

Population Ageing Conference 2005



The Future of Retirement

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9th September 2005

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The Future of Retirement

Overview

- Retirement: an HSBC perspective
- HSBC's 'The Future of Retirement' report



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Retirement: an HSBC Perspective

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Background

- HSBC: 110 million customers in 77 countries/territories
- Significant profile in pension scheme administration;
 - Occupational schemes: 200,000+ covering more than 2m employees
 - Personal portable schemes: 3m customers
- Active in life insurance, annuities: growing capability in equity release, long-term care
- Retirement debate - minimal *global* research
- Lack of understanding about people's *attitudes* to retirement and increasing longevity



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What motivated the research?



- Importance of understanding the "psychographics" of retirement: ambitions, aspirations, hopes, fears and expectations.
- Understand what people want and how they are planning for their retirement
- Is it all doom-and-gloom?

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The Future of Retirement Report

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The Future of Retirement Report

- Unique and largest global study of retirement issues
- Undertaken Q4 2004, results published May 2005
- Coverage:
 - 4 continents
 - 11,453 adults
 - 10 countries representing over half the world's population
- Scope: measure and assess global attitudes to ageing and retirement ("psychographics")

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The Future of Retirement Report: Aims

To answer the following key questions:

- Do people believe that traditional retirement patterns will persist, or will they be replaced by new models?
- How do different cultures perceive older people, and how positive are they about ageing and retirement?
- What roles and responsibilities do people expect governments, employers and individuals to assume in planning and funding retirement?
- How is the role of the family changing, and will older people be able to rely on the support of their family in the future?

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The Future of Retirement Report: Headlines

- **World-wide, attitudes to ageing and to older people vary dramatically**, with many people having very positive attitudes to older people and to their own ageing
- **There is a global rejection of a mandatory retirement age** and any government or corporate legislation preventing older people from working in retirement if they are still capable of doing so
- **The role of the family appears to be changing**, with traditional structures being broken down.
- **Countries vary greatly in how prepared they are for demographic changes**, with developed and developing nations facing very different problems
- **There is an emerging vision of later life** as a time of opportunity and reinvention, rather than of rest and relaxation

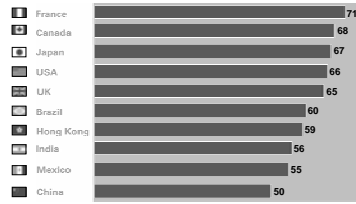
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Differing attitudes to older people around the world

- Discrepancy about when old age begins
- Ability more important than age
- Positive view of later life in more affluent countries
- Quality of life more important than longevity
- Only a minority of people in countries surveyed have ageist attitudes
- Most positive views about old age: USA



What is "old"?

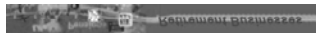
Base: All respondents

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Family: a changing role

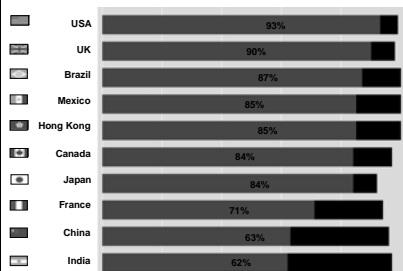
- Traditional extended family models are being challenged
- Half of older respondents from Hong Kong and Mexico expect their families to provide care in later life: only a third of younger respondents thought the same way
- Global recognition that old age in the future will be different
- Half of respondents believe they should bear their own costs in retirement
- Independence: of key importance



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Rejection of age-based working restrictions



Employees free to choose ☐ Employers should impose mandatory age ☐

Base: All respondents

- Global rejection of age-based working restrictions
- 4 out of 5 respondents believe a person should be able to work as long as he/she wants
- Economic factors very important: many people work in later life as a matter of economic necessity

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Are people preparing?

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Preparedness

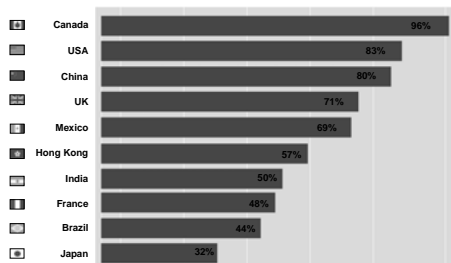


- Widespread media coverage about lack of preparation, little action to date.
- Economic challenges: how will governments cope?
- Preparation varies around the world: Americans and British twice as likely to be contributing to personal pension plans.
- Source of financial information about retirement: friends/family most important - implications for financial institutions

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Preparedness - Engaged in Planning Activity

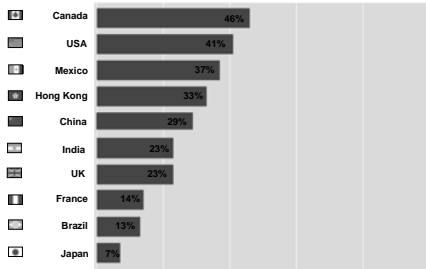


Base: Those respondents not yet retired

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Preparedness - Those Who Have Calculated Retirement Needs

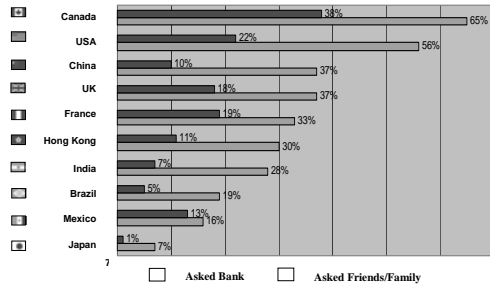


Base: Those respondents not yet retired

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Preparedness - Asked Bank vs Friends/Family



Base: Those respondents not yet retired

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Later life: a new opportunity

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Later life: a new opportunity

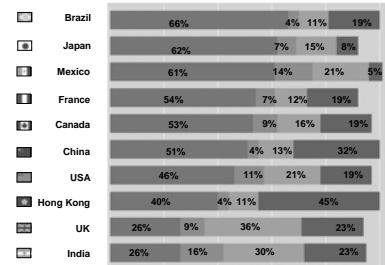
- Retirement: a time of reinvention
- 'Linear' lifestyle will decrease in popularity
- New work/leisure/education 'blended' lifestyle structure considered best in 7 of the 10 countries
- Tendency to retire before people say 'old age' begins



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Later life: a change in lifestyle



Cycling back and forth between work/leisure ☐ Working full time ☐ Working part time ☐ Never work for pay again ☐
Base: All respondents

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Where to now?

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Where to now?

- Individuals: despite media coverage, what more can be done to help people take action to prepare for retirement?
- Government: which policies will encourage a 'blended' lifestyle?
- Employers: more flexible working arrangements, remove mandatory age retirement
- Financial institutions: impact of the 'grey' dollar, creating and tailoring relevant products



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