

12 May, 2015

The Future of Retirement: *Choices for later life*

HSBC report suggests the trends that define retirement habits and offers tips to overcome some of the implications

Traditional inheritance may be dying out, according to a new report by HSBC. Instead, it is being replaced by the growing practice of 'living inheritance'.

In a survey of over 16,000 people in 15 countries worldwide, HSBC found that while nearly 74% of working age people expect to leave an inheritance to their children, only 29% are confident in doing so. The attitudes of 'Generation Spend' will come as a surprise to the 51% of working age people who expect to receive an inheritance, suggesting a mismatch between hopes and reality.

Instead, HSBC's report reveals the existence of a 'living inheritance', whereby 60% of retirees are providing regular financial support to their family and friends. In particular, it found that wealth is being passed down the generations, with nearly 22% of retirees regularly giving to grown-up children, and over 12% doing the same for their grandchildren.

Interestingly, while 22% of retirees currently provide regular support to their grown-up children, a similar number of working age people (21%) think it is better to spend all their money and let their children generate their own wealth.

The global urge to spend is highest among those closest to retirement, with 25% of those aged 55-64 preferring to enjoy all their money and fewer than 8% believing it is better to save as much as possible for the next generation. However, these are also among the respondents most likely to have weathered significant life events and global economic storms. Therefore, the 'carpe diem' mentality of people nearing retirement may not be as unexpected as initially thought.

The Future of Retirement, *Choices for later life*, report findings also suggest that millions of workers around the world are prematurely moving into semi-retirement because they are unable to find full-time employment. The findings suggest that the contributions of millions of experienced employees are being lost as they are deemed to be past their 'work-by' date.

Over 55% of those who semi-retired say they changed career when they stopped full-time work. While some of these will be high achievers who reached their career aspirations and financial goals before retirement, the figures also point to a pool of wasted potential among experienced employees.

This characterises a shift from traditional perceptions of retirement where, instead of simply stopping work altogether, a gradual changeover is becoming the new norm. This shift highlights the greater choice working age people have when planning towards later life, and suggests an increasing confidence in their ability to fund a comfortable retirement.

Commenting on the findings of the report, Thies Clemenz, Chief Executive Officer of HSBC Bank Armenia cjsc, said, "HSBC's new Future of Retirement research highlights that working age people all over the world face the same complex financial pressures as they do in Armenia. This is multiplied by a desire to support loved ones during your lifetime, but for many people this comes at a cost both to their retirement dreams and to their ability to leave a legacy. Today's working age people are putting their future finances at risk by not starting to save early, enjoying their accumulated wealth and relying on a living inheritance from retired loved ones, which may not always be forthcoming. In fact, retirement only seems to be far away, so today's working age people need to be wiser to not place themselves under the financial strain they have witnessed among today's retirees."

HSBC's research identified four actions which may help today's retirement savers plan a better financial future for themselves.

1. Be realistic about your retirement aspirations

Almost 73% of retirees have been unable to realise at least one of their hopes and aspirations since retiring. Retirement can offer many choices. Decide what kind of retirement you want and be honest with yourself about how much it will cost.

2. Review your long-term working plans

56% of working age people plan to semi-retire before fully retiring. Consider at what age you can realistically afford to fully retire, and if you expect to semi-retire or keep working for longer.

3. Consider your wider financial commitments

78% of working age people, and 60% of retirees, provide regular financial support to at least one other person. Consider your own and your family's long-term financial needs, and make sure to include both in your retirement planning.

4. Have a clear retirement plan

66% of working age people who have received or expect an inheritance believe it will fully or partly fund their retirement. However, 32% of all working age people have received an inheritance. Consider how you will fund your retirement and don't bank on receiving an inheritance.



Media enquiries to:

Mariam Adamyan on +374 (0) 060 655 248 or at pressoffice.armenia@hsbc.com

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. This global report, *Choice for later life*, is the eleventh 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 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 6,100 offices in 73 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,634bn at 31 December 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 of 31 December 2014 and is one of the leading banks in the foreign exchange market in Armenia.