



The Future of Retirement

Shifting sands

Global Report

PUBLIC





Foreword



Key findings

The changing retirement landscape

Planning for retirement in a volatile age

Millennials and retirement

Retirement 2.0



Practical steps



The research

Foreword

We live in interesting times. Unprecedented political, social, economic and technological change means it has never been more challenging or more important to save for a good retirement.

Our latest report in The Future of Retirement series, *Shifting sands*, looks at how important issues like the ageing population, rising healthcare costs and long term low interest rates are affecting the retirement plans of people around the world.

The report investigates how people are making sacrifices, exploring new sources of funding and adjusting their retirement expectations for a world that is very different even to that of ten years ago.

I hope that the new insights and practical steps in this report will help you to plan for the best possible retirement.

Charlie Nunn
Group Head of Wealth Management, HSBC



Key findings

50%

of working age people think low interest rates mean they will need to work for longer



66%

of working age people believe levels of national debt mean there will be less support for the elderly



77%

of working age people believe retirees will have to spend more on healthcare costs in the future



34%

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



58%

of working age people say they will continue working to some extent in retirement



47%

of working age people think that property offers the best returns for retirement saving



[Read more](#) 



Key findings

10%

of people think Millennials are in the best position for a comfortable retirement, compared to 42% who think Baby Boomers are



26

is the average age Millennials started saving for retirement



59

is the average age Millennials expect to retire



58%

of people believe that Millennials are paying for the economic consequences of previous generations



47%

of working age people believe new technology makes saving for retirement easier



55%

of working age people believe new technology will help give future retirees a better standard of living





The changing retirement landscape



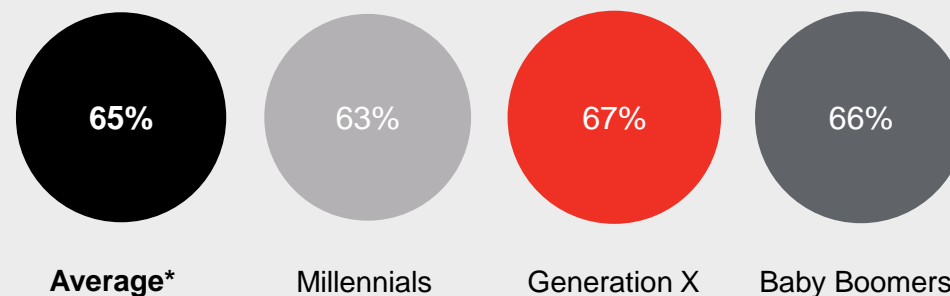
A new world

The world is changing and retirement is changing with it. Major political, social, economic and technological changes are having a significant impact on how people view their retirement prospects.

Ageing populations and rising national debts are sapping confidence in the ability of economies around the world to continue supporting older people. Overall, **65%** of working age people are concerned about declining state pensions/social provision and **64%** about the growing number of older people requiring retirement funding/support. Around two-thirds (**66%**) agree that levels of national debt mean there will be less support for the elderly.

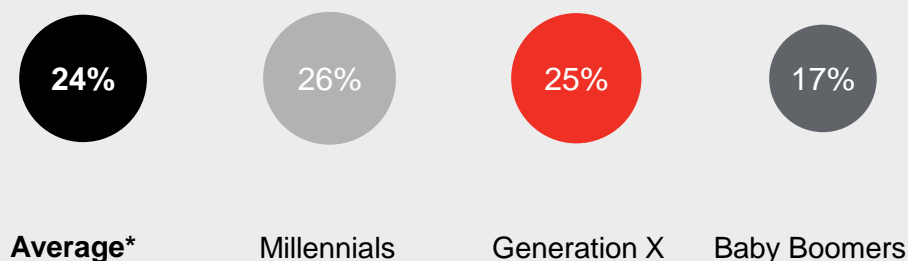
Almost a quarter (**24%**) of working age people believe state pensions will no longer exist when they come to retire, and this view is more common among Millennials (**26%**) than Baby Boomers (**17%**).

Working age people are concerned about declining state pensions/social provision



Q. To what extent, if at all, are you concerned about the following affecting your retirement?
 A. Declining state pensions/social provision (Base: Working age people)

Working age people who believe state pensions will no longer exist when they retire



Q. Do you think state pensions will still exist when you come to retire?
 A. No (Base: Working age people)



Volatile economies

Sixty-eight percent of working age people are concerned about the impact of economic uncertainty on their ability to save for retirement. **Sixty-one percent** say it will be more difficult to save for a comfortable retirement following the financial crisis of 2007/8. The majority (**62%**) are also concerned about whether their employer pension scheme(s) will be able to pay out in full.

'Lower for longer' interest rates are also making it harder to save for a comfortable retirement. Half (**50%**) of working age people think low interest rates mean they will need to work for longer, while **48%** say they need interest rates to rise if they are to save enough to be comfortable in retirement.



50%

of working age people think low interest rates mean they will need to work for longer

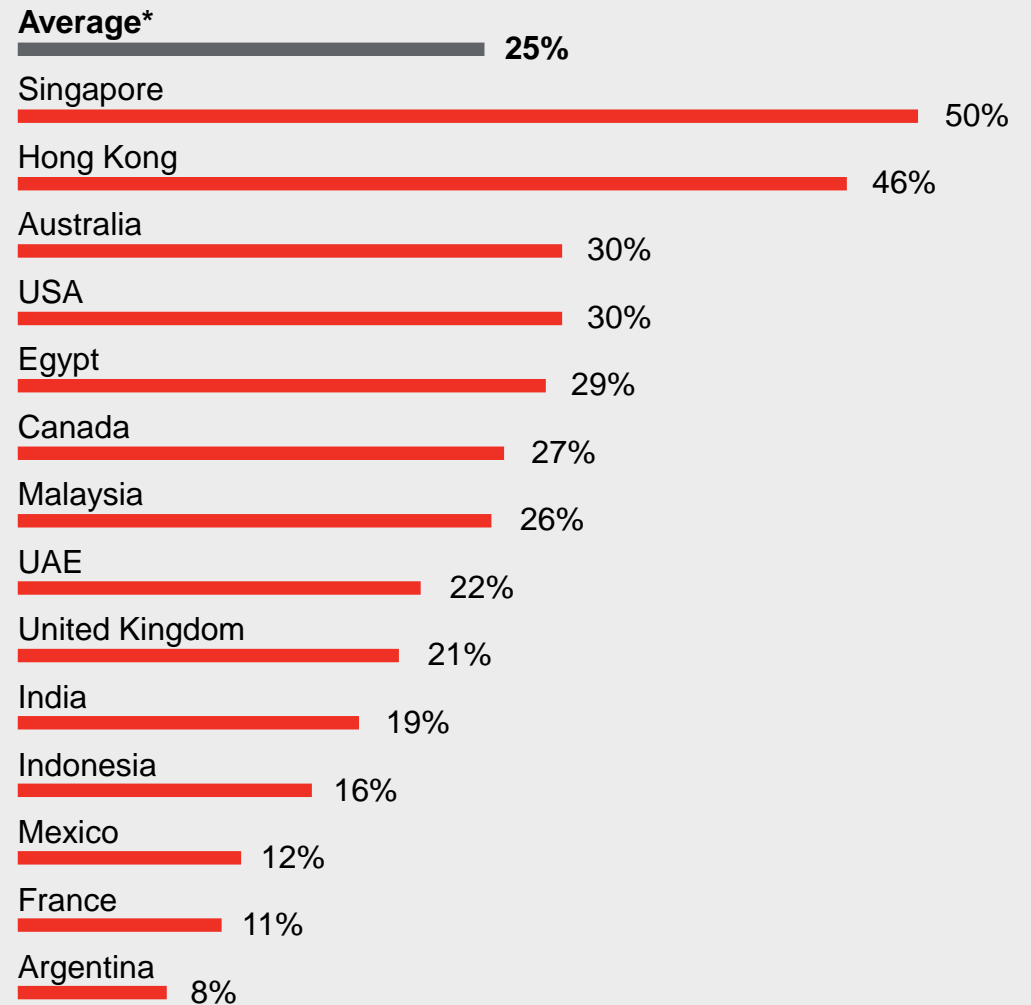
Health cheque

The rising cost of healthcare is another important issue, with **77%** of working age people believing that retirees will have to spend more on healthcare costs in the future.

Twenty-five percent of working age people worry about the availability and affordability of healthcare. More in Singapore (**50%**) and Hong Kong (**46%**) are concerned about this than in Argentina (**8%**), France (**11%**) and Mexico (**12%**).



Working age people are worried about the availability and affordability of healthcare

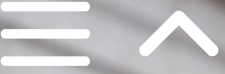


Q. Which three of the following issues do you worry about the most?
 A. Availability/affordability of healthcare (Base: Working age people)

*Excludes China and Taiwan



Planning for retirement in a volatile age



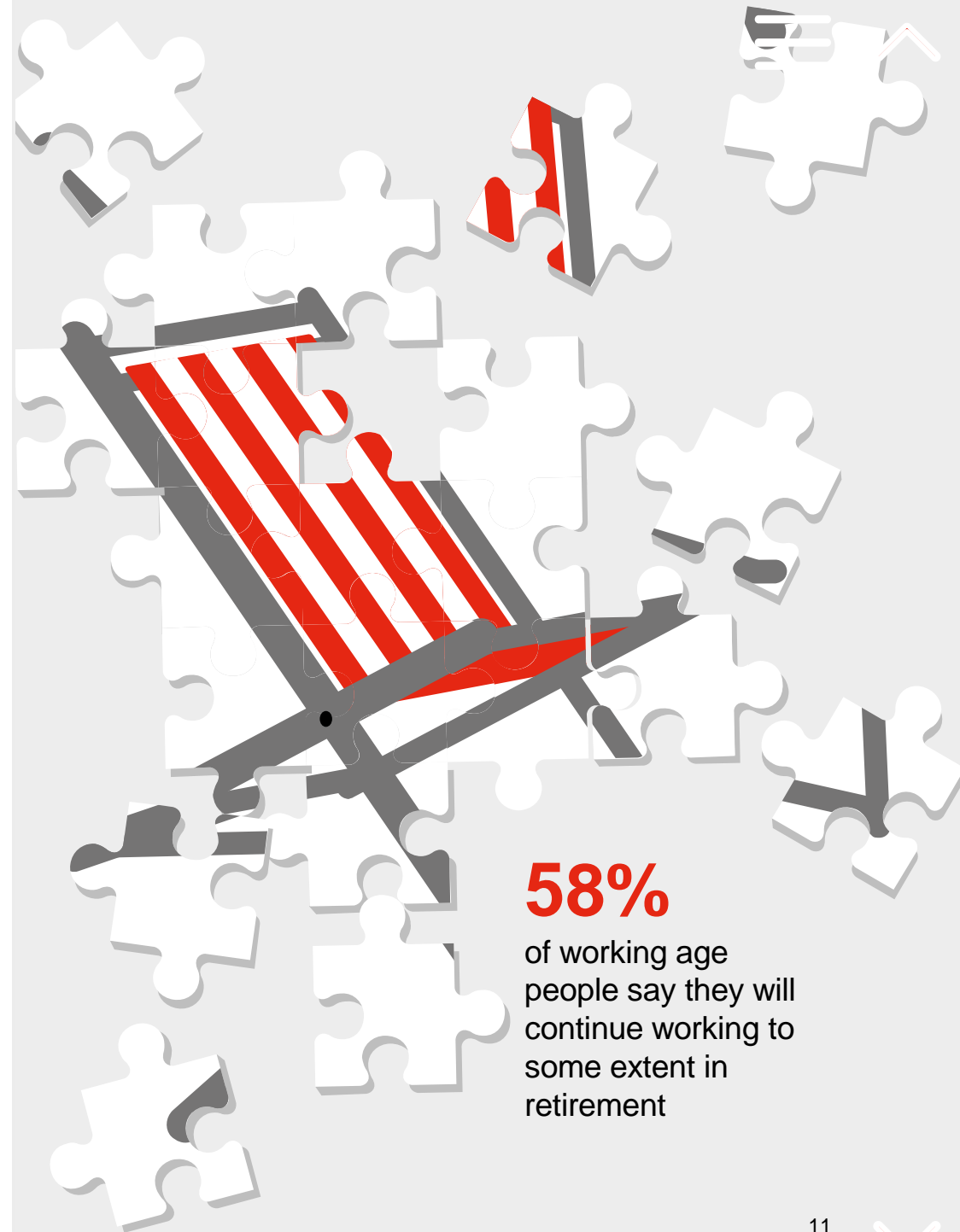
Expecting the worst

The changes in the retirement landscape are forcing people to adjust their expectations for retirement. Based on how their retirement saving is progressing, only **34%** of working age people around the world think they will be financially comfortable when retired, with those in India (**69%**) and Indonesia (**61%**) the most likely to think this and those in France (**10%**) and Australia (**21%**) the least likely.

Meanwhile, constant change is making it difficult to plan ahead, with **44%** of working age people believing things change so much that their retirement plan won't be applicable by the time they retire. More than a quarter (**27%**) have not started saving for retirement.

In light of this, **58%** of working age people say they will continue working to some extent in retirement. **Seventy percent** would be willing to defer their retirement for two years or more to have a better retirement income. **Forty-two percent** would work for longer or get a second job to sustain their saving for retirement.

Asian and European countries differ in their willingness to defer retirement. Among working age people who have a retirement age in mind, many in India (**82%**), Hong Kong (**80%**), Singapore, Taiwan and Indonesia (all **79%**) are willing to defer their retirement for two or more years to have a better retirement income. This compares to only **37%** in France and **55%** in the UK.



58%

of working age people say they will continue working to some extent in retirement



Length of retirement

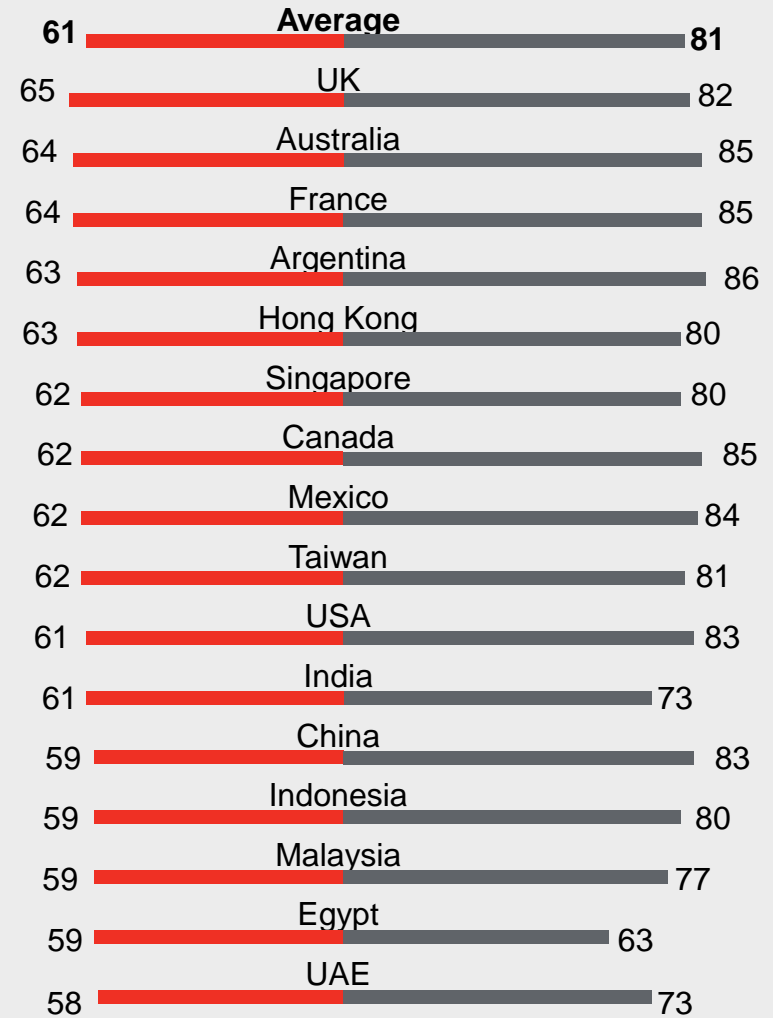
On average, working age people around the world expect to retire at age **61** and expect to live to age **81**, resulting in a retirement of **20** years.

China, Argentina and Canada are the countries where working age people expect to have the longest retirement (**24**, **23** and **23** years), while those in Egypt, India and UAE expect the shortest (**4**, **12** and **15** years).



Age expect to retire

Age expect to live to



Q. What age do you expect to retire? Q. What age do you expect to live to?
(Base: Working age people)



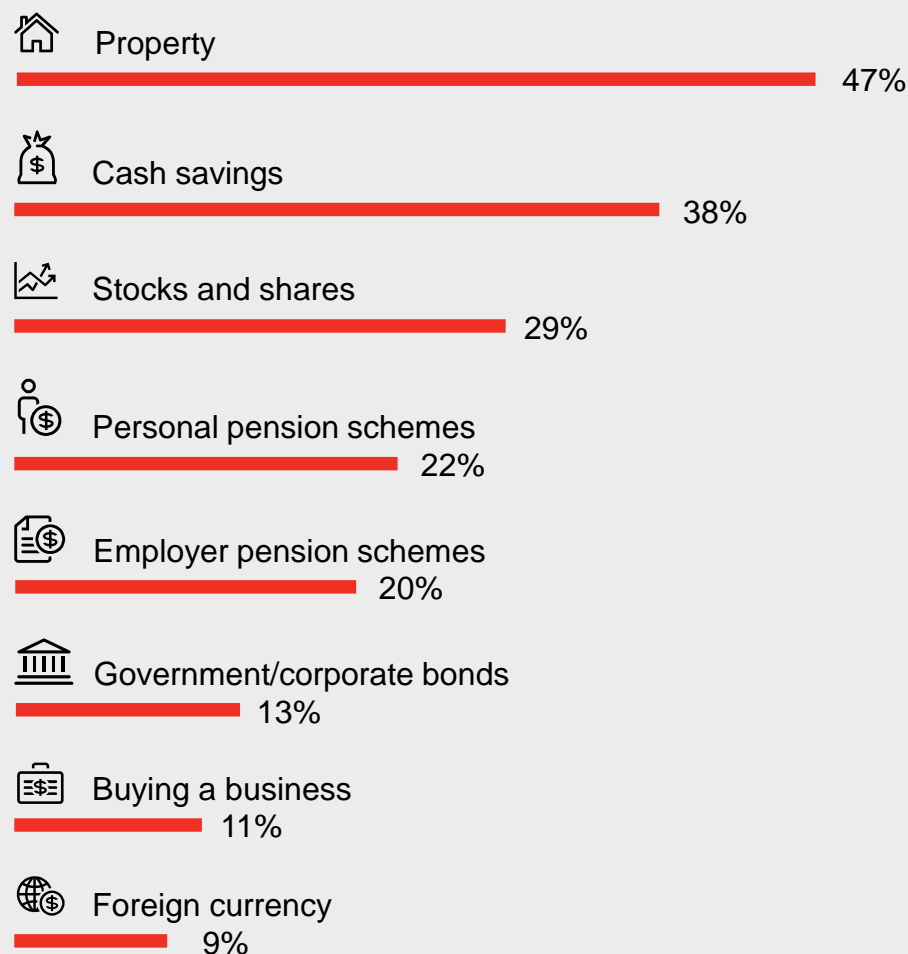
Funding retirement

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.

This is not yet fully reflected in retirement plans, with only **10%** of working age people expecting property to help fund their retirement. **Forty-eight percent** expect employer pension schemes to be a source of funding, cash savings **39%**, state pensions/social security **37%**, and stocks and shares **18%**.

With interest rates at historic lows, **47%** of working age people think they will need to move their money from savings into investments.

Property is viewed as offering the best returns for retirement saving



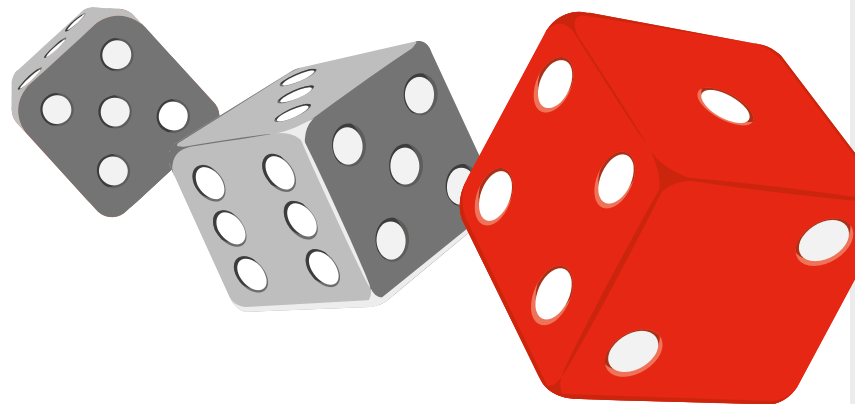
Q. Which of the following do you think offers the best returns for retirement saving?
(Base: Working age people)



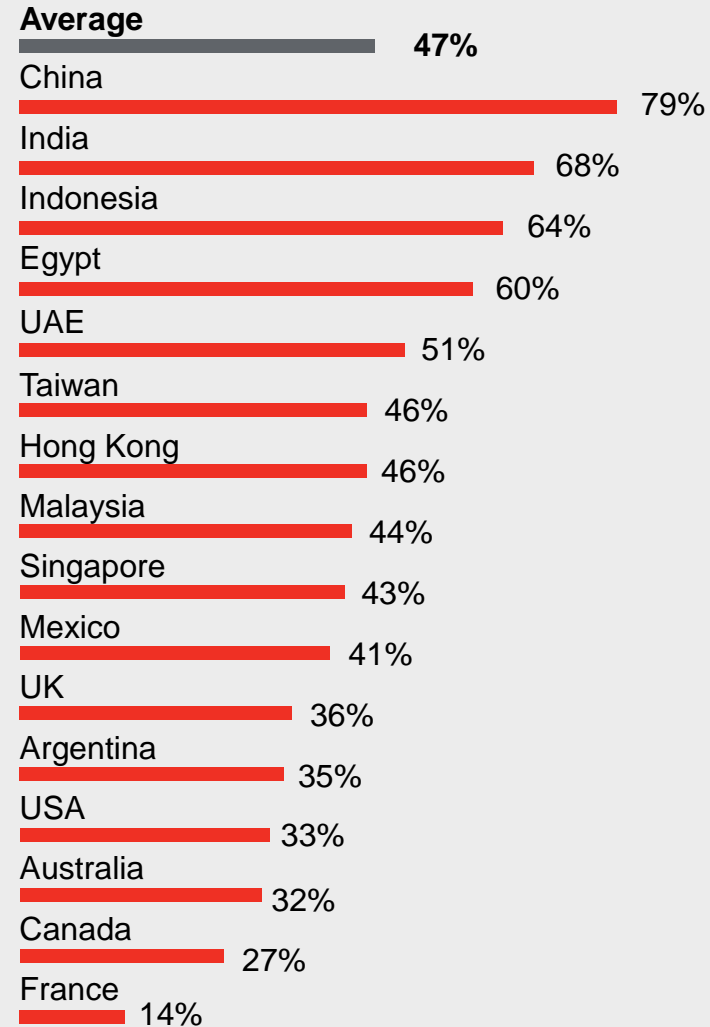
Risk appetite

Overall, there is a fairly low appetite for risk, with around a third (34%) of working age people being very willing to make risky investments to ensure their financial stability. There is a strong East-West divide, with the highest proportions of working age people willing to take such risks in China (61%) and Taiwan (47%), and the lowest in France (10%) and the UK (15%).

Additionally, a much higher proportion of working age people in Asian countries actively move their money around to get the best return/deal than in Western countries.



Moving money around to get the best return/deal

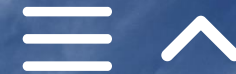


Q. Now thinking more specifically about your approach to your finances, to what extent do you agree or disagree with the following statements?

A. I actively move my money around to get the best return/deal

(Base: Working age people)

Millennials & retirement

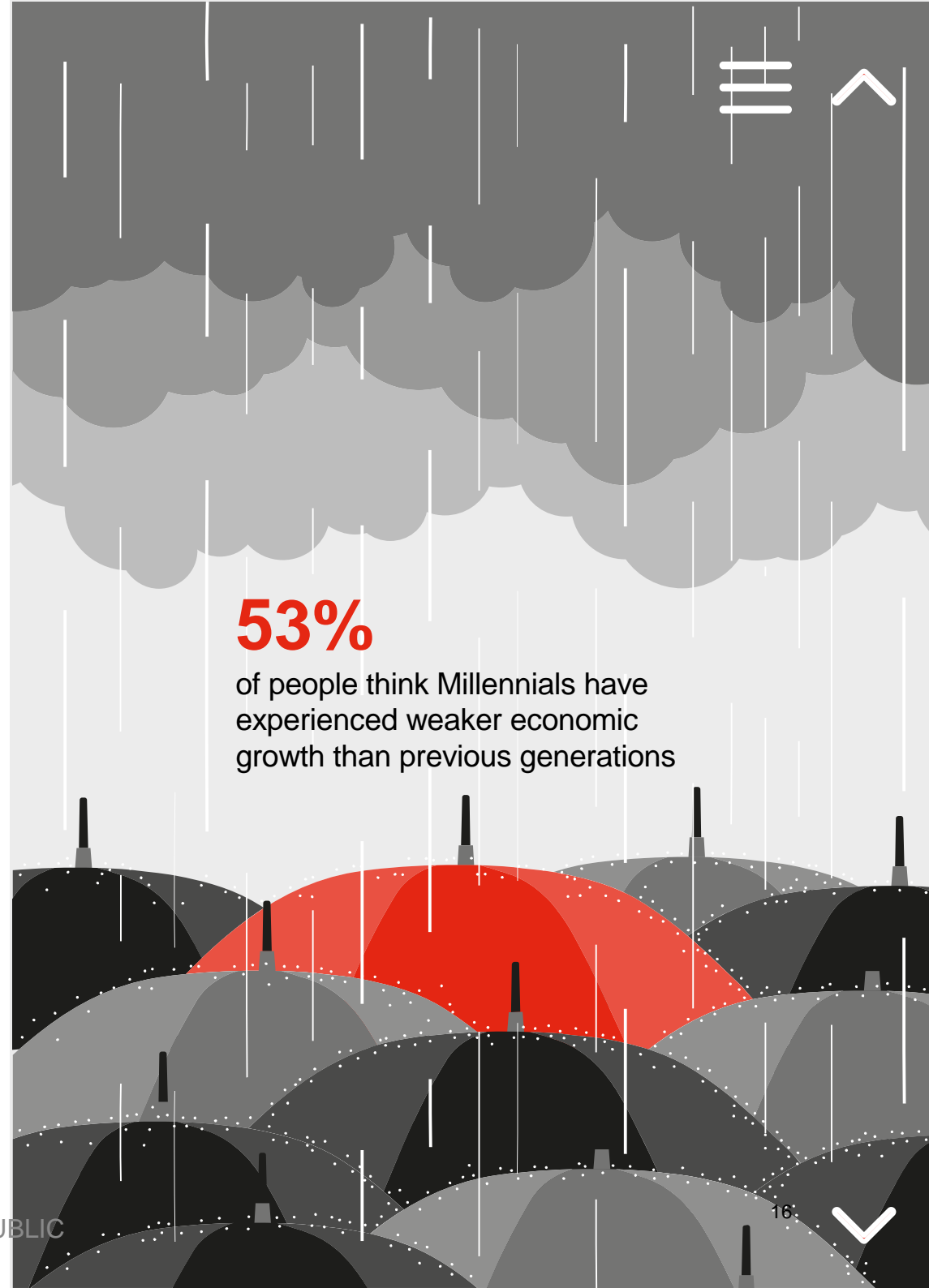


A perfect storm

The economic challenges facing the Millennial generation (those born between 1980 and 1997) are starkly reflected in their retirement prospects.

Fifty-three percent of people believe that Millennials have experienced weaker economic growth than previous generations, while **58%** agree that Millennials are paying for the economic consequences of older generations, such as the global financial crisis and rising national debt. Also, **45%** of people believe that employer pension schemes may go bust or be unable to pay out to Millennials.

However, **54%** of people say that Millennials don't know how good they have it, enjoying a better quality of life than any generation before them.



53%

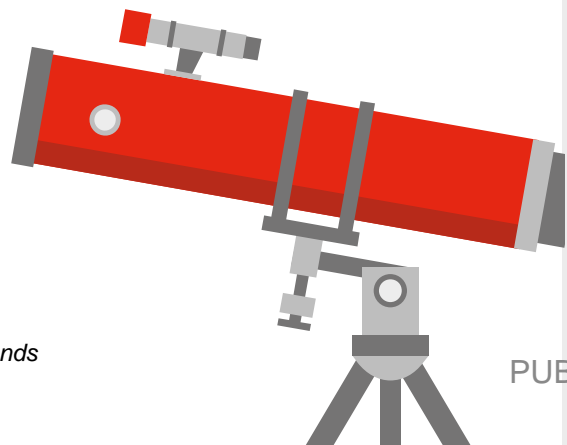
of people think Millennials have experienced weaker economic growth than previous generations

Retirement prospects

When it comes to retirement, Millennials are seen as less fortunate than previous generations. Only **10%** of people think Millennials are in the best position for a comfortable retirement, compared to **42%** who think Baby Boomers are. Only **14%** of Millennials believe that their own generation is in the best position to retire comfortably.

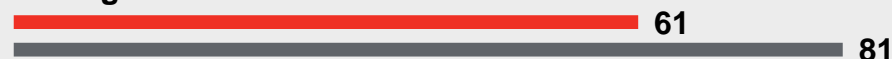
In terms of life expectancy and retirement planning, **63%** of people – and **59%** of Millennials themselves – believe the Millennial generation will live much longer and will need to support themselves for longer.

In light of this, the Millennial generation may be being over-optimistic about the age they expect to retire. Of those planning to retire, Millennials expect to retire at age **59** (compared to **61** for Generation X and **64** for Baby Boomers) and expect to live to age **79** (compared to **81** for Generation X and **84** for Baby Boomers), resulting in a retirement of **20** years.



Expected length of retirement

Average



Millennials





Generation X



Baby Boomers



 Age expect to retire
 Age expect to live to

Q. What age do you expect to retire? Q. What age do you expect to live to?
 (Base: Working age people)

Taking action

On average, Millennials started saving for retirement at age **26**. However, **32%** of Millennials have not yet started saving for retirement, compared to **25%** of Generation X and **21%** of Baby Boomers.

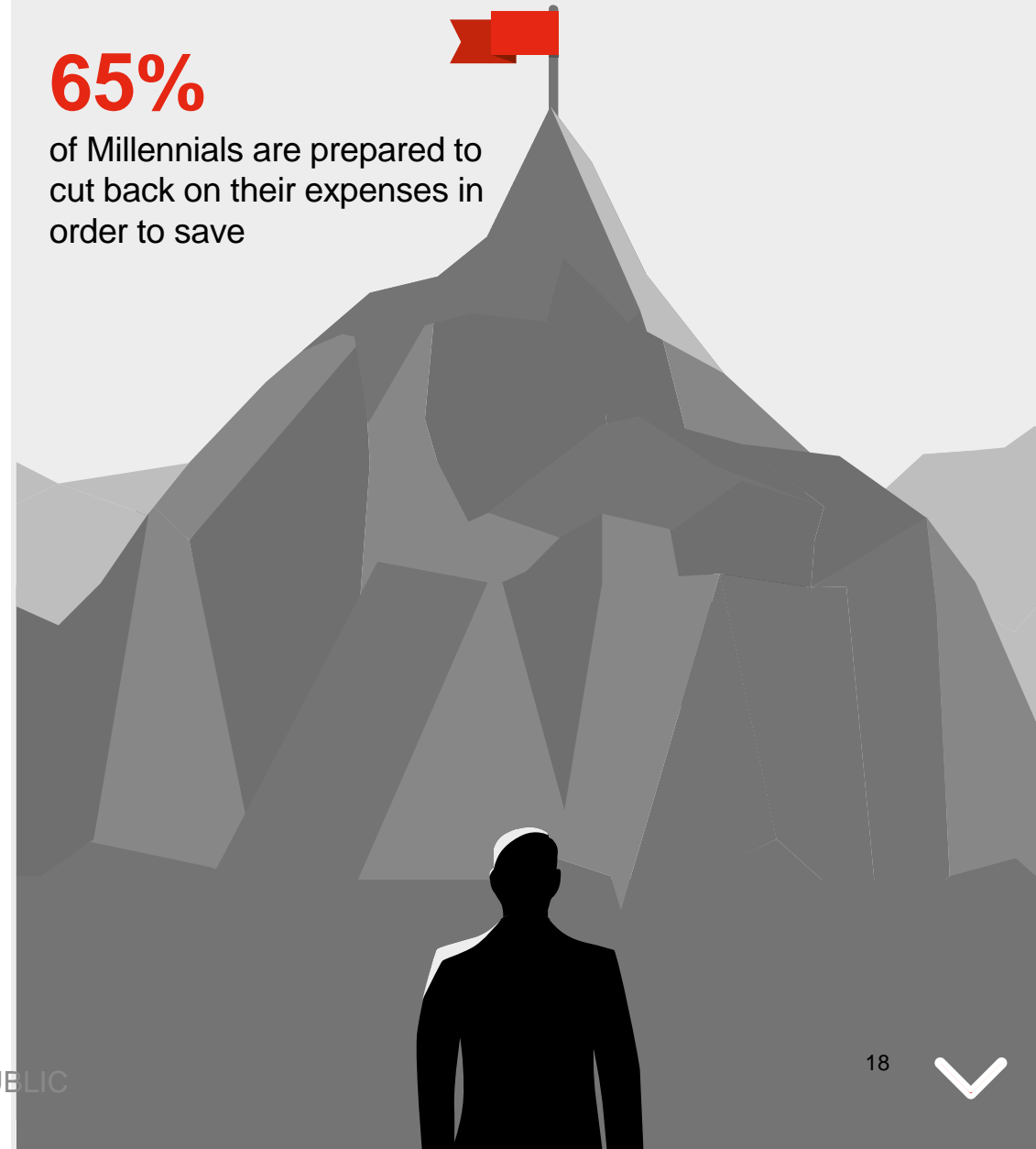
Millennials are more likely to take investment risks than other generations, with **39%** being very willing to make risky investments to ensure their financial stability, compared to **33%** of Generation X and **22%** of Baby Boomers.

Sixty-five percent of Millennials are prepared to cut back on their present expenses in order to save, compared to **59%** of Generation X and **54%** of Baby Boomers.

A higher proportion of Millennials actively seeks information to guide their financial decisions (**61%**, compared to Generation X **56%**, Baby Boomers **50%**), and actively moves their money around to get the best return/deal (**51%**, compared to Generation X **45%**, Baby Boomers **39%**).

65%

of Millennials are prepared to cut back on their expenses in order to save



Defining the generations

Baby Boomers
Born 1945 to 1965



1945
End of WWII

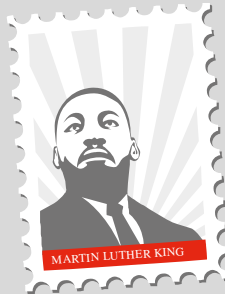


1953
Discovery of DNA



1957
European Common Market established

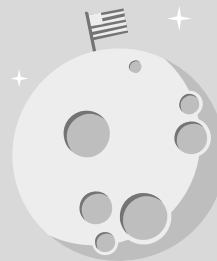
Generation X
Born 1966 to 1979



1960s
US Civil Rights movement



1969
Woodstock festival



1969
Moon landing

Millennials
Born 1980 to 1997



1989
Fall of Berlin Wall



1991
Launch of Internet



1997
First Harry Potter book





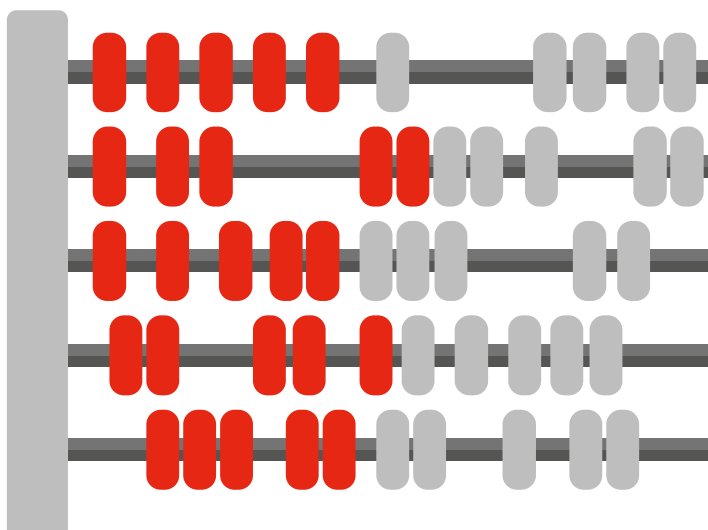
Retirement 2.0



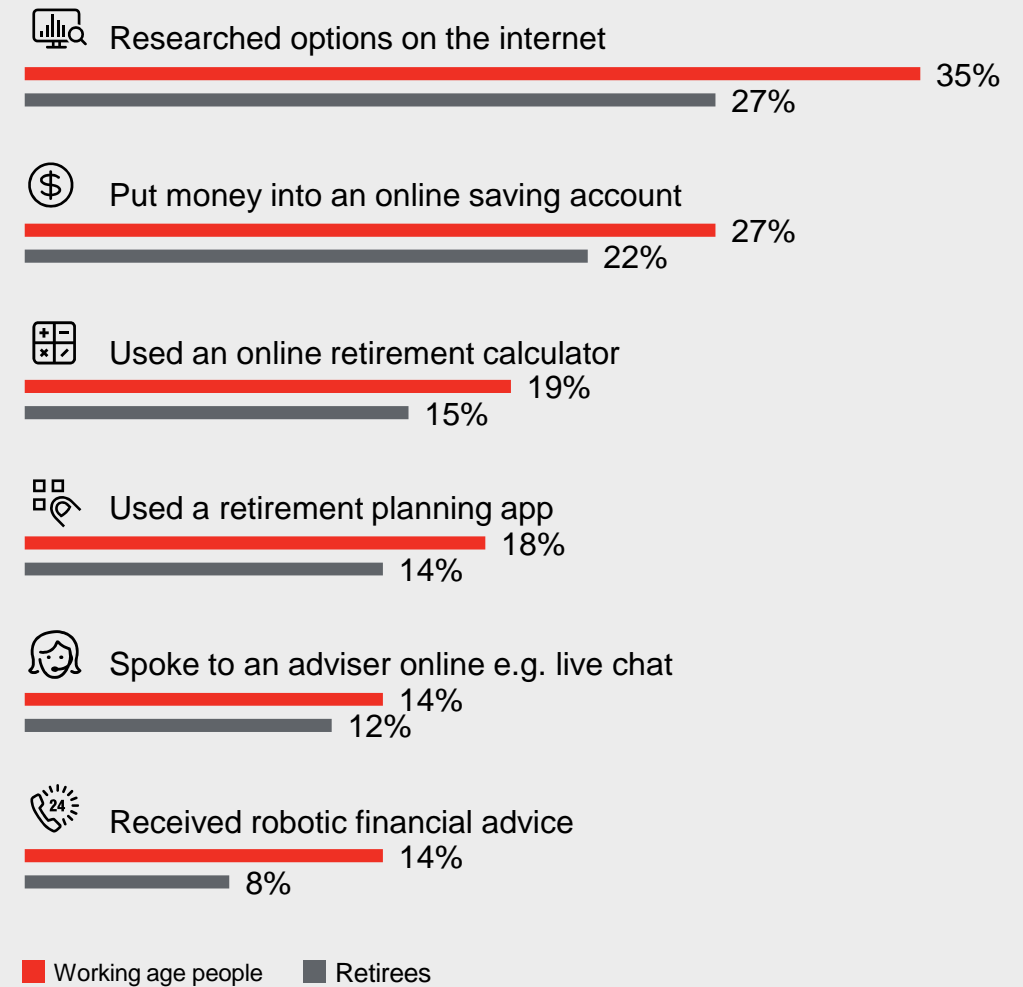
Saving time and money

Technology is changing the way people save for retirement. Almost half (**47%**) of working age people agree that new technology makes it easier to save for their retirement, with a much higher proportion in China (**77%**) and India (**69%**) than in France (**17%**) Argentina (**28%**) and the UK (**30%**).

People are using new technology in different ways to plan for and manage their retirement.



How new technologies help people plan for retirement



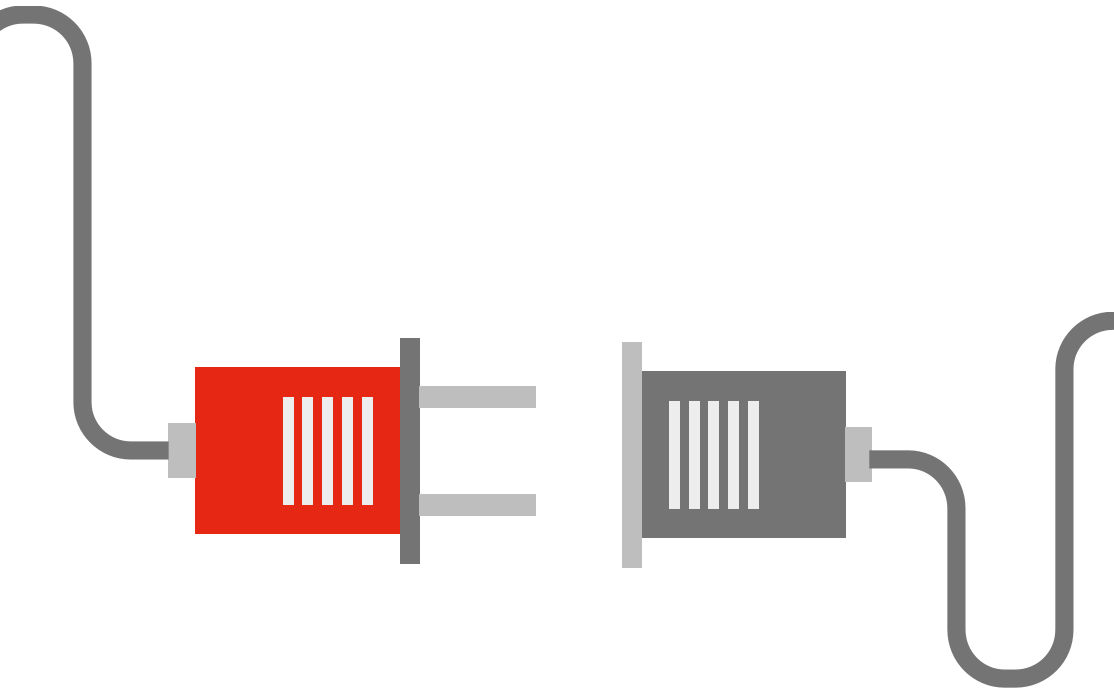
Q. What role, if any, has new technology played in helping you plan for your retirement? (Base: All)



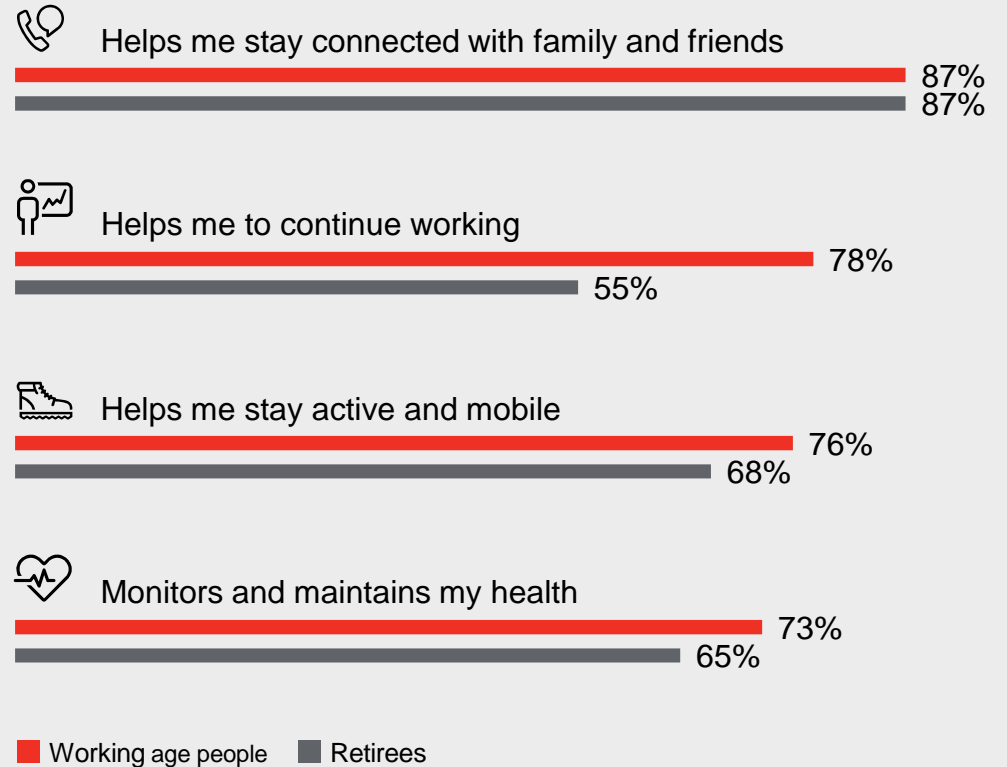
Stay connected

Additionally, over half (**55%**) of working age people believe that new technology will help give future retirees a better standard of living.

People are using or think they will use new technologies in different ways in retirement.



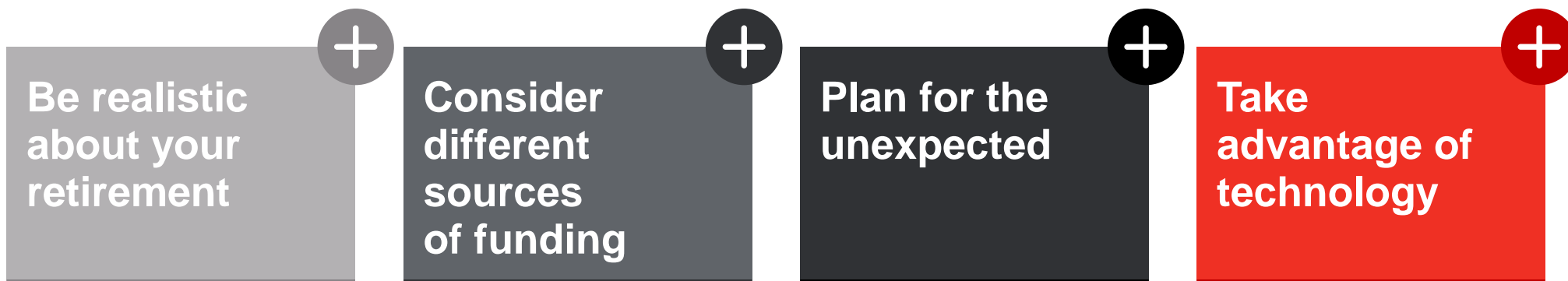
The role of technology in retirement



Q. Do you think you will use/are you using any of the following new technologies in your retirement? (Base: All)

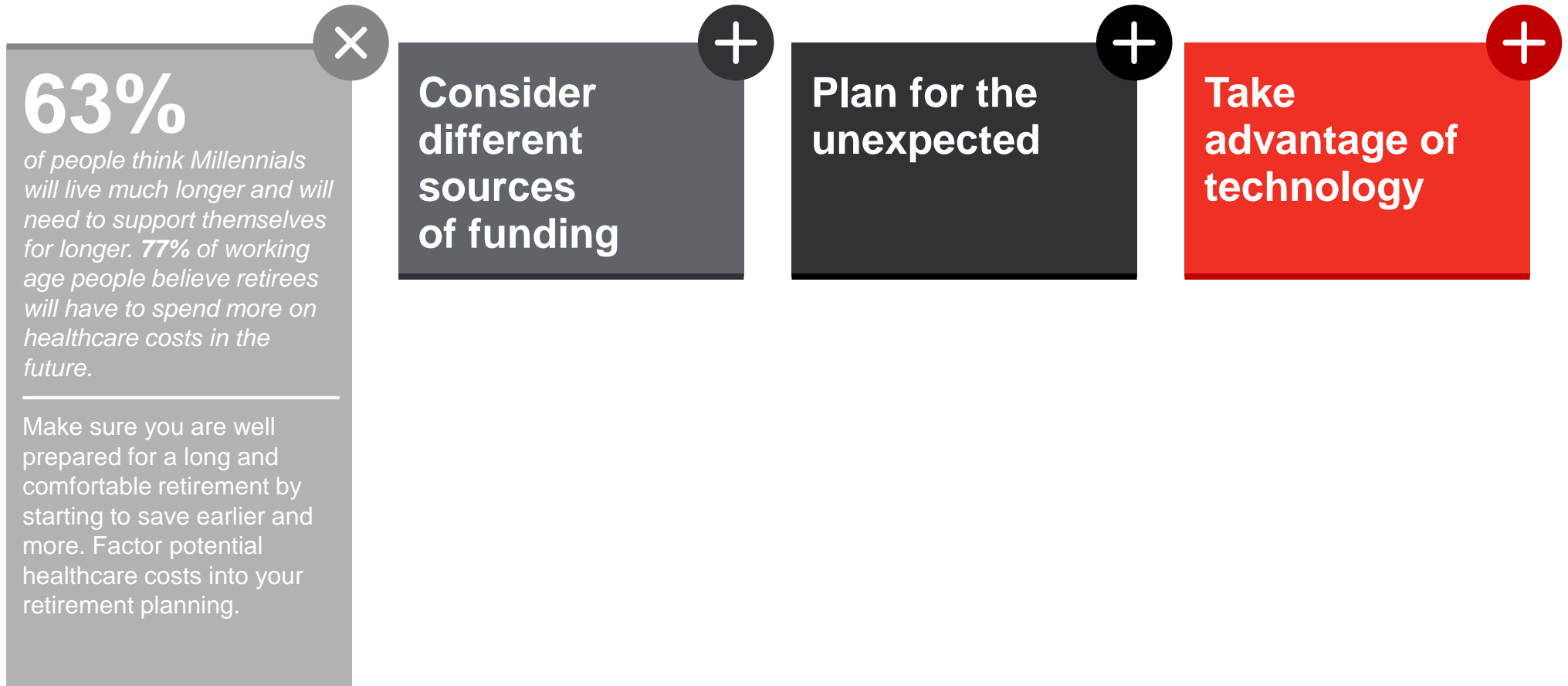
Practical steps

Here are some important insights and practical actions drawn from the research findings, which may help today's retirement savers plan a better financial future for themselves.



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63%
of people think Millennials will live much longer and will need to support themselves for longer. 77% of working age people believe retirees will have to spend more on healthcare costs in the future.

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.

Consider different sources of funding

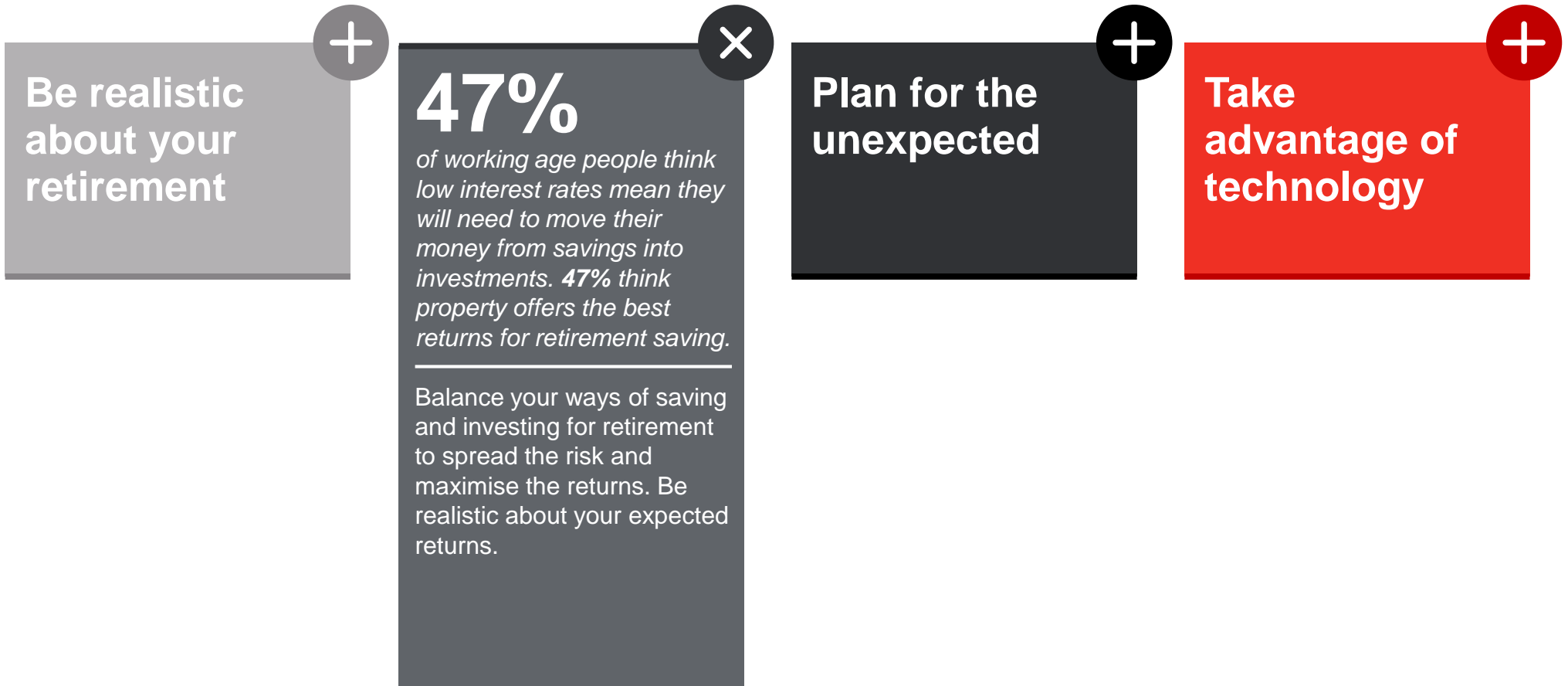
Plan for the unexpected

Take advantage of technology



Practical steps

Here are some important insights and practical actions drawn from the research findings, which may help today's retirement savers plan a better financial future for themselves.



+ Be realistic about your retirement

x **47%**
of working age people think low interest rates mean they will need to move their money from savings into investments. 47% think property offers the best returns for retirement saving.

+ Plan for the unexpected

+ Take advantage of technology

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

Practical steps

Here are some important insights and practical actions drawn from the research findings, which may help today's retirement savers plan a better financial future for themselves.

+

Be realistic about your retirement

+

Consider different sources of funding

×

45%
of people believe that employer pension schemes may go bust or be unable to pay out to Millennials. 40% of working age people would go back to work if their retirement income could no longer provide the standard of living they were used to.

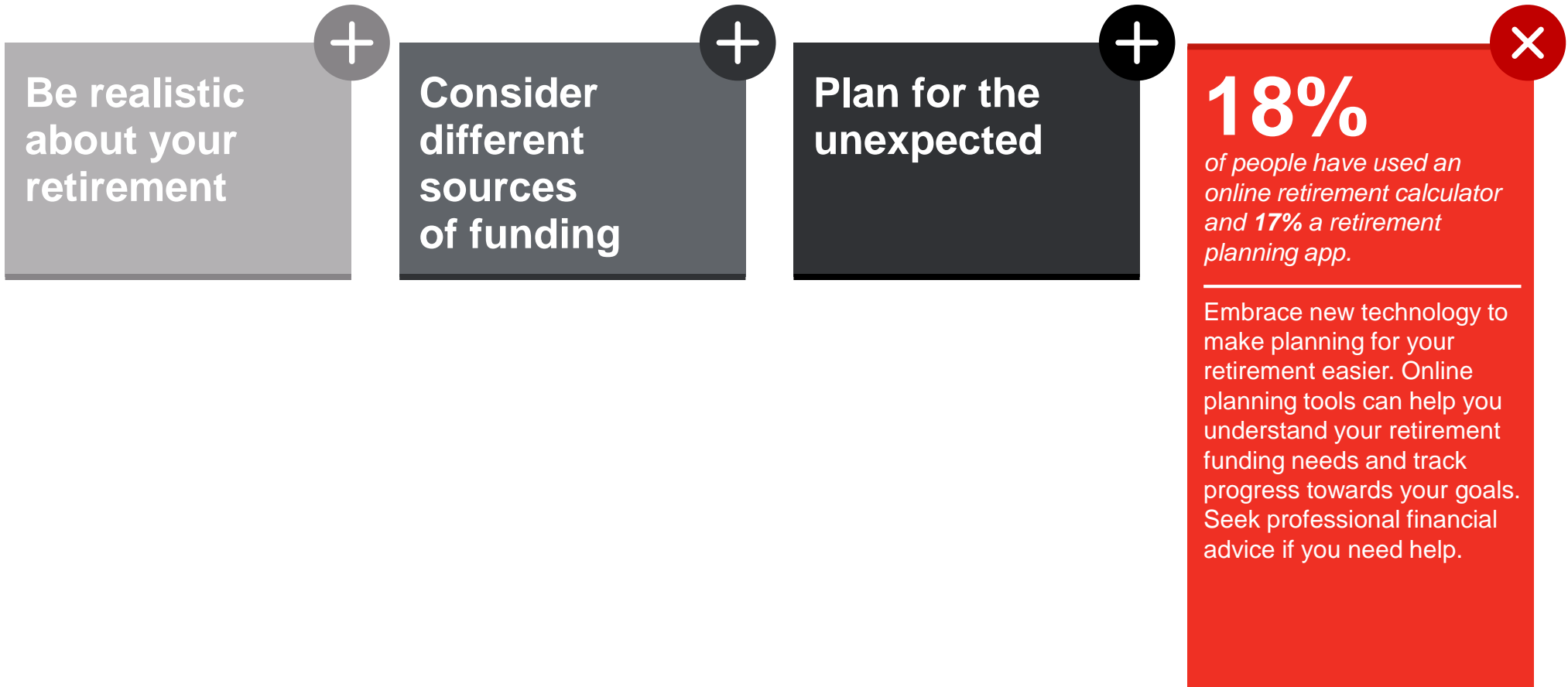
Unexpected events can have a major impact on retirement funding. Include worst case scenarios when planning your retirement and consider putting protection in place to help secure your retirement income.

+

Take advantage of technology

Practical steps

Here are some important insights and practical actions drawn from the research findings, which may help today's retirement savers plan a better financial future for themselves.



- Be realistic about your retirement**
- Consider different sources of funding**
- Plan for the unexpected**
- 18%**
of people have used an online retirement calculator and 17% a retirement planning app.
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.

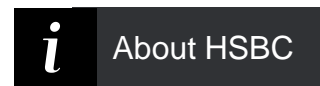
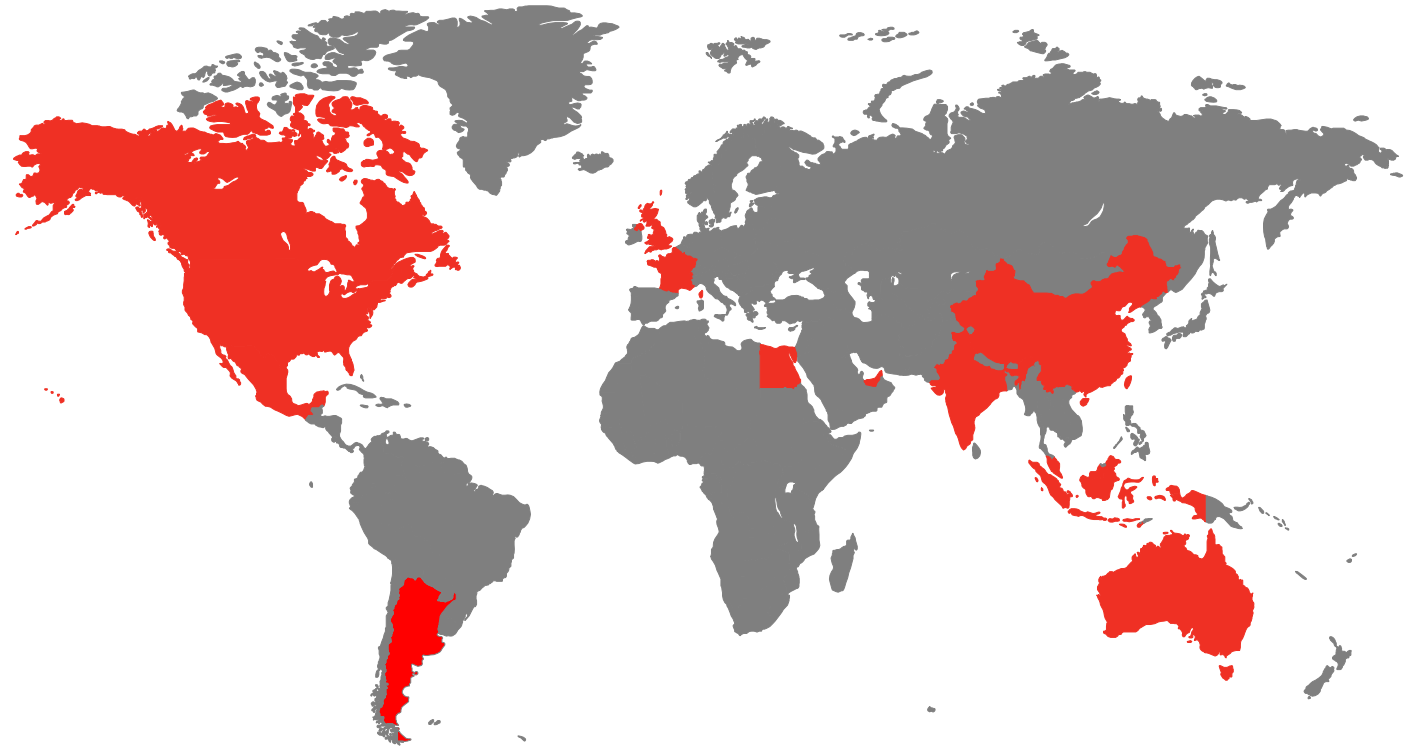


The research

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, *Shifting sands*, is the fourteenth in the series and represents the views of 18,414 people in 16 countries and territories.

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



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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.

The 16 countries and territories are:

- Argentina
- Australia
- Canada
- China
- Egypt
- France
- Hong Kong
- India
- Indonesia
- Malaysia
- Mexico
- Singapore
- Taiwan
- United Arab Emirates
- United Kingdom
- United States

Country reports are also available.

Retirees are people who are semi or fully retired. Working age people are those who have yet to fully or semi-retire. Global figures are the average of all countries and territories surveyed unless stated otherwise. All figures are global unless stated otherwise. Figures have been rounded to the nearest whole number.



Survey

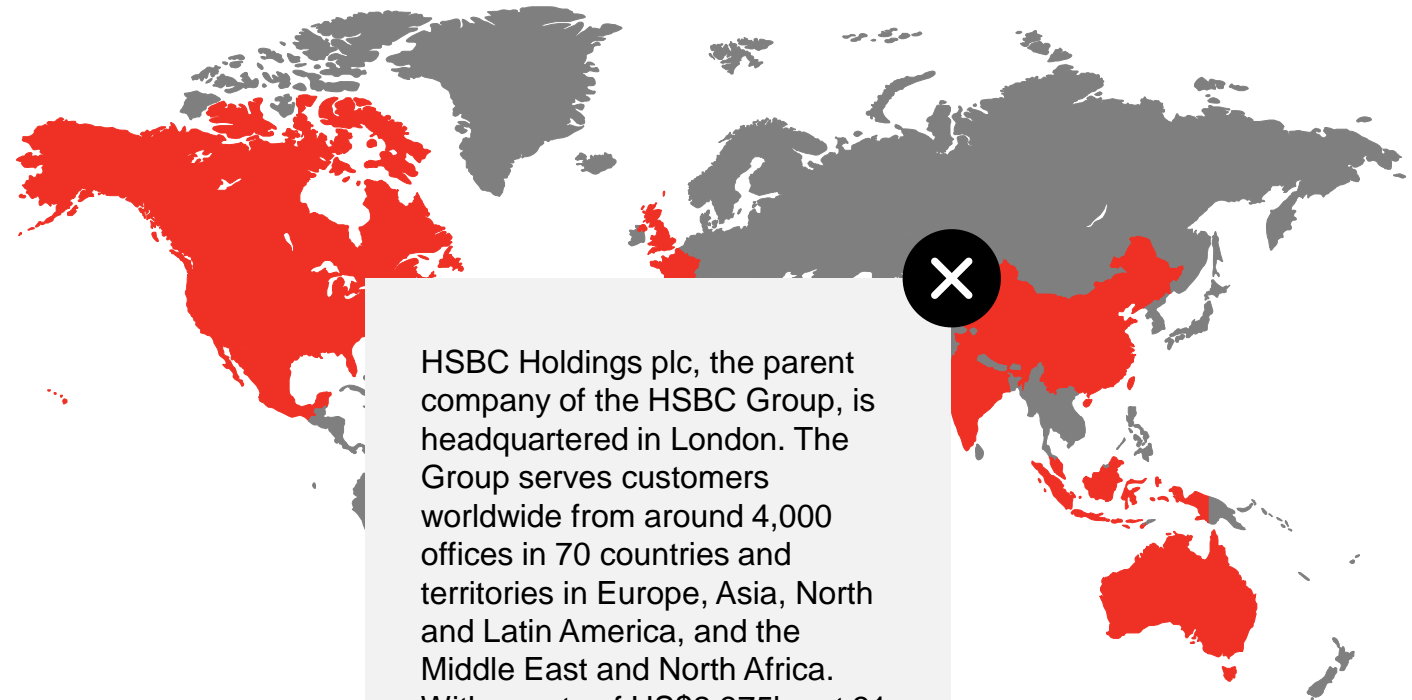


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 About HSBC


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