

# The Future of Retirement

## What the world wants

Press release — Wednesday 26th April 2006

### HSBC finds global desire for a productive and self-sufficient retirement but business is slow to adapt

**Largest global study on retirement ever undertaken — 20 countries and territories**

**43% want to self-fund retirement**

**36% support compulsory saving for retirement — the first choice option for funding later life**

**72% want to scrap mandatory retirement**

**49% of employers recognise the high value of older workers, but many lack the practices to attract and retain them**

The largest global survey into attitudes towards ageing and retirement ever conducted has found that, around the world, people want to abandon traditional models of retirement in favour of self-sufficiency and a mix of work and leisure. Given a choice, most people (36 per cent) think their government should enforce additional private savings, rather than increase the retirement age (23 per cent), raise taxes (12 per cent) or reduce pensions (12 per cent). HSBC's 'Future of Retirement: What the world wants' study surveyed 21,000 people and 6,000 companies in 20 countries and territories and found that, while many older people want to work, and most employers recognise their skills, opportunities are still limited.

Nearly half (43 per cent) of individuals worldwide expressed a desire to fund their own retirement either through savings or by working later, perhaps part-time. But the research also revealed that, while 49 per cent of the world's employers recognise that older workers are just as productive and motivated as younger ones, most are slow to make the most of the opportunity they present.

Stephen Green, chief executive, HSBC Holdings plc, said, "HSBC's *Future of Retirement: What the world wants* research shows that individuals increasingly expect to bear their own costs in later life, but governments and business must understand their role in continuing to support individuals. They cannot afford to shy away from the enormous challenges and opportunities presented by global ageing."

#### 'Help us help ourselves'

HSBC's research shows that individuals in most countries worldwide want to be primarily self-sufficient in funding their retirement. But a "confidence gap" exists as one in three (30 per cent) people worldwide believe the government should bear their costs in retirement, compared to just one in five (21 per cent) who believe they will. Individuals also want governments to do more to help them help themselves, such as introducing enforced additional private savings.

How individuals think governments should finance ageing populations (in per cent)

	Global	Canada
Enforce additional private savings	36	38
Increase retirement age	22	28
Raise taxes	12	14
Reduce pensions	7	6

Source: HSBC Future of Retirement Research 2006

Canadians are more likely than most respondents to believe that they themselves should bear most of the financial cost of their retirement (56 per cent versus 43 per cent globally). Canadians also are far less likely to rely on assistance from their children in their old age. Only 18 per cent expect to live

# The Future of Retirement

## What the world wants

with their children (compared to 34 per cent globally); 43 per cent expect their children to care for them (compared to 52 per cent globally); 13 per cent expect their children to help pay living expenses (compared to 29 per cent globally) and 16 per cent expect their children to help pay medical expenses (compared to 30 per cent globally).

Dr Sarah Harper, director, the Oxford Institute of Ageing, said, “The idea of a period of funded leisure at the end of one’s working life has become firmly established, evolving since the 1940s from being seen as a rest, to a reward and now as a right. For the first time, though, The Future of Retirement research shows support globally for some form of compulsory savings for retirement.”

### Working past traditional retirement age

According to HSBC’s research, people the world over want to continue working past traditional retirement ages, with nearly three quarters (72 per cent) of respondents rejecting the notion of a mandatory retirement age, believing that employees should be able to go on working to any age as long as they are capable of doing the job well. People have a variety of reasons for wanting to continue to work, including the need for money (25 per cent), to have something meaningful and valuable to do with their time (22 per cent), to keep physically active (21 per cent), to connect with others (13 per cent) and for mental stimulation (13 per cent). Notably only one in four people chose money as their main reason for wanting to work beyond retirement age.

When should someone retire? (in percent)

	Global	Canada
When the time is right	36	49
When they are no longer able to work	25	13
At a certain age	21	10
When they can afford to	15	26

Source: HSBC Future of Retirement Research 2006

### Older workers are valued

Compared to expectations, HSBC’s research shows that employers across the globe believe older workers are not only more loyal and reliable than younger workers (58 per cent and 53 per cent, respectively), but also just as productive and motivated (49 per cent and 45 per cent, respectively).

HSBC’s research reveals that Canadian employers overwhelmingly view older workers as at least as productive (91 per cent), reliable (99 per cent) and loyal (99 per cent) as younger workers with a significant portion of employers feeling they were at least as flexible (70 per cent) and motivated (82 per cent). Only 66 per cent of Canadian employers believe that older workers learn as quickly as their younger counterparts and only 31 per cent view them as technologically oriented.

Individuals indicate that they want more flexible employment practices to help them continue working past traditional retirement age, such as the ability to guide and teach younger workers (39 per cent), the opportunity to learn new skills (32 per cent), the ability to undertake less physically demanding work (31 per cent) and the opportunity to work fewer hours (32 per cent).

However, HSBC has found that employers aren’t doing enough to retain older workers, which puts the continuity of the corporate culture at risk and raises the prospect of a worsening future skills shortage and experience drain. However, nearly half (49 per cent) of employers recognize the high value of older workers, but may lack the practices to attract and retain them.

# The Future of Retirement

## What the world wants

Employers' reasons for not doing more to recruit older workers (in percent)

	Global	Canada
Not an urgent issue	33	38
No need	30	33
Work too physical	28	32
Too expensive	25	29
Not as capable	16	12
Government regulations / policies	16	12
Not as valuable	8	3
Union policies	7	9

Source: HSBC Future of Retirement Research 2006

Dr Ken Dychtwald, chairman of Age Wave and special advisor on global ageing to HSBC, said, "HSBC's Future of Retirement research shows that employers have already begun to change their opinions of older people in the workforce. However, we were fascinated to see that many older workers are looking for more flexible arrangements, such as part-time work or even alternating between periods of work and leisure in later life. Moreover, for many, non-monetary rewards — such as stimulating work, the ability to continue learning, or the opportunity to teach younger workers — are often viewed as more important than financial compensation."

### Retirement is an active and positive time

Universally, people associate retirement with freedom, happiness and satisfaction. Family, friends and fitness define the quality of later life, not money, and people want to remain active, contributory and involved in some kind of work in their later years. Key to achieving aspirations for later life is preparation, in all its forms, but most notably the flexibility that financial preparation affords. More than ever before, people are seizing the initiative of taking responsibility, yet they still want the support of their government to help them to save, by enforcing additional private savings.

Individuals' view of keys to happiness in old age (in percent)

	Global	Canada
Loving family and friends	67	73
Keeping fit	61	61
Not having to worry about money	42	50
Staying young at heart	35	45
Having a strong religious faith	33	19
Keeping your mind sharp	32	36
Avoiding stress	28	32
Having work you enjoy	25	21
Having ambitions and dreams	23	24
Continually trying new things	14	20

Source: HSBC Future of Retirement Research 2006

HSBC believes that governments, employers and individuals cannot afford to shy away from the enormous challenges and opportunities presented by the world's rapidly ageing population. However, the bank does recognise that understanding and adjusting to the issues thrown-up by increased longevity will take the global community many years. HSBC's Future of Retirement project is playing a key role in raising awareness among individuals, employers and governments.

Green added: "HSBC remains committed to both understanding the evolution of global attitudes among individuals, employers and governments towards retirement and ageing and to leading the worldwide debate on issues associated with increased longevity. HSBC's success over the last 140 years has rested on knowing its employees and customers, their attitudes and ambitions, and acting accordingly."

For further information log on to [www.thefutureofretirement.com](http://www.thefutureofretirement.com)

**Ends**

# The Future of Retirement

## What the world wants

### Notes to Editors

1. Research was undertaken in 20 countries and territories. Interviews were conducted with over 21,000 individuals and the attitudes of 6,000 employers were also canvassed, allowing their views to be compared and contrasted. This compares to 10 countries and territories, surveying approximately 10,000 people in 2005.

2. “Trendsetters” contrast with the greater numbers of people still in traditional, rural, family-based employment, or working in primary industries such as mining, fishing or forestry. These “trendsetters” are already taking on the behaviour and lifestyles of their peers in Western Europe and North America, and there are indications that they will also follow the advanced economies in adopting the new forms of retirement and ways of living in later life. The attitudes and behaviour of this key group of individuals and employers may well influence those of the wider population in the transitional economies in the future.

### ***The Future of Retirement: What the world wants***

*The HSBC Future of Retirement: What the world wants* is the second wave of the largest, most comprehensive research into global attitudes towards ageing, retirement and increased longevity ever undertaken. The Future of Retirement was originally launched in 2005 and the first report surveyed 10 countries and territories. In conjunction with Harris Interactive, Age Wave and through the newly announced five year strategic alliance with the Oxford Institute of Ageing, the 2006 research was conducted among some 21,000 consumers and 6,000 employers in 20 countries and territories; UK, USA, Hong Kong, China, Japan, Brazil, India, Canada, Mexico, France, Singapore, Saudi Arabia, Malaysia, Germany, Indonesia, Egypt, Poland, Russia, Turkey and Sweden. Between them, these countries account for 62 per cent of the world’s population.

The Future of Retirement study is just one of many HSBC initiatives focused on ageing and longevity issues. These initiatives will contribute towards the development of a unique and ground-breaking body of knowledge that will continue to help engage and inform individuals, employers and governments worldwide.

Further information can be found at [www.thefutureofretirement.com](http://www.thefutureofretirement.com)

### **HSBC Holdings plc**

HSBC Holdings plc is headquartered in the UK. The HSBC Group serves over 125 million customers worldwide from more than 9,500 offices in 76 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$1,502 billion at 31 December 2005, HSBC is one of the world’s largest banking and financial services organisations. HSBC is marketed worldwide as ‘the world’s local bank’. HSBC Bank Canada, a subsidiary of HSBC Holdings plc, has more than 170 offices and is the leading international bank in Canada.

Further information can be found at [www.hsbc.com](http://www.hsbc.com)

### **Oxford Institute of Ageing Institute of Ageing**

The Oxford Institute of Ageing, founded in 2001, is a multidisciplinary institute within the Social Sciences Division at the University of Oxford. It addresses the globalisation of ageing at the global, societal and individual level. Under the directorship of Dr Sarah Harper, it carries out research into population ageing, analysing the economic, social, political and demographic implications at both the national and international levels. It also works with the corporate, policy, media and governance sectors, advising on the implications of population ageing. The Oxford Institute of Ageing has recently entered into a strategic alliance with HSBC.

Further information can be found at [www.ageing.ox.ac.uk](http://www.ageing.ox.ac.uk)

# The Future of Retirement

## *What the world wants*

### **Age Wave**

Under the leadership of founder Dr Ken Dychtwald, Age Wave guides some of the world's largest companies, as well as governments, in developing products and services for "baby boomers" and mature adults. HSBC has been working with Dr Ken Dychtwald and Age Wave on The Future of Retirement project since 2004. In July 2005, Dr Ken Dychtwald took on the role of Special Advisor on Global Ageing to HSBC.

Further information can be found at [www.agewave.com](http://www.agewave.com)

### **Harris Interactive**

Harris Interactive Inc. is one of the largest and fastest growing market research firms in the world. Based in New York State, this global research company blends premier strategic consulting with innovative and efficient methods of investigation and analysis.

Further information can be found at [www.harrisinteractive.com](http://www.harrisinteractive.com)

### **For more information contact:**

Ernest Yee  
Assistant Vice President, Public Affairs  
HSBC Bank Canada  
(604) 641-2973

Sharon Wilks  
Senior Manager, Public Affairs  
HSBC Bank Canada  
(416) 868-3878