HSBC

News Release

19 July 2016

THE RETIREMENT COUNTDOWN:

People around the world now saving seven years longer for retirement

People now expect to save for seven years longer than their predecessors for their retirement, according to new research from HSBC.

The report, *Generations and journeys,* the latest in HSBC's long-running 'The Future of Retirement' series, reveals that working people feel under more pressure than ever to save for their retirement.

According to the research, based on the views of over 18,000 people in 17 countries, the current generation of retirees started saving for their retirement at 35 and retired at 58, saving for an average period of 23 years.

However, the report shows that working age people around the world now begin to save five years earlier, at age 30, and expect to retire two years later, at 60, meaning they face on average 30 years of retirement saving – seven years more than current retirees.

Despite beginning to save for retirement earlier, many working age people still don't think they are saving enough. More than one in three (38%) wish they had started to save earlier, and 28% say they should have saved more by putting aside a larger share of income.

HSBC's report also uncovers that nearly a quarter (24%) of working age people have still not started saving for their retirement, including 12% of those aged 60 or over.

In Vietnam, while the country has a high average age and one of the fastest population ageing rates in the world, retirement plans are given little attention. When the average age is high, the average length of retirement is expected to be longer, a good and early plan to secure a comfortable life after retirement is imperative. However, people rely heavily on state pension and social allowance.

People around the world turn to friends and families over professionals for retirement guidance, and face financial regrets in later life

People are turning to friends and family and even doctors for advice and information on retirement ahead of turning to financial professionals, according to the report. Over half (52%) of pre-retirees seek retirement advice or information from family members, including a quarter who ask their spouse or partner (26%) or go to friends (25%). Furthermore, more than one in 10 (13%) use colleagues as a source of advice, while 5% have sought advice from health professionals (5%).

One in five (20%) working age people turn to their parents for information or advice on their retirement, despite two in five (40%) admitting that they received their guidance after seeing what had happened to them and other elderly people once they retired.
More than a quarter (27%) of pre-retirees have never received any advice or information about retirement.

The majority (69%) of current retirees wish that they had done something differently when planning for retirement, implying that they may not be the best source of guidance for pre-retirees. One in three (31%) regret not starting to save at an earlier age, 23% wish they had put aside a larger share of their income, and 13% admit that, with hindsight, they should have taken professional financial advice.

Funding retirement

Pre-retirees around the world have different approaches towards how they will fund their retirement. Diminishing state support in most countries may be a contributing factor towards this, with just 30% of pre-retirees expecting to help fund their retirement through a state pension or social security, versus 45% of retirees who are currently doing so.

Findings from a previous Future of Retirement report[1] show that this loss of faith in state pensions has been going on for some time. In 2011, 45% of all respondents thought that their generation would be worse off in retirement because state pensions were not as generous as they used to be.

Some of the other common ways pre-retirees are likely to help fund their retirement include drawing on cash savings/deposits (42%), income from continuing to work to some extent (29%) and personal pension schemes (23%).

Aside from these more traditional ways of saving for retirement, working age people are also looking at alternative sources of funding, and the research reveals differences in their methods between countries.

Many pre-retirees are looking at using property for additional retirement income. Over one in ten working age people (12%) say that downsizing and/or selling a property will help them to fund their retirement, and this is particularly prevalent in Australia (26%) and the UK (22%). This compares to just 6% of existing retirees globally who are using income from downsizing or selling a property to help fund their retirement.

In contrast, in Asia and the Middle East, support from family is expected to be a common way for pre-retirees to help fund their retirement – particularly in India (15%), Singapore (15%), Hong Kong (14%) and the UAE (14%). Globally, nearly one in ten (9%) working age people believe that financial support from their children will help fund their retirement.

In Vietnam, many elderly people have no savings for retirement and therefore rely in state support, family members, or their own income (i.e. they continue to work). According to General Office for Population Family Planning (2015), more than 70% of the elderly have to work to earn a living along with receiving support from their family; only 30% of the elderly have a state pension or receive social allowance.

Elderly also have higher needs for healthcare and medical services. According to Ministry of Health (2015), medical costs for elderly are 7-10 times higher than younger people, and they account for 50% of medicine consumed nationwide[3] which further underlines the need to prioritise financial planning for retirement.

Sabbir Ahmed, Head of Retail Banking and Wealth Management in Vietnam comments:
"The average age of Vietnam's people is higher and retirement life then is expected to be longer. To properly prepare for retirement and have an independent and comfortable life after retiring, apart from traditional forms of funding retirement, including state provision, people need to start saving for retirement earlier than previous generations and to consider alternative methods to help fund their retirement. Even small amounts set aside today can go a long way to helping fund a comfortable retirement in the future."

Practical steps
HSBC's research identified four actions that people can take to improve their financial well-being in retirement:

1. ***Consider all your retirement expenses***
   When planning for retirement, make sure to list all your possible retirement outgoings

2. ***Start saving earlier for retirement***
   Plan to start saving for retirement earlier, to help build a bigger fund and allow it to grow for longer

3. ***Make sure your advice is professional***
   Seek information from many sources, but make sure the advice you get is professional

4. ***Be prepared for financial ups and downs***
   When saving for retirement gets difficult, make sure to review all your finances and seek alternative ways to help you continue towards a comfortable retirement

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Notes to Editors:

1. The Future of Retirement: The power of planning report 2011, page 18

The Future of Retirement is a world-leading independent research study into global retirement trends, commissioned by HSBC. It provides authoritative insights into the key issues associated with ageing populations and increasing life expectancy around the world.
This report, Generations and journeys, is the 13th in the series and represents the views of 18,207 people in 17 countries and territories worldwide (Argentina, Australia, Brazil, Canada, China, Egypt, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, United Arab Emirates, United Kingdom, United States). The findings are based on a nationally representative survey of people of working age (25+) and in retirement, in each country or territory. The research was conducted online by Ipsos MORI in September and October 2015, with additional face-to-face interviews in Egypt and the UAE.
Since The Future of Retirement programme began in 2005, more than 159,000 people worldwide have been surveyed.

The Hongkong and Shanghai Banking Corporation Limited

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HSBC Vietnam

HSBC has been in Vietnam for more than 140 years – the bank first opened an office in Saigon (now Ho Chi Minh City) in 1870. HSBC was the first foreign bank to launch its locally incorporated entity on 1 January 2009 as HSBC Bank (Vietnam) Ltd. The bank's current network includes two branches and five transaction offices in Ho Chi Minh City, one branch and four transaction offices in Hanoi, and three full-service branches in Binh Duong, Can Tho, and Da Nang. HSBC is one of the largest foreign banks in the country in terms of investment capital, network, product range, staff and customer base.

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