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Living for now: Just one in four globally saving for retirement

- *Only 26 per cent of working-age people saving regularly for later life*
- *43 per cent of people live on a day-to-day basis financially*
- *58 per cent will continue working to some degree after they retire*
- *51 per cent of working-age women worry they won't be able to afford basic necessities in retirement*

Only a quarter of people across the world are regularly saving for their retirement, a new international report by HSBC reveals.

According to the *Future of Retirement: Bridging the Gap study*, just 26 per cent of working-age people globally are regularly putting anything aside for later in life – and only one in 10 (nine per cent) are saving for future nursing or care home fees. This is despite the World Health Organisation (WHO) global average life expectancy increasing by 5.5 years between 2000 and 2016, to 72.0 years (74.2 years for females and 69.8 years for males), the fastest increase since the 1960s.

The lack of saving is likely linked to low knowledge of how much money is needed in retirement, as well as many prioritising their immediate financial situation over planning for their older years.

Nearly half of working-age women (46 per cent) either don't know how much they are putting aside for retirement or have not started making any contributions at all. This is in stark contrast to men, of whom just 37 per cent are in the same position.

Even those women who are saving are likely to be putting aside less than their male counterparts. Under a third (29 per cent) of women globally believe they are saving more than their partner, compared to 53 per cent of men.

Furthermore, two fifths of working-age people (43 per cent) are living on a day-to-day basis financially, while a further 42 per cent only save for short-term goals. One in three (33 per cent) also admit they prefer spending on enjoying today rather than saving for tomorrow, HSBC's research finds.

The lack of saving may also be linked to many people not considering their older years as 'retirement' at all, with 6 in 10 working-age people (58 per cent) predicting they will continue working to some extent and two fifths (42 per cent) hoping to start a business or new venture.

When it comes to knowing how much money they will need in retirement, only half of working-age people are aware of the cost of typical residential home fees. Fewer still know how much they would need to pay for other options, such as home social care (42 per cent) or assisted accommodation (39 per cent).

Half of working-age women across the world (51 per cent) fear they will not be able to afford basics such as food and heating during their retirement. Six in 10 working-age women (60 per cent) are worried about being unable to pay for their own care or medical bills in retirement, compared to 55 per cent of working-age men and nearly half (47 per cent) believe they will struggle to cope financially if their partner dies, compared to two fifths of men (41 per cent).

In the report findings, women around the world are still underrepresented in financial planning in the home, with men making most household money decisions. Amongst men and women in couples, grocery shopping is the only part of household budgets where women have greater responsibility than men, with 58 per cent managing the weekly shop as opposed to 32 per cent of men. Men, in contrast, are more likely to take control of a couple's savings (51 per cent versus 42 per cent of women), investments (50 per cent and 34 per cent, respectively), bills (53 per cent and 43 per cent) and major purchases (47 per cent and 27 per cent).

This, in turn, may be undermining women's confidence in their own financial knowledge. Just 42 per cent of women feel well-informed about financial matters, compared to 54 per cent of men. And only one in four (27 per cent) think they have a higher level of financial knowledge than their partner – in contrast to one in two men (49 per cent).

Regarding to Vietnam, according to United Nations, more Vietnamese than ever are now working into their sunset years. Around 40 per cent of those aged 70 to 74 are still employed in some way. Roughly seven in 10 of the working seniors in Vietnam's urban areas work in the informal sector – as market vendors, taxi drivers, waste collectors, and street vendors. All involve tough manual work for low returns. The low and unstable income of such jobs means, it can be hard to have a chance to save up for old age. Early planning is therefore key. The first step is for people to assess their entire financial situation and all the retirement savings options open to them – putting aside even a small amount each month is much better than nothing and can make a huge difference when they reach older age

Vietnam's population is still relatively young – just over 10 per cent are aged 60 years and older – but it is fast greying. In fact, according to World Bank calculations, it could now be the world's most rapidly ageing country. In 2000, Vietnam had 1.7 million people entering the job market for the first time and 500,000 people retiring. However, in 2017 the respective figures were 1.3 million and 1 million. It is expected that by 2035 the respective figures will be 1.5 million and 1.3 million.

Furthermore, according to The Ministry of Labour, Invalids, and Social Affairs (MoLISA), over the past 60 years, the average life expectancy has risen to 78 for men and 79.5 for women. However, the average retirement age is 55.6 for men and 52.6 for women. Meanwhile, for men, the average time for social insurance payments is 28 years, while the average time of pension enjoyment is 22.5 years. For women, the respective time periods are 23 and 27 years. Under the pressure of a rapidly ageing population and dwindling social welfare funds, Vietnam is planning to raise the existing retirement ages for both men and women to mitigate the economic impacts of these issues with two proposed scenarios on raising retirement ages starting from 1 January, 2021. This will help elder people have more earnings for the pension period, however, it may lead to some people refusing to retire while highly educated young people can't find jobs.

"For many, retirement is thankfully no longer a short period tacked on to the end of our life," says Sabbir Ahmed – Head of Retail Banking and Wealth Management, HSBC Vietnam. "It can be a long and very fulfilling part of a person's life. But with that, our needs at 65 can be very different from our needs at 75 or 85, with very different financial implications.

"We know it can be hard to make ends meet today and also save for tomorrow. But recognising the costs of ageing, and making plans for them sooner rather than later, is the first step towards a rewarding older life. So make a promise to yourself today to start saving for your older years."

Top tips for a better retirement:

Reframe how you think about retirement

It’s easy to put off planning your retirement so reframing how you view it is important. Think of it as a chance to pursue your passions and have new adventures. Make sure you make the most of it by planning ahead.

Visualise the retirement you want

Think about the kind of retirement you want. Do you want to go travelling, move home, take up a new hobby or even start a new business? Having a broad idea of how you’d like your life in retirement to look, will allow you to plan for it more effectively.

Ask the experts

Nobody expects you to be an expert in saving and investments so use free online advice or seek professional financial advice to help you plan and cost out your retirement plans. This will help you decide on the right approach. Don’t be afraid to ask questions – get clarity before making decisions.

From managing to planning

Managing your finances is not enough – you need to plan where you can save money and how much. Use the online tool such as savings calculators and budgeting apps to help to identify the changes you can make today that will cut costs and then direct the savings to your future.

Start an honest conversation

If you are anticipating support from your family or children during your retirement, start a conversation with them ahead of time. An upfront discussion on what kind of assistance might be needed and when, can help to manage expectations and ensure your retirement goes smoothly.

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Note to editors
Research carried out online by Ipsos on behalf of HSBC among 16,000 adults in 16 markets: Australia, Argentina, Canada, China, Malaysia, Mexico, Singapore, Taiwan, France, Hong Kong, India, Indonesia, Turkey, UAE, UK and USA.
Global figures are the average of all countries and territories surveyed unless stated otherwise. All figures are global unless stated otherwise.

Definitions
Retirees are people who are semi or fully retired. Working age people are those who have yet to fully or semi-retire.

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