

News Release

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ASIAN RETIREES FACE EIGHT YEARS OF PAIN AFTER SAVINGS RUN OUT, SAYS HSBC'S FUTURE OF RETIREMENT SURVEY 2013

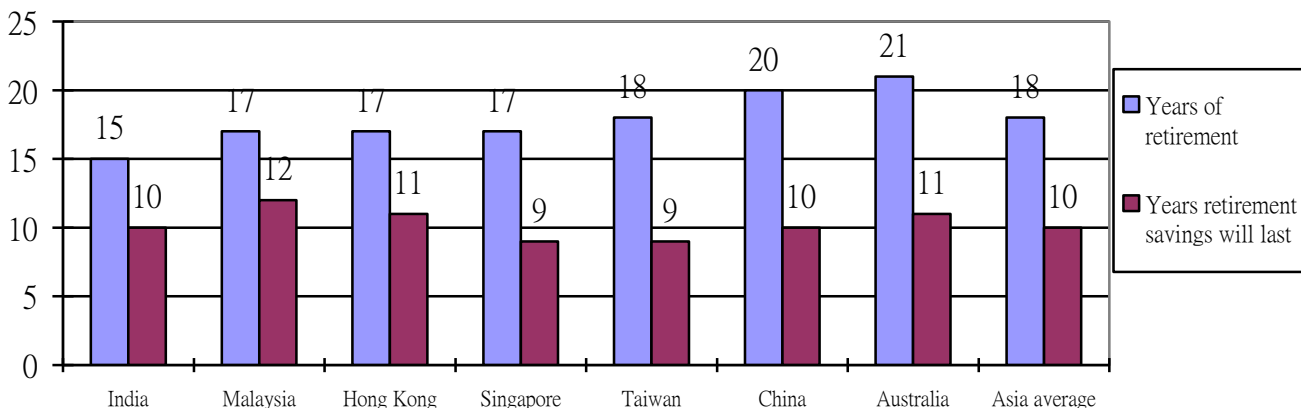
****Cash savings expected to fund retirement****

****Property cost is the most important life event affecting saving ability****

****Over 60% of respondents who took professional financial advice saved more****

Asians expect their retirement savings to run out halfway through their retirement, as they estimate their savings to cover only 10 out of the 18 years they expect to live in retirement, according to HSBC's *Future of Retirement: A New Reality*. The report, which surveyed more than 15,000 people in 15 markets worldwide¹, including **Australia, China, Hong Kong, India, Malaysia, Singapore and Taiwan**, aims to identify people's retirement needs and how they are preparing for it.

How long people expect to live in retirement vs how long they expect their retirement savings to last (No. of Years)



Retirement aspirations and fears

On average, Asian respondents estimate they need nearly US\$40,000 per year for a comfortable retirement, slightly higher than the global average of around US\$35,000. The proportion of "working age" income required for retirement varies in Asia compared to the global average of 78%: 98% in India, 83% in Taiwan and Hong Kong, 81% in Malaysia, 75% in China, and 66% in Australia and Singapore.

Spending more time with friends and family and frequent holidays are generally cited as the most popular retirement aspirations, while poor health and financial hardship are regarded as the biggest fears by Asian respondents. "Continuing to work to some extent" was among the top three aspirations cited by Indian and Singaporean respondents.

Louisa Cheang, Group General Manager, Regional Head of Retail Banking and Wealth Management, Asia-Pacific, HSBC, said: “The survey shows that people aspire to a positive retirement filled with leisurely pursuits. However, in reality, there is a clear gap between how much people are saving and how much they require to maintain their living standards in retirement. Living expenses and major life events push retirement savings down people’s priority list while ageing, weak social safety nets and changing pension schemes will continue to add pressure to retirement planning. Shifting economic and social trends require people to think differently about retirement and prepare for the unexpected.”

Household income required to lead a comfortable retirement per year

Australia	AUD58,000 (approximately USD60,471)
China	RMB166,100 (approximately USD26,662)
Malaysia	MYR76,900 (approximately USD24,801)
Hong Kong	HKD436,000 (approximately USD56,217)
India	INR1,116,200 (approximately USD20,982)
Singapore	SGD60,400 (approximately USD48,773)
Taiwan	TWD1,068,600 (approximately USD36,120)

Source: Bloomberg, based on conversion rates as of 4 February 2013.

Obstacles to saving

Across Asia, people started to save at 27 years old on average and started to plan for retirement at 29. Of those who have never saved for retirement, 37% of respondents on average cite day-to-day living cost as a key reason. Moreover, the survey shows that the ability to save for retirement is significantly affected by life events, such as the cost of property or mortgages, which is the most significant event that derails Asians’ efforts to save, with the exception of Taiwan, where people cited the economic downturn.

The findings also suggest that the most important life event generally has an impact on retirement saving behaviour for four years, in line with the global average, and that 64% of Asian respondents claim that they continue to be affected by the consequences. In addition, around one-third (31%) of those who are not fully retired said that they would look to their retirement savings to deal with a crisis, with Australia (19%) and Taiwan (23%) as the most reluctant to do so. Compared to the global average of 29%, Asians are more ready to draw on long-term savings in an unexpected crisis.

Reliance on cash savings

While respondents expect to use a variety of sources to fund retirement, the largest proportion is likely to come from cash savings, ranging from 21% to 34% across five markets except in Australia and China, where respondents are likely to rely more on state pensions.

Ms Cheang added: “Cash remains a big part of Asians’ wealth portfolio. Building up savings for retirement can provide the benefit of diversification and the flexibility to capture growth

opportunities in the market as well as to adjust their investment strategy to evolving personal circumstances. However, an over-reliance on cash savings may increase the risk of a retirement income shortfall amidst today's extremely low interest environment. Moreover, inflation in emerging markets also remains a real threat to bridge retirement income gap."

Planning early and taking professional advice lead to increased savings

Most Asians (74%) take a self-directed approach in planning, using their own knowledge and calculations. However, the survey shows that there is a positive relationship between financial planning and saving levels, with 44% of respondents globally claiming that they save more with a plan. The relationship is stronger in most of the Asian markets, particularly in Taiwan (64%), with the exception of Australia (41%). Among the Asian respondents who have taken professional financial advice, over 60% have saved more as a result. This impact is most evident in China (70%) and Taiwan (74%).

Ms Cheang said: "By 2050, it is estimated that there will be at least one Asian over 65 years old for every four aged 15-64, nearly thrice the number in 2010² The strong savings culture among Asians is a key advantage but financial planning will help people better prepare for the financial risks associated with growing older. Any type of financial planning for retirement, including informal ways such as using online planning tools or 'to-do' lists, is a good starting point. Eventually, people should seek to draw up a detailed written plan for the future which should be reviewed regularly, preferably with a trusted professional financial advisor. HSBC is committed to being trusted partners to our customers, leveraging our insight, expertise and world-class wealth management solutions, to help them achieve a positive retirement and long-term prosperity for their family."

The planning premium: How financial planning and professional advice impact savings levels

	Australia	China	Malaysia	Hong Kong	India	Singapore	Taiwan
Save more with financial planning	41%	55%	53%	48%	54%	45%	64%
Save more with professional financial advice	54%	70%	60%	58%	61%	55%	74%

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Notes to editors:

Footnotes:

1/ HSBC's The Future of Retirement programme is a world-leading independent study into global retirement trends. It provides authoritative insights into the key issues associated with ageing populations and increasing life expectancy around the world. The latest global report, A new reality, is the eighth in the series and is based

on an online survey of 15,866 people in 15 countries. Since The Future of Retirement programme began in 2005, more than 125,000 people worldwide have been surveyed.

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For more information about The Future of Retirement, and to view all previous global and country reports, visit www.hsbc.com/retirement.

2/ Source: UN Population Division, World Population Prospects, 2011 Revision. "Asia" includes all of Asia excluding Australia.

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