News Release

18 May 2017

Singapore Millennials - Waking Up to Retirement Reality: HSBC report

- *64% of Singapore Millennials believe they will live and need to support themselves much longer*
- *Only 8% of Singaporeans think that Millennials are in the best position for a comfortable retirement*

HSBC's latest report in its Future of Retirement series, *Shifting sands,* finds that Singapore Millennials expect to retire younger than other working age generations despite having the lowest retirement prospects of any generation.

Over 18,000 people in 16 countries participated in this global survey. The country report represents the views of 1,007 people in Singapore. For this report, Millennials are defined as those born between 1980 and 1997.

According to the report, the majority of Millennials expect to retire at 60 – two years less than the overall average of those surveyed. Only 16% of Millennials expect to continue working after 65 – even as their generation faces unprecedented financial pressures and the state retirement age continues to rise around the world.

This is despite 64% of Singapore Millennials acknowledging that they will live and need to support themselves for longer than previous generations.

The perfect storm
Singapore Millennials are seen as having the worst retirement prospects of any generation: having entered the workforce during subdued economic conditions, they will be required to financially support an increasing number of older non-working generations over the remainder of their working life.

According to the report, only 8% of those surveyed in Singapore think Millennials are in the best position to have a comfortable retirement, while 45% see Baby Boomers as best placed.

Moreover, one in two believe Singapore Millennials have experienced weaker economic growth than previous generations, while 44% agree that Singapore Millennials are paying for the economic consequences of older generations, such as the global financial crisis and rising national debt.

In particular, Singapore's rapidly aging population means that by 2024, the nation will join 33 others as a "super-aged" country, where one in five people are aged 65 or older. According to Population.SG, an online initiative by the National Population and Talent Division, it has taken Singapore only 19 years from Year 1998 to transition from an ageing to aged society[1]. As such, the burden of supporting the economy will inevitably fall on Millennials.

Not all bleak news
Despite these headwinds, the picture is not entirely bleak.

The HSBC report finds 61% of those surveyed in Singapore believe Millennials enjoy a better quality of life than any previous generation, and 68% believe Millennials will have more flexibility in retirement including the option to semi-retire allowing them to continue supporting themselves.

[1] https://www.population.sg/articles/singapore-a-superaged-country

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Anurag Mathur, Head of Retail Banking and Wealth Management, HSBC Singapore said: "While Singapore Millennials are broadly aware of the economic and demographic challenges they face, they do not appear to have grasped its full implications on their retirement. With low interest rates, rising healthcare costs and potentially declining social provisions for retirees in the future, it has never been more important to save for a comfortable retirement. Starting to save early – and saving enough – can reduce the need to continue working in later life."

Meeting the challenge

Notwithstanding the apparent 'reality gap' in Singapore Millennials' retirement expectations, the majority have started to plan for their retirement unlike their global peers, where 29% have yet to start.

According to the report, 75% of Singapore Millennials have started saving for retirement, at an average age of 27. 65% say they have cut back on their expenses in order to save, 55% actively seek information to guide their financial decisions (Generation X 40%, Baby Boomers 50%). 45% actively move money around to get the best return/deal (Generation X 40%, Baby Boomers 44%).

Singapore Millennials are also more likely than other generations to take investment risks to boost their retirement savings, with 31% being very willing to make risky investments to ensure their financial stability, compared to 26% of Generation X and 27% of Baby Boomers. This is also consistent with their greater number of years ahead to retirement. However, when compared to their global peers (39%), Singaporean Millennials have a lower risk appetite when it comes to investing.

Mr. Mathur added, "In the past, it may have been enough for Singaporeans to depend on cash savings and property to generate retirement income. Now, with the prolonged low interest rate environment and the introduction of property cooling measures, it is important to take a more active and diversified approach when it comes to investing."

"With improved retail investors' access to quality bonds and global blue-chip stocks as well as new technology such as online platforms for research and trading, Singapore Millennials should make full use of these tools to research, build and actively manage a diversified investment portfolio to save for their retirement."

Practical steps

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

1. Be realistic about your retirement

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.

2. Consider different sources of funding

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

3. Plan for the unexpected

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

4. Take advantage of technology

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.

Ends / More

Singapore Report - Infographics 1

HSBC

Key findings

52%
of working age people think low interest rates mean they will need to work for longer

67%
of working age people believe levels of national debt mean there will be less support for the elderly

82%
of working age people believe retirees will have to spend more on healthcare costs in the future

32%
of working age people think they will be financially comfortable in retirement, based on how their retirement saving is progressing

61%
of working age people say they will continue working to some extent in retirement

53%
of working age people think property offers the best returns for retirement saving

Singapore Report - Infographics 2

HSBC

Key findings

8%
of people think Millennials are in the best position for a comfortable retirement, compared to **45%** who think Baby Boomers are

27
is the average age Millennials started saving for retirement

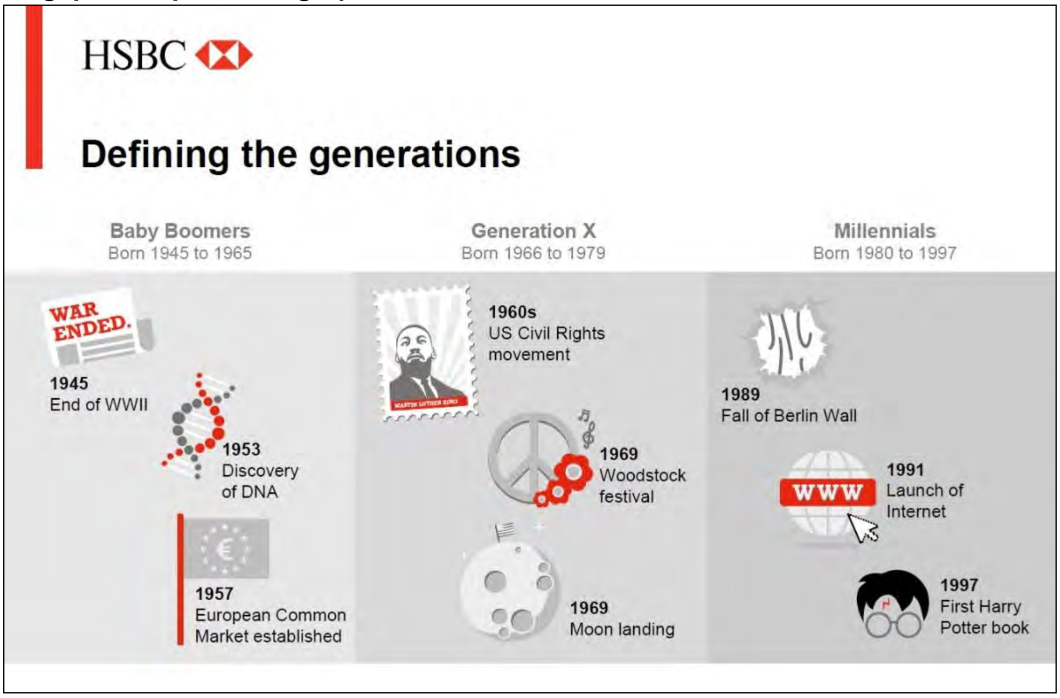
60
is the average age Millennials expect to retire

44%
of people believe that Millennials are paying for the economic consequences of previous generations

37%
of working age people believe new technology makes saving for retirement easier

52%
of working age people believe new technology will help give future retirees a better standard of living

Singapore Report - Infographics 3



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Notes to editors:
Millennials are those born between 1980 and 1997.

The Future of Retirement is a world-leading independent research study into global retirement trends, commissioned by HSBC Group. It provides authoritative insights into the key issues associated with ageing populations and increasing life expectancy around the world. Since The Future of Retirement programme began in 2005, over 177,000 have been surveyed worldwide.

Shifting sands is the fourteenth report in the series and represents the views of 18,414 people from 16 countries and territories: Argentina, Australia, Canada, China, Egypt, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, United Arab Emirates, United Kingdom and the United States of America.

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.

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For more information about The Future of Retirement, visit www.hsbc.com.

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About HSBC's recent investment in Singapore
- Opened and upgraded eight branches in the past two years
- Investment in digital technology, which includes integrating e-banking Digital Hubs into HSBC's branch network
- Launched NETS-enabled functionality in June 2015 for customer debit cash cards, giving customers access to 87,000 payment points across Singapore
- Locally incorporated its Retail Banking and Wealth Management Business in May 2016

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Ends/All