

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*

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 their later 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.

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 six 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). Although awareness increases as people near or enter retirement, even then only half of people aged 65 or older know the cost of a home carer (53 per cent), assisted accommodation (47 per cent), or nursing care (49 per cent).

Two-stage old age

A two-stage retirement is becoming increasingly common as life expectancies rise, the study finds. An initial retirement period, usually involving relative good health, often lasts a decade or more and is generally followed by a shorter, less active time.

HSBC's report finds that this is leading a generally positive view of retirement across the globe. Most working-age people are looking forward to greater freedom away from the nine-to-five (72 per cent), taking up new hobbies and interests (75 per cent) and getting fit (59 per cent). As such, nearly half (49 per cent) of retirees do not class themselves as 'old'.

Commenting on the survey results Stelios Pirpinias, Head of Retail Banking & Wealth Management and Marketing at HSBC Greece, said: *"The way people view the retirement has changed as nowadays retirees in their 60s or 70s are still usually healthy and active. They have interests, they start new activities and some of them, the survey reveals, even want to start their own business. However, this contradicts the other key finding, which is that today's working age people do not plan for their retirement on time. For retirees in Greece this is even worse as younger generations depend on them financially. Good planning through modern and personalized investment and insurance-pension products may help future retirees in pursuing their dreams for an active retirement while supporting their family."*

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.

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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