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Why cash is not a retirement plan

Karoline Keane

Head of Product, Marketing & Communications,
Mediolanum International Funds

We outlive our health, and our money

In Italy, Germany and Spain, most savers are on track to run out of money 10+ years early

Lifespan

life expectancy



Healthspan

years in good health



Wealthspan

financial autonomy



Italy, whole population

Wealthspan

the age up to which your income and savings pay for the life you want. In Italy it ends about 18 years before life does.

Most people over 50 surveyed expect their savings to run out 10+ years early



57%
Italy



54%
Germany



59%
Spain



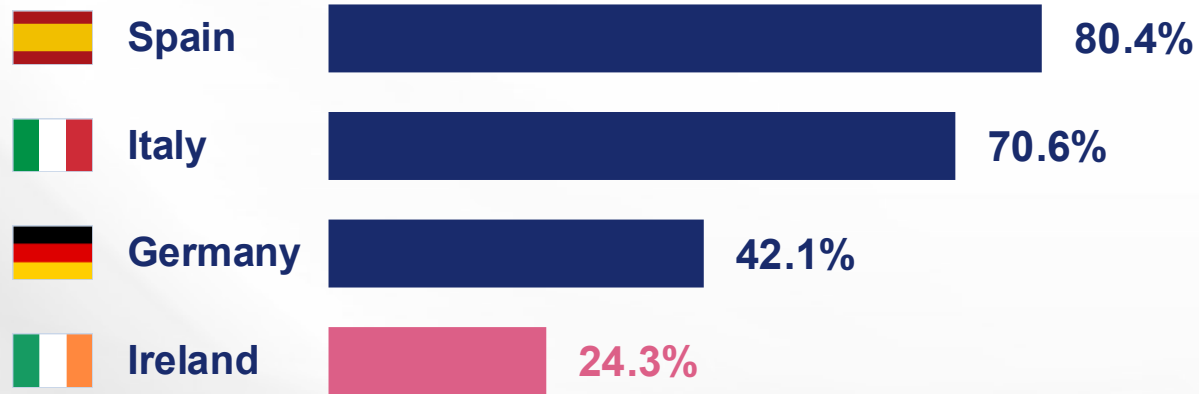
Sources: KPMG, Overview of the main trends in the AM market, 2026 (ISTAT, Eurostat, INPS, RGS, Geneva Association); Il Sole 24 Ore, 10 August 2026 (NICA, Fidelity International, Eurostat).

What can we expect from our state pension?

State pensions replace 80% of pay in Spain, but under a quarter in Ireland and the UK
EU Aging report says they fall further in Spain, Italy and Germany

STATE PENSION TODAY

% of pay replaced, average earner, full career, gross



DIRECTION TO 2050

change in average state pension relative to average wage, 2022–2050



Low today, or falling tomorrow:
either way, your own savings must cover more.



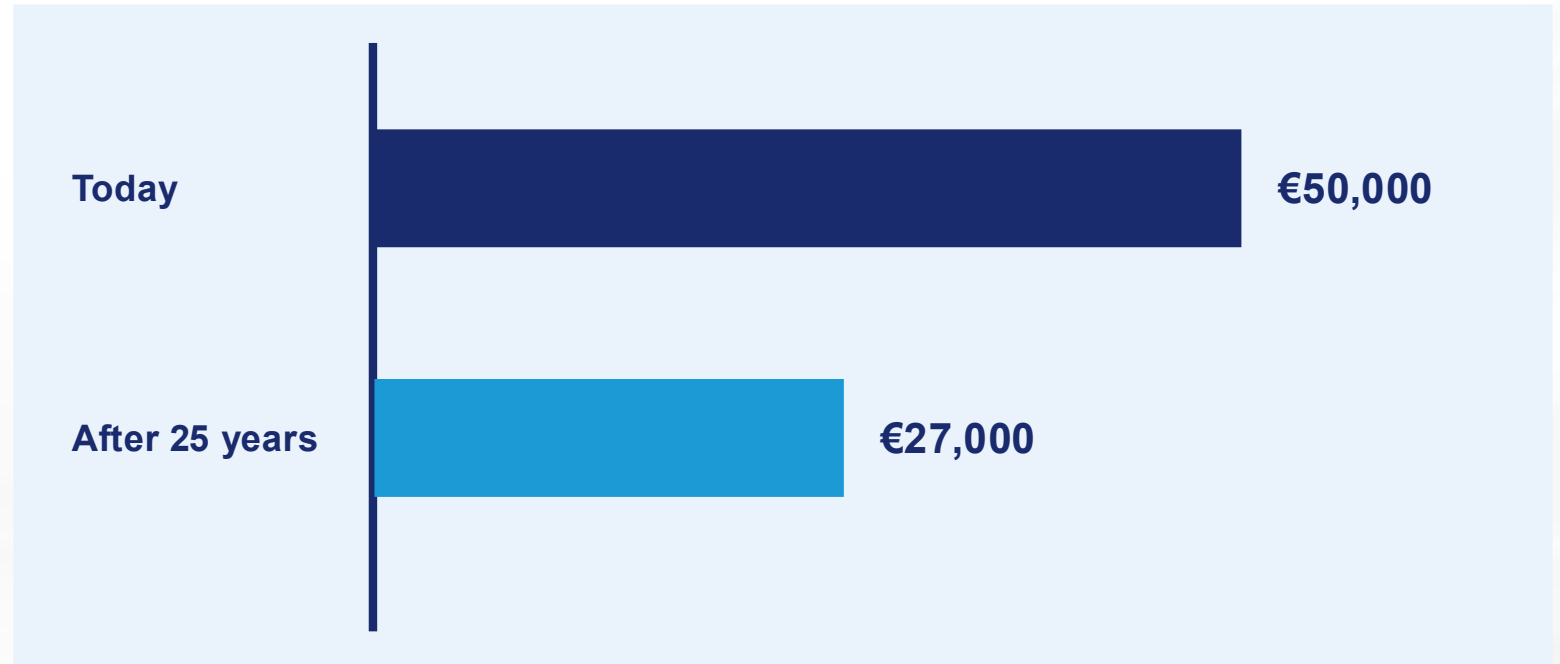
Sources: OECD, Pensions at a Glance 2025, Table 4.2 (mandatory public pension only; full career from age 22; pension age ES 65, IT 70, DE 67, IE 66, UK 68). European Commission, 2024 Ageing Report, Table II.1.79 (benefit ratio, 2022 → 2050, no policy change). UK: OBR, Fiscal risks and sustainability, July 2025. Different measures: do not compare the two columns directly.

Cash quietly loses half

€50,000 kept in cash for 25 years buys only about €27,000 in today's money.

46%

of its purchasing power lost after 25 years at 2.5% inflation



Cash feels safe. But over a working lifetime, it slowly loses value.



Illustrative, not guaranteed. Purchasing power of €50,000 held in cash with no return, deflated at 2.5% a year.



What does saving 10% of salary buy?

Ireland, saving 10% for 40 years: cash gives 49% of salary in retirement, a balanced portfolio 76%.

Retirement income as a share of salary, after saving 10% for 40 years



+27%

percentage points more retirement income from investing the same 10% in a balanced portfolio instead of cash, over 40 years

Same saver. Same 10%. Same 40 years.

Only the choice between cash and investing changes.

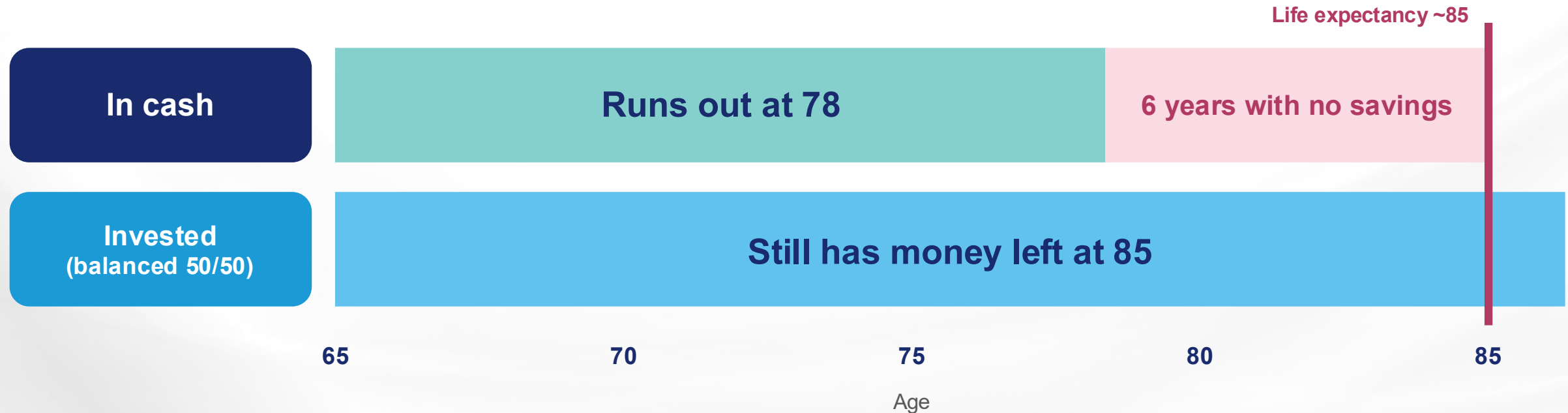


Illustrative, not guaranteed. Ireland: saving 10% of salary for 40 years, retiring at 65. Income as a share of salary, state pension included. Inflation 2.5%; cash 3.2%, balanced 5.7% a year (Society of Actuaries in Ireland, ASP PEN-12, 2026), before fees and tax.



In cash, the money runs out first

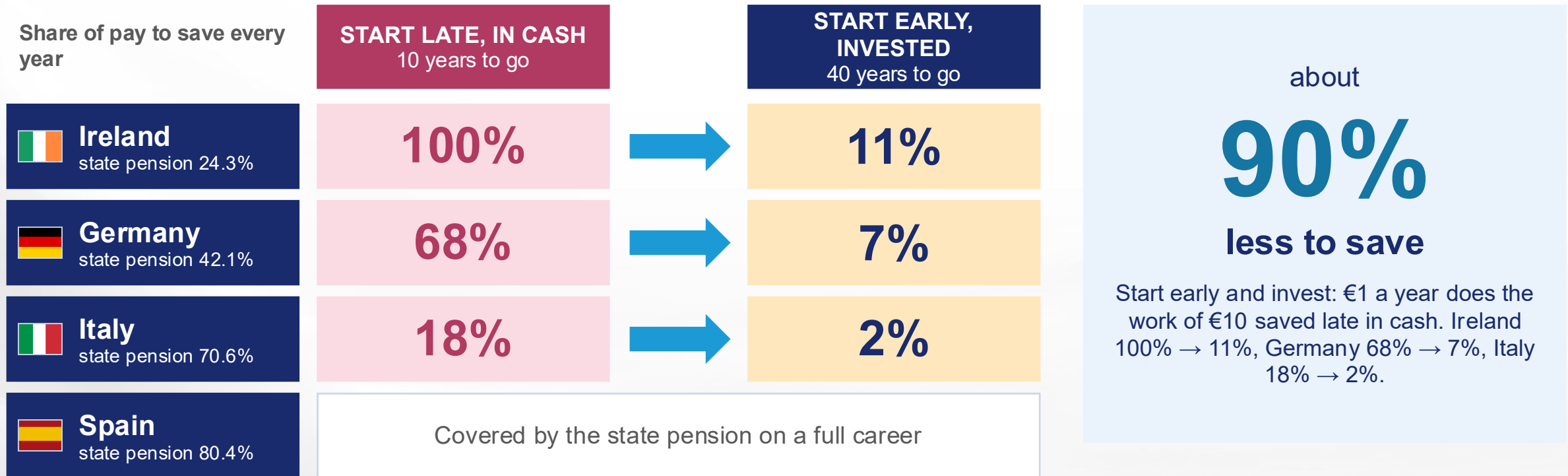
Saving 10% for 40 years, an Irish saver's cash runs out at 78. Invested, it lasts to 100.



Illustrative, not guaranteed. Ireland: saving 10% of salary for 40 years, then drawing 60% of today's salary from 65. Life expectancy at 65: 19.7 years (CSO).

When should we start investing?

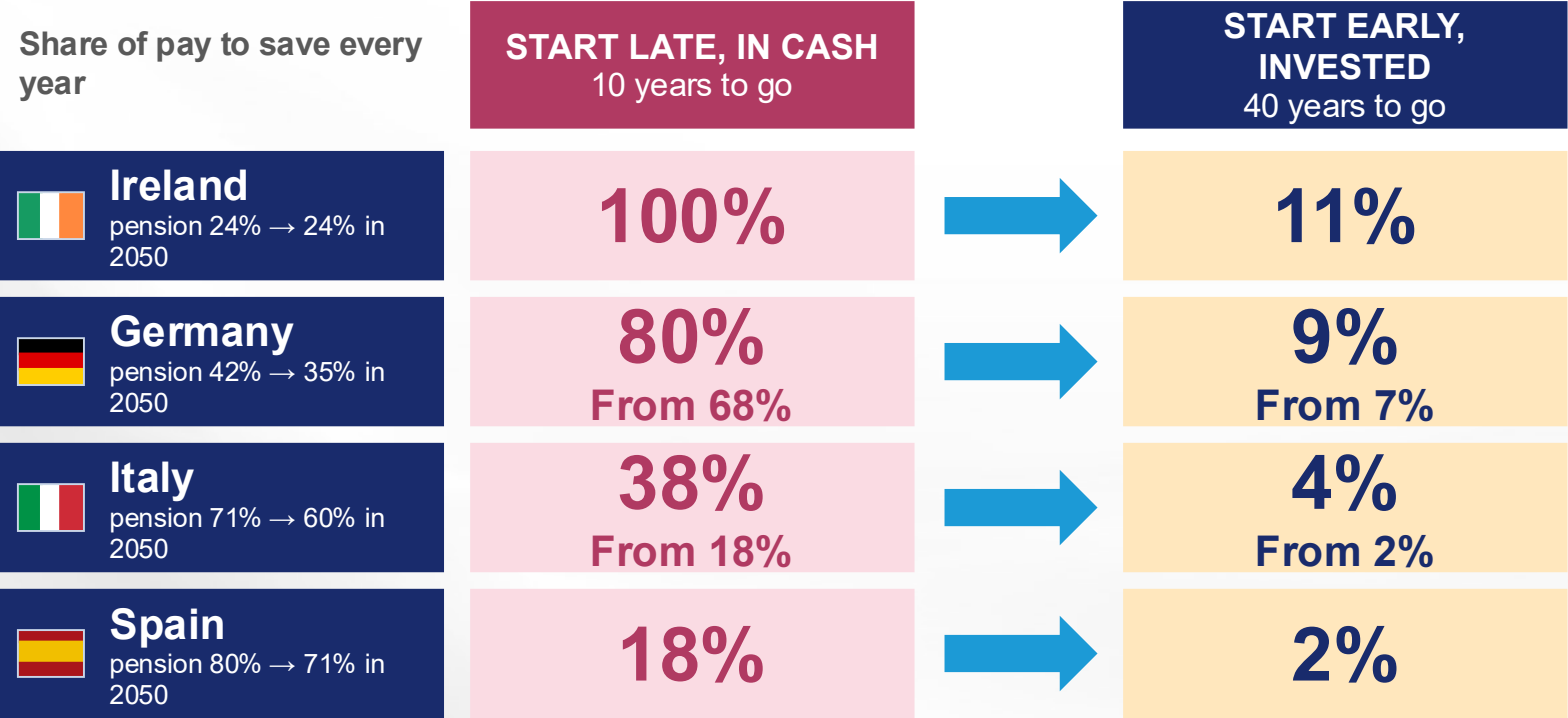
To retire on 80% of your pay, every country but Spain needs savings. Start late in cash, and it is out of reach.



Illustrative, not guaranteed. Yearly saving needed from now to 65 for a retirement income of 80% of pay, state pension included (OECD Pensions at a Glance 2025, full career, average earner: Ireland 24.3%, Germany 42.1%, Italy 70.6%, Spain 80.4%). Cash 3.2%, balanced 5.7% (Society of Actuaries in Ireland, ASP PEN-12, 2026); inflation 2.5% a year; before fees and tax.

Plan for a smaller state pension

If state pensions fall as projected, even Spain needs savings to retire on 80% of pay.
Start late in cash, and it is out of reach.



Illustrative, not guaranteed. Yearly saving needed from now to 65 for a retirement income of 80% of pay, with the state pension at its projected 2050 level: today's OECD level (Pensions at a Glance 2025) reduced in line with the fall in the average pension relative to wages, 2022–2050 (EU 2024 Ageing Report); Italy: RGS 2025, 38-year career, 60.3%. Cash 3.2%, balanced 5.7% (Society of Actuaries in Ireland, ASP PEN-12, 2026); inflation 2.5% a year; before fees and tax.

From savings to alpha

Alpha = better long-term returns. Investing more only helps if the decisions are better too.



Save early.
Invest.
Stay invested.
