

The Future of Retirement

The new old age

22 May 2007

HSBC REVEALS BILLIONS CONTRIBUTED BY OLDER PEOPLE

*** *In the UK, those in their 60s and 70s contribute £59¹ billion to economy* ***

*** *70 is the new 50, as people feel healthier for longer* ***

*** *Largest study of older people ever undertaken: 21 countries, 21,000 people* ***

The third annual *HSBC Future of Retirement* study, the largest study of ageing and retirement ever undertaken, has found that far from being a drain on society, older people are huge contributors to the economic and cultural wellbeing of their nations. Conducted with Oxford University's Oxford Institute of Ageing, *The Future of Retirement* project surveyed 21,000 people in 21 countries and territories.

The study explodes the myth that older people are dependents whose care drains vital resources from nations struggling to cope with ageing populations. In fact, through taxation, volunteer work and the provision of care for family members, HSBC has found that those in their 60s and 70s are the foundations upon which their nations build.

In Canada, for example, HSBC calculates people aged between 60 and 79 contribute \$2.2 billion each year in tax payments and \$3.1 billion in volunteer work.

Stephen Green, HSBC Group Chairman, said: "We are living longer and, in many societies, living better than ever. This should be cause for celebration, but recognition of this achievement is too often buried beneath concern over the funding of retirement. This unique study shows that we should not allow such fears to obscure the enormous contribution that those over 60 make to all of our lives."

Clive Bannister, Group Managing Director, HSBC Insurance, said: "It is clear that we need to rethink our approach to later life and to understand and appreciate the value of the work our older people do every day. The ageing of the world's population over the next half-century will bring fundamental change to societies. Understanding the issues created by changing patterns in society is crucial to how we support both our customers and employees."

Drain or gain?

The *HSBC Future of Retirement* study found that a fifth of people (19 per cent) aged 60- 70 volunteer, with a further one in six (15 per cent) giving as much as half a day each week. In the US, the over 60s provide 3.67 billion hours per year of voluntary work. At the federal minimum wage of US\$5.15 per hour, that's worth US\$18.9 billion every year. In the UK, people over 60 contribute 792 million voluntary hours per year, which at the minimum wage of £5.35 an hour is worth a total of £4.2 billion and in Canada they contributed 416 million voluntary hours per year, which at the minimum wage of C\$7.55 is worth a total of C\$3.1 billion.

This isn't limited to mature economies. Older people in transitional economies also make significant voluntary work contributions. For example, in India, people over 60 give over 1.3 billion voluntary hours per year worth a total of £192 million (or 15.8 billion Rupees) to the economy.

The Future of Retirement

The new old age

Across the globe, large proportions of the over-60s remain in work. In mature economies, between a fifth and a half of people are still in work in their 60s. Even in the transitional economies, there are large numbers active in the labour market in their 60s and even 70s.

See Appendix 1 for tables of international contribution figures

The research also indicates that the trend of taking early retirement in mature markets, with the exception of Germany, is declining. People not only expect but want to continue working. Worldwide, seven out of ten people (71 per cent) currently in work, who expect to continue to working rather than retiring early, say it is because they want to. Only in Russia, India and the Philippines and South Korea, is there a strong feeling that individuals have to work longer than they would prefer.

Professor Sarah Harper, Director, the Oxford Institute of Ageing, said: “The HSBC research revealed that older people make a substantial contribution to the family in financial, practical and personal care and support. The value of this social care and support within the family is enormous at over £50 billion, or around 3 per cent of GDP in the UK alone.

Globally, more older people provide financial, practical and even in some case, personal care, than receive it. For instance, of those providing financial support 16 per cent of those in their 60s and nearly one-third of those in their 70s provide financial support to grandchildren. Older people in all of the mature and most transitional economies surveyed provide substantially more financial and practical support than they receive.

70 is the new 50

According to HSBC’s research, people the world over are now able to live the lives at the age of 70 that previous generations would have enjoyed at 50. People in their 60s and 70s generally feel in good health, and there are only small differences between people of this age and those in their 40s and 50s in terms of control and quality of life.

In mature economies, three quarters (75 per cent) of people globally in their 60s feel in good or very good health. The highest proportions of healthy people in their 70s are to be found in Canada (76 per cent), the UK (73 per cent) and the United States (72 per cent). But this isn’t a Western phenomenon. Generally, the transitional economies surveyed report good levels of health too.

Moreover, to go above and beyond perceived health, the survey identified 11 everyday tasks that most people undertake regularly and asked if they caused them any difficulty. Globally, less than a half of those surveyed had difficulty with any of the daily tasks listed.

The Future of Retirement

The new old age

Family – older people are the cement

The shape of the family is changing. In mature economies, falling birth rates and increasing longevity have meant that families are smaller with more members of each family still alive – creating ‘beanpole’ families. We now have long ‘skinny’ families with an increasing number of four- or five-generation families, with fewer people in each generation. These beanpole families are also often being joined together through remarriage.

Professor Harper said: “While we have fewer brothers, sisters and cousins, we not only have more living parents, grandparents and great-grandparents than ever before, but we also now enjoy increasing numbers of step relations. So, while some commentators lament the decline of the family, longevity is actually helping it thrive, and HSBC’s research bears this out.”

Families define who we are. Across the world, with the exception of Saudi Arabia where the answer is religion, the majority of people say they are defined by their family.

For further information log on to www.ageingforum.org

Ends

The Future of Retirement

The new old age

Notes to Editors

1. £4.2 billion in voluntary work, £x billion in income tax and £50 billion in family care. Calculations are based upon minimum wages and standard tax rates. According to estimates by the Oxford Institute of Ageing, the UK provision of informal care by people aged 50 and over amounted to between 19 and 75 billion pounds in 2006, or between 1.51 and 5.83% of GDP. For people aged 60 and over, total costs amounted to between 11 and 50 billion pounds or between 0.9 and 3.9% of GDP, depending on costing convention. This is whether the value of care is assumed to correspond to the minimum wage (currently £5.35 per hour), to average unit costs in formal home care (currently £9.40 per hour) or to the average hourly wages for males and females (currently £12.11 and £14.62, respectively). In addition, this is also whether stated hours spent caring are equal in time to that which would be taken by a carer from the formal sector, or should be seen to include periods of "non-care but accompaniment" by family carer.

The Future of Retirement: The new old age

Further information can be found at www.ageingforum.org

HSBC Holdings plc

HSBC Holdings plc is headquartered in the UK. The HSBC Group serves over 125 million customers worldwide from around 10,000 offices in 82 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$1,861 billion at 31 December 2006, 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

Oxford 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

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

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The Future of Retirement

The new old age

Appendix 1 – International Contribution Tables

	Number of people over 60 still in paid work (Both Full / Part Time)	Number of hours worked by people over 60 each year	Total tax contribution (GBP)
UK	3.2 m	4.2 b	5.5 b
US	11.5 m	15.3 b	9.6 b
Canada	1 m	1.3 b	1 b
Hong Kong	0.1 m	186 m	81.5 m
Brazil	2.7 m	4.5 b	196.6 m
Mexico	2 m	3.4 b	104.6 m
France	0.3 m	380 m	782.9 m
Japan	7.7 m	11.1 b	7.6 b
China	14.2 m	21.2 b	491.3 m
India	17 m	32.4 b	1 b
Singapore	0.1 m	184 m	169.3 m
Saudi Arabia	0.2 m	273 m	13.9 m
Malaysia	0.3 m	484 m	93.4 m
Germany	3.3 m	4.6 b	11.4 b
Russia	4.6 m	7.8 b	425.2 m
Turkey	0.1 m	225 m	70.8 m
Denmark	0.9 m	115 m	272.4 m
Philippines	1.8 m	3.1 b	162.4 m
South Korea	1.2 m	2.1 b	369.3 m
Taiwan	0.3 m	548 m	162.5 m
South Africa	0.5 m	801 m	191.4 m

	Number of voluntary hours done by people over 60 each year	Total voluntary contribution (GBP)
UK	776.6 m	4.2 b
US	3.7 b	9.5 b
Canada	415.7 m	1.4 b
Hong Kong	22.7 m	97.1 m
Brazil	201.8m	41.8 m
Mexico	201 m	36.8 m
France	908.3 m	5.1 b
Japan	1.6 b	4.6 b
China	2.1 b	192.3 m
India	1.3 b	192 m
Singapore	19.4 m	156.9 m
Saudi Arabia	7.8 m	15.8 m
Malaysia	59.7 m	75.8 m
Germany	1.3 b	11.3 b
Russia	214 m	89.5 m
Turkey	83.9 m	108.9 m
Denmark	58.4 m	953.3 m
Philippines	207.9 m	54 m
South Korea	304.1 m	249 m
Taiwan	86.9 m	117.2 m
South Africa	55.1 m	42.4 m

Appendix 2– Future of Retirement: The new old age Executive Summary

The increase in the number of older people seems more often to be a cause for alarm than celebration. We hear about the funding crisis, the dependency ratio, the strain on our health services and the breakdown of family bonds – all allegedly caused by rapid rises in the number of frail and dependent elderly people. But how widespread is frailty and dependency among the globe’s growing older population, and is the fact that people are living longer such a cause for concern?

This report, the *HSBC Future of Retirement* third annual global survey of older people, work and retirement, reveals that older people, those in their 60s and 70s, are vitally important to our families, communities and workplaces. Indeed, the survey finds that while there may be questions arising over increasing health demands from those over 80, those in their 60s and 70s are healthier, happier and fitter than ever before. There may be more of them, but they are in the main, active contributory adults, without whom our families, communities and even in some cases, our work places, could not flourish

The Future of Retirement

The new old age

Older people are significant contributors to society

The HSBC Survey reveals that older people, are significant contributors. The data shows that people over 60

- **Contribute to society** – older people are contributing billions of dollars to the global economy in voluntary work.
- **Contribute to the workforce** – older people are contributing to their communities and the economy through their labour and their taxes.
- **Contribute to their families** – more older people are giving money, support and care to families and friends than there are receiving it.

They can do this because they are more fit and active than ever before, they feel they are in control of their lives, that they are independent rather than dependent, and are generally looking forward to the next 20 to 30 years of life. In voluntary work alone, the over-60s make an enormous contribution to their communities. Of all those surveyed, around a third are current volunteers or have volunteered in the past. Of those who do volunteer, over 50% give half a day each week. In the USA and UK alone, this activity is worth some \$23 billion dollars a year. Across the globe, large proportions of the over-60s remain in the workforce. In the mature economies, between a fifth and a half of men and women are still in work in their 60s, while in the USA a fifth of those in their 70s are still employed. In the transitional economies, there are large numbers active in their 60s and even 70s in the informal economy, though less in the modern service and manufacturing sectors. Older people provide a great deal of care and support for their friends and families and make substantial financial transfers to younger people within families and households. The HSBC survey showed that more older people give support to their family than receive it. Indeed, the contribution of older people is fundamental to the care and support that contemporary families provide.

Families are strong and important

The HSBC survey shows that despite all the changes that the concept and nature of the family has been subject to – the family is still chosen by the overwhelming majority of survey respondents as defining “who they are.” In addition most people believe that families should be responsible for their members. In mature economies, falling birth rates mean that families are smaller now. However, longer lives mean that more members of each family are still alive. This has led to long “skinny” families with an increasing number of four- or five-generation families, with fewer people in each generation. These families have more vertical than horizontal linkages, and can be referred to as “beanpole” families. There has been some concern that these new family forms may lead to people seeing their families as less important to them, and that this will reduce their willingness to care for their family members – especially the eldest and most dependent. In transitional economies, there is concern that migration and other social changes will lead to a lack of family support exposing frail older people to vulnerability and need. However, the HSBC Future of Retirement survey has shown that across the globe, people all over the world have considerable contact with family members, and that they feel responsible for the welfare of other members of their family. Globally, practical and personal support to older people in need is seen to be the responsibility of the family, while financial support is deemed to be the responsibility of the state as well. In addition, individuals feel strong personal identification with family members, and overwhelmingly feel that the family defines who they are as a person.

Health, Independence and Control

Around the world, people living in mature societies and the trendsetters in the transitional economies, seem to experience only modest – if indeed any – decline in their quality of life as they age into retirement. The survey shows that people in their 60s and 70s generally feel in good health, and that there are only modest differences between those age groups and people in their 40s and 50s in terms of control and quality of life. In fact, for some people these things actually improve after the age of 60. In the transitional countries those whom we surveyed, the trendsetters, are likely to be in better health than many of those in the rural populations. However, we can still see that globally, people in their 60s and 70s often lead independent lives and feel optimistic about themselves and the future. The fact that those in urban, modern living environments in Asia, Latin America and Africa, appear to be taking on similar health and quality of life patterns to those in the mature economies is an important indication of the trend towards the new old age across the globe.

The Future of Retirement

The new old age

Immediately after retirement, particularly in mature economies, individuals appear to experience a boost in health status, quality of life and feelings of control and independence. This is the 'Retirement Bonus'.

Better than expected

The experience of life in retirement, after 60, is almost everywhere better than expected – whether we look at missing work, financial security or standards of living. The data from the HSBC Future of Retirement survey shows that, far from being a time of misery, penury and frailty, life for most people in their 60s and 70s is characterized by good health, independence, control and a good quality of life. In terms of how people feel and what they are capable of, we believe that 70 can be said to be the new 50. Such findings have significant implications. People in their 60s and 70s are a tremendous asset to society, not generally a burden. Those in power need to respect this and ensure policies are in place to enable older people to remain as active as they wish and are able. Employers need to recognize the value of older workers and that they can be a considerable asset to workplaces. Within families and communities, older people are giving more than they are receiving. Perhaps, however, the implications are greatest for the individual themselves. There is potential good, healthy, active contributory later life, which should be planned for.