

## **The austerity retirement**

**Only one in three working age people expects a comfortable retirement in light of low interest rates and pressures on welfare budgets, says HSBC's The Future of Retirement report]**

Economic volatility is pushing the dream of a good retirement out of reach for many people around the world, according to *Shifting sands*, the latest report in HSBC's *The Future of Retirement* series. The survey of over 18,000 people in 16 countries finds that over three in five (61%) working age people believe the global financial crisis of 2007/2008 has made it more difficult to save for a comfortable retirement.

Only 34% of working age people think they will be financially comfortable in retirement, based on how their retirement saving is progressing.

And the notion of a work-free retirement is disappearing, with 58% of working age people saying they will continue to work to some extent in retirement.

### **Almost one in two need interest rates to rise**

'Lower for longer' interest rates are also directly affecting people's retirement planning. Fifty percent of working age people think low interest rates mean they will need to work for longer, while nearly half (48%) need interest rates to rise if they are to save enough for a comfortable retirement.

Forty-five percent of working age people think low interest rates mean they will have to put more money into savings, while nearly half (47%) believe low interest rates mean they will need to move their money from savings into investments.

### **The end of the state pension?**

Thirty-seven percent of working age people are expecting a state pension or social security to help fund their retirement. But in the light of ageing populations and stretched government budgets, 65% are concerned about declining state pensions/social provision affecting their retirement. Twenty-four percent think state pensions will no longer exist when they come to retire<sup>1</sup>.

There is also concern about the security of employer pension schemes, which almost one in two (48%) working age people around the world expect to help fund their retirement. Sixty-two percent are concerned about their employer pension scheme(s) being able to pay out in full when they come to retire. Additionally, 77% of working age people believe retirees will have to spend more on healthcare costs in the future.

### **Making sacrifices**

The prospect of an 'austerity retirement' is forcing people to reconsider their retirement plans. Seventy percent of working age people would be willing to defer their retirement by two years or more to secure a better retirement income. Forty-two percent would work for longer or get a second job to sustain their saving for retirement.

Forty percent of working age people expect that they would go back to work if their retirement income could no longer provide the standard of living they were used to.

### **Good returns**

In a time of continuing economic volatility, property is viewed as a good way of saving for retirement, with 47% of working age people thinking it delivers the best returns. This compares to 38% for cash savings, 29% for stocks and shares, 22% for personal pension schemes, 20% for employer pension schemes and 13% for government/corporate bonds.

Despite considering new ways to grow retirement savings, there is a relatively low appetite for risk, with just over a quarter (28%) of working age people being willing to risk financial losses and only a third (34%) being very willing to make risky investments to ensure their financial stability.

---

\* Excludes China and Taiwan

Mr. Stelios Pirpinias Head of Retail Banking & Wealth Management and Marketing, HSBC Greece, comments: *“The report reveals that working age people worldwide are concerned about their financial well-being when they come to retire. Because of the prolonged financial crisis in Greece it is natural that this insecurity feeling is even more intense. Preparing for retirement is a demanding process that needs to start early. Good planning through modern and personalized investment and insurance-pension products may help us in securing a comfortable retirement.”*

## Practical steps

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

### 1. Be realistic about your retirement

Make sure you are well prepared for a long and comfortable retirement by starting to save earlier and more. Factor potential healthcare costs into your retirement planning.

### 2. Consider different sources of funding

Balance your ways of saving and investing for retirement to spread the risk and maximise the returns. Be realistic about your expected returns.

### 3. Plan for the unexpected

Unexpected events can have a major impact on retirement funding. Include worst case scenarios when planning your retirement and consider putting protection in place to help secure your retirement income.

### 4. Take advantage of technology

Embrace new technology to make planning for your retirement easier. Online planning tools can help you understand your retirement funding needs and track progress towards your goals. Seek professional financial advice if you need help.

-Ends-

## Notes to editors:

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. Since The Future of Retirement programme began in 2005, more than 177,000 people have been surveyed worldwide.

Shifting sands is the fourteenth report in the series and represents the views of 18,414 people from 16 countries and territories: Argentina, Australia, Canada, China, Egypt, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, United Arab Emirates, United Kingdom and the United States of America.

The findings are based on a representative sample of people of working age (21+) and in retirement, in each country or territory. The research was conducted online by Ipsos MORI between November 2016 and January 2017, with additional face-to-face interviews in Egypt and the UAE.

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 4,000 offices in 70 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,375bn at 31 December 2016, HSBC is one of the world’s largest banking and financial services organisations.

For more information about The Future of Retirement, visit [www.hsbc.com](http://www.hsbc.com)

## The HSBC Group

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 4,400 offices in 71 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,557bn at 30 September 2016, HSBC is one of the world’s largest banking and financial services organisations.

In Greece, HSBC operates since 1981 with presence in Athens and Thessaloniki. HSBC offers banking services to individuals as well as to corporate and institutional clients.

*The issuance of and details contained in this document, does not constitute an offer or solicitation for, or advice that you should enter into, the purchase or sale of any deposit, security, commodity or other investment product or investment agreement, HSBC BANK PLC is not advising you in respect hereof; does not undertake any obligation or responsibility towards the recipient whose decision has been based on this document*

