

The Future of Retirement

HSBC report reveals the real lasting impact of the downturn

The long-term impact of the global economic downturn will be felt for many decades to come, according to a new report by HSBC.

Despite encouraging signs of economic recovery, the longer-term impact will cause waves for millions of people who have weathered the storm by raiding their retirement funds and amassing debt, reveals HSBC's latest report, *The Future of Retirement A balancing act*.

HSBC's survey of 16,000 people worldwide found that two in five working age people (40%) stopped or reduced their retirement savings during the downturn – whether through investments (25%), cash deposits (24%) or employer or personal pension schemes (19%).

This means that millions of people could enter retirement with savings diminished by a fifth or more after getting into debt or severe financial difficulty.

And despite signs that the global economy picked up in 2014, debt accumulated in the tough times continues to blight people's abilities to save for their future. For 22% of working age people, debt repayment and slipping into severe financial difficulties have significantly impacted their ability to save for retirement.

These pre-retirees also blame the impact of becoming unemployed (26%) or a significant drop in earnings (22%) for preventing them from saving enough.

The long-term financial gloom is felt across the world, with nearly a quarter (23%) of working age people expecting their standard of living in retirement to be worse than it is today.

Two thirds (66%) of pre-retirees worldwide are concerned about not having enough money to live on day-to-day in retirement. Women are more concerned than men (71% vs. 62%).

One in ten (10%, rising to 16% in Australia) go so far as to predict that they will never be able to fully retire from paid employment.

Things are set to worsen. Over two fifths (45%) of working age people globally say that the cost of living today is increasing faster than their income, and 28% around the world say they are less able to save money today than they were just one year ago.

Commenting on the findings, Mariam Adamyan, Manager Communications of HSBC Bank Armenia cjsc, said: "While the future health of the global as well as Armenia's economy still hangs in the balance, it seems that an as-yet unrealised impact of the past decade is still to come.

"Results of the research are not at all aimed at increasing concern in people. By presenting the facts, global statistics and views of retired as well as working age people from around the world, our aim is to

prevent people from repeating the same mistakes, help establish “start saving early” culture and advise of all the nuances that come up after retirement.

“Our research shows that the worries, needs and behaviour of people, especially during difficult times, are quite similar all over the world. However, the key for people everywhere is to focus on finding the means to save a little for their future, now. We know the cost of living is up and budgets are increasingly stretched - but even the smallest amounts saved can help reduce the long-term effect of these challenging times, and make the likelihood of a comfortable retirement all the more real.”

HSBC’s research identified **four actions** that individuals can take to improve their financial well-being in retirement.

Action 1. Start saving early.

Retirement can seem a long way off when you are young. Nevertheless, it is crucial to start making retirement plans as early as you can.

Action 2. Know how much you need.

Start thinking about the kind of lifestyle you want when you retire and how much you will need to fund it.

Action 3. Refill the pot.

It is easy for retirement savings to suffer when times are hard. With the worst of the global economic downturn behind us, start looking for advice on how to replenish any depleted funds in your retirement pot.

Action 4. Expect the unexpected.

Unforeseen life events can damage your retirement savings. No one can see into the future, but do consider what could happen and how this will impact your financial planning.

– ENDS –

Media enquiries to:

Mariam Adamyan on + 374 10 515 248 or at pressoffice.armenia@hsbc.com

Note 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. This global report, *A balancing act*, is the tenth in the series and represents the views of more than 16,000 people in 15 countries and territories worldwide (Australia, Brazil, Canada, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, Turkey, United Arab Emirates, United Kingdom, United States). The findings are based on an online poll conducted by Ipsos MORI in August and September 2014. Since The Future of Retirement programme began in 2005, more than 141,000 people worldwide have been surveyed.

For more information about The Future of Retirement, and to view all previous global and country reports, visit www.hsbc.com/retirement.

HSBC Group

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from over 6,200 offices in 74 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,729bn at 30 September 2014, HSBC is one of the world's largest banking and financial services organisations.

HSBC in Armenia

HSBC Bank Armenia cjsc was established as a closed joint stock company under the name Midland Armenia Bank J.S.C. in 1996 and was renamed HSBC Bank Armenia cjsc in 1999. The bank is a joint venture between the HSBC Group, which has 70 per cent ownership, and members of overseas Armenian businesses with 30 per cent ownership. HSBC Armenia serves around 36,000 customers through 10 offices located in Yerevan and around 383 employees. The bank has assets of AMD 306,609,112,000 as at 31 December 2014 and is one of the leading banks in the foreign exchange market in Armenia.