HSBC

MILLENNIALS: WAKING UP TO RETIREMENT REALITY

HSBC calls for Millennials to wake up to living and working longer, as research finds only 1 in 10 expects to work past 65

Most Millennials have an unrealistic view of their retirement prospects according to a new report from HSBC.

The latest report in The Future of Retirement series, *Shifting sands,* finds that on average Millennials expect to retire younger than other working age generations. Millennials expect to retire at 59, two years younger than the working age average of 61.

The survey of over 18,000 people in 16 countries finds that only 10% of Millennials expect to continue working after 65 – even as their generation faces unprecedented financial pressures and state retirement ages continue to rise around the world.

This is despite 59% of Millennials agreeing they will live much longer and will need to support themselves for longer than previous generations.

A perfect storm

Millennials are seen as having the worst retirement prospects of any generation. Ten percent of people around the world think Millennials are in the best position to have a comfortable retirement, while 42% see Baby Boomers as best placed.

Fifty-three percent of people believe Millennials have experienced weaker economic growth than previous generations, while 58% agree that Millennials are paying for the economic consequences of older generations, such as the global financial crisis and rising national debt.

Nonetheless, 54% of people believe Millennials don't know how good they have it, enjoying a better quality of life than any previous generation. Sixty percent also believe Millennials will have more flexibility in retirement, with more options to semi-retire and continue to do some work to support themselves.

Meeting the challenge

Despite the apparent ‘reality gap’ in Millennials’ retirement expectations, most (68%) have started saving for retirement, at an average age of 26.

Millennials are also more likely than other generations to take investment risks to boost their retirement saving, with 39% being very willing to make risky investments to ensure their financial stability, compared to 33% of Generation X and 22% of Baby Boomers.

Sixty-five percent of Millennials are prepared to cut back on their expenses in order to save (Generation X 59%, Baby Boomers 54%), while 61% actively seek information to guide their financial decisions (Generation X 56%, Baby Boomers 50%). One in two (51%) actively moves their money around to get the best return/deal (Generation X 45%, Baby Boomers 39%).

Renee Bullock-Cann, Head of HSBC Bermuda's Retail Banking Wealth Management shared:

"HSBC continues to invest in research on the important topic of retirement which touches all of our lives at different times and in multiple ways.

Taking into account Bermuda's ageing population and the global economic factors that continue to affect our Island, it is becoming more and more critical that all of us – not just the Millennial segment of our population, take retirement planning seriously to offset these factors as best as possible.

Starting to save early – and saving enough – can reduce the need to have to continue working in later life."

Charlie Nunn, Group Head of Wealth Management comments:

"While Millennials are broadly aware of the economic and demographic challenges they face, they do not appear to have grasped the full implications for their retirement.

With low interest rates, rising healthcare costs and potentially less state support for retired people in the future, it has never been more important to save for a comfortable 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 when planning your retirement 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-

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. 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.

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

Media contact:

Angela Cotterill on 1 (441) 299 6956 and at angela.cotterill@hsbc.bm

1. HSBC Group

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 4,000 offices in 70 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US$2,375bn at 31 December 2016, HSBC is one of the world's largest banking and financial services organisations.

2. HSBC Bermuda

HSBC Bermuda is a brand name of HSBC Bank Bermuda Limited. Founded in 1889, HSBC Bermuda is the leading provider of retail and corporate banking, investment, custody and fund administration services to international and local clients. Since 2004 it has been a wholly owned, indirect subsidiary of HSBC Holdings plc. HSBC Bank Bermuda Limited of 6 Front Street Hamilton is licensed to conduct Banking and Investment Business by the Bermuda Monetary Authority.