Financial Planning Service for Ageing and Longevity Risk

As people get old, society will face some phenomena those did not occurred before. For the personal side, as medical technology improves people can live more than they expected, called longevity risk, then they may fall down to poverty when they become old. For the industrial side, as people get old the society may not have enough labor to produce and have more burden to support olds. For instance, in Korea, as people live longer about half of olds are under poverty which is not only personal but becoming social problem and in 2020 old age dependency ration become 22 and in 2060 that become 80. Those means we have to prepare enough money for the aging society.

Providing financial planning service from financial companies can be a tool to overcome those challenges. Financial planning service can help people’s life time consumption smoothing and accumulating more savings for the old. The saving can be a compliment for the labor shortage at the industrial side.

In this study, to verify the needs of financial planning service, we show how much portion of people falling down from mid-class to under poverty when they become old. And using data, we try to estimate people’s interests of the service.

After showing those, we survey and analyze financial planning services currently provided by public and private sectors. Based on the survey we find that banks and financial investment companies are trying to expend their financial planning service to mass market however, insurance companies do not have particular strategies to expand their market share at the market.
For the insurance companies, we suggest that to expand the market share, insurance companies need to provide standardized service format, improve companies’ credibility and improve the quality of insurance planners.