# News Release

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**HSBC SURVEY: MILLENNIALS TO WORK FOR LONGER TO SUPPORT RETIREMENT**

**** Seven in 10 Millennials expect they will need to support themselves for longer ****
****Only 37% of working age people look forward to a comfortable retirement ****

Millennials in Hong Kong appear too optimistic about their retirement prospects, according to a new report from HSBC.

The new Future of Retirement series, *Shifting Sands*, shows that while 70% of Millennials in Hong Kong agree they will live much longer and will need to support themselves for longer than previous generations, they expect to retire at 61, two years younger than the working age average of 63.

Only 16% of Millennials expect to continue working after 65 – even as their generation faces unprecedented financial pressures and state retirement ages continue to rise around the world.

**Greg Hingston, Head of Retail Banking and Wealth Management, Hong Kong, HSBC,** commented, "While Millennials are broadly aware of the economic and demographic challenges they face, they do not appear to have grasped the full implications for their retirement. With continued low interest rates and rising healthcare costs, it has never been more important to save for a comfortable retirement. Starting to save early – and regularly– can help young people choose the kind of retirement and the quality of life and financial security they aspire for."

In the survey of 1,012 respondents from Hong Kong, 62% believe Millennials will have more flexibility in retirement, with more options to semi-retire and continue to do some work to support themselves.

The findings show that 56% of the people believe Millennials have experienced weaker economic growth than previous generations, while 59% agree that Millennials are paying for the economic consequences of older generations, such as the global financial crisis.

Nonetheless, 59% of people believe Millennials don't know how good they have it, enjoying a better quality of life than any previous generation.

**Edward Moncreiffe, Interim Chief Executive of HSBC Insurance,** commented, "Our report points to a 'new normal' that is more flexibility in retirement, whether that's a choice to work for longer or perhaps never stopping work completely. For young people in Hong Kong, this is both an opportunity and a challenge. An opportunity to carve out their desired careers and professions that may be less structured than their parents' and could also be less financially secure given the lack of guaranteed safety nets traditionally provided by companies, for example. The challenge is for our Millennials to prepare early by taking advantage of a number of savings channels available to them such as basic wealth and insurance planning and the active review of their Mandatory Provident Fund savings which they can grow and rebalance as their life and financial situations evolve over time."

**Making sacrifices**

The prospect of an 'austerity retirement' is forcing people to reconsider their retirement plans. Only 37% of working age people in Hong Kong think they will be financially comfortable in retirement, based on how their retirement saving is progressing. Eighty per cent of working age people would be willing to defer their retirement by two years or more to secure a better retirement income. Thirty per cent would work for longer or get a second job to sustain their retirement savings.

Forty-eight per cent of working age people expect that they would go back to work if their retirement income could no longer provide the standard of living they were used to.

**Good returns**

In a time of continuing economic volatility, property is viewed as a good way of saving for retirement, with 61% of working age people thinking it delivers the best returns. This compares to 55% for stocks and shares, 30% for cash savings, 25% for government/corporate bonds, 16% for personal pension schemes, and 12% for employer pension schemes.

Despite considering new ways to grow retirement savings, working age people in Hong Kong have a fairly high appetite for risk. A third (37%) of working age people are willing to risk financial losses while two in five (41%) say they are very willing to make risky investments to ensure their financial stability.

"Hong Kong people are in a good position to make early and sufficient preparations for retirement. Many of our customers are disciplined savers and have the investment savvy and risk appetite to grow their wealth. However, the retirement landscape is shifting in Hong Kong. People will need to view retirement as an essential and ongoing part of their overall financial plan, which includes not only building up a diversified asset and wealth portfolio but also ensuring they have adequate protection and health care especially in later life" Greg concluded.

**Practical steps**

HSBC's research identified four actions that people can take to improve their financial well-being in retirement:

**1. Be realistic about your retirement**
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.

**2. Consider different sources of funding**
Balance your ways of saving and investing for retirement to spread the risk and maximise the returns. Be realistic about your expected returns.

**3. Plan for the unexpected**
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.

**4. Take advantage of technology**
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.

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**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. Since The Future of Retirement programme began in 2005, more than 177.000 people have been surveyed worldwide.

*Shifting sands* is the fourteenth report in the series and represents the views of 18,414 people from 16 countries and territories: Argentina, Australia, Canada, China, Egypt, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, United Arab Emirates, United Kingdom and the United States of America.

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 Hongkong and Shanghai Banking Corporation Limited**

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group, which serves more than 37 million customers through four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. The Group serves customers worldwide from around 4,000 offices in 70 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US$2,416bn at 31 March 2017, HSBC is one of the world's largest banking and financial services organisations.

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