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HSBC Retirement Survey Shows Giving While Living on the Rise, Often at the Cost of Retirement Dreams

Just nine percent of working age Americans plan to save as much money as possible to pass on to the next generation

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New York, NY - Today's working age Americans are increasingly moving toward a new form of inheritance planning, redistributing their savings over a lifetime as a living inheritance versus accumulating wealth for distribution in a will.

HSBC's Future of Retirement *Choices for later life* report reveals the existence of a new living inheritance trend where more than 43 percent of U.S. retirees continue to provide regular financial support to at least one other person. This includes 10 percent who are still supporting at least one adult child. Among working age Americans, 62 percent report providing regular support to at least one other person.

At the same time, nearly a quarter (23 percent) of working age people feel it's better to spend all of their savings while they're around to enjoy it and let children create their own wealth, while less than one in ten (9 percent) plan to save as much money as possible to pass on to the next generation.

Taken together, these results suggest Americans have an overall preference to spend or give away retirement savings during life, rather than pass it to heirs after death.

The HSBC survey of more than 16,000 people in 15 countries and territories worldwide, including 1,000 respondents in the United States, also reveals a mismatch between inheritance hopes and reality. Nearly three in five (59 percent) working age Americans expect to leave a financial legacy to their children. However, less than a third (31 percent) report actually receiving one.

Commenting on the findings, Andrew Ireland, EVP and Head of Premier Banking, HSBC Bank USA, N.A., said: "Living inheritances add another dimension to the already complex financial pressures faced by retirees. A desire to support loved ones during your lifetime is of course understandable, but for many people this comes at a cost both to their retirement dreams and to their ability to leave a legacy."

"At the same time, people are putting their future finances at risk by relying on an inheritance from retired loved ones, as this may not always be forthcoming."

Many U.S. retirees are relying on a bequest to fund their later years, with more than a quarter (29 percent) of those who've received or expect to receive an inheritance believing it will fully or partly fund their retirement. Among working age people, nearly half (49 percent) expect to receive a legacy which will support them later in life.

The living inheritance is a concern for a quarter (25 percent) of U.S. retirees who worry about not being able to support family or friends financially. Approximately the same number, (23 percent) also fear becoming reliant on family or friends for financial support. In addition, the research found that nearly two-thirds of U.S. retirees (59 percent) have been unable to realize at least one of their hopes and dreams since retiring, a potential consequence of 'giving while living.'

"It's essential that people of all ages adequately prepare for life's later stages. Even the smallest amount saved today can contribute to the lifestyle you want in retirement and the legacy you hope to leave. Those who fail to plan may find that any kind of inheritance is unlikely and also that a comfortable retirement is beyond reach," Ireland concluded.

HSBC's research identifies four actions to help today's retirement savers plan for a better financial future.

1. Remember your financial commitments:

43 percent of U.S. retirees provide regular financial support to at least one other person. Of these, one in ten is currently supporting one or more child over the age of 16. Globally this figure jumps to 22 percent.

Providing financial support for family members - such as a partner, children, or aging parents - may be a reality throughout your working life and continue into retirement. Contemplate your own and your family's long-term financial needs, and make sure to include both in your retirement planning.

2. Be realistic:

Globally, a total of 73 percent of retirees say they've not achieved at least one of their hopes and aspirations since retiring. In the U.S., 59 percent of Americans share this sentiment - a comparatively low level globally, undercut only by the U.K. at 53 percent.

Retirement offers many choices. Decide what kind of retirement you want and be honest about how much it will cost.

3. Consider your long-term work timeline:

Semi-retirement - a middle ground between full-time work and retirement - is fast becoming the norm as 42 percent of working age Americans say they want to semi-retire before retiring completely. This is an increase from the 22 percent of current retirees who initially semi-retired. On a global scale, over half (56 percent) of working age respondents say they're interested in doing so.

With the rise of semi-retirement, there are more non-traditional retirement options than ever. Consider what age you can realistically afford to fully retire, and whether or not you'd like - or expect - to semi-retire.

4. Have a plan:

Nearly half (49 percent) of working age Americans who've received or expect to receive an inheritance believe it will fully or partially fund their retirement. U.S. pre-retirees are conservative in this expectation compared to the global average of two in three (66 percent).

Give some thought as to how you will fund your retirement and don't bank on receiving an inheritance. Make sure you have a realistic financial plan in place and seek professional financial advice if you need help.

Notes to editors:

About the report:

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 aging populations and increasing life expectancy around the world. This global report, Choice for later life, is the eleventh in the series and represents the views of more than 16,000 people in 15 countries and territories worldwide (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 an online poll conducted by Ipsos MORI in August and September 2014. Since The Future of Retirement program began in 2005, more than 141,000 people worldwide have been surveyed. U.S. findings are based on a nationally representative survey of 1,000 people of working age (25 and over) and in retirement. It was conducted online by Ipsos MORI between August and September 2014.)

For more information about The Future of Retirement, and to view all previous global and country reports, visit www.hsbc.com/retirement.

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Media Contact

- Neil Brazil

- neil.brazil@us.hsbc.com
- + 1 847-208-4319

Media Relations Contacts

The contacts listed here are for media-related inquiries only. For customer service, please visit "Contact HSBC."

- Juanita Gutierrez

212.525.6282

- Laura S. Powers

212.525.0115

- Rob Sherman

212.525.6901

- Neil Brazil

212.525.0269

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