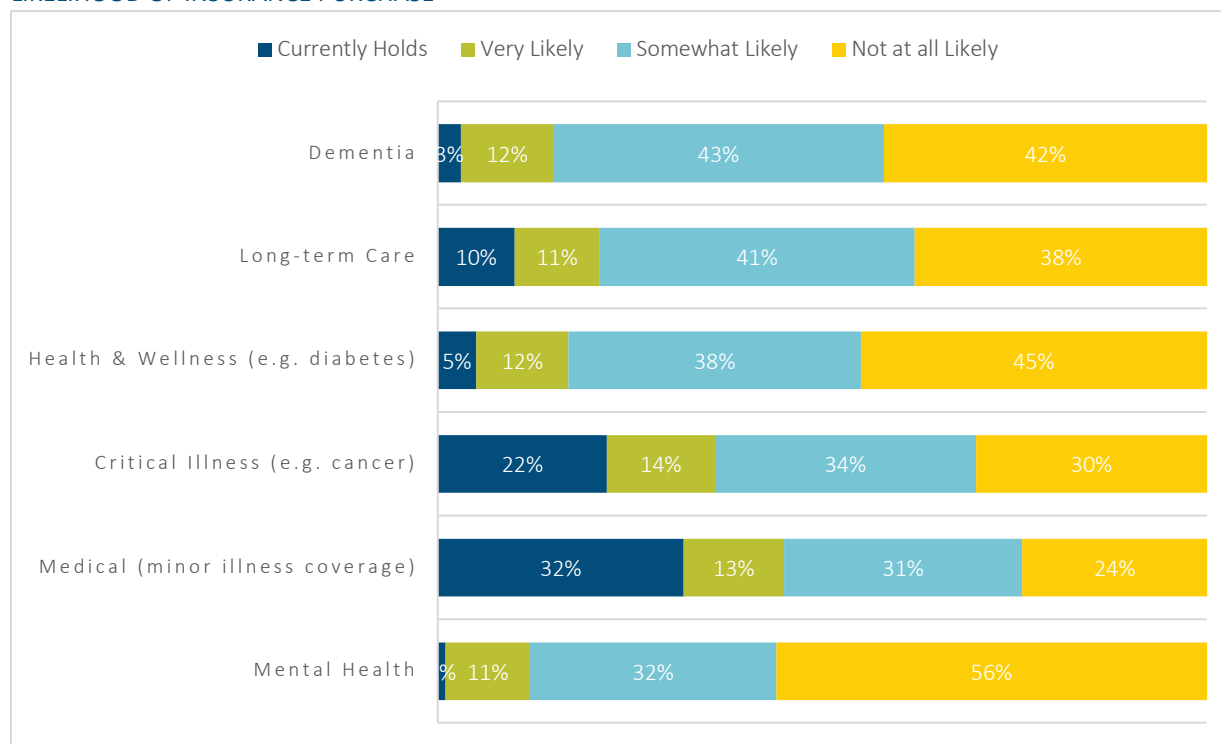
Despite high interest in these products, current ownership rates are low with respondents reporting:

- Only 5% have health and wellness coverage.
- Ten percent hold long-term care insurance.

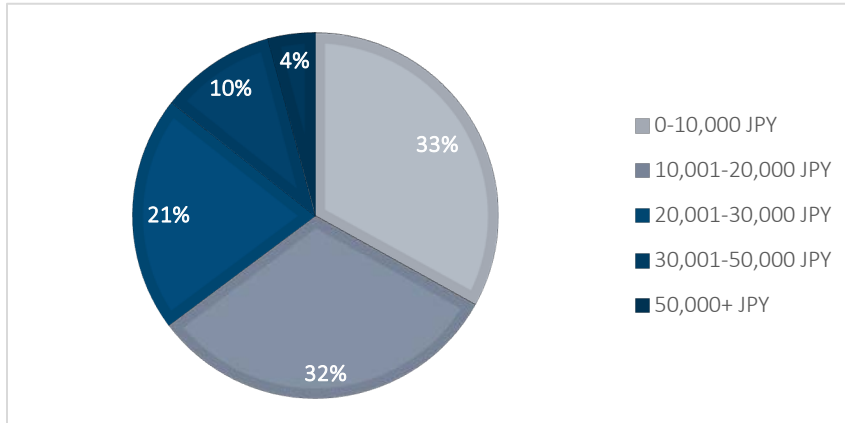
In contrast, more individuals hold medical insurance (32%) and critical illness (CI) insurance (22%). This discrepancy may be attributed to the distribution focus on these more popular products, which are often emphasized in marketing and sales strategies. In Japan, the interest in medical and CI insurance can be linked to the aging population, with an increasing number of the population currently over age 65, driving demand for health-related insurance products.

Figure 17

LIKELIHOOD OF INSURANCE PURCHASE



The survey results indicate that respondents are evenly split on how much they are willing to spend on life and health insurance per month, as highlighted in Figure 18. Approximately one-third (33%) of respondents would pay up to JPY 10,000, another third (32%) between JPY 10,001-20,000, and the rest (35%) above JPY 20,000. Notably, the average amount respondents are willing to pay is JPY 19,440, reflecting a significant commitment to securing comprehensive insurance protection. This willingness to invest underscores the value placed on financial security and health coverage in Japanese society today.

Figure 18**WILLINGNESS TO PAY FOR INSURANCE PER MONTH**

5 Key Changes Since 2018

RETIREMENT PLANNING, INCOME STRATEGIES AND CONFIDENCE

- Planning for pension, housing, and asset longevity improved, while income, expense, and healthcare planning declined between 2018 and 2024.
- Occasional withdrawals and corporate annuity participation increased, while annuity purchases, interest-only strategies, and rental income use declined.
- Confidence in savings, inheritance, and retirement lifestyle rose, while workplace retirement discussions remained rare and health risk planning gained attention.

Compared to 2018, both improvements and declines in retirement planning efforts are observed among individuals in Japan (Figure 19). Planning for social pension benefits has seen a notable increase, rising from 22% in 2018 to 35% in 2024, reflecting a greater focus on future pension security. Housing-related planning has also grown, with 19% of respondents considering long-term living arrangements in 2024, up from 11% in 2018. Retirement income planning has declined, dropping from 32% in 2018 to 28% in 2024, while expense planning has slightly decreased from 27% to 24%. Additionally, planning for how long assets will last has increased modestly, rising from 22% in 2018 to 25% in 2024. Other aspects of retirement preparation, such as financial planning for activities (down from 15% to 10%) and healthcare costs (declining from 9% to 8%), have seen a reduction in engagement.

Figure 19

RETIREMENT PLANNING ACTIVITIES (2018 VS. 2024)

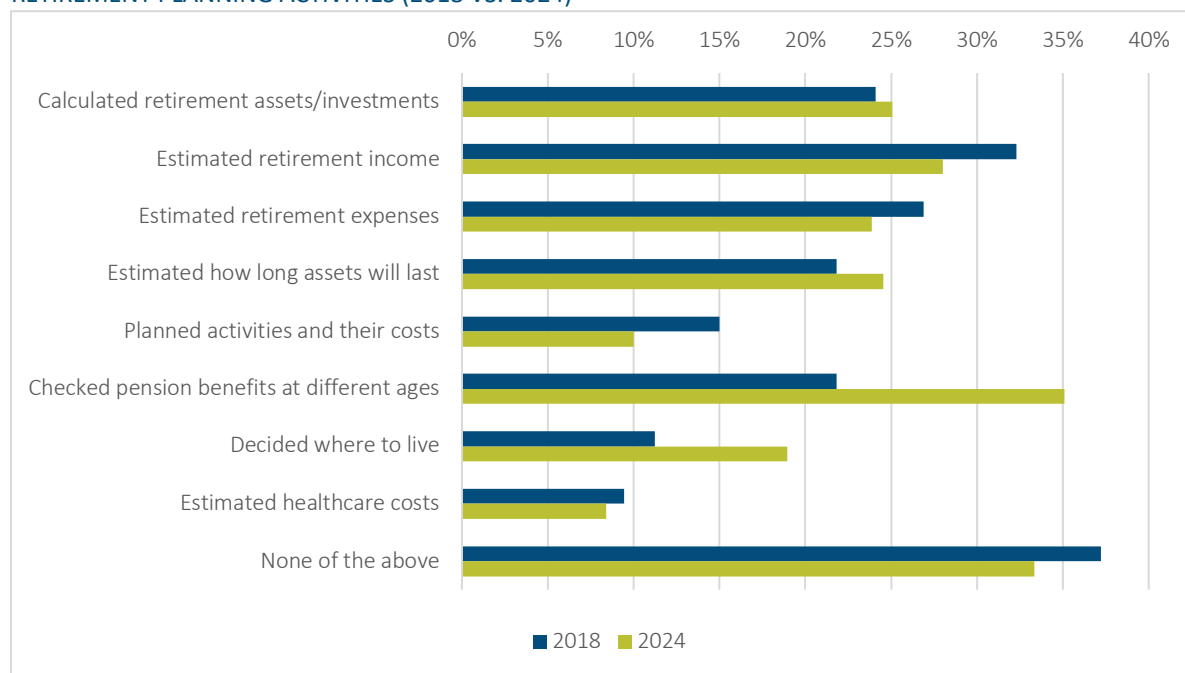


Figure 20 highlights a shift in retirement income strategies in Japan between 2018 and 2024. The percentage of individuals making regular principal and interest withdrawals has remained unchanged at 15%, while those opting for occasional withdrawals have increased from 21% to 30%, indicating a preference for more flexible withdrawal approaches. The proportion of individuals purchasing annuities or lifetime income products has declined from 17%

to 10%, suggesting a reduced reliance on structured income solutions. The percentage of those withdrawing only interest has dropped from 17% to 9%, reflecting a shift away from conservative withdrawal strategies.

Participation in corporate annuities with tax benefits has risen slightly from 13% to 15%, showing a modest increase in interest in tax-advantaged financial products. Meanwhile, rental property investment as a retirement income source has declined from 9% to 6%, and the proportion of individuals with no intention of using savings for retirement income has slightly decreased from 17% to 14%.

Figure 20
RETIREMENT INCOME STRATEGIES (2018 VS. 2024)

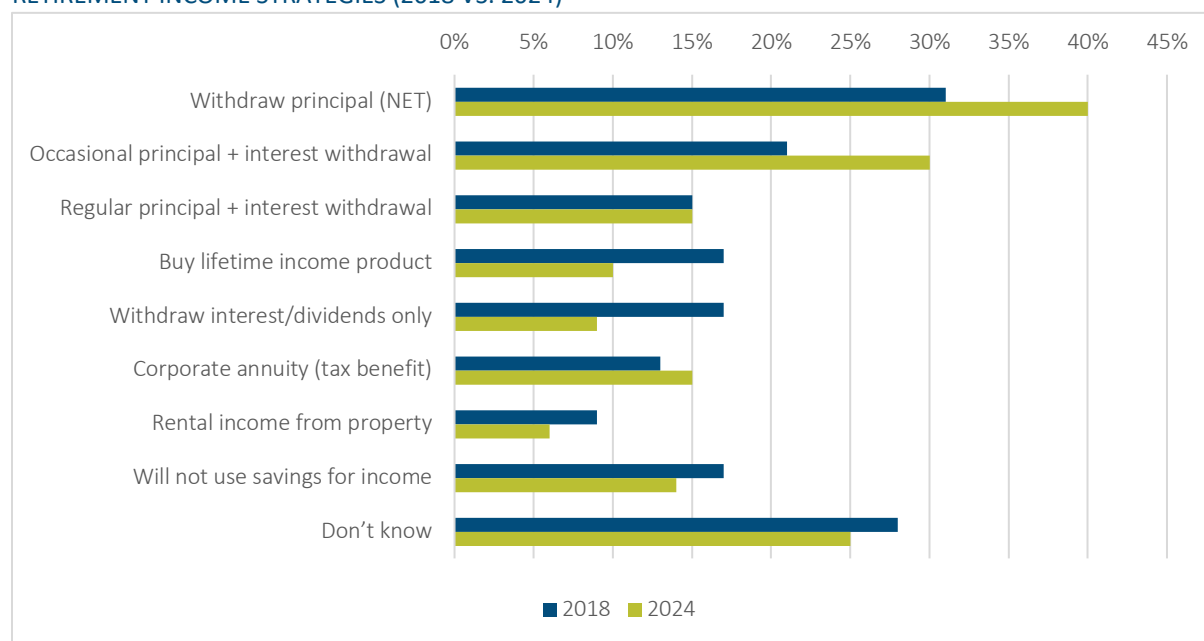


Table 8 shows a clear shift in retirement confidence among Japanese respondents between 2018 and 2024. Willingness to purchase annuities rose from 22% to 35%, and expectations of receiving an inheritance increased from 27% to 37%. Active retirement planning improved significantly, with 50% now managing their savings, up from 21%. Confidence in maintaining a desired lifestyle rose from 28% to 47%, and having enough savings increased from 20% to 37%. However, distrust in financial institutions declined from 25% to 16%, and notable gains were seen in the rarity of workplace retirement discussions (29% to 51%). New in 2024, 37% of respondents felt confident in longevity planning, and 37% were willing to buy critical illness insurance, signaling growing attention to health-related financial risks.

Table 8
RETIREMENT ACTIONS AND CONFIDENCE (2018 VS. 2024)

Confidence in Retirement Planning Comparison	2018	2024
Rare to hear about retirement at work	29%	51%
Actively manage my retirement savings	21%	50%
Confident in desired retirement lifestyle	28%	47%
Expect to inherit property	27%	37%
Have enough savings for full retirement	20%	37%
Willing to buy lifetime income product	22%	35%
Want more employer retirement info/advice	23%	34%

Don't trust financial institutions	25%	16%
Confident planning covers long life	-	37%
Willing to buy critical illness insurance	-	37%

HEALTH CONCERNS, INSURANCE COVERAGE AND INFORMATION SOURCES

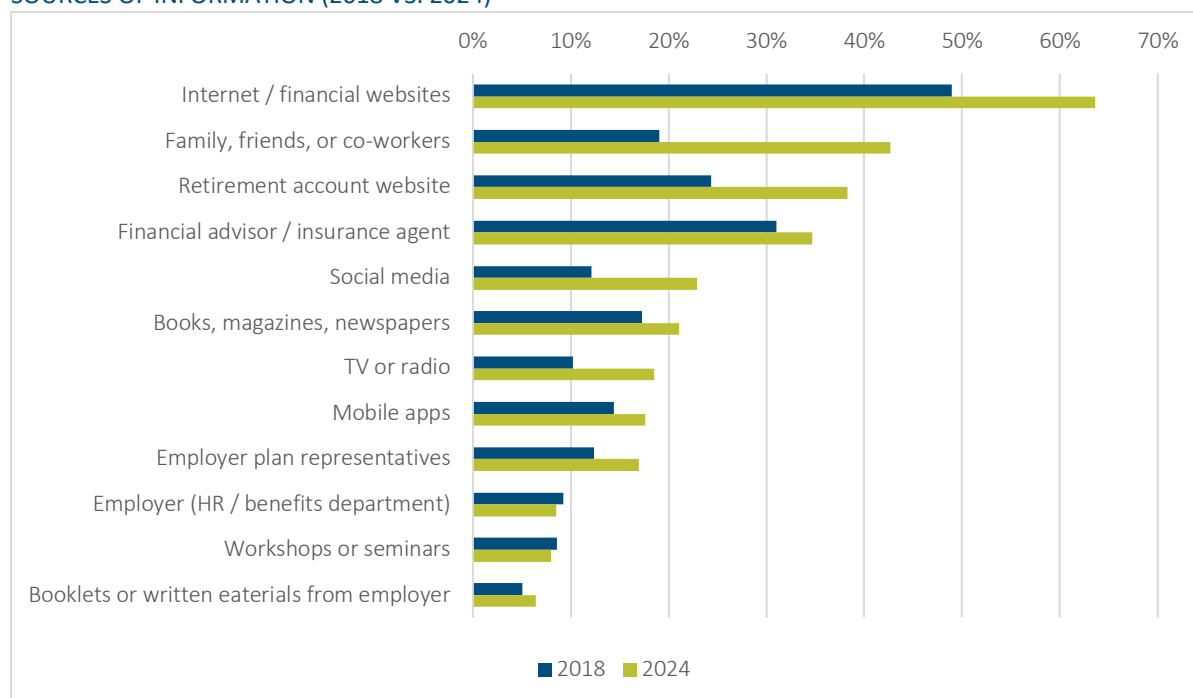
- Reliance on digital channels and personal advisors has grown, with increases in the use of mobile apps, retirement account websites, and plan representatives.
- Concerns about healthcare costs, inflation, taxes and long-term care have intensified. Awareness of financial risks has grown, but uptake of long-term care insurance remains limited.

Figure 21 highlights changes in where individuals in Japan obtain financial information on investments, retirement planning, and financial products between 2018 and 2024. The data reveals a growing reliance on digital sources and personal networks, indicating a shift toward online platforms and informal channels. The use of booklets or written materials from employers remained low, and HR or benefits departments usage stayed flat at 9%. Engagement with employer plan representatives increased from 12% to 17%.

There was a moderate rise in the use of personal advisors, with financial advisor or insurance agent usage increasing from 31% to 35%, indicating a continued preference for professional guidance. Digital channels have expanded, with retirement account websites rising from 24% to 38%, social media from 12% to 23%, and mobile apps from 14% to 18%. At the same time, traditional sources remain relevant. Internet or financial websites climbed from 49% to 64%, while books, magazines, and newspapers rose slightly from 17% to 21%. TV and radio also increased, from 10% to 19%. Reliance on personal networks also strengthened, with family, friends, or co-workers rising from 19% to 43%.

Figure 21

SOURCES OF INFORMATION (2018 VS. 2024)



Retirement-related concerns among individuals in Japan have changed between 2018 and 2024 (see Table 9). Healthcare costs remain a major concern, with 84% of respondents in 2024 expressing worry about covering medical expenses, up from 81% in 2018. Concern about inflation has risen from 77% to 82%, reflecting heightened

financial uncertainty. Concerns about access to long-term care (73% to 77%) and market crashes (69% to 76%) have also grown, indicating increasing awareness of financial risks associated with aging and economic volatility. Concerns over taxes have intensified, rising from 87% to 90%, suggesting that retirees are increasingly worried about tax burdens on retirement income. Despite these rising concerns, levels of concern about support if a spouse dies first have increased from 64% to 72%, while concern about a decline in interest rates has slightly decreased from 73% to 71%.

Table 9
RETIREMENT CONCERNS (2018 VS. 2024)

Retirement Concerns	2018	2024
Tax increases	87%	90%
Healthcare beyond social insurance	81%	84%
Savings won't keep up with inflation	77%	82%
Access to long-term/nursing care	73%	77%
A prolonged stock market downturn	69%	76%
Support if my spouse dies first	64%	72%
A decline in interest rates	73%	71%
Support for spouse if I die first	63%	62%
Legacy for children and heirs	55%	57%
Outliving our assets	61%	48%

6 Conclusions

The findings of this 2024 study provide a detailed and timely assessment of retirement readiness in Japan, a nation at the forefront of demographic aging. Japanese citizens are increasingly aware of the financial and health-related challenges they face in retirement, and many are actively seeking ways to ensure long-term stability. Since the 2018 *SOA Asia Retirement Study*, there has been gradual improvement in key areas, such as savings behavior, planning engagement, and interest in annuities and insurance solutions, especially among Retirees.

Retirees have emerged as the most financially proactive group, with a significant proportion reviewing pension benefits, estimating post-retirement income, and making decisions regarding healthcare costs and income strategies. They express the highest levels of confidence in their preparedness and show a strong interest in financial products that offer guaranteed lifetime income, critical illness protection, and long-term care coverage. However, despite growing awareness, adoption of these solutions remains limited, revealing an opportunity for market development.

Among younger cohorts—Prime Age Workers and Pre-Retirees—the report identifies a notable gap in preparedness. Many have delayed saving, lack confidence in their ability to meet retirement needs, and remain uncertain about their long-term financial strategies. While digital engagement and interest in retirement products are high among these groups, financial planning activities have yet to fully materialize. Employer-sponsored plan participation also remains modest, with limited access and low contribution rates, especially among younger Workers.

Healthcare costs, inflation, and tax increases top the list of retirement concerns across all age groups. While interest in insurance products is growing, particularly those covering critical illness, dementia, and long-term care, ownership remains low. This indicates a disconnect between perceived needs and actual financial behaviors and reinforces the importance of improving financial literacy and access to tailored solutions.

The report also highlights a shift in how individuals seek retirement information, with younger generations turning to digital platforms and older cohorts relying on traditional media. Despite these trends, trust in financial institutions has declined, and discussions around retirement remain rare in the workplace. This suggests a need for greater transparency, more inclusive financial education, and improved communication from employers and advisors.

To support Japan's aging population, a coordinated effort is required. Policymakers should expand financial literacy programs and incentivize long-term savings. Employers must improve access to retirement plans and offer tools to support informed decision-making. Insurers and financial institutions have an opportunity to restore trust through simplified, needs-based product design and education. Individuals, particularly those in the early to mid-stages of their careers, should be encouraged to take ownership of their financial futures by starting to plan and save sooner.

Overall, while Japan has made strides in retirement preparedness, significant work remains. Bridging the gap between awareness and action will be key to ensuring a financially secure and dignified retirement for all generations. This calls for sustained collaboration, innovation, and investment in education and support systems that empower individuals throughout their retirement journey.



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