HSBC

News Release

## THE RETIREMENT COUNTDOWN: *Americans are now planning to save seven years longer for retirement*

- Working Americans expect to work 5 years longer than those who are retired
- 44% of American pre-retirees wish they began saving earlier
- 52% of American retirees are using cash savings to fund retirement
- On average, men begin saving for retirement at age 29, 5 years before women
- 35% of pre-retirees who are saving for retirement have stopped or faced difficulties in the savings process at some point

**New York – July 18, 2016** – Americans preparing for retirement expect to save seven years longer than current American retirees did, according to HSBC Group research. However, Americans are similarly underprepared for retirement as global pre-retirees who also cite a seven year gap.

HSBC's latest *Future of Retirement – Generations and Journeys* report surveyed 18,207 people in 17 countries worldwide, including 1,009 respondents in the United States, to understand how individuals can better prepare for their financial security at all stages of life.

**Michael Schweitzer, Global Head of Sales and Distribution, comments:**

*"Americans did stand apart from the world in one important area: the number of years in the workforce. Americans work an average of 5 years longer compared to their global counterparts - 35 years versus 30, respectively."*

### 44% of American pre-retirees wish they started saving earlier

Despite beginning to save for retirement earlier and working more years than their global counterparts, many working age Americans still don't think they are saving enough. Almost half (44%) wish they had started to save earlier, and 33% say they should have saved more by putting aside a larger share of income.

HSBC's report also uncovers that almost one in seven (14%) of working age people have still not started saving for their retirement, including 3% of those aged 60 or over.

Schweitzer explains, "*With individuals living longer and an unpredictable financial landscape possible in the years to come, it's crucial that Americans prioritize planning for retirement today in order to be adequately prepared for the future. Through the power of compounding, people who start planning early can save more than they imagined and help put themselves on a secure footing for retirement.*"

### American retirees rely less on family and more on investments or savings

According to HSBC's research, American retirees rely less on their children for support (3%) compared to the global average (12%). Hong Kong and Singapore, in contrast,

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reported receiving much higher proportions of financial support from children at 41% and 34%, respectively.

Instead, over half of retirees in the US are using cash savings to fund retirement (56%), the third highest amount globally. Other forms of funding include social security (51%), stocks (38%), mutual funds (32%) and a spouse or partner's income (29%).

Americans are also more inclined than retirees in other countries to depend on income earned from selling property, ranking the third highest at 10%.

**American men save earlier and more than women**

Women in the US are less likely than men to have started saving for retirement. HSBC's research reports 17% of women have not started saving for retirement at all, compared to 10% of men. On average, men began saving at the age of 29 while women waited until 34.

**Additional key findings**

- 22% of pre-retirees have never received advice or information about retirement
- 42% of people older than 60 expect to move into a retirement home
- 55% of people in their 40s are financially supporting others
- 59% say financial security is one of the things they value most in life

**Practical steps**

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

- **Consider all your retirement expenses:** 40% of retirees cited credit card repayments as a retirement expenditure, however, only 20% of pre-retirees expect to be repaying credit cards when they retire. When planning for retirement, make sure to list all your possible retirement expenditures.
- **Start saving earlier for retirement:** Plan to start saving for retirement earlier, to help build a bigger fund and allow it to grow for longer.
- **Seek advice from a professional**: 11% of retirees have received financial advice from only friends or family. Seek information from many sources, but make sure the advice you get is professional.
- **Expect the unexpected:** 35% of pre-retirees who are saving for retirement have either halted or struggled to save at some point. No one can predict the future, but preparing for unforeseen events can soften the impact of unforeseen life events if they do occur.

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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.This report, *Generations and Journeys*, is the 13th in the series and represents the views of 18,207 people in 17 countries and territories worldwide (Argentina, Australia, Brazil, Canada, China, Egypt, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, United Arab Emirates, United Kingdom, United States). The findings are based on a nationally representative survey of people of working age (25+) and in retirement, in each country or territory. The research was conducted online by Ipsos MORI in September and October 2015, with additional face-to-face interviews in Egypt and the UAE. Since The Future of Retirement program began in 2005, more than 159,000 people worldwide have been surveyed.

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**HSBC Holdings plc**

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