

# Press Release

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## The rise of the ‘living inheritance’?

*HSBC report suggests ‘giving while living’ is on the increase,  
often at the cost of retirement dreams*

“In recent years, against the backdrop of the current economic climate in Bermuda, many residents have found themselves having to make difficult financial decisions that impact their ability to stay on track with their retirement planning,” says Renee Bullock-Cann, Head of Retail Banking & Wealth Management at HSBC Bank Bermuda Limited.

“What we have seen in discussions with a number of our customers is that funds previously set aside for loved ones and/or family members to inherit, are being distributed earlier for a number of reasons; albeit for some so they can enjoy seeing their money being used as they wished. However, more generally, funds are being used to provide previously unforeseen and much needed financial support, to elderly family members, their children or even themselves – an uncomfortable financial ‘sandwich’.

While this is not a unique set of circumstances to Bermuda, it is one that is worth considering in greater detail, due to the longer term impacts such decisions can bring, to the retirement people may desire and/or the legacy they may wish to leave.

The just released HSBC Report ‘The Future of Retirement *Choices for later life*’, supports this perspective further, in that traditional inheritance may be dying out and many retirees (or soon to be retirees), are redistributing their savings during their lifetime as a ‘living inheritance’.

In a survey of over 16,000 people in 15 countries worldwide, HSBC found that while nearly three quarters (74%) of working age people expect to leave an inheritance to their children, only 29% are confident in doing so. However, just one in three (32%) working age people have received an inheritance, rising to only 36% among 45-65 year olds, suggesting a mismatch between hopes and reality.

Instead, HSBC’s report, *The Future of Retirement Choices for later life*, reveals the existence of a ‘living inheritance’ whereby three in five retirees (60%) are providing regular financial support to their family and friends. In particular, it found that wealth is being passed down the generations, with nearly a quarter (22%) of retirees regularly giving to grown-up children, and over one in 10 (12%) doing the same for their grandchildren.

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Commenting on the findings, Charlie Nunn, Group Head of Wealth Management, HSBC, said: “The ‘living inheritance’ adds another dimension to the already complex financial pressures faced by retirees. A desire to support loved ones during your lifetime is of course understandable, but for many people this comes at a cost both to their retirement dreams and to their ability to leave a legacy.

“At the same time, today’s working age people are putting their future finances at risk by relying on a living inheritance from retired loved ones, as this may not always be forthcoming.”

The ‘living inheritance’ is a cause for concern for more than two in five (41%) retirees who are worried about not being able to support family or friends financially, or of being reliant on family or friends for financial support (40%). Furthermore, the research found that almost three quarters of retirees (73%) have been unable to realise at least one of their hopes and dreams since retiring, a potential consequence of ‘giving while living’.

Despite this move toward a ‘living inheritance,’ many retirees worldwide are relying on an bequest to fund their later years, with 43% of those who have received or expect to receive an inheritance believing it will fully or partly fund their retirement. This is reflected among working age people, with two-thirds (66%) expecting to receive a legacy which will support them in later life.

“It is essential that people of all ages adequately prepare for later life. Even the smallest amount saved today can contribute towards the lifestyle you want in retirement and the legacy you hope to leave. Those who fail to plan may find that any kind of inheritance is not only unlikely but also that a comfortable retirement is beyond reach,” Charlie Nunn concluded.

**HSBC’s research identified four actions which may help today’s retirement savers plan a better financial future for themselves.**

**1. Be realistic about your retirement aspirations**

*Almost three in four (73%) retirees have been unable to realise at least one of their hopes and aspirations since retiring.*

Retirement can offer many choices. Decide what kind of retirement you want and be honest with yourself about how much it will cost.

**2. Review your long-term working plans**

*Over half (56%) of working age people plan to semi-retire before fully retiring.*

Consider at what age you can realistically afford to fully retire, and if you expect to semi-retire or keep working for longer. much needed,

**3. Consider your wider financial commitments**

*More than three-quarters (78%) of working age people, and three in five (60%) retirees, provide regular financial support to at least one other person.*

Providing financial support for family members – your partner or spouse, your children, your ageing parents – may be a reality through your working life and into your retirement. Consider your own and your family’s long-term financial needs, and make sure to include both in your retirement planning.

**4. Have a clear retirement plan**

*Nearly two thirds (66%) of working age people who have received or expect an inheritance believe it will fully or partly fund their retirement. However, less than a third (32%) of all working age people have received an inheritance.*

Consider how you will fund your retirement and don’t bank on receiving an inheritance. Make sure you have a realistic financial plan in place and seek professional financial advice if you need help.

*ENDS MORE -*

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**Notes to editors:**

**1. 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, *Choice for later life*, is the eleventh 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 visit [www.hsbc.com](http://www.hsbc.com) > [Retail Banking and Wealth Management](#)

## **2. HSBC Bermuda**

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## **3. The HSBC Group**

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- *ENDS ALL* -