

APOLLO

The growing retirement savings challenge:
More retirement savings needed.
Better retirement products needed.

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Apollo Global Management

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Unless otherwise noted, information as of November 2024

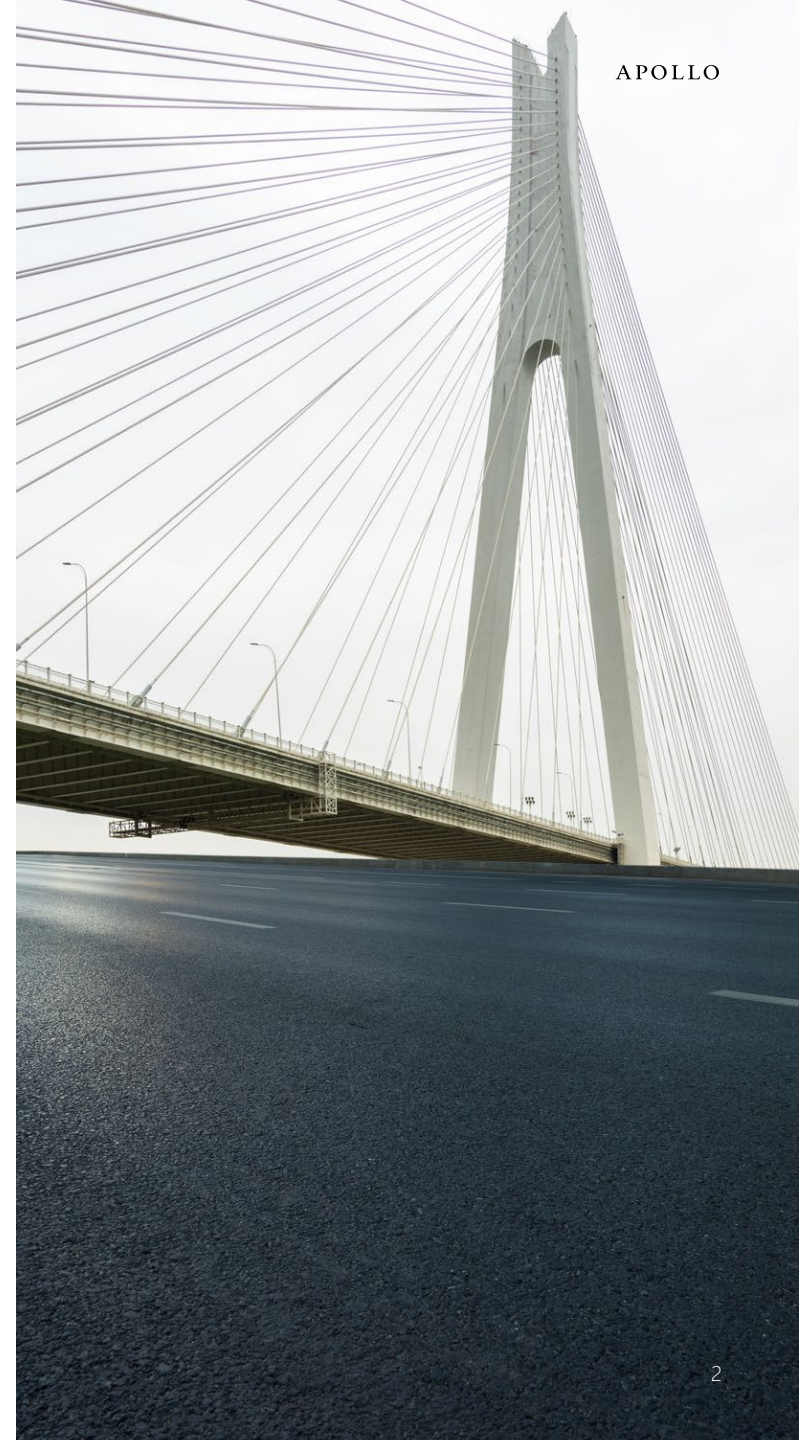
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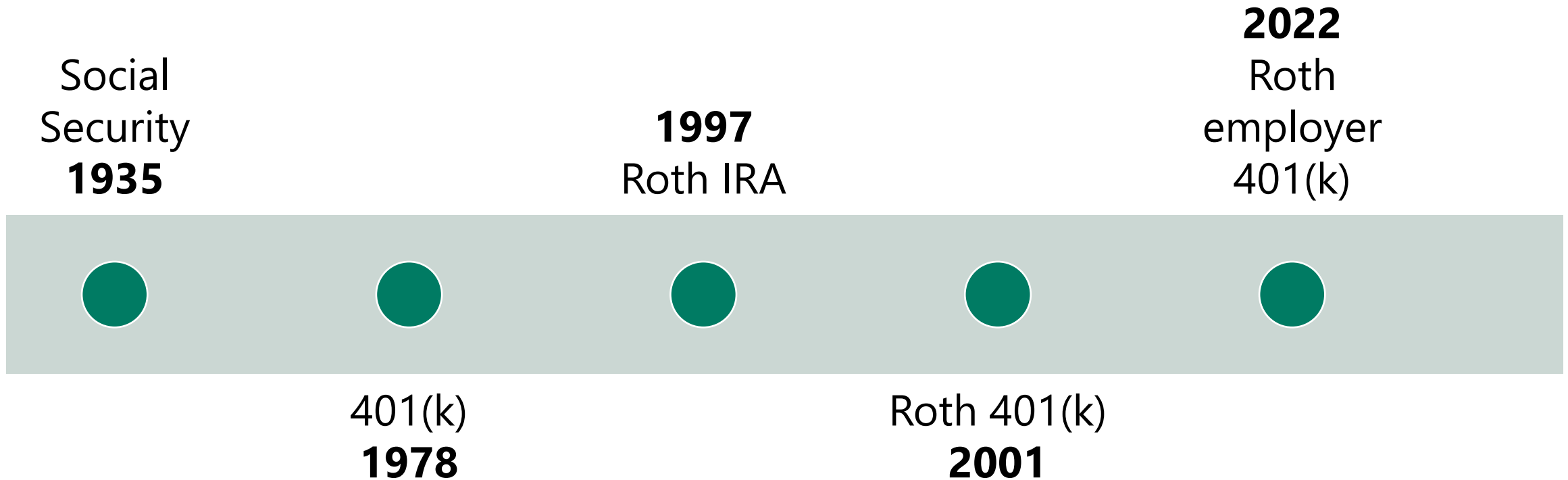
10 facts about retirement savings

1. The US population is aging.
2. 18% of the US population is 65 years or older. In 2050, it will be 23%.
3. 51 million retired workers receive social security benefits.
4. More retirees get money from social security than from a pension.
5. \$40 trillion in total US retirement assets
6. \$27 trillion in private and public retirement funds
7. \$8 trillion in 401(k) accounts
8. \$5 trillion in annuities and federal defined benefit plans
9. The average 401(k) balance is \$134,000, and more than half of 401(k) balances are in equities.
10. The global population age 65 and over will rise from 800 million today to 1.6 billion by 2050.

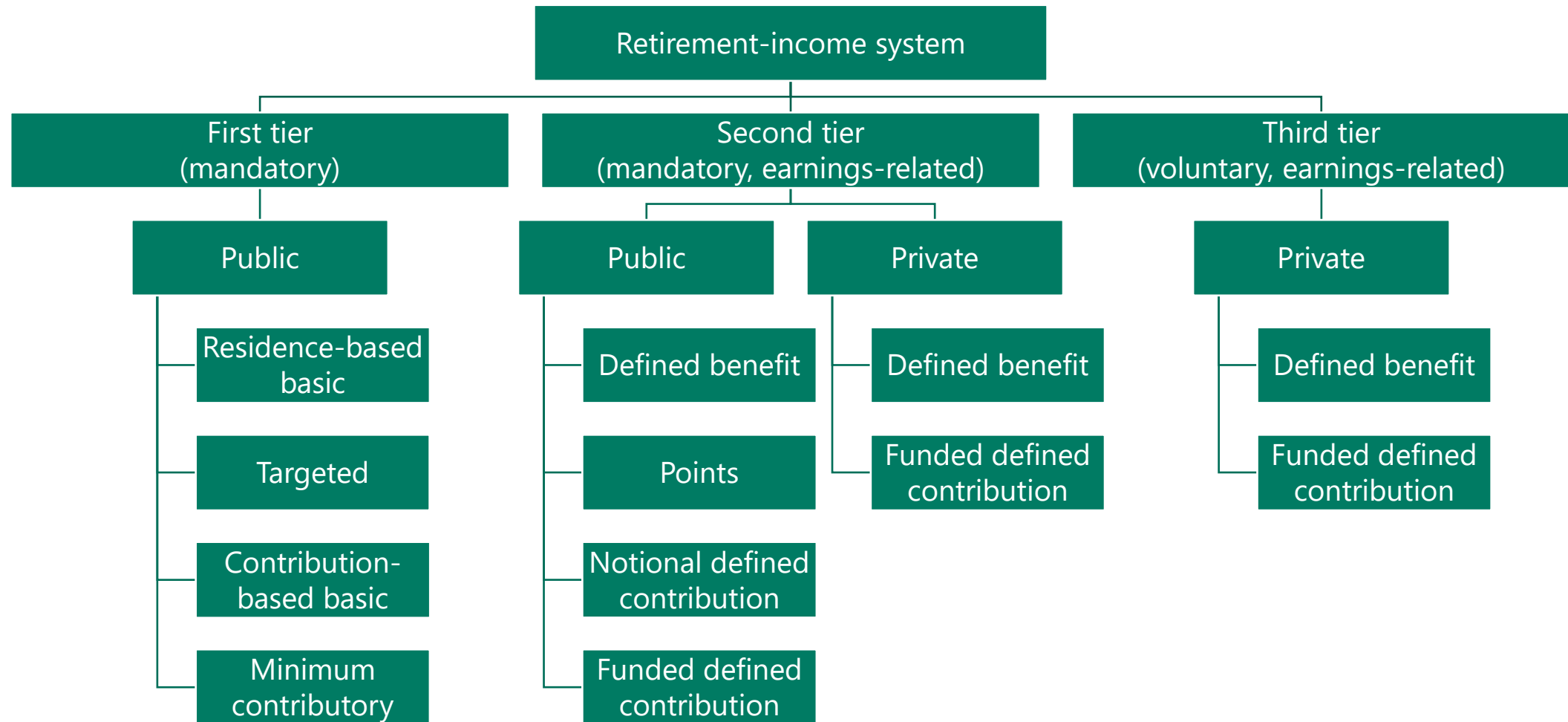
Bottom line: More retirement savings are needed, and better retirement products are needed.

Overview

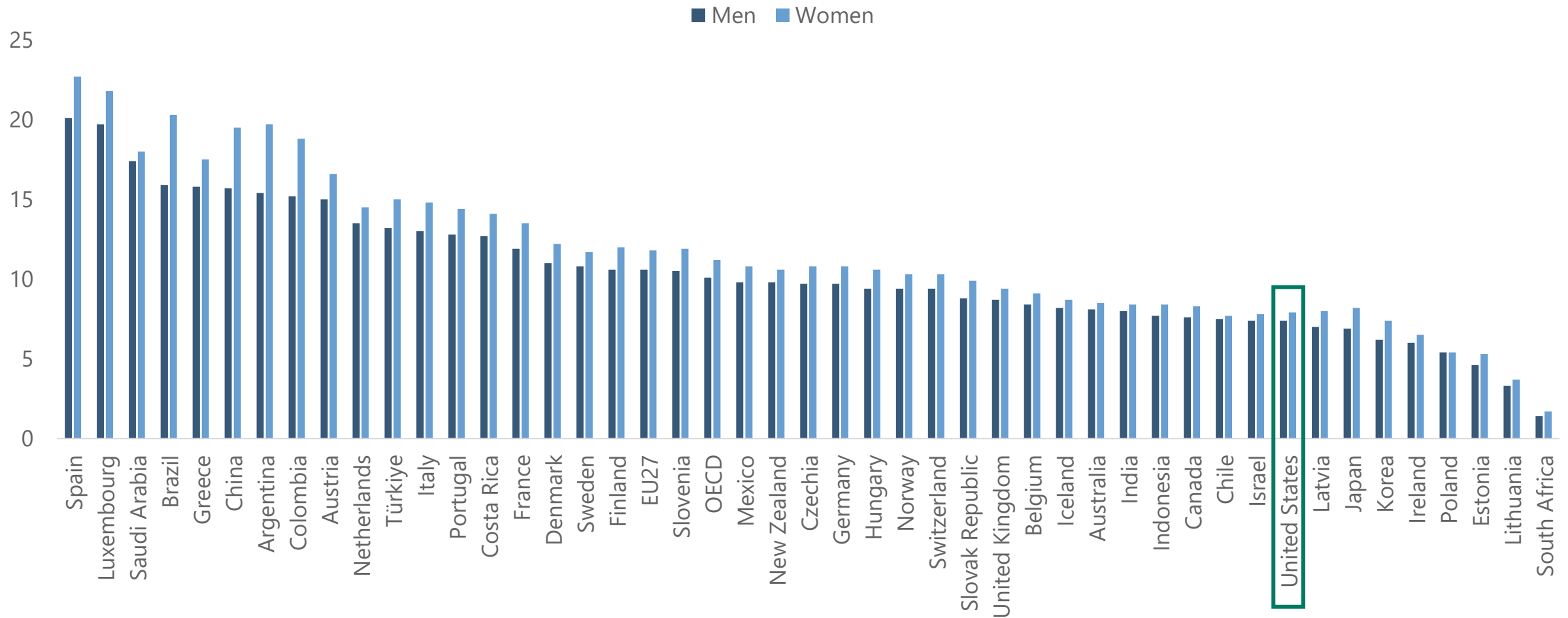
The history of the US retirement system



Different types of retirement-income

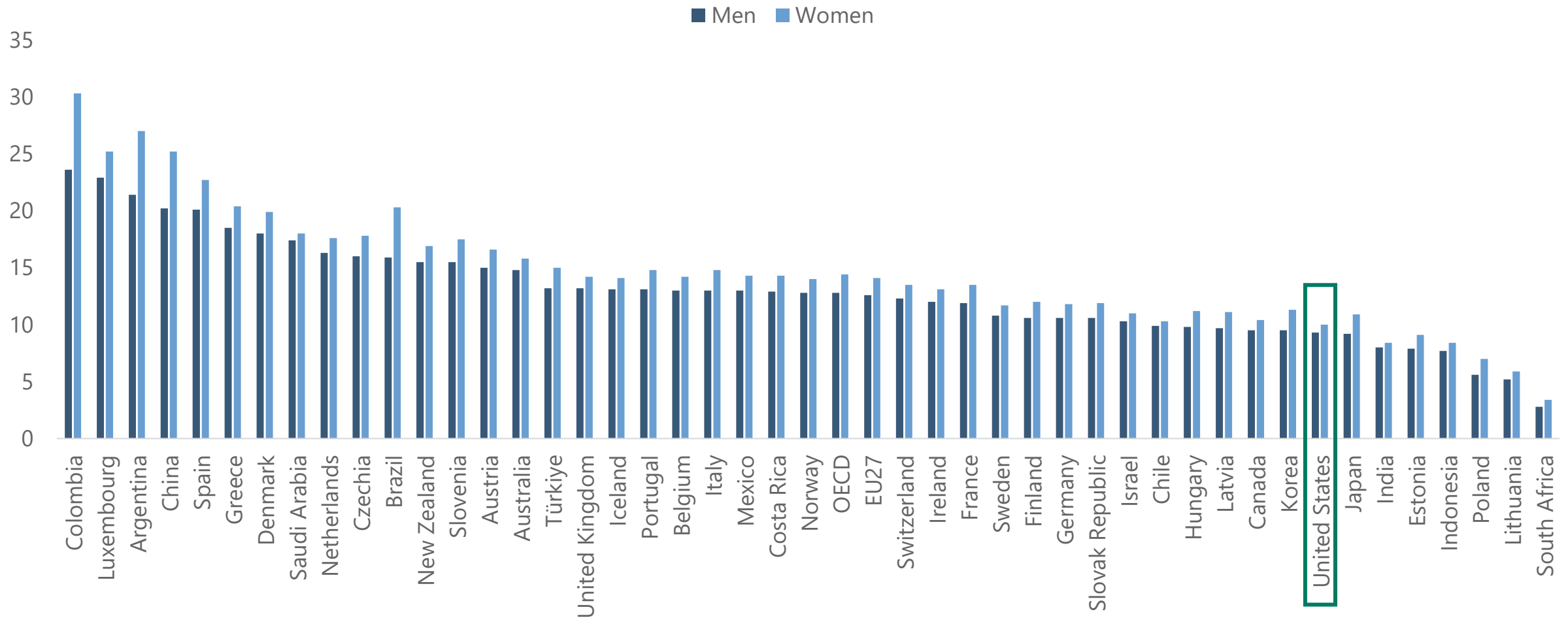


Gross pension wealth for average earners by gender, multiple of annual earnings



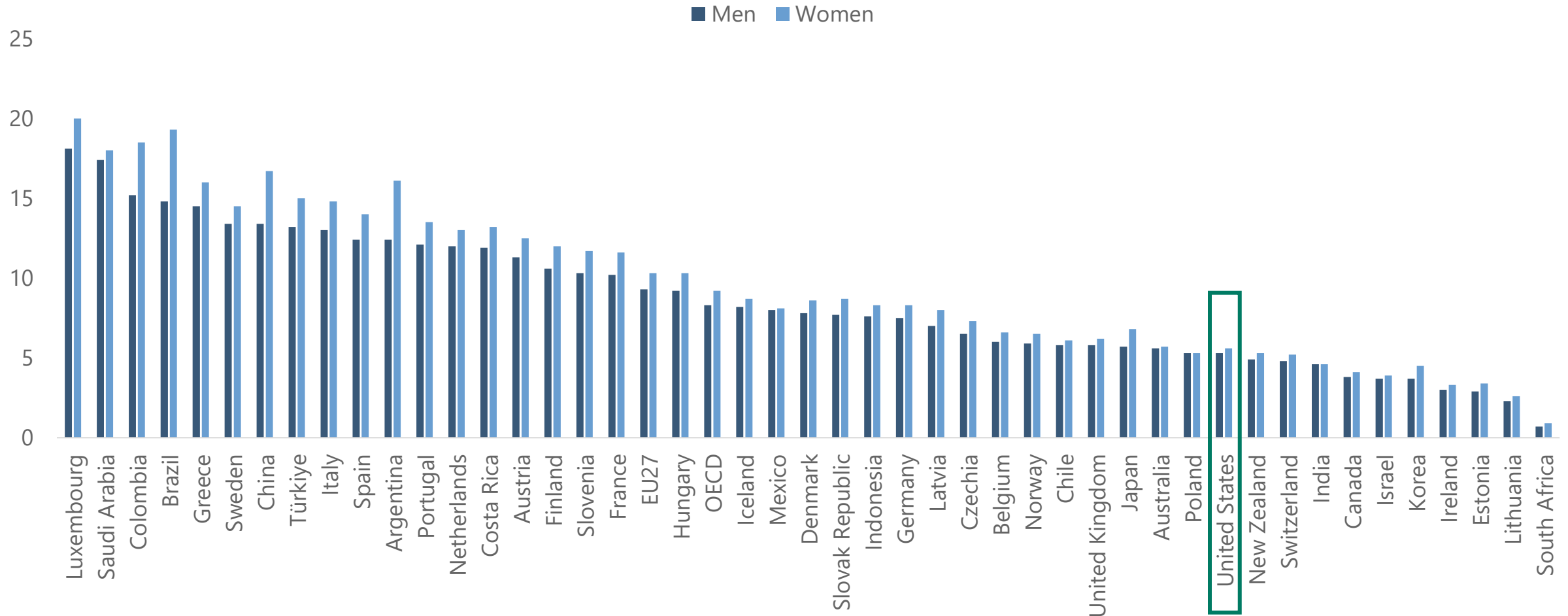
Source: OECD, Apollo Chief Economist. Note: Pension wealth – a measure of the stock of future discounted flows of pension benefits – takes account of these factors. It can be thought of as the lump sum needed at the retirement age to purchase, without paying any fee, an annuity giving the same flow of pension payments as that promised by mandatory retirement-income schemes. Since women's life expectancy is longer than men's, pension wealth for women is higher in all countries.

Gross pension wealth for lower earners by gender, multiple of annual earnings



Source: OECD, Apollo Chief Economist. Note: Pension wealth – a measure of the stock of future discounted flows of pension benefits – takes account of these factors. It can be thought of as the lump sum needed at the retirement age to purchase, without paying any fee, an annuity giving the same flow of pension payments as that promised by mandatory retirement-income schemes. Since women's life expectancy is longer than men's, pension wealth for women is higher in all countries.

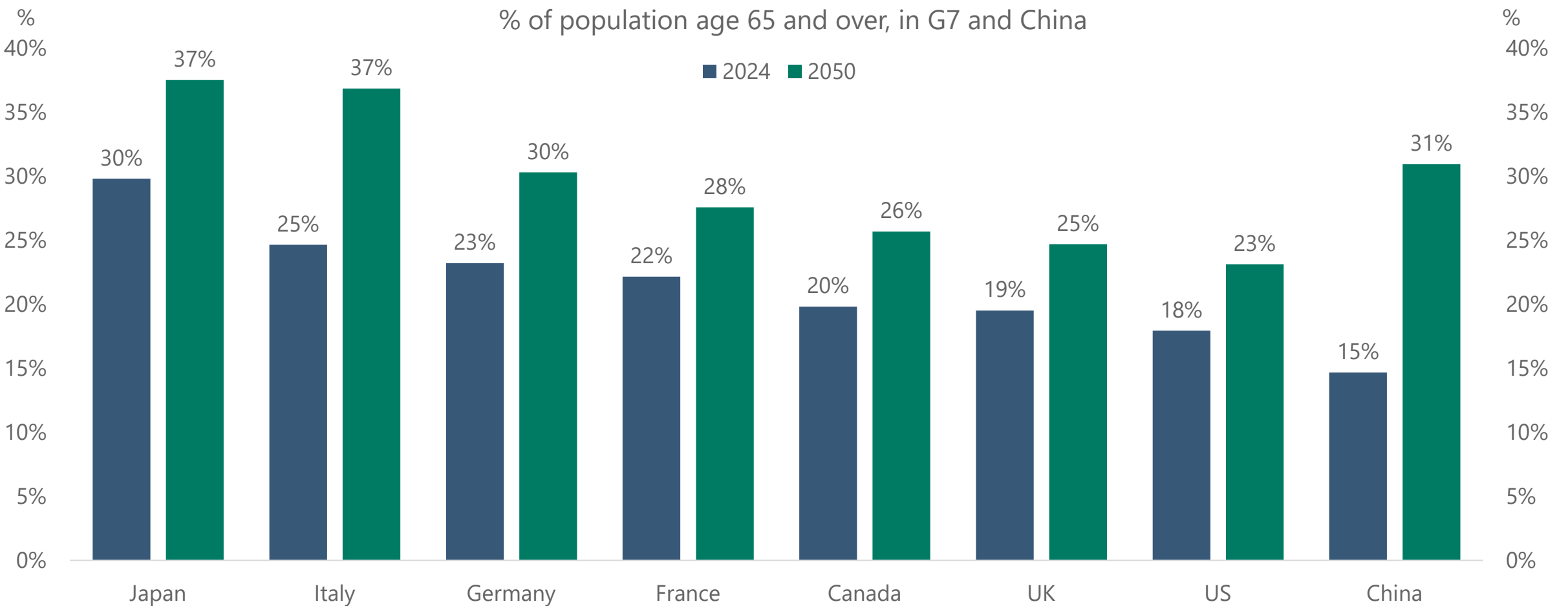
Gross pension wealth for high earners by gender, multiple of annual earnings



Source: OECD, Apollo Chief Economist. Note: Pension wealth – a measure of the stock of future discounted flows of pension benefits – takes account of these factors. It can be thought of as the lump sum needed at the retirement age to purchase, without paying any fee, an annuity giving the same flow of pension payments as that promised by mandatory retirement-income schemes. Since women's life expectancy is longer than men's, pension wealth for women is higher in all countries.

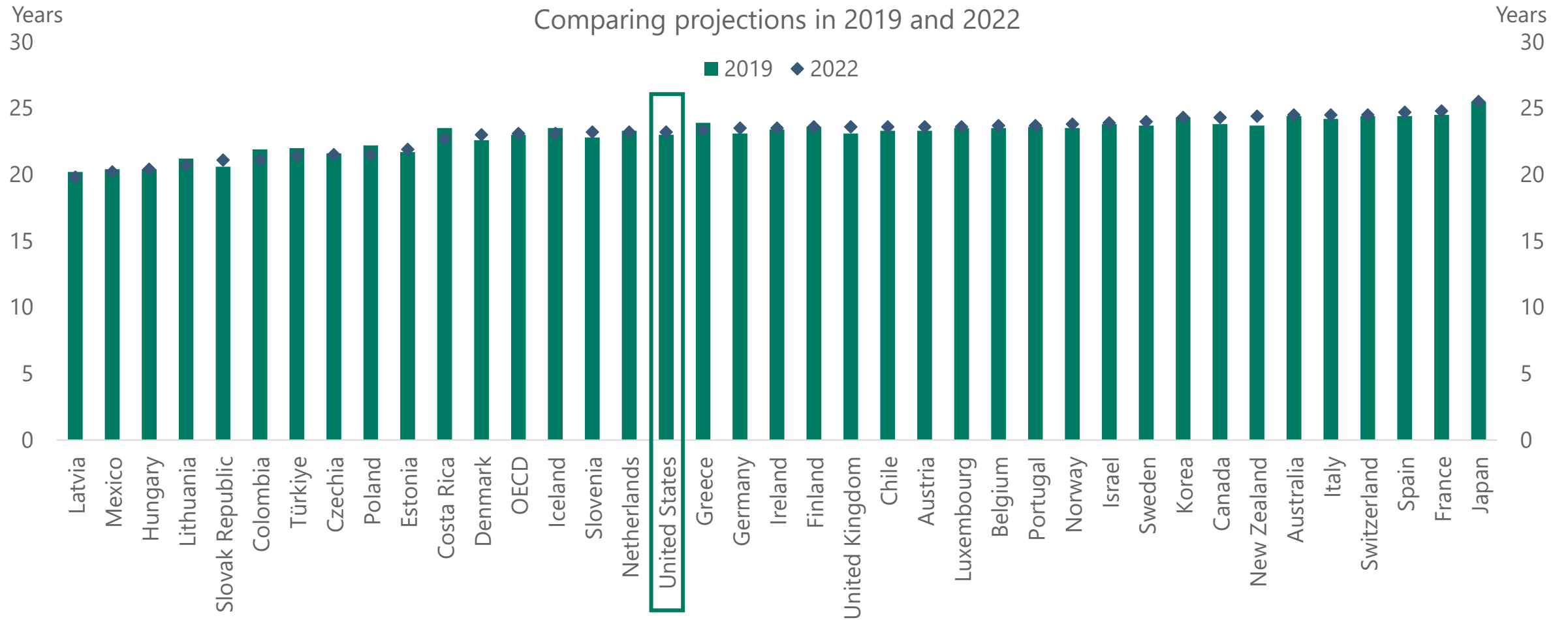
The global population is aging

More retirees in all major countries

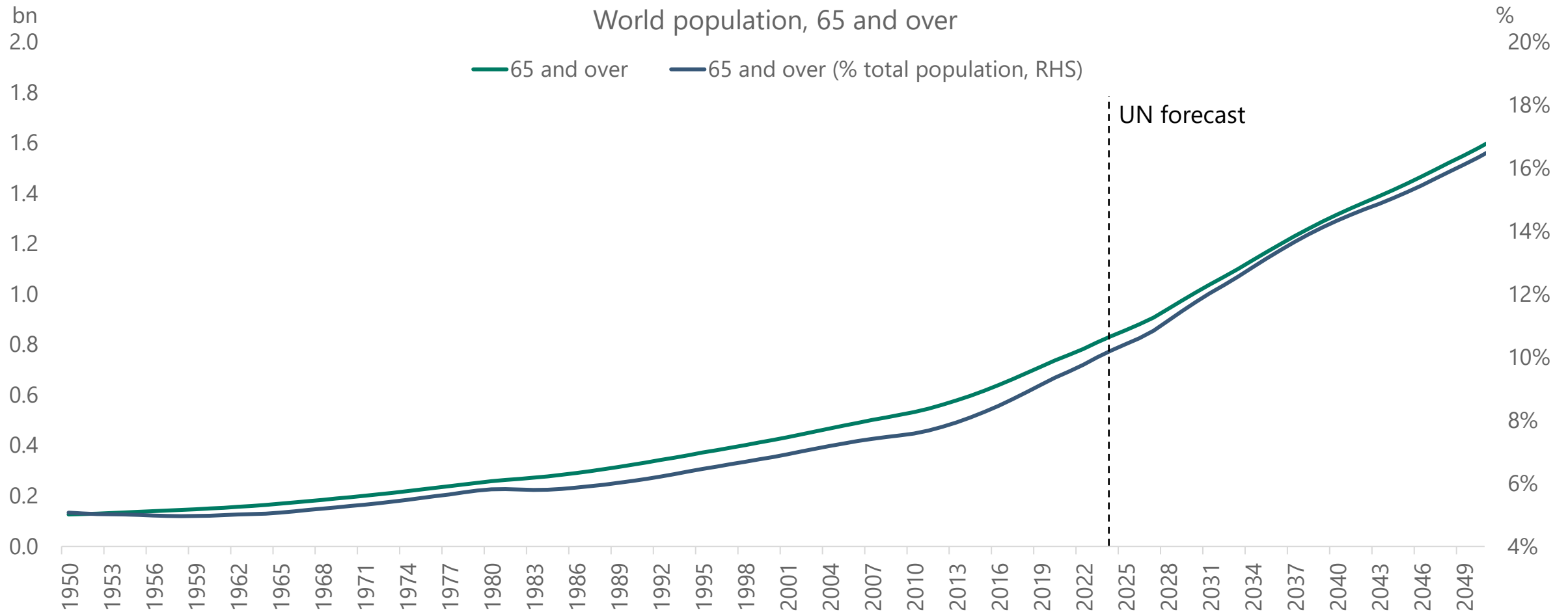


Source: UN Population Statistics, Haver Analytics, Apollo Chief Economist

Projected life expectancy at 65 for the period 2050-55

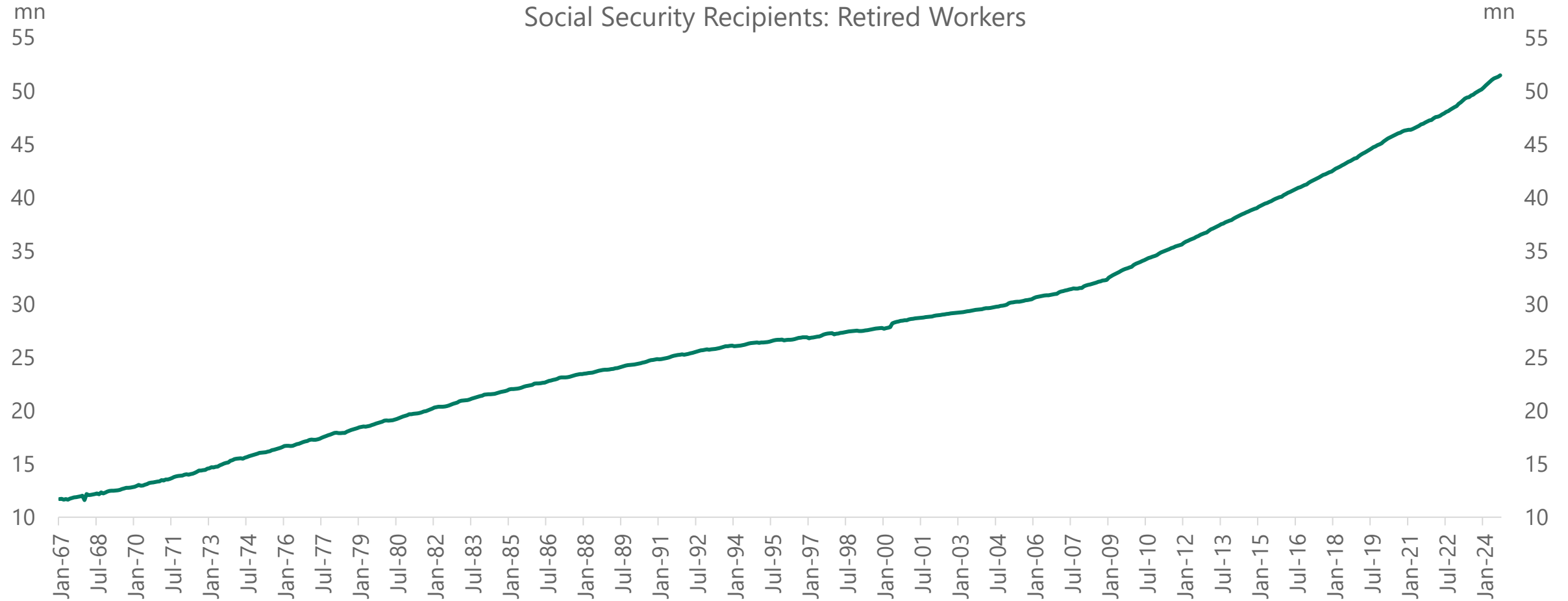


The global population age 65 and over will rise from 0.8bn to 1.6bn by 2050:
Significant need for retirement savings and new retirement products

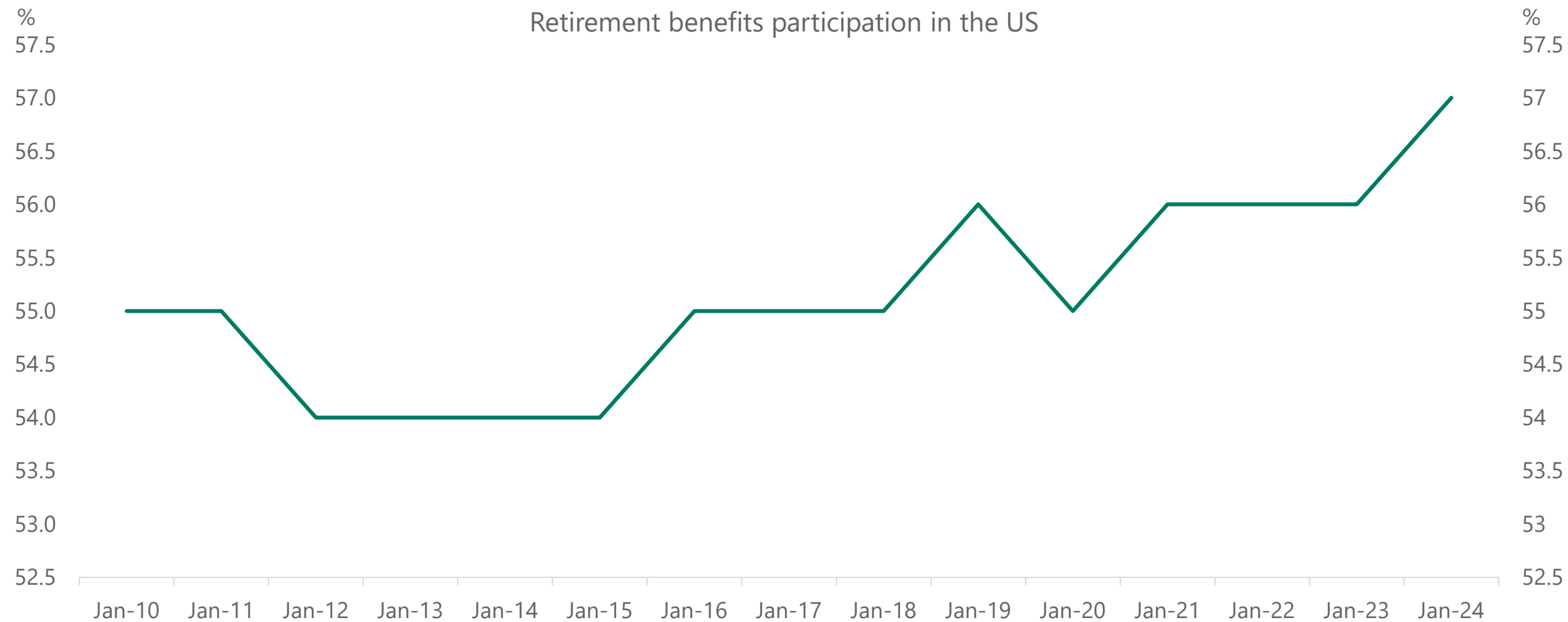


The US retirement system

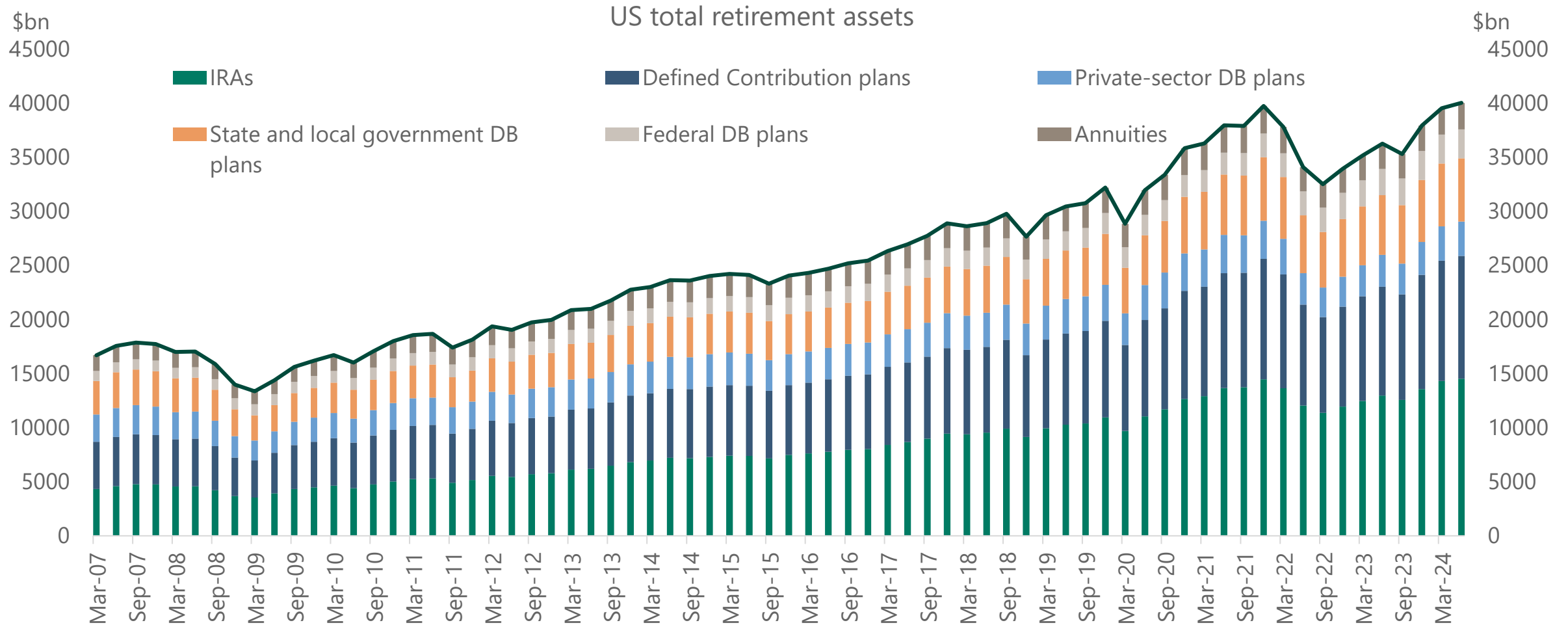
51 million retired workers receive social security benefits



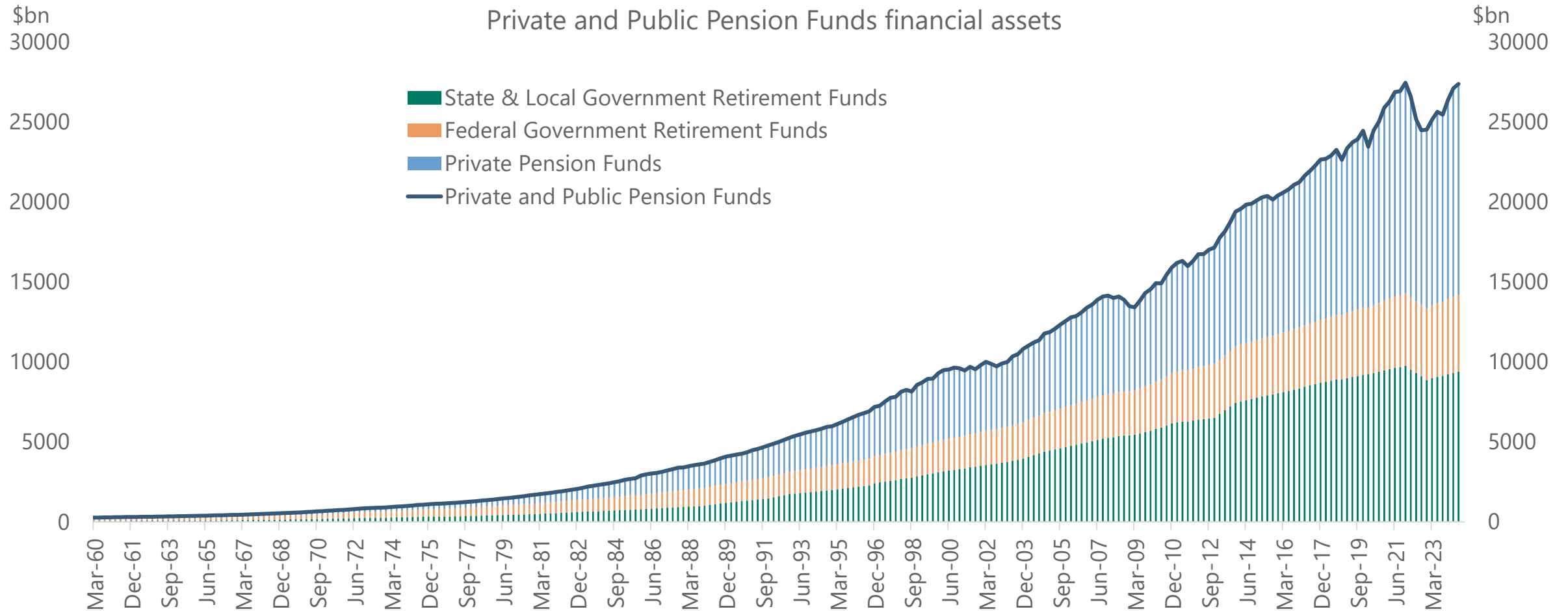
Retirement benefit participation in the US



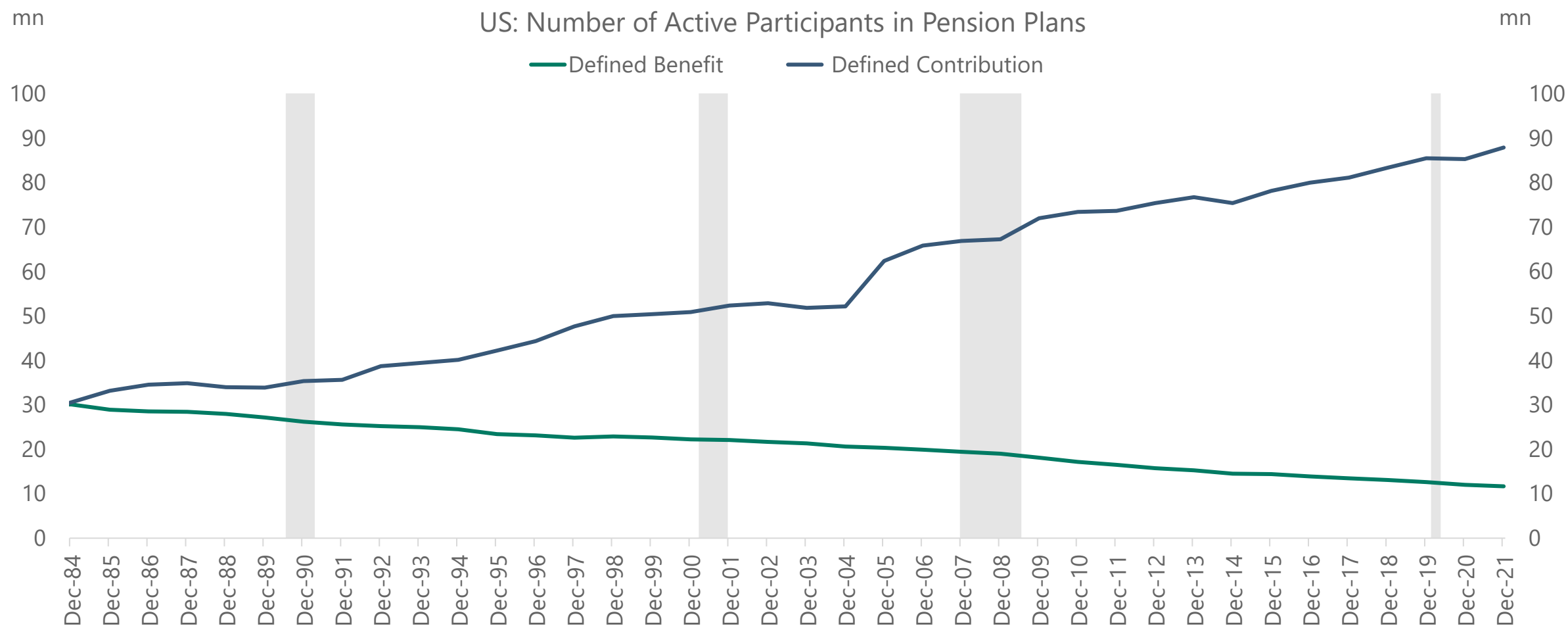
\$40trn in US retirement assets



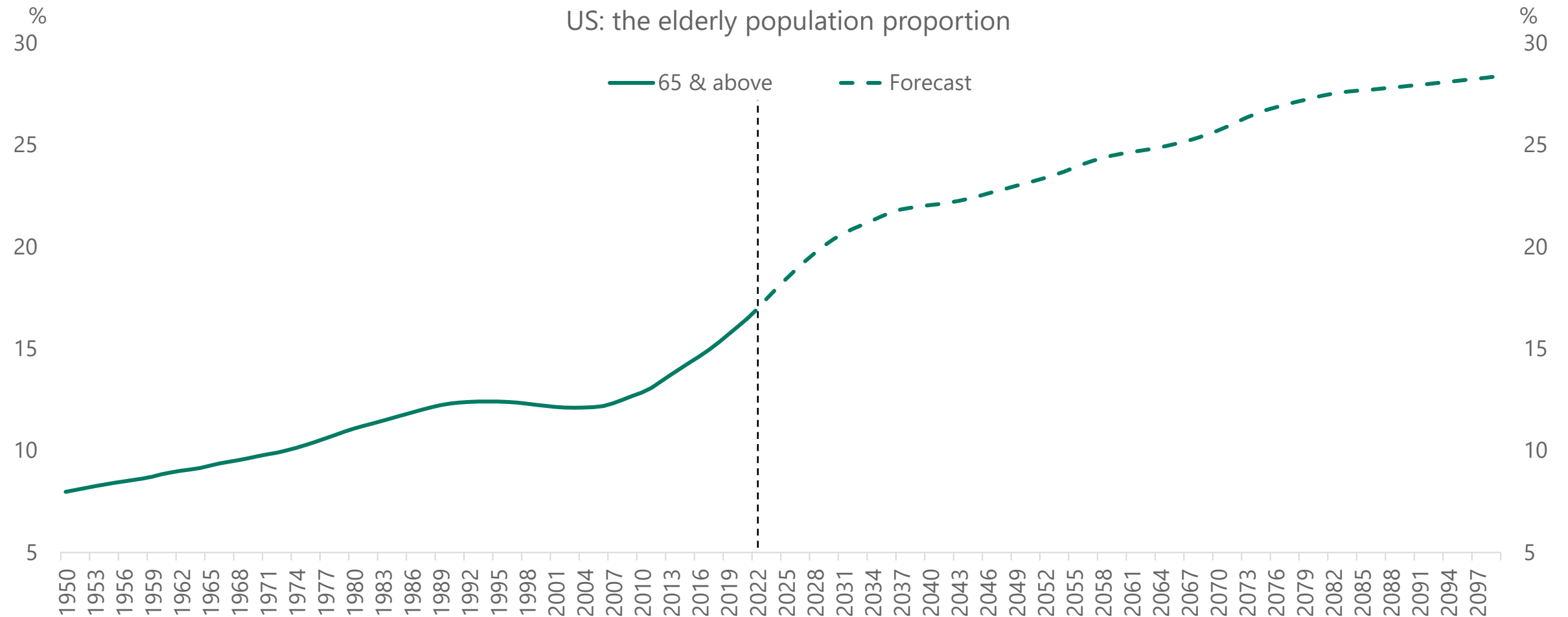
\$27trn in private and public retirement fund assets



Significant increase in the number of defined contribution plans

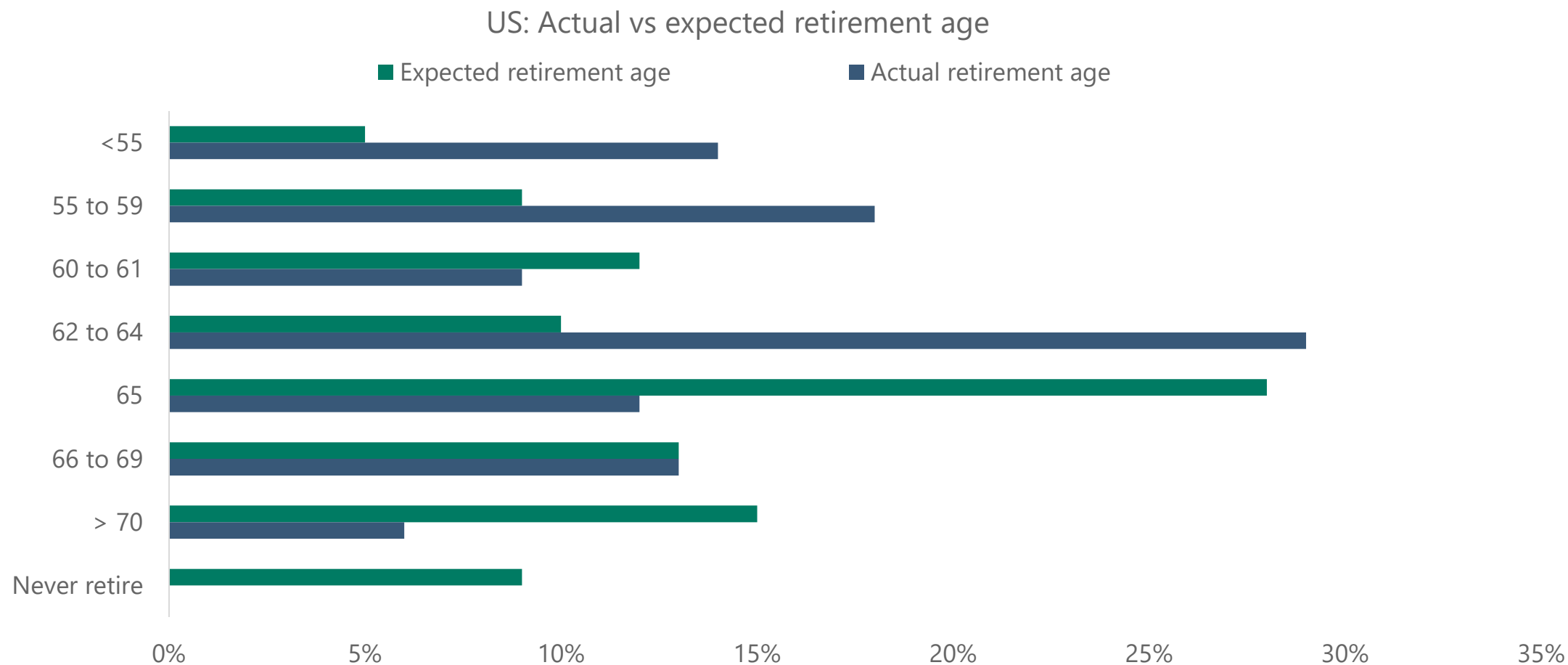


US: Age 65 and over population to reach 23% of total population by 2050

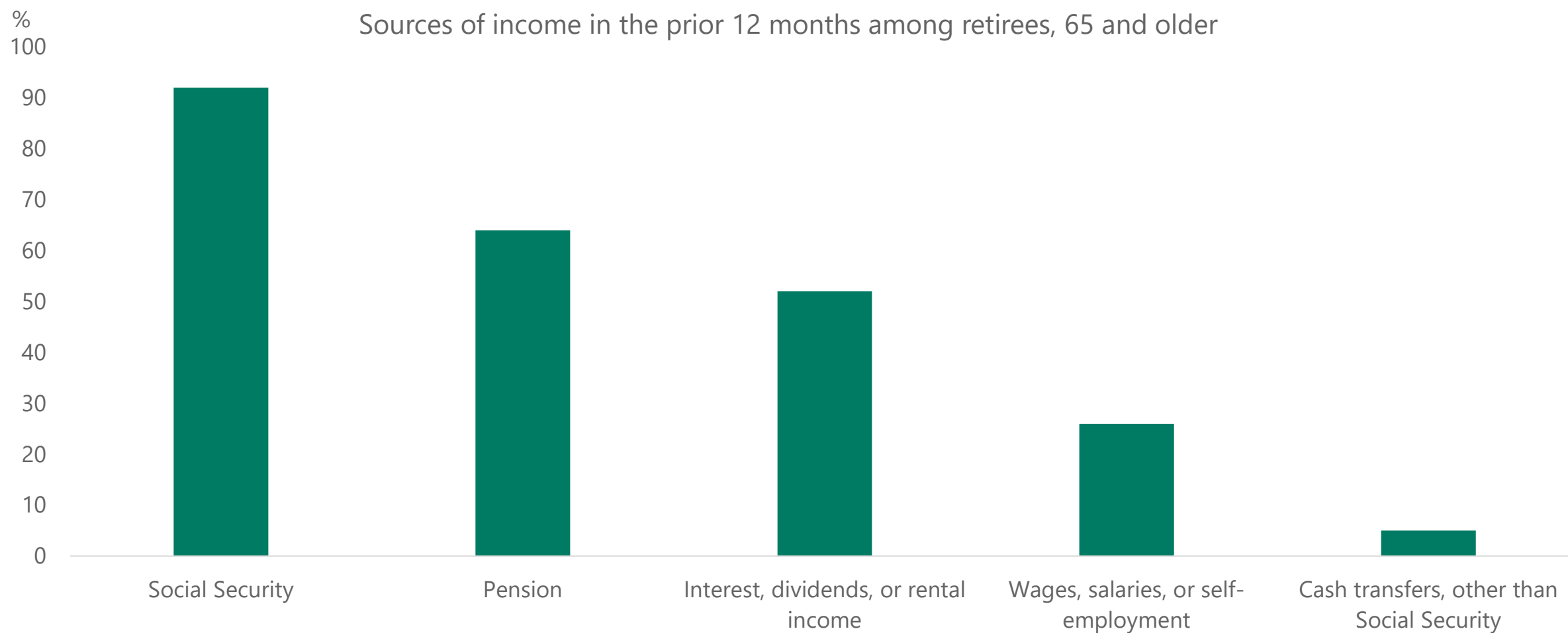


70% of retirees retiring before 65

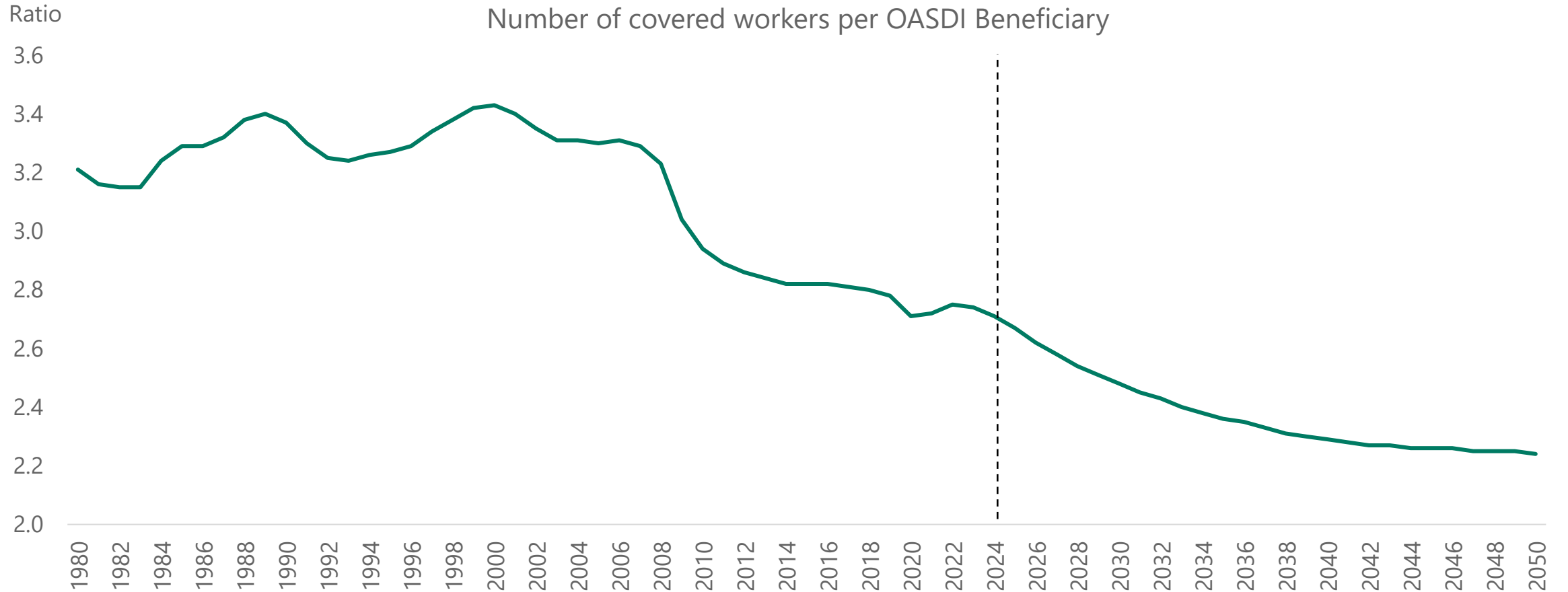
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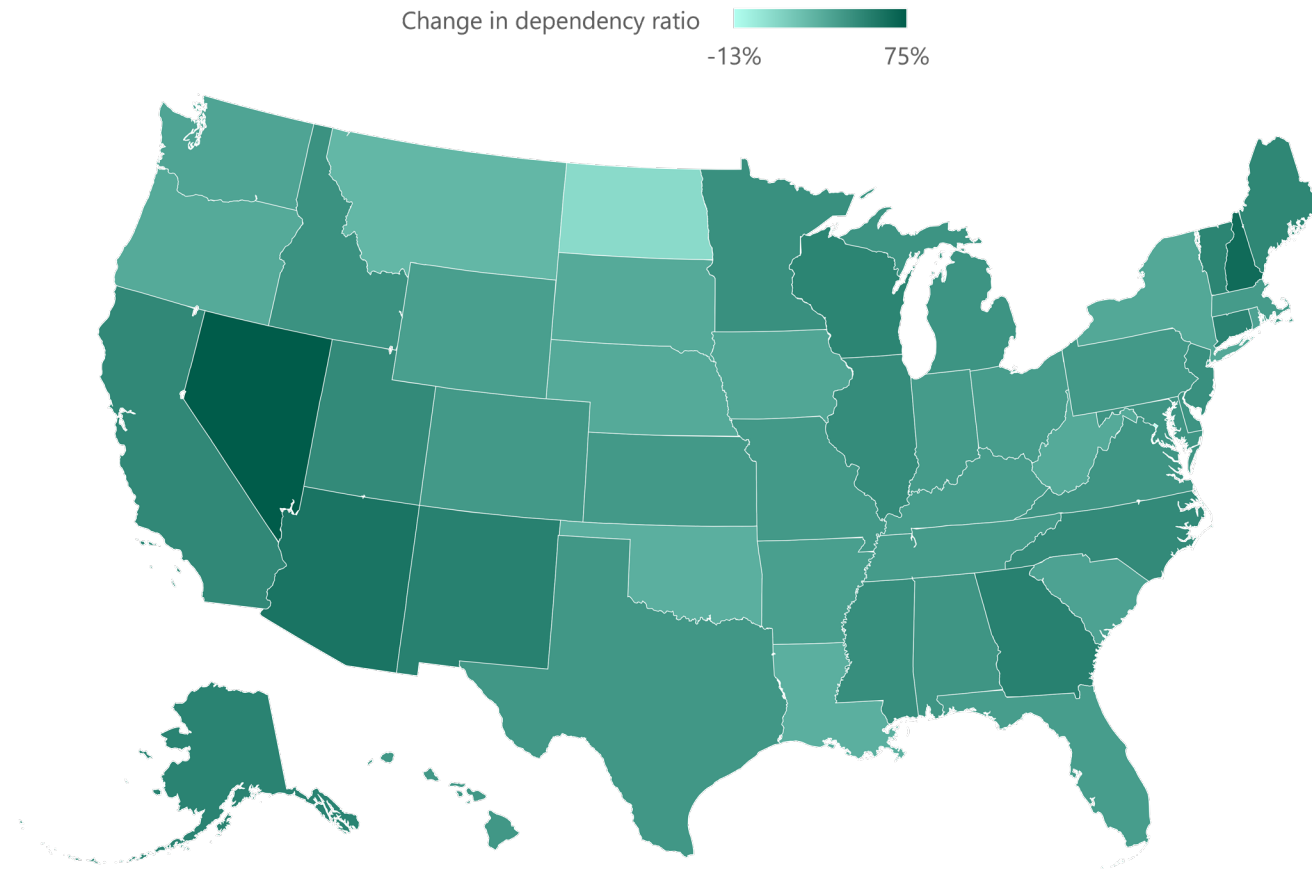
US: Sources of income for retirees



Number of workers contributing to the OASDI program growing more slowly than the number of beneficiaries receiving monthly payments

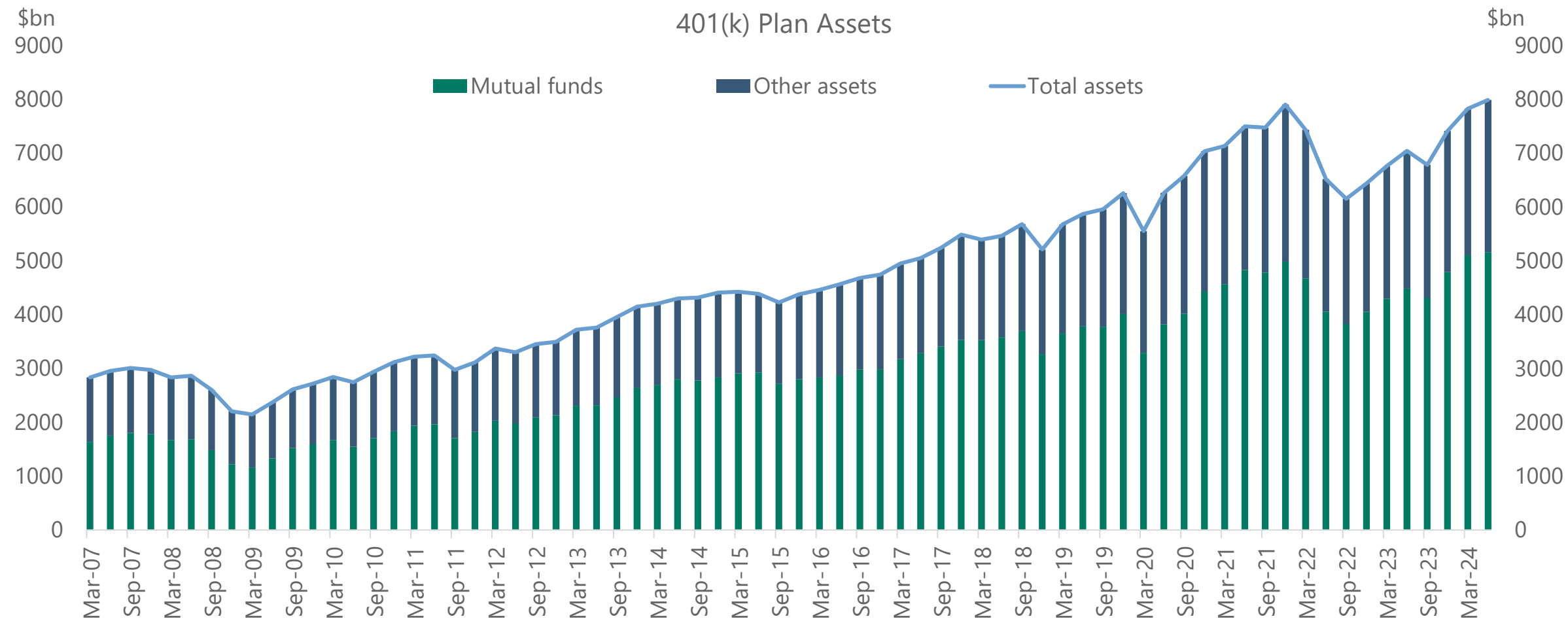


Ratio of households with people age 65 and older to those of working age is expected to grow by 46% nationally over years



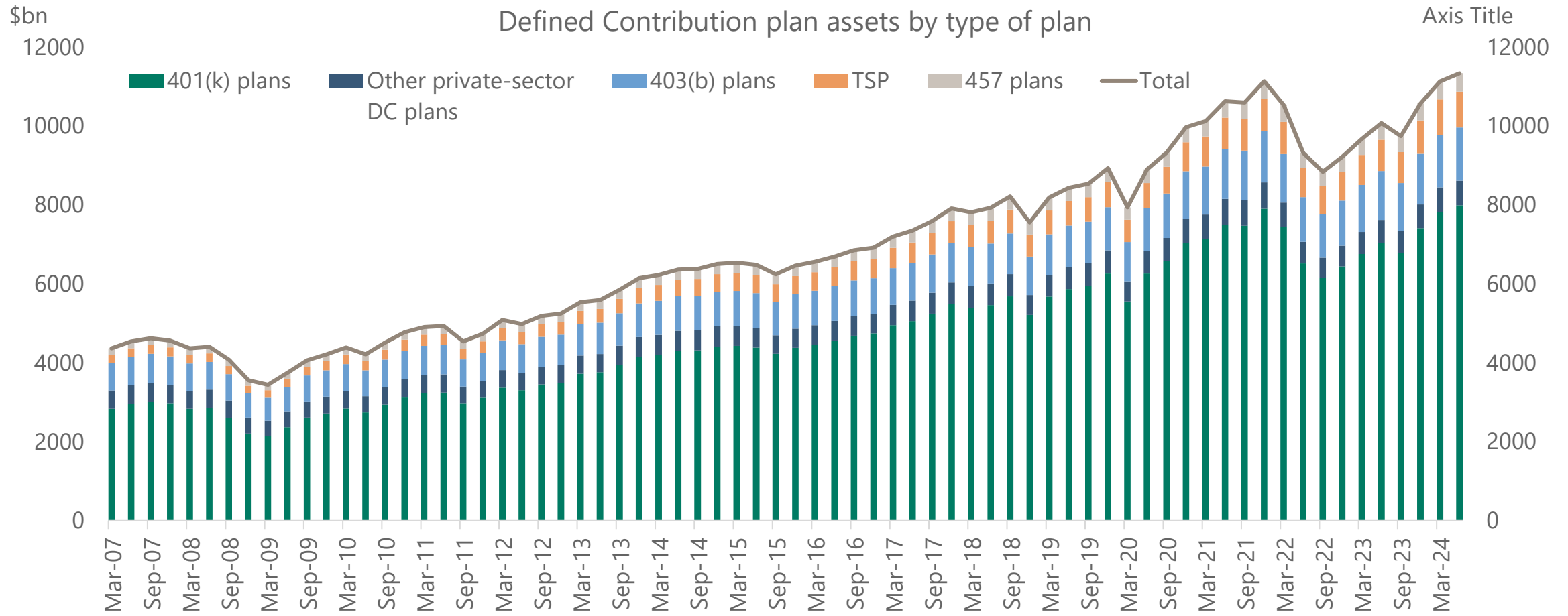
The 401(k) system

Total 401(k) assets: \$8trn

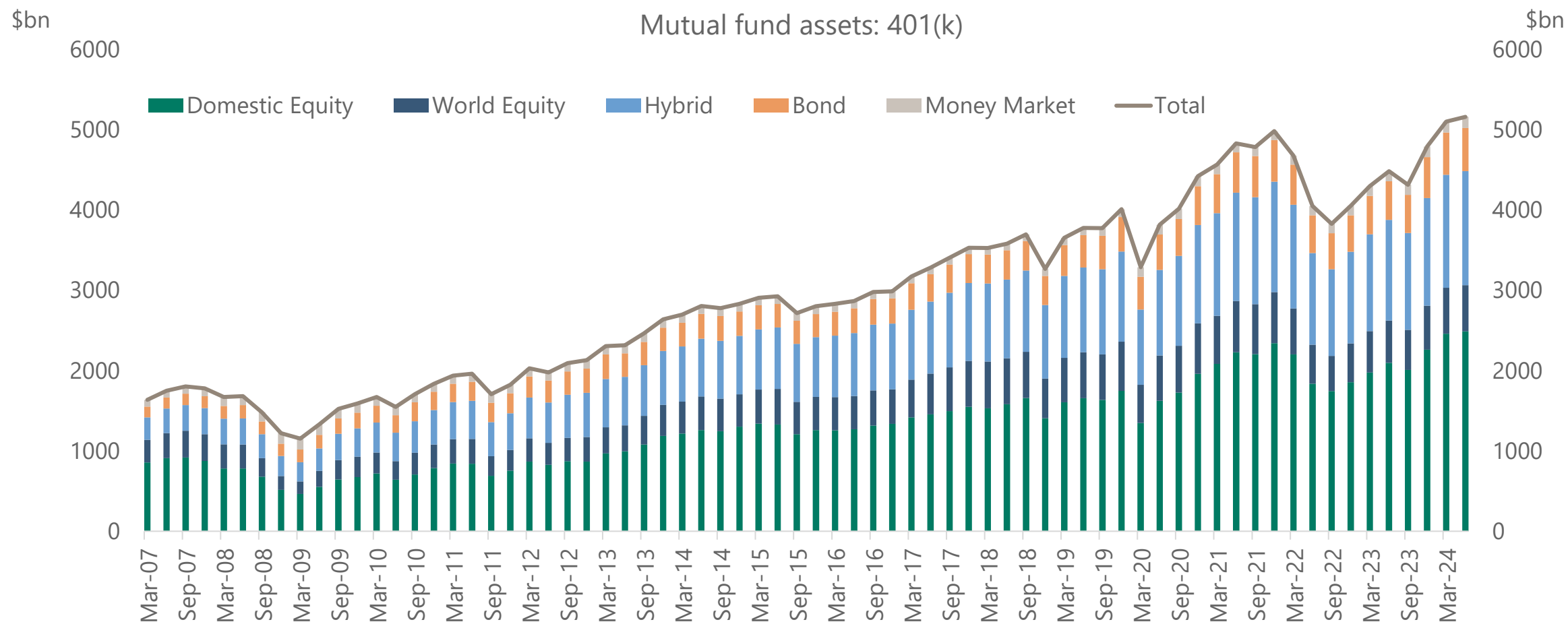


Source: ICI, Apollo Chief Economist

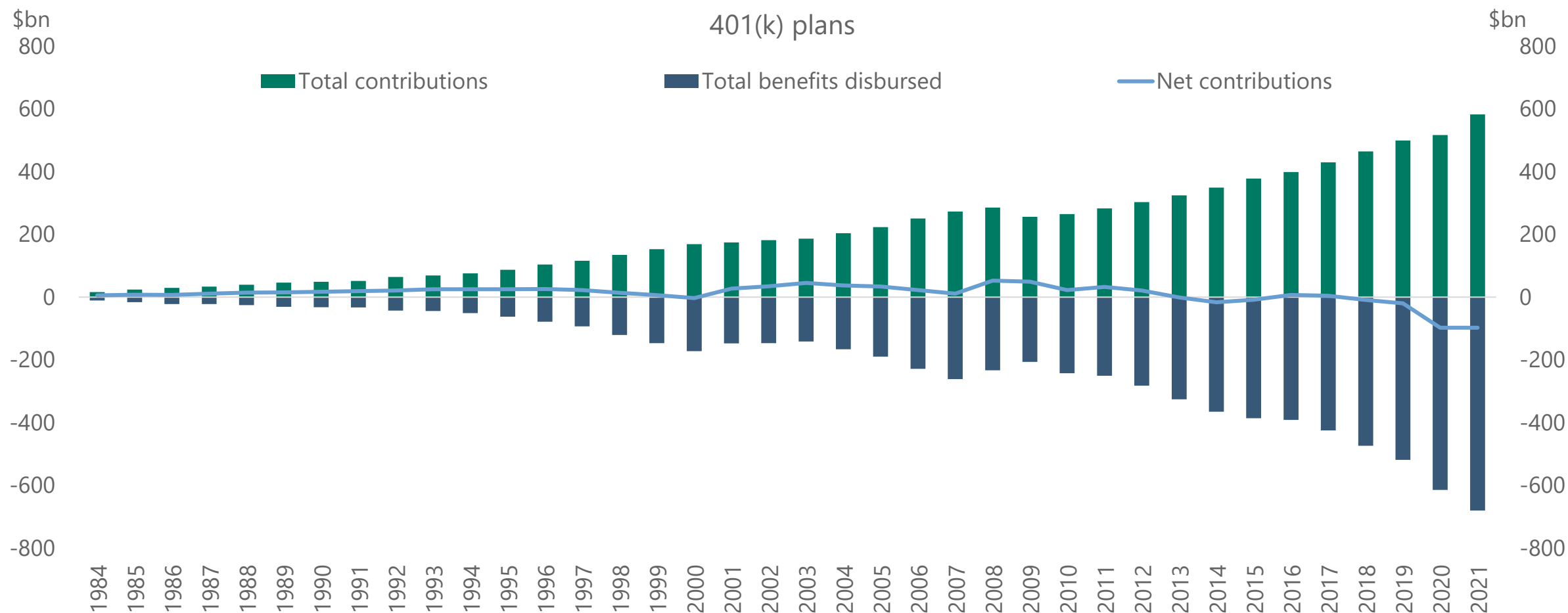
401(k) make us a significant share of defined contribution plan assets



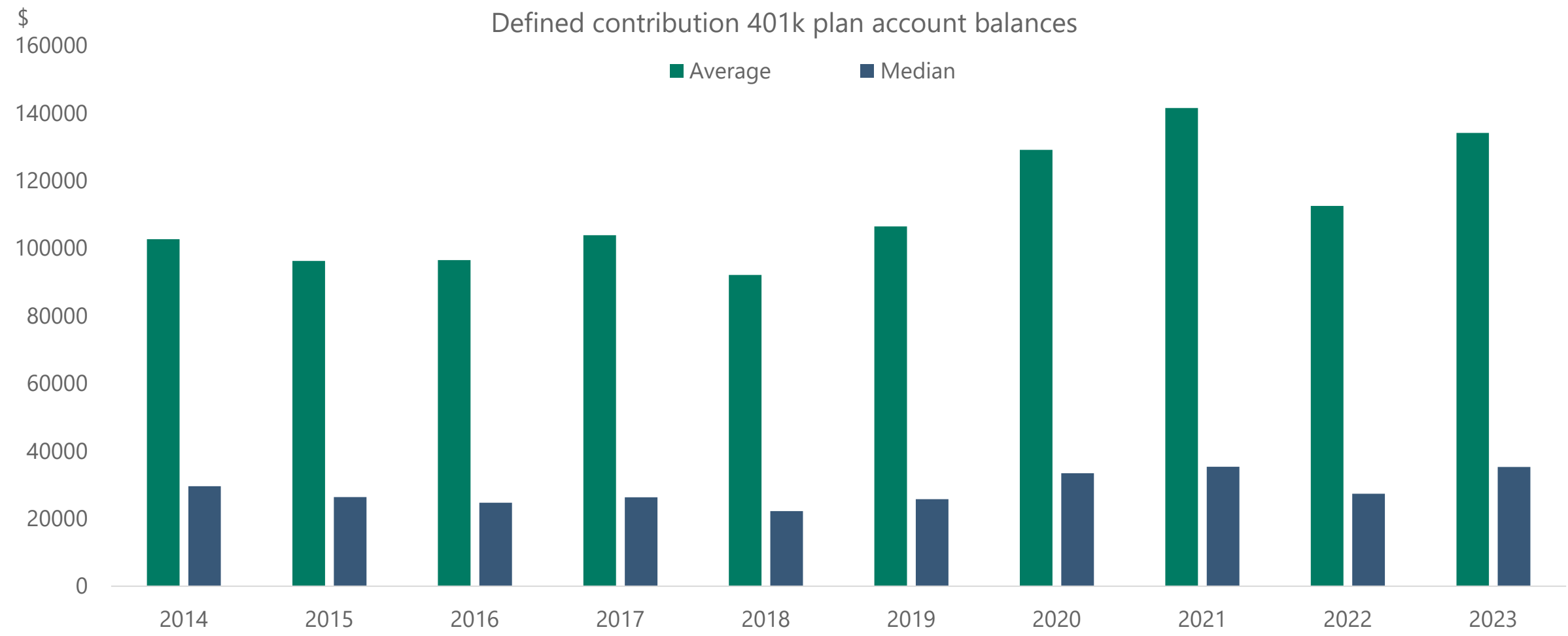
Total mutual fund 401(k) assets: \$5trn



Contribution vs distribution for 401(k) plans



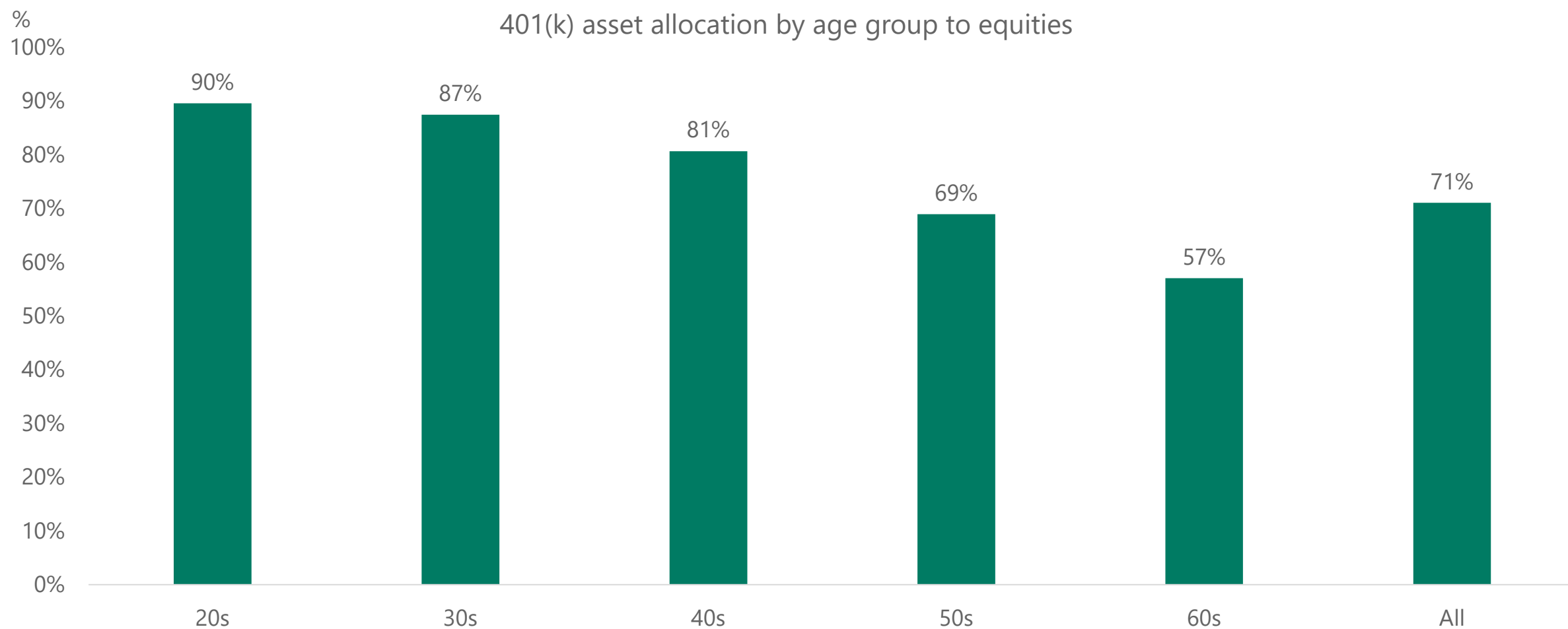
Median balance in defined contribution 401k plans: \$134,000



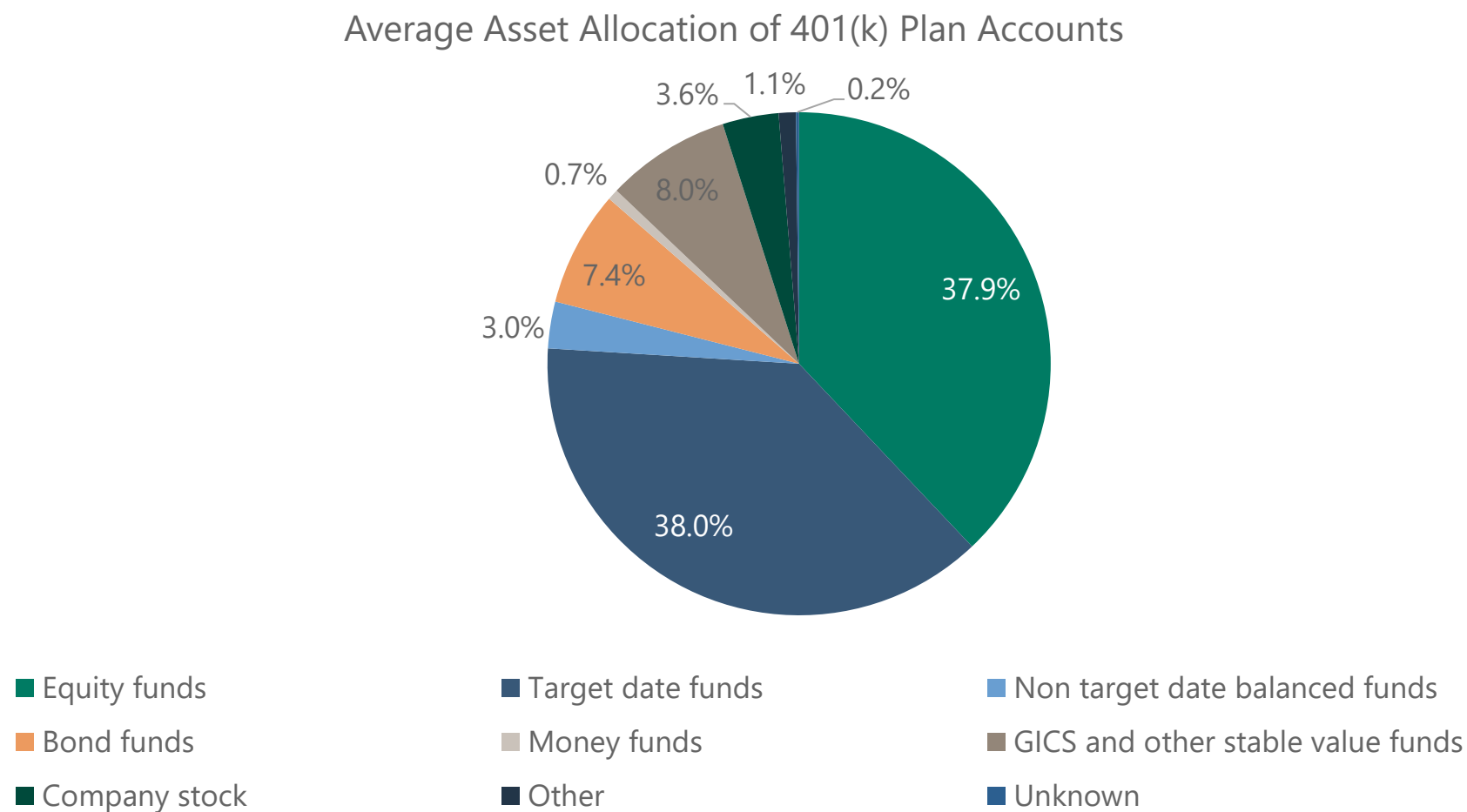
Source: Vanguard 2024 institutional.vanguard.com/content/dam/inst/iig-transformation/insights/pdf/2024/has/how_america_saves_report_2024.pdf, Apollo Chief Economist

Retirement asset allocation

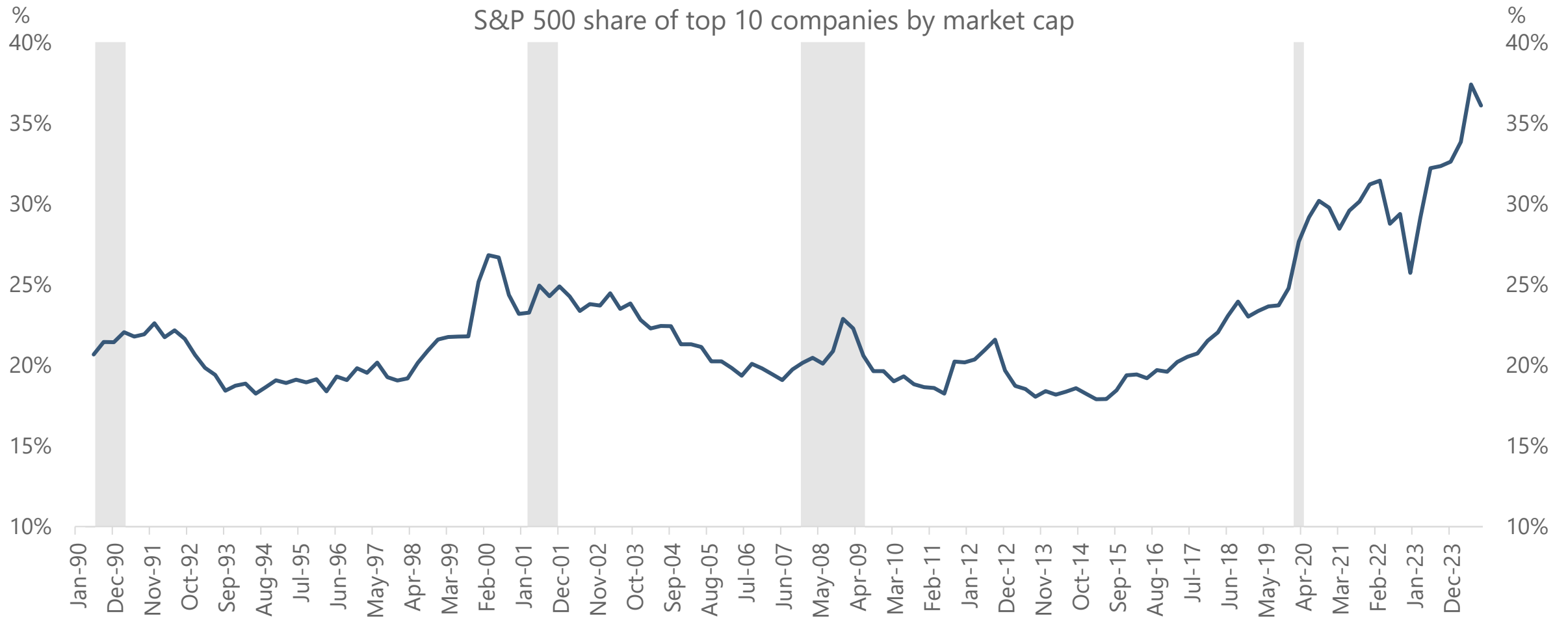
401(k) plans are overweight equities



Average asset allocation in 401(k) plans



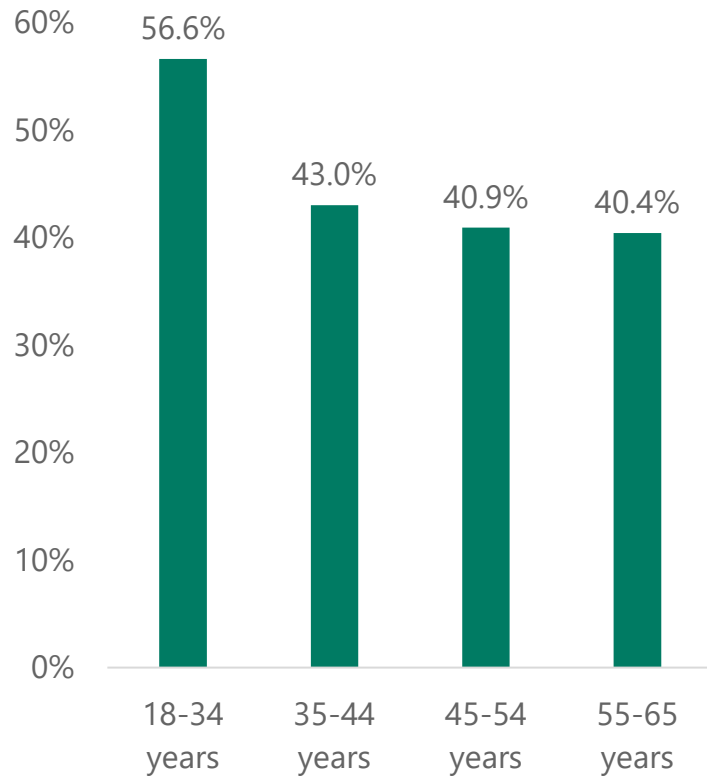
The concentration in the S&P500 is more and more extreme



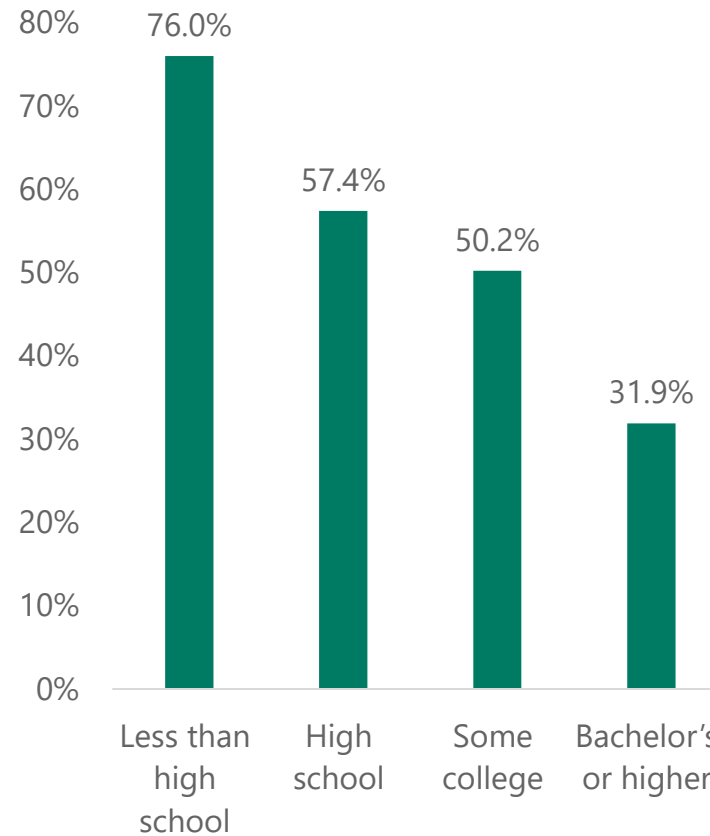
New retirement products needed

Who is not covered by a workplace retirement plan?

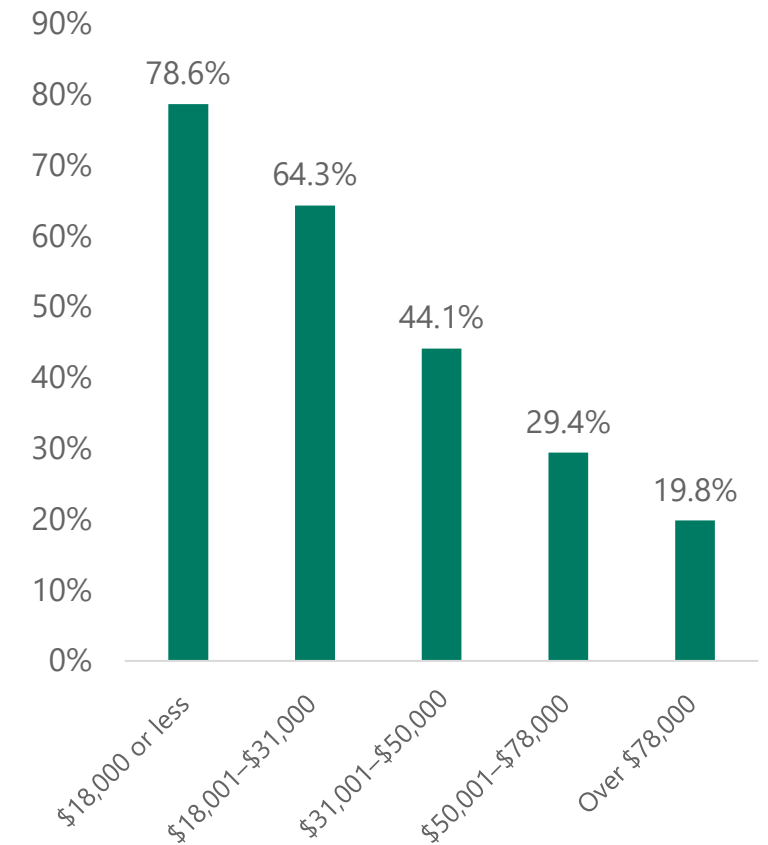
Nearly half of American workers ages 18-64 in the private sector do not have retirement plan



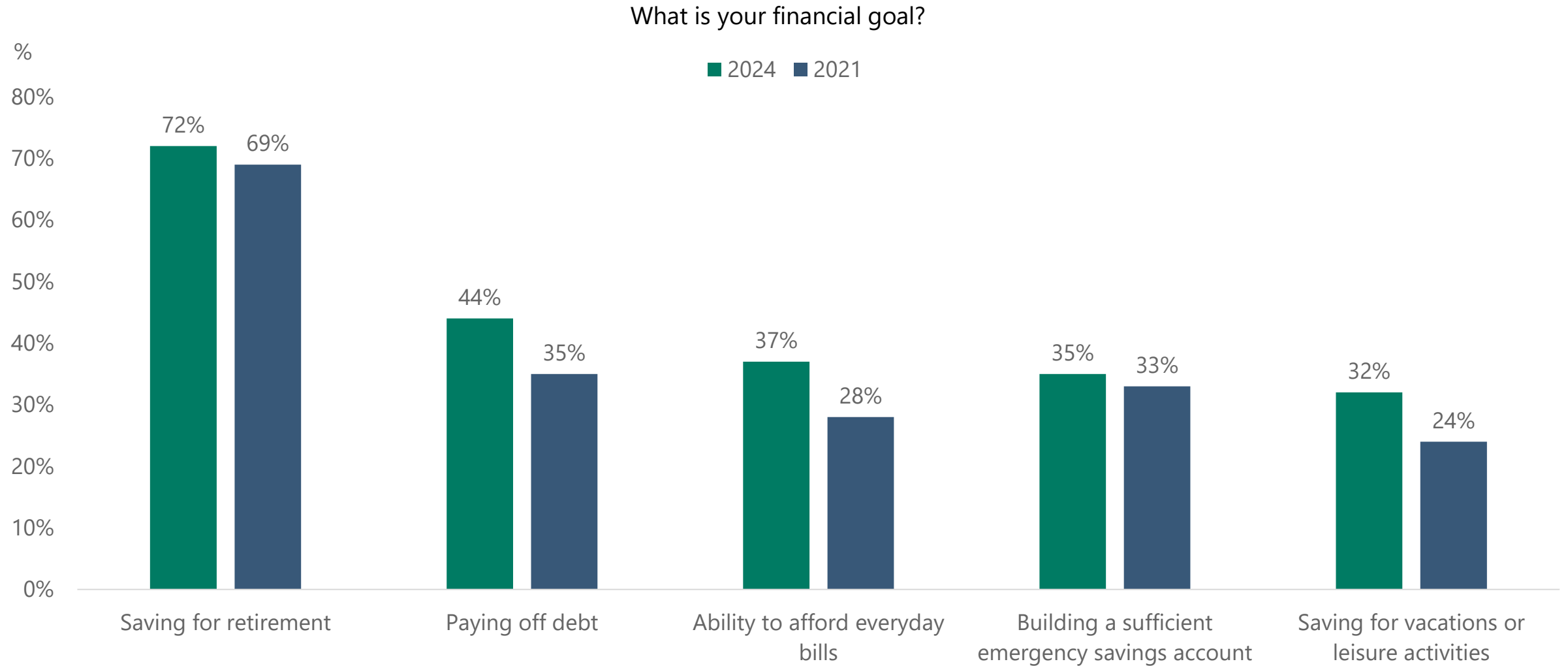
Workers at all education levels lack a plan



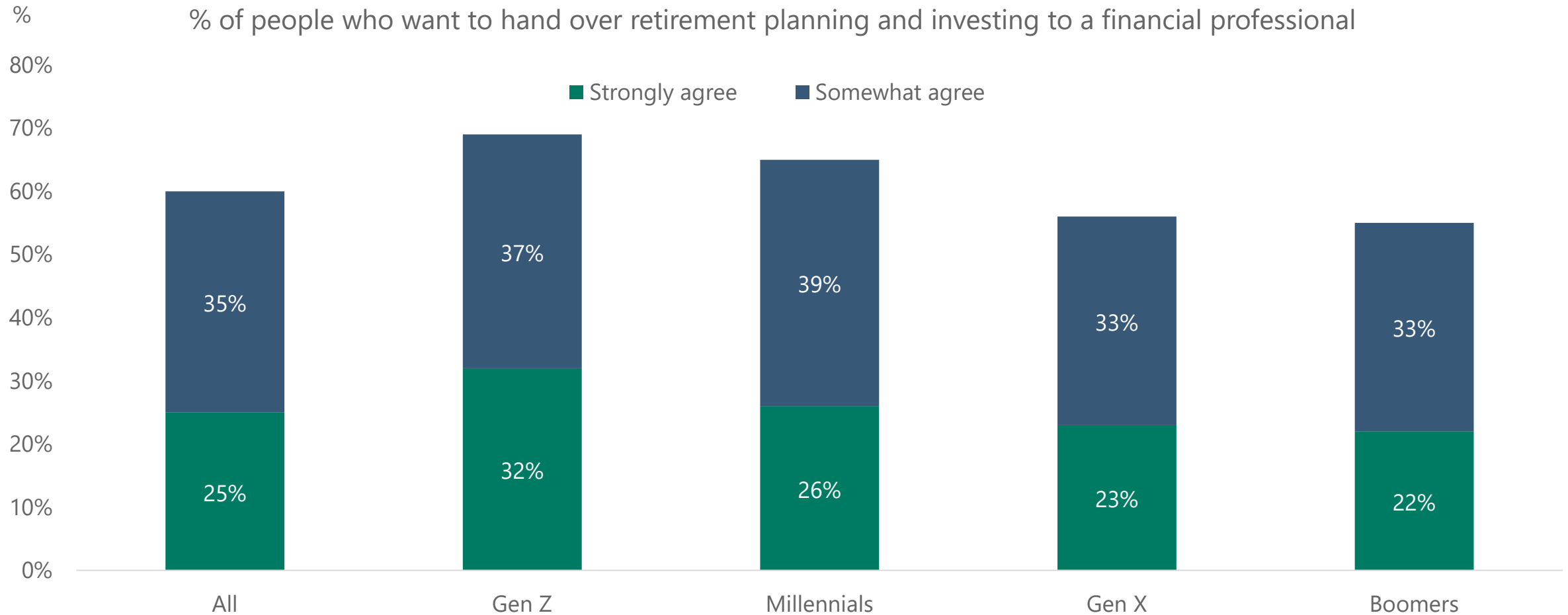
Employees at all earnings levels do not have access to a plan



Retirement is the most common financial goal

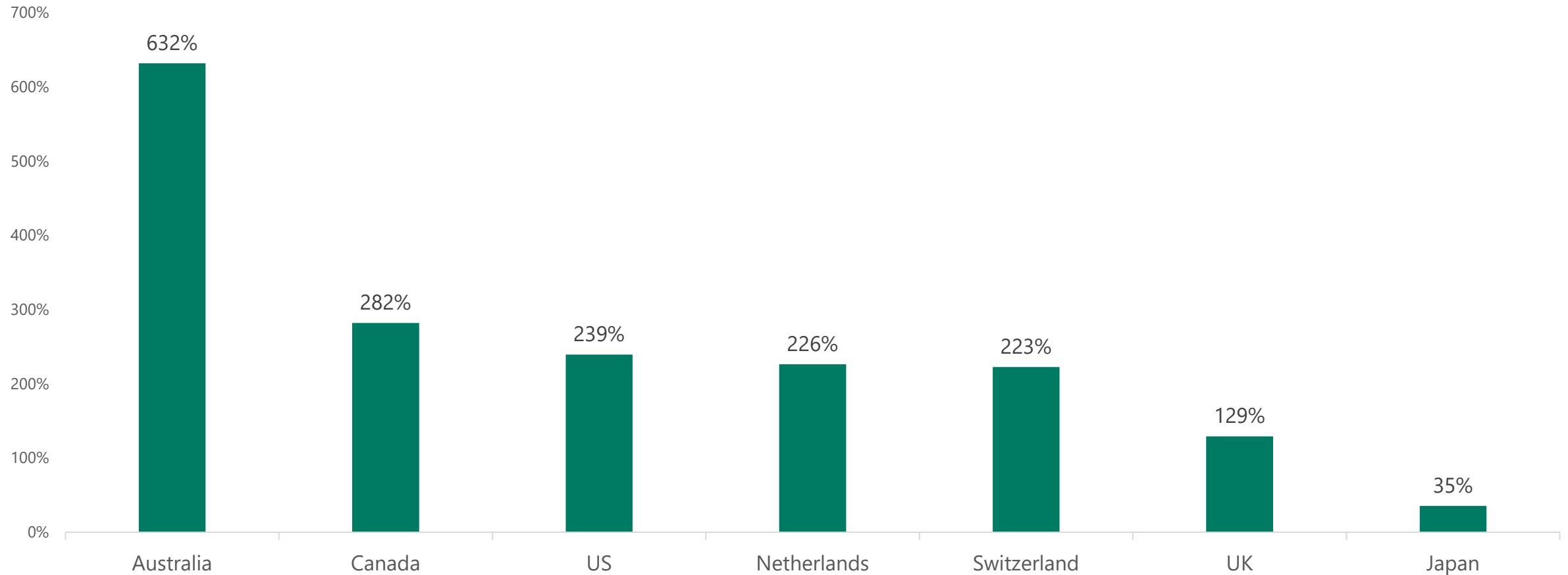


Most people want to hand over retirement planning to a financial professional



Australia has the world's 54th largest population, but the fourth largest retirement system

Change in assets among biggest retirement systems from 2002 to 2022





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Torsten Slok joined Apollo in August 2020 as Chief Economist and he leads Apollo's macroeconomic and market analysis across the platform.

Prior to joining, Mr. Slok worked for 15 years as Chief Economist at Deutsche Bank where his team was top ranked in the annual Institutional Investor survey for a decade. Prior to joining Deutsche Bank Mr. Slok worked at the IMF in Washington, DC and at the OECD in Paris.

Mr. Slok has a Ph.D in Economics and has studied at the University of Copenhagen and Princeton University.