News Release

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SINGAPOREANS FINANCIALLY UNPREPARED FOR RETIREMENT: HSBC RESEARCH

****Retirees in Singapore face 10 years of hardship after savings run out****

****Mortgage repayments prevent working age people from adequately saving for retirement****

****A third of pre-retirees do not save enough or intend to save for retirement****

Future retirees in Singapore expect their savings to last just 13 out of an average of 23 years in retirement*, with more than half conceding they cannot afford to fully retire comfortably, according to a global report from HSBC. Lack of financial preparation during their working years, negative impacts of economic downturn and other life events are the key reasons for the savings shortfall.

The Future of Retirement *A balancing act*, is a global report by HSBC involving more than 16,000 people in 15 countries, including 1,000 respondents in Singapore. The study examines the pressures surrounding working age savers and retiree spenders, their different approaches to secure a desired standard of living in retirement as well as global retirement trends.

Singaporeans are not adequately preparing for retirement

According to the report, more than half (53 percent) of working-age Singapore respondents say they cannot afford to retire comfortably and 15 percent believe they will never be able to fully retire – the second highest globally, after Australia.

Even more concerning, almost a third (30 percent) of those nearing retirement (aged 45 and over) are either not saving or do not intend to save.

Matthew Colebrook, Head of Retail Banking and Wealth Management, HSBC Singapore, said: "Whether it is the high cost of living or an expectation that our pension will cover us in retirement, the reality is many Singaporeans are at risk of getting caught very short, financially, towards the end of their life."

Life events affect Singaporeans' ability to financially prepare for retirement

HSBC's Future of Retirement report shows financial commitments, economic downturn and unforeseen life events are disrupting Singaporeans' efforts to save for retirement.

According to the survey, 53% of working-age Singapore respondents said paying off their mortgage and other debts (the third highest globally in the report) is the biggest barrier preventing them from preparing adequately. Other respondents nominated recent economic downturns (27%) and unforeseen illness (23%) as the catalyst for reduced retirement saving.

Colebrook continued: "There are no guarantees in life so Singaporeans need to future-proof themselves against unforeseen events like market fluctuations, economic slumps and other challenges that will inevitably arise at some stage in their lives."

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Early planning the key to future proofing retirement

The report shows that with the benefit of hindsight, many retirees would have done things differently before they retired to improve their standard of living in retirement, including beginning planning earlier in life.

According to the survey, 40 percent of retirees believe that retirement planning should start at the latest by the age of 30 to build an adequate retirement savings pot.

Ian Martin, Chief Executive Officer, HSBC Insurance (Singapore), said: “Retirees’ saving lethargy is a cautionary tale for current workers. However, better late than never, Singaporeans, regardless of age or income, are not without recourse on what they can do to plug the retirement savings gap and mitigate the negative future scenarios. They should start conversations with their wealth advisers soon to plan out their retirement.”

Practical steps towards a better retirement
HSBC’s research identified four practical actions that individuals can take to improve their financial well-being in retirement.

Action 1: Start saving early.
Retirement can seem a long way off when you are young. Nevertheless, it is crucial to start making retirement plans as early as you can.

Action 2: Know how much you need.
Start thinking about the kind of lifestyle you want when you retire and how much you will need to fund it.

Action 3: Refill the pot.
It is easy for retirement savings to suffer when times are hard. With the worst of the global economic downturn behind us, start looking for advice on how to replenish any depleted funds in your retirement pot.

Action 4: Expect the unexpected.
Unforeseen life events can damage your retirement savings. No one can see into the future, but do consider what could happen and how this will impact your financial planning.

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Notes to editors
*With retirees on average retiring at age 60 and a typical life expectancy in Singapore of 83 years, pre-retirees face a 10 year ‘gap’ when they will be solely reliant on any state, employer or personal pension provisions they may have.

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 global report, A balancing act, is the tenth 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 programme began in 2005, more than 141,000 people worldwide have been surveyed. 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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