

News Release

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DESPITE BEST INTENTIONS, HONG KONGERS STRUGGLE WITH RETIREMENT SAVINGS, SAYS HSBC GLOBAL SURVEY

*****77% of working age Hong Kongers worry about running out of money in retirement***
Unexpected illness, global economic downturn, repayment of mortgage impact savings
Future retirees face a 10-year retirement funding gap**

When it comes to saving for retirement, Hong Kong workers, on average, plan to save a third (31%) of their annual income for retirement, the highest among all markets surveyed in HSBC's *The Future of Retirement: A Balancing Act* report, which surveyed 16,000 people in 15 markets globally, including 1,000 people in Hong Kong.

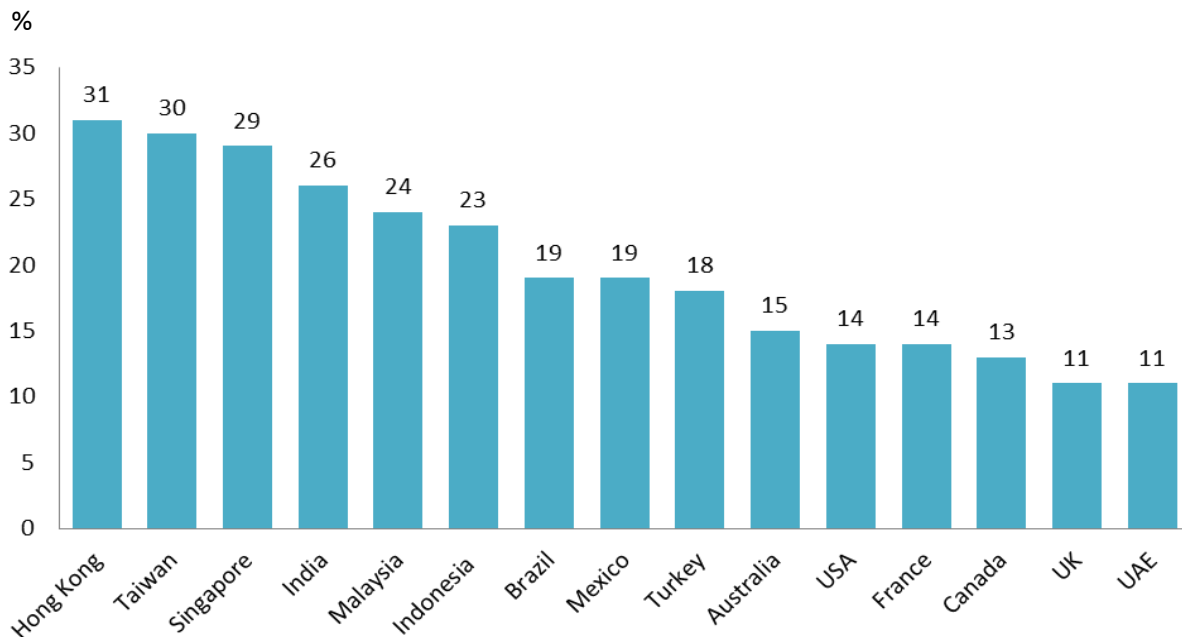


Figure 1. Average proportion of annual income planned to be saved for retirement in each market

Life events have a significant impact on Hong Kongers retirement savings

However, saving enough for a comfortable retirement has been difficult. Over three in four (77%) Hong Kong workers worry about running out of money in retirement (Asia and global average 67%); while 83% of them are concerned about not having enough money to live on day-to-day after working (vs global average at 64% and Asia average at 75%). Two in five (40%) workers also say their

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standard of living in retirement will be worse than their current standards higher than the global average (24%), and the highest among the markets in Asia Pacific.

Diana Cesar, Head of Retail Banking and Wealth Management, Hong Kong, said, “Our survey shows that even with the strongest intentions, Hong Kongers are struggling to get back to saving mode for retirement even as the global economy slowly recovers. For example, the recent downturn has left people to prioritise other financial obligations such as paying off the mortgage, funding education and day to day expenses.”

“We understand that people have a variety of needs and aspirations that compete for a share of their incomes. With early and careful planning and the discipline to save and invest regularly, people can achieve a broad range of their financial goals, including saving for retirement. Building in a margin of safety for accident, illness, unemployment or other life crises should also be an integral part of every retirement plan.”

The survey shows that workers’ ability to save for retirement is mainly threatened by the long-term effects of life events and the recent economic downturn. More than a third (36%) Hong Kong workers say that unexpected illness stopped them or their spouse from working which has a knock-on effect on their retirement savings.



Figure 2. Top life events which impact significantly on Hong Kongers’ ability to save for retirement

Another major impact on Hong Konger workers retirement savings is the global economic downturn (34%). Nearly two in five (39%) of them stopped or reduced their retirement savings during the economic downturn.

On average, Hong Konger workers expect their savings and investments will last for just 13 years of their retirement. With retirees on average fully retiring at age 60 and a typical life expectancy in Hong Kong of 83 years, Hong Kongers face a 10-year ‘gap’ during which they may not have sufficient income for a comfortable retirement.

Better planning to meet retirement needs

The survey shows that many people were learning the key lessons for planning for a comfortable retirement too late. Over a third (35%) of retirees say that starting to save earlier would have improved their standard of living in retirement. Worryingly, while over a quarter (26%) of retirees say that retirement planning should start at the latest by the age of 30 if one wants to maintain a similar

standard of living, two in five (41%) of Hong Kong workers believe they can start planning for retirement from age 41.

Diana added, “Adequate preparation for retirement requires long-term planning. Hong Kongers should start planning and saving as soon as they have regular income. The longer the investment horizon, the more likely they will be able to weather market volatility and benefit from compounding returns. We believe that it is never too early to start saving: no matter how small the amount, creating a lifetime habit of saving is the only reliable route to a comfortable retirement.”

She continued, “Hong Kongers rely on cash as the main source of retirement income. However, their income may be impacted by inflation over the long term. There may be alternate ways to fund their retirement – annuities, bonds, unit trusts and insurance solutions could be some options, depending on their risk profile, investment horizon and financial position. It is important for people to be clear about how much they need in retirement and seek professional advice on the appropriate solutions that will make up a balanced and diversified financial plan to meet their needs. People should also review their plan on a regular basis to accommodate wealth needs at different life stages and to respond to changing global market situations.”

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Notes to editors:

The Future of Retirement: A Balancing Act

The Future of Retirement: A Balancing act is the tenth in the series and is based on interviews with more than 16,000 people in 15 countries: 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 a nationally representative survey of people of working age (25 and over) and in retirement within each country. The research was conducted online by Ipsos MORI in August and September 2014, with additional face-to-face interviews in Indonesia and the UAE.

The Hongkong and Shanghai Banking Corporation Limited

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