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TAKING CARE OF ELDERLY PARENTS CREATES FINANCIAL STRAIN ON ASIA'S AFFLUENT, HSBC SURVEY FINDS

*9 out of 10 contribute financially to parents' care and well-being
4 out of 10 Hong Kong affluent says their parents have suffered from
financial challenges in older years*

The bonds of family remain strong in Asia. A recent survey by HSBC Premier of affluent individuals shows that 9 out of 10 respondents from mainland China, Hong Kong, and Singapore support their elderly parents financially.

But the survey shows that even the affluent – defined as those who earned USD100,000 annually or above – still worry about funding medical expenses for their parents, and in Hong Kong particularly, 41% of affluent respondents said their parents had suffered significant financial difficulty in their older years.

Greg Hingston, Regional Head of Wealth and Personal Banking, Asia Pacific, HSBC said, "The pandemic has put extra pressure on the 'sandwich generation' – those who provide caring and financial support for both their children and elderly parents – making smart, long-term wealth planning more important than ever. Proper planning can take much of the stress out of both saving for retirement and caring for retirees."

Among the key findings for affluent respondents:

- 94% in Hong Kong, 88% in mainland China and 84% in Singapore contribute money to their parents by paying recurring costs, higher than 69% on average globally.
- Their biggest concerns in parent care: finding or funding medical support, specifically how to identify and act on specific illnesses (61%, Hong Kong); becoming more responsible for parents' decisions as they age (62% Singapore) and becoming more responsible for parents' decisions and organising living and care arrangements (49%, mainland China)
- When thinking about the personal challenges in supporting parents, the biggest worries in Asia are: financial stress (46%) associated with supporting parents, managing personal stress (43%) and developing their own career whilst supporting their parents (39%).

Taking the first steps towards legacy planning

The survey showed that Asia's affluent respondents were still encountering considerable difficulties in helping to plan their parents' old age, ranging from ensuring inheritance tax efficiency (38%); being able to adjust the will or trust in case of changes (37%) or understanding the pros and cons of wills versus trust (38%).

The survey also highlighted their own preferences in managing inheritance passed on to them. For example, a good proportion of affluent respondents in mainland China (56%), Hong Kong (66%) and Singapore (73%) tend to keep their property inheritance for the next generations. The majority of Asia's affluent respondents also tend to be more cautious about investing money inherited compared to their existing investments, with only 41% using their inheritance to invest in themselves and their family's future. In Hong Kong, the majority of respondents would keep the inherited property from their parents, which might reflect the city's high property prices. They also showed similar cautiousness when it comes to using inheritance for investment.

Nicola Richmond, Head of Premier Propositions, Wealth and Personal Banking, HSBC, said, "Part of ensuring a happy and comfortable retirement for our parents is being able to reassure them that their legacy is safe and secure. Working alongside a trusted advisor will help families balance various considerations including financial goals, obligations and aspirations.

Whether customers use a bank, a solicitor, an independent financial advisor, or decide to manage their investments using an online platform using a broad range of capabilities. HSBC Premier is committed to bringing a broad range of capabilities including wealth planning covering long-term investments, life and health protection, retirement and even the basics of legacy planning to support the changing needs of families in Asia.

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Note to editors:

- 1) We have surveyed and analysed over 2,200 respondents in Canada, mainland China, Hong Kong, Singapore and United Kingdom between November 2019 and February 2020 to understand the concerns and needs of mass and mass affluent consumers who are supporting their parents in terms of inheritance planning and everyday life. Respondents aged over 40 years old, be currently supporting one or more parent, expect to support one or more parent in the next five years, or have supported in the past.
- 2) The Asian section of the survey covers respondents from Hong Kong, Mainland China and Singapore, which collectively refer to as Asia's affluent consumers.

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