



The Future of Retirement

Shifting sands

China Report



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 **Key findings**

The changing retirement landscape

Planning for retirement in a volatile age

Millennials and retirement

Retirement 2.0



 **Practical steps**

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Foreword

We live in interesting times. Unprecedented political, social, economic and technological change means it has never been more challenging or more important to save for a good retirement.

Our latest report in The Future of Retirement series, *Shifting sands*, looks at how important issues like the ageing population, rising healthcare costs and long term low interest rates are affecting the retirement plans of people around the world.

The report investigates how people are making sacrifices, exploring new sources of funding and adjusting their retirement expectations for a world that is very different even to that of ten years ago.

I hope that the new insights and practical steps in this report will help you to plan for the best possible retirement.

Charlie Nunn
Group Head of Wealth Management, HSBC



Key findings

56%

of working age people think low interest rates mean they will need to work for longer



84%

of working age people believe retirees will have to spend more on healthcare costs in the future



31%

of working age people think they will be financially comfortable in retirement, based on how their retirement saving is progressing



58%

of working age people say they will continue working to some extent in retirement



23%

of working age people think property offers the best returns for retirement saving



12%

of people think Millennials are in the best position for a comfortable retirement, compared to **42%** who think Baby Boomers are



[Read more](#) 

Key findings

28

is the average age Millennials started saving for retirement



58

is the average age Millennials expect to retire



66%

of people believe that Millennials are paying for the economic consequences of previous generations



77%

of working age people believe new technology makes saving for retirement easier



78%

of working age people believe new technology will help give future retirees a better standard of living





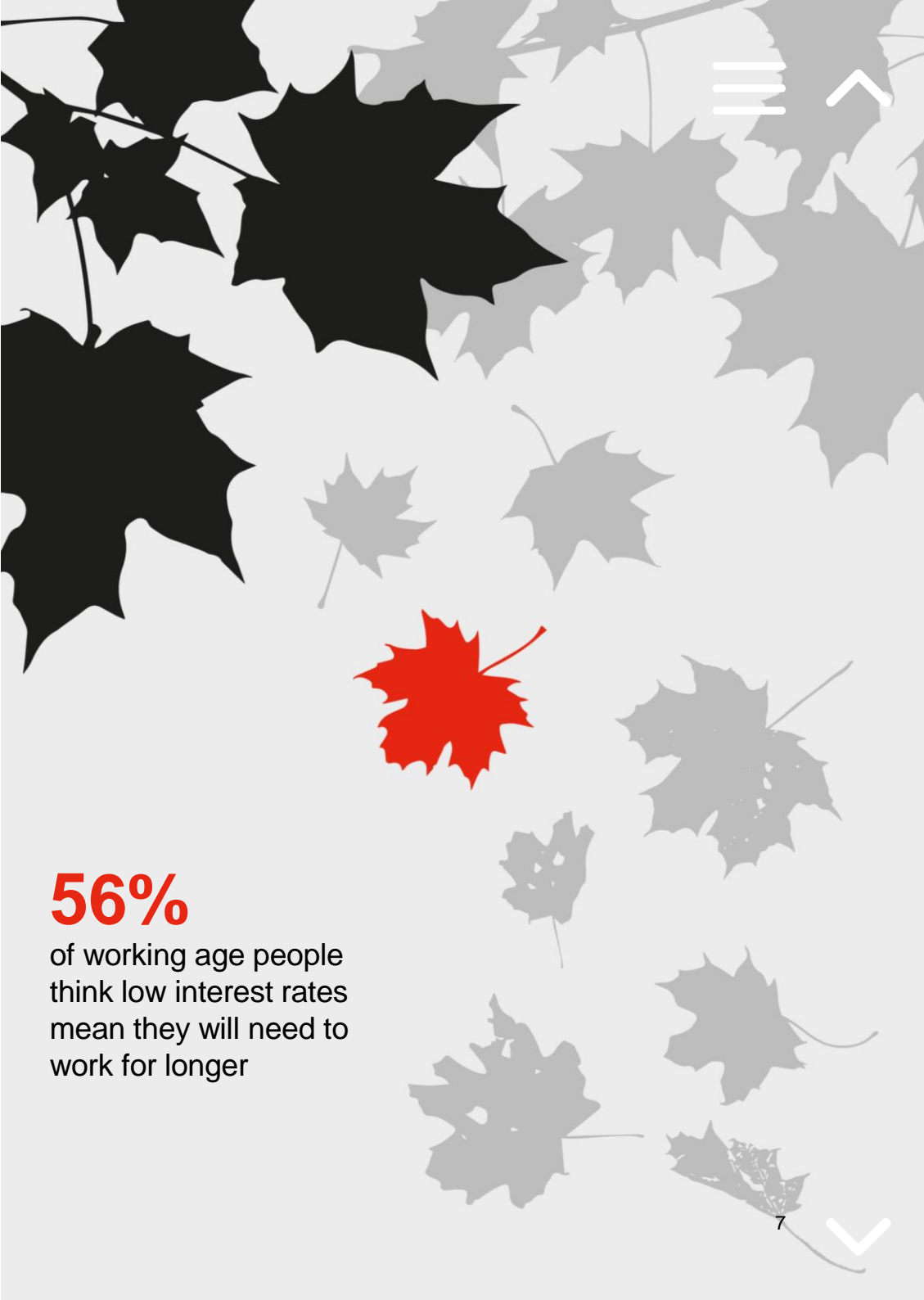
The changing retirement landscape



The challenge of planning

Seventy-one percent of working age people say it will be more difficult to save for a comfortable retirement following the financial crisis of 2007/8. Almost two-thirds (**65%**) are concerned about whether their employer pension scheme(s) will be able to pay out in full.

'Lower for longer' interest rates are also making it harder to save for a comfortable retirement. Over half (**56%**) of working age people think low interest rates will mean they will need to work for longer (compared to the global average of **50%**), while **57%** say they need interest rates to rise if they are to save enough to be comfortable in retirement.



56%

of working age people think low interest rates mean they will need to work for longer

Health cheque

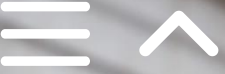
The rising cost of healthcare is another important issue. **Seventy-three percent** of working age people are concerned about it, Millennials (**76%**) more so than Baby Boomers (**63%**).

Eighty-four percent of working age people believe that retirees will have to spend more on healthcare costs in the future, and **70%** are concerned about being able to fund their healthcare.

89%

of working age people are concerned about being able to fund their healthcare

Planning for retirement

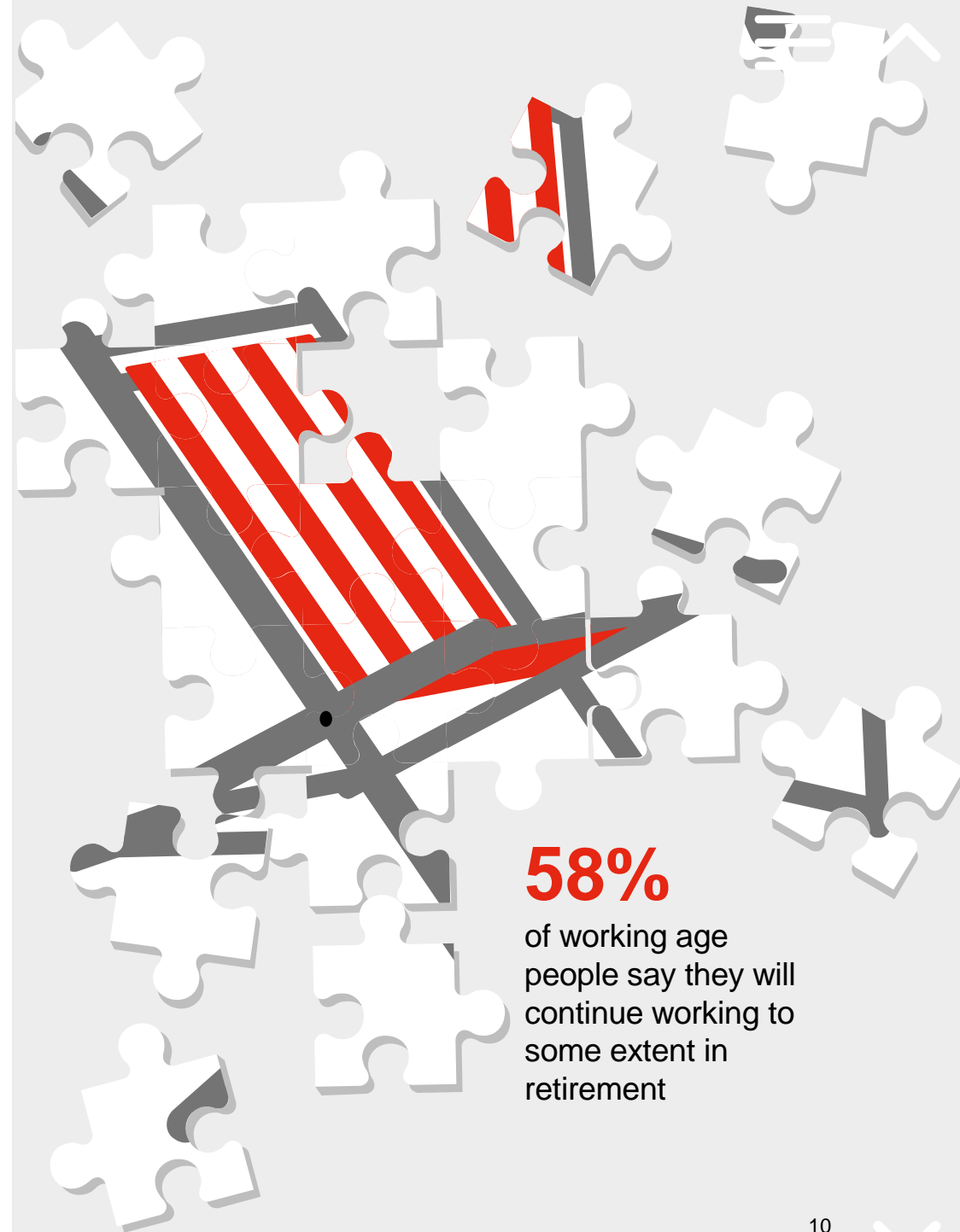


Retirement expectations

The changes in the retirement landscape mean people are adjusting their expectations for retirement. Based on how their retirement saving is progressing, **31%** of working age people think they will be financially comfortable when retired.

Meanwhile, constant change is making it difficult to plan ahead, with **54%** of working age people believing things change so much that their retirement plan won't be applicable by the time they retire. **Twenty-one percent** have not started saving for retirement.

In light of this, **58%** of working age people say they will continue working to some extent in retirement. **Seventy percent** would be willing to defer their retirement for two years or more to have a better retirement income. **Forty-three percent** would work for longer or get a second job to sustain their saving for retirement.



58%

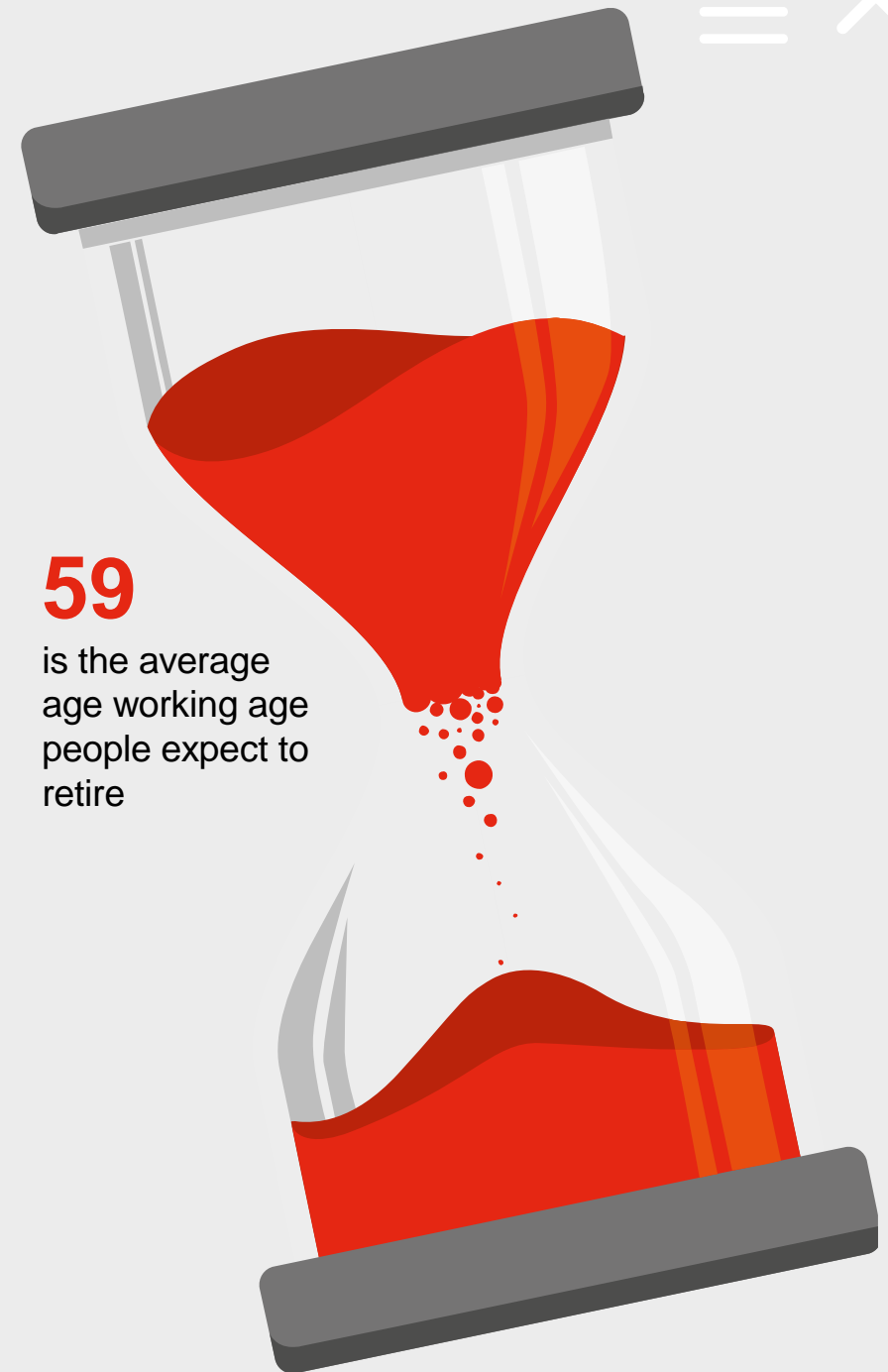
of working age people say they will continue working to some extent in retirement



Length of retirement

On average, working age people expect to retire at age **59**, compared to the global average **61**, and expect to live to age **83** (global average **81**), resulting in a retirement of **24** years, compared to the global average **20**.

There is very little variation between generations' expectations of when they will retire and how long they will live. Millennials expect to retire at age **58**, Generation X at **58** and Baby Boomers at **61**. Millennials expect to live to age **83**, while Generation X expect to live to **84** and Baby Boomers to **85**, resulting in expected retirements of **25**, **26** and **24** years respectively.

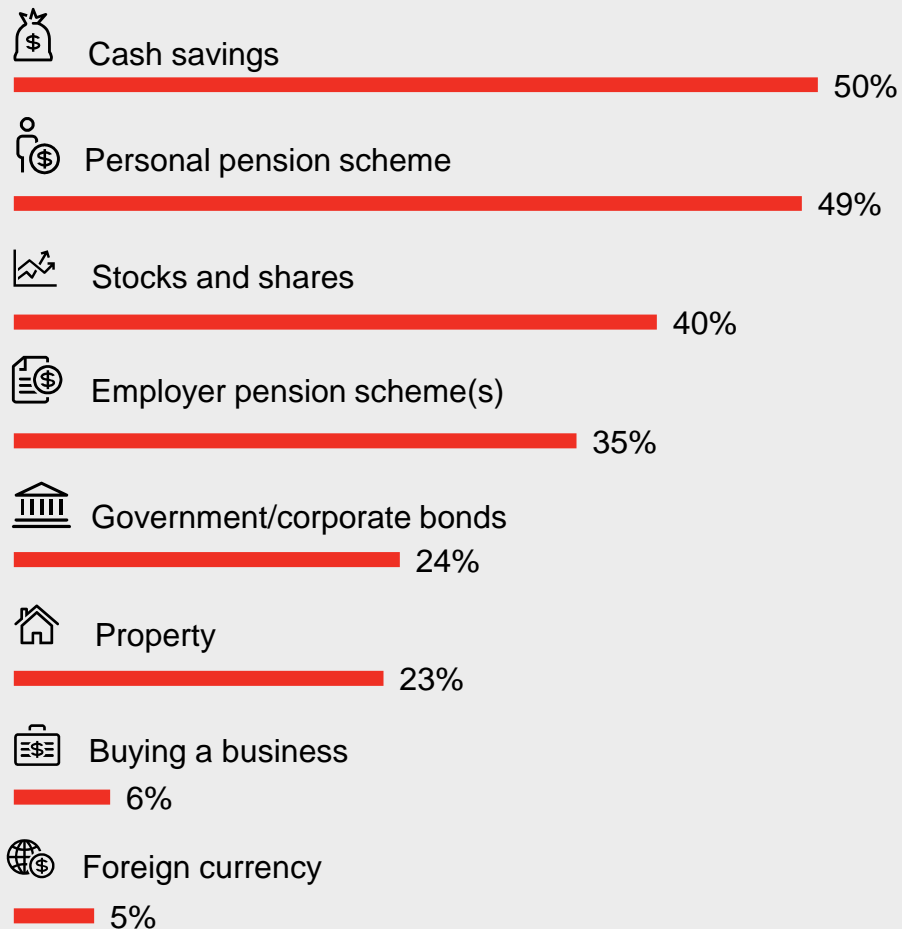


Funding retirement

Property is not viewed as a good way of saving for retirement, with **23%** of working age people thinking it delivers the best returns (compared to the global average of **47%**). This compares to **50%** for cash savings, **49%** for personal pension schemes, **40%** for stock/shares and **35%** for employer pension schemes.

This is reflected in future retirement plans, with only **5%** of working age people expecting property to help fund their retirement. **Fifty-six percent** expect employer pension schemes to be a source of funding, cash savings **47%**, personal pension schemes **46%** and stocks and shares **30%**.

Cash savings are viewed as offering the best returns for retirement saving



Risk appetite

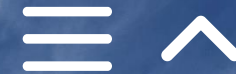
With interest rates at historic lows, **67%** of working age people think they will need to move their money from savings into investments and **79%** actively move their money around to get the best return/deal.

There is a high appetite for risk, with **61%** of working age people being very willing to make risky investments to ensure their financial stability and **46%** being willing to risk financial losses.

Seventy-nine percent of working age people say they actively seek information to guide their financial decisions.



Millennials & retirement

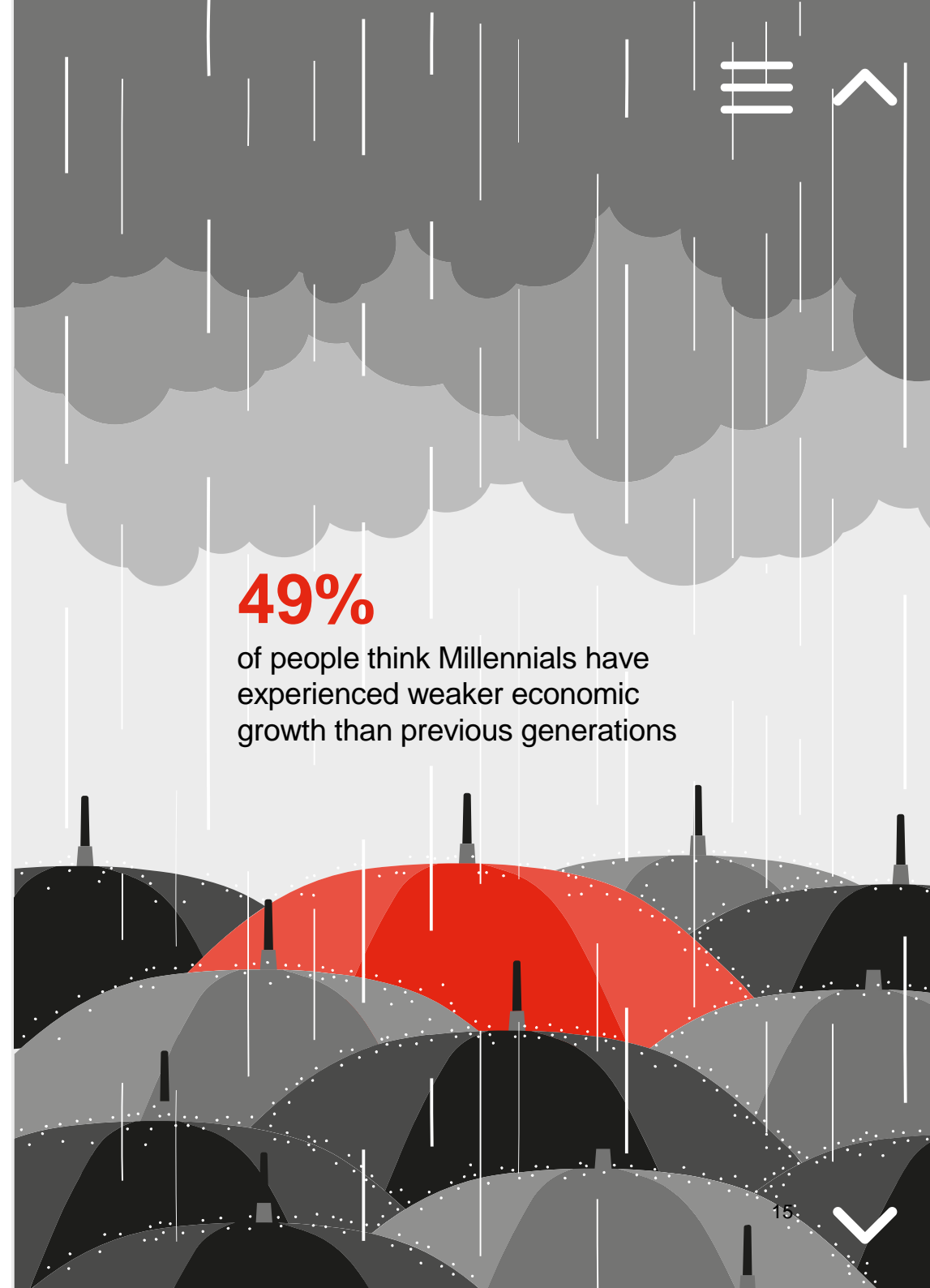


A perfect storm

The economic challenges facing the Millennial generation (those born between 1980 and 1997) are starkly reflected in their retirement prospects.

Forty-nine percent of people believe that Millennials have experienced weaker economic growth than previous generations, while **66%** agree that Millennials are paying for the economic consequences of older generations, such as the global financial crisis and rising national debt. In addition, **38%** of people believe that employer pension schemes may go bust or be unable to pay out to Millennials.

However, **67%** of people say that Millennials don't know how good they have it, enjoying a better quality of life than any generation before them.



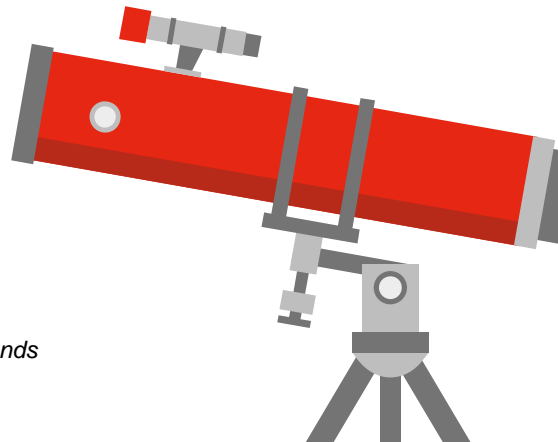
49%

of people think Millennials have experienced weaker economic growth than previous generations

Retirement prospects

When it comes to retirement, Millennials are seen as less fortunate than previous generations. Only **12%** of people think Millennials are in the best position for a comfortable retirement, compared to **42%** who think Baby Boomers are.

In terms of life expectancy and retirement planning, **65%** of people – **61%** of Millennials themselves and **72%** of Baby Boomers – believe the Millennial generation will live much longer and will need to support themselves for longer.



Expected length of retirement

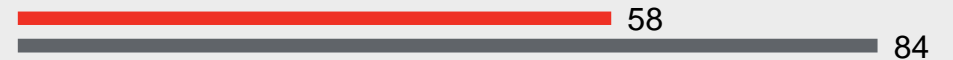
Average



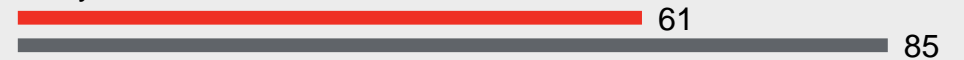
Millennials



Generation X



Baby Boomers



- Age expect to retire
- Age expect to live to

Q. What age do you expect to retire? Q. What age do you expect to live to?
 (Base: Working age people)

Taking action

On average, Millennials started saving for retirement at age **28**. However, **25%** of Millennials have not yet started saving for retirement, compared to **17%** of Generation X and **9%** of Baby Boomers.

With **76%** of Millennials concerned about running out of money affecting their retirement, **39%** are prepared to cut back on their present expenses in order to save, compared to **30%** of Generation X and **28%** of Baby Boomers. **Sixty-four percent** of Millennials see saving as a difficult but necessary task (Generation X **61%**, Baby Boomers **58%**).

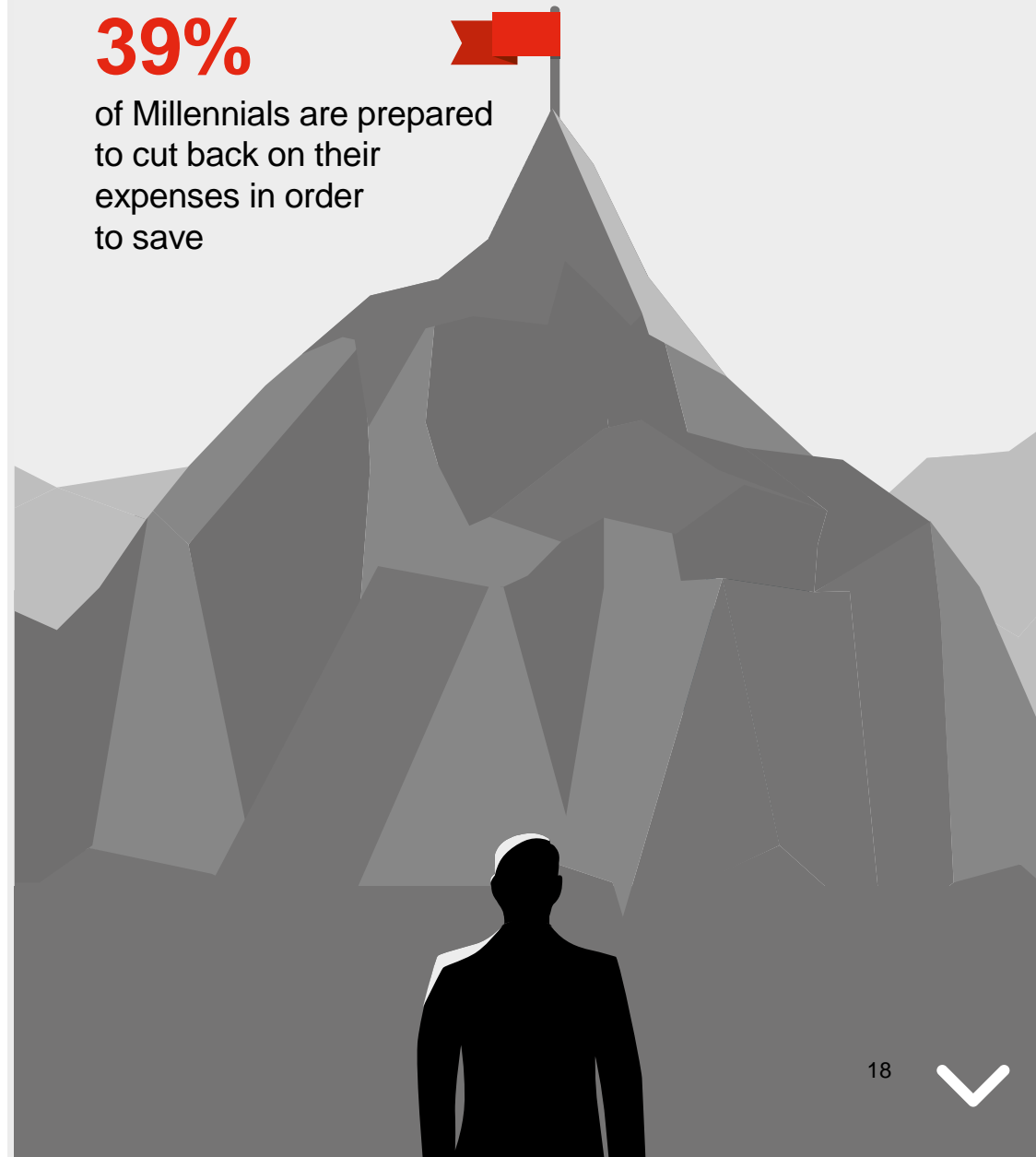
Millennials and Generation X are more likely to take investment risks than Baby Boomers. **Sixty-two percent** of Millennials and **63%** of Generation X are very willing to make risky investments to ensure their financial stability, which is higher than Baby Boomers (**50%**).

Eighty-one percent of Millennials actively seek information to guide their financial decisions, as do **77%** of Generation X and **74%** of Baby Boomers.



39%

of Millennials are prepared to cut back on their expenses in order to save



Defining the generations

Baby Boomers
Born 1945 to 1965



1945
End of WWII

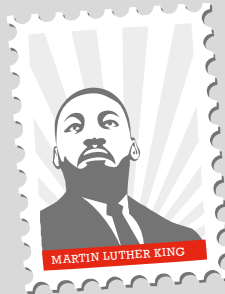


1953
Discovery of DNA



1957
European Common Market established

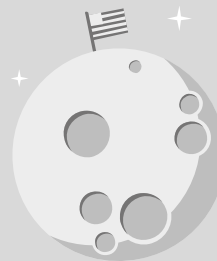
Generation X
Born 1966 to 1979



1960s
US Civil Rights movement



1969
Woodstock festival



1969
Moon landing

Millennials
Born 1980 to 1997



1989
Fall of Berlin Wall



1991
Launch of Internet



1997
First Harry Potter book





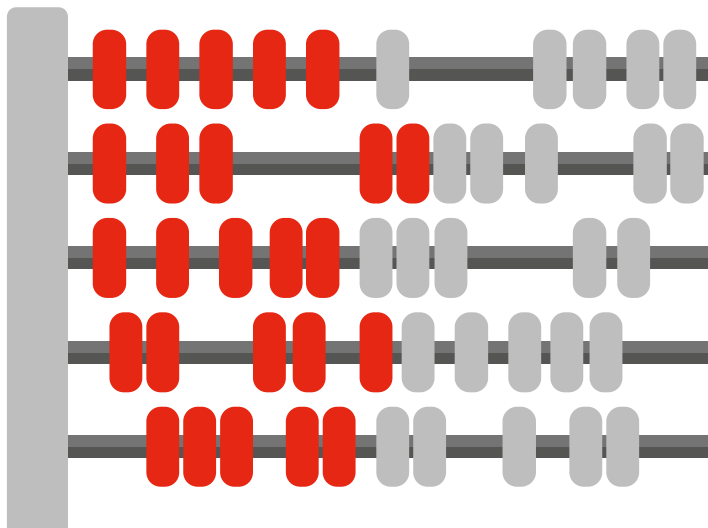
Retirement 2.0

Saving time and money

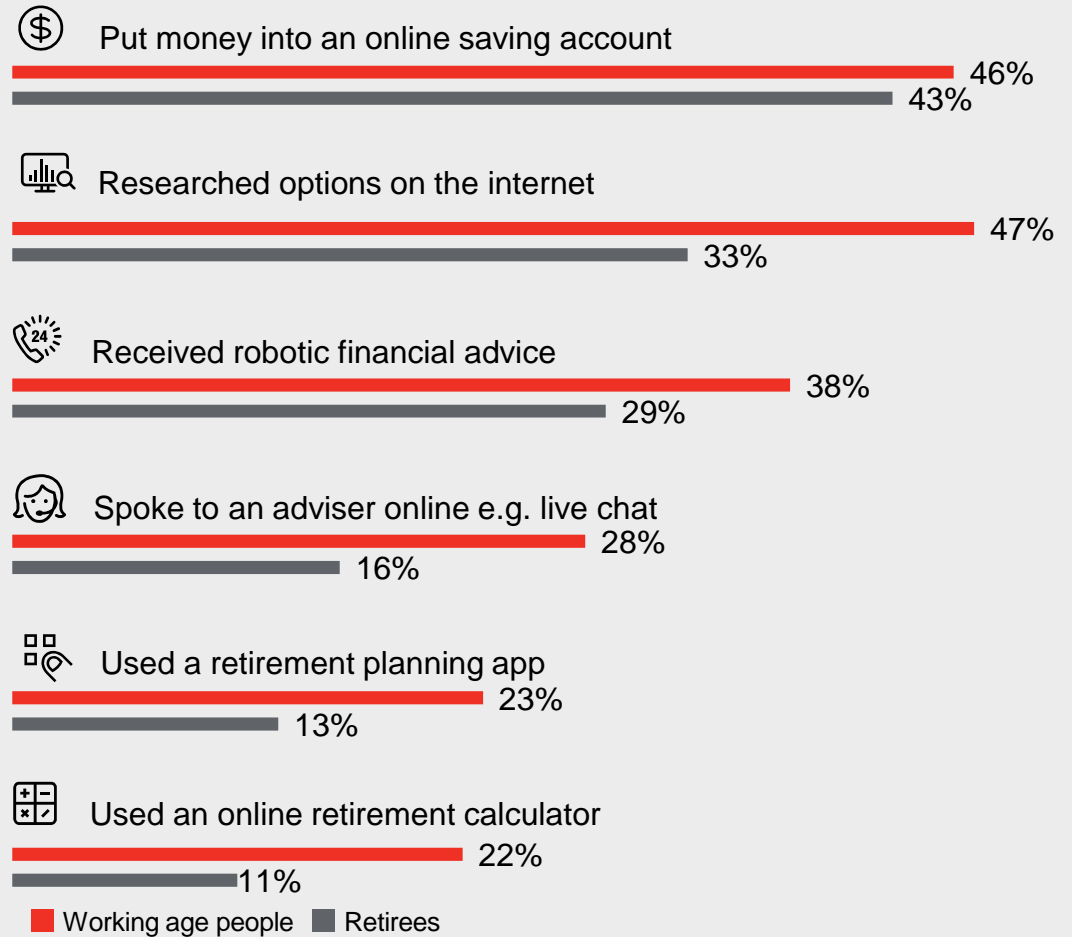
Technology is changing the way people save for retirement.

Seventy-seven percent of working age people agree that new technology makes it easier to save for their retirement.

People are using new technology in different ways to plan for and manage their retirement.



How new technologies help people plan for retirement



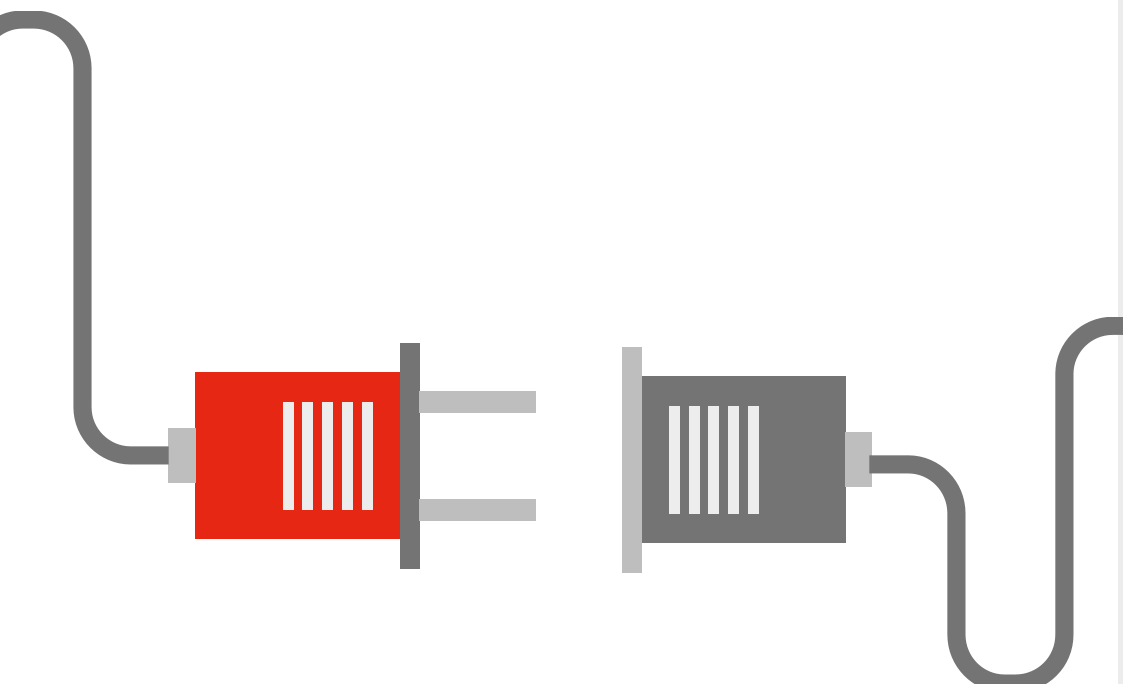
Q. What role, if any, has new technology played in helping you plan for your retirement? (Base: All)



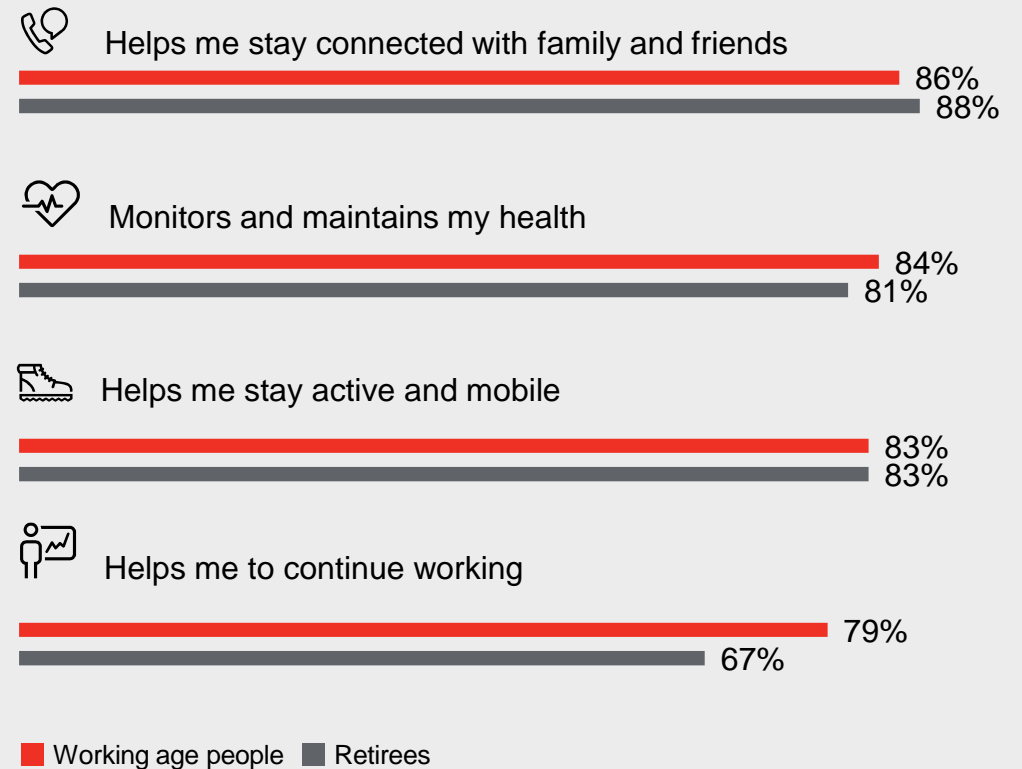
Stay connected

Additionally, over three-quarters (**78%**) of working age people believe that new technology will help give future retirees a better standard of living.

People are using or think they will use new technologies in different ways in retirement.



The role of technology in retirement



Q. Do you think you will use/are you using any of the following new technologies in your retirement? (Base: All)



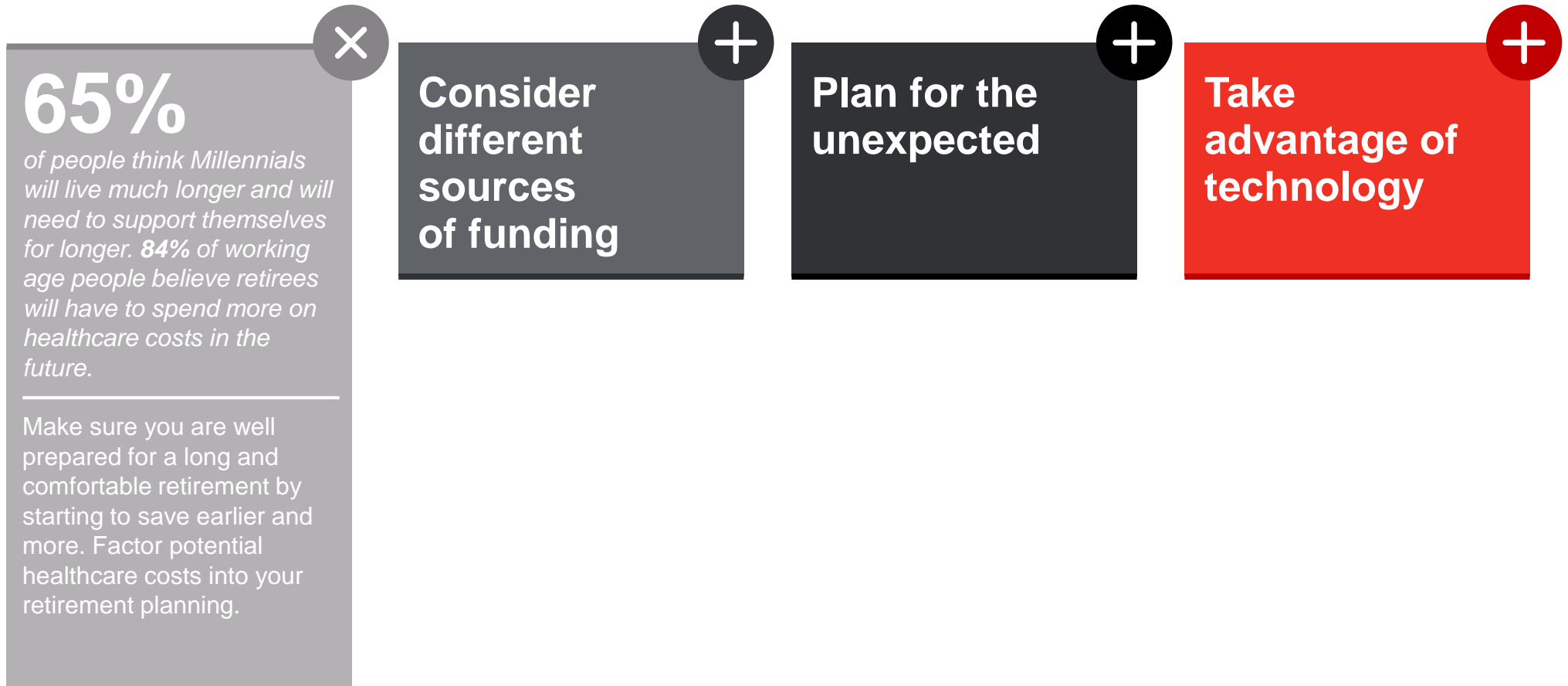
Practical steps

Here are some important insights and practical actions drawn from the research findings, which may help today's retirement savers plan a better financial future for themselves.



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65%
of people think Millennials will live much longer and will need to support themselves for longer. 84% of working age people believe retirees will have to spend more on healthcare costs in the future.

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.


Consider different sources of funding


Plan for the unexpected

Take advantage of technology


Practical steps


Here are some important insights and practical actions drawn from the research findings, which may help today's retirement savers plan a better financial future for themselves.

 **Be realistic about your retirement**

 **67%**
of working age people think low interest rates mean they will need to move their money from savings into investments. 23% think property offers the best returns for retirement saving.

Balance your ways of saving and investing for retirement to spread the risk and maximise the returns. Be realistic about your expected returns.

 **Plan for the unexpected**

 **Take advantage of technology**

Practical steps

Here are some important insights and practical actions drawn from the research findings, which may help today's retirement savers plan a better financial future for themselves.

+

Be realistic about your retirement

+

Consider different sources of funding

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38%

of people believe that employer pension schemes may go bust or be unable to pay out to Millennials. 33% of working age people would go back to work if their retirement income could no longer provide the standard of living they were used to.

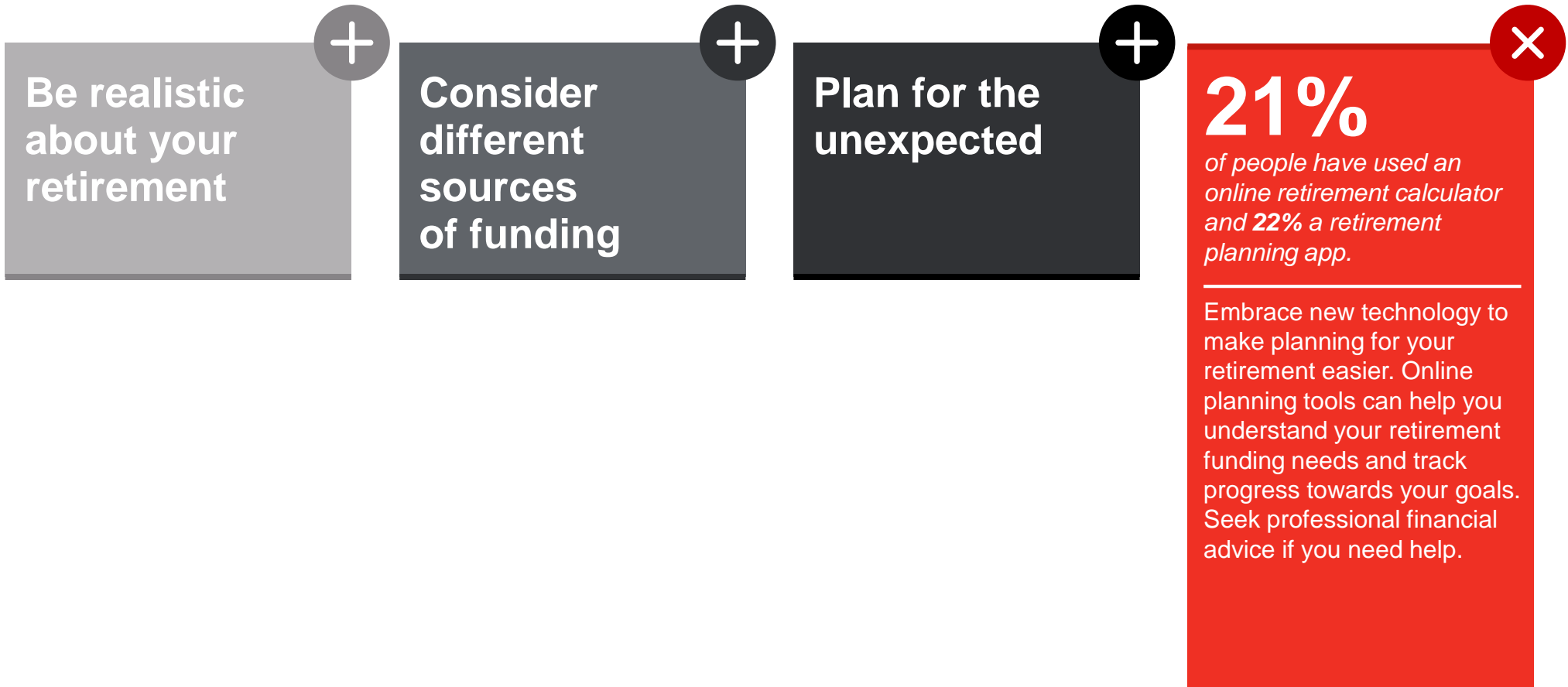
Unexpected events can have a major impact on retirement funding. Include worst case scenarios when planning your retirement and consider putting protection in place to help secure your retirement income.

+

Take advantage of technology

Practical steps

Here are some important insights and practical actions drawn from the research findings, which may help today's retirement savers plan a better financial future for themselves.



Be realistic about your retirement

Consider different sources of funding

Plan for the unexpected

21%
of people have used an online retirement calculator and 22% a retirement planning app.

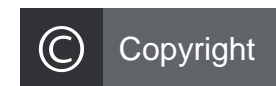
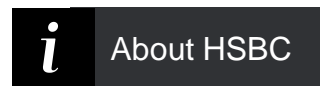
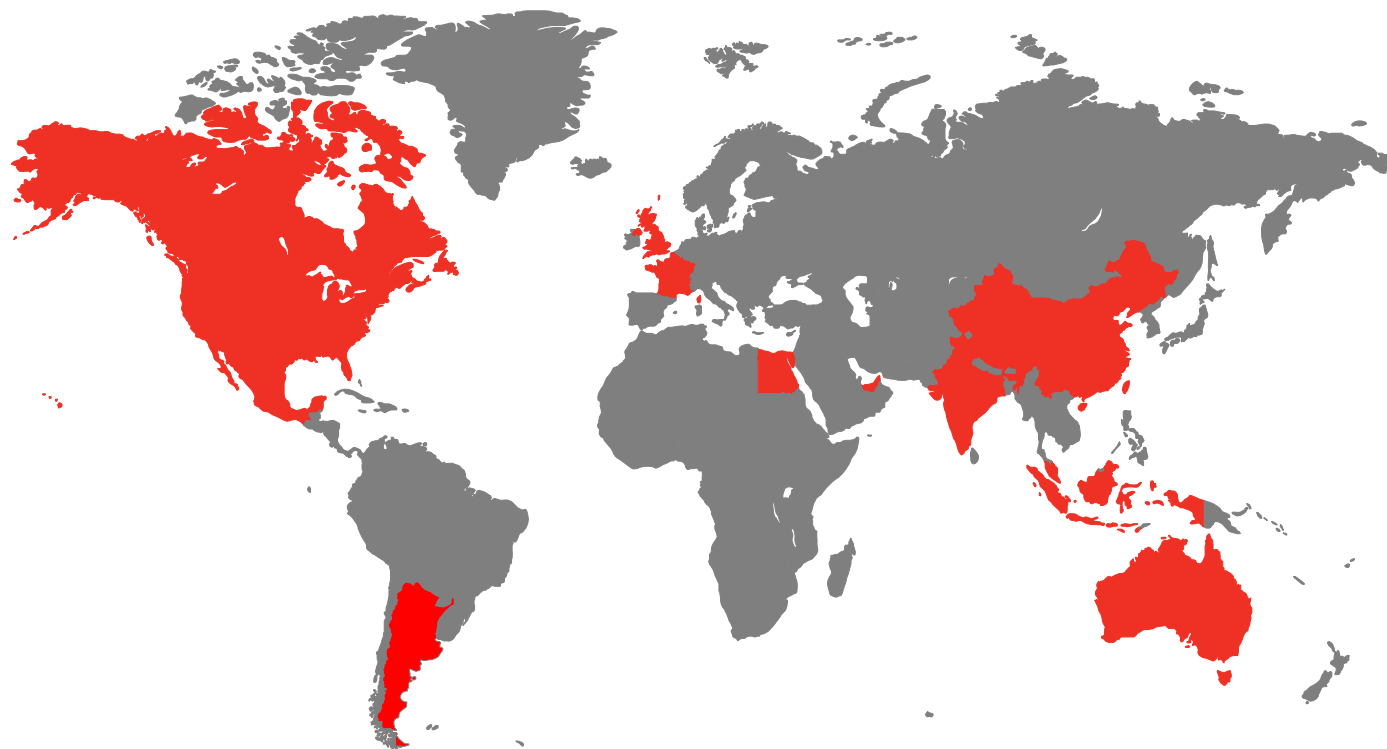
Embrace new technology to make planning for your retirement easier. Online planning tools can help you understand your retirement funding needs and track progress towards your goals. Seek professional financial advice if you need help.

The research

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 report, *Shifting sands*, is the fourteenth in the series and represents the views of 18,414 people in 16 countries and territories.

Since The Future of Retirement programme began in 2005, more than 177,000 people have been surveyed worldwide.



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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.

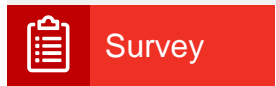
The 16 countries and territories are:

- Argentina
- Australia
- Canada
- China
- Egypt
- France
- Hong Kong
- India
- Indonesia
- Malaysia
- Mexico
- Singapore
- Taiwan
- United Arab Emirates
- United Kingdom
- United States

This country report represents the views of 1,855 people in China

Retirees are people who are semi or fully retired. Working age people are those who have yet to semi or fully retire.

Figures have been rounded to the nearest whole number.

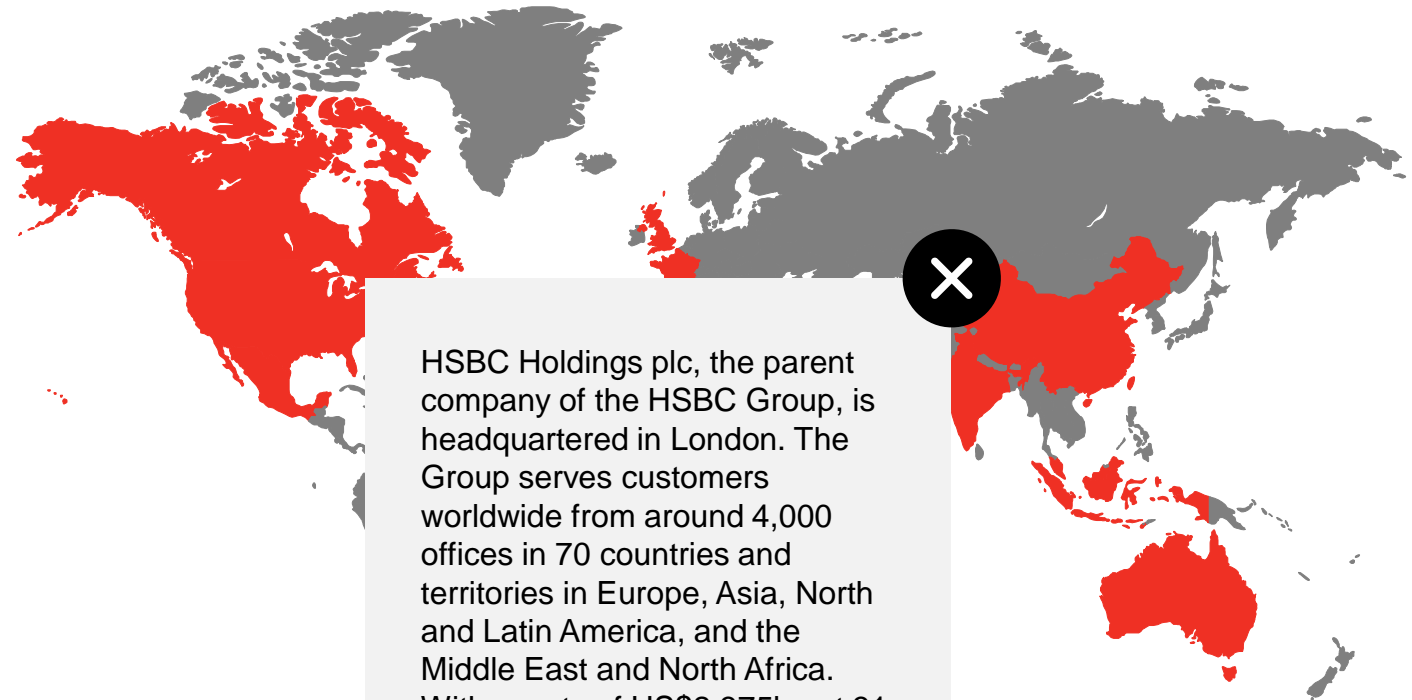


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