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Two thirds of UK retirees expect to leave a legacy

HSBC's Future of Retirement study shows one in five inheritances left by UK retirees is expected to top £250,000

Almost two thirds (64%) of British retirees expect to leave an inheritance to their children with an average* value of £182,144, according to HSBC's study, The Future of Retirement *Life after work*?

HSBC's research, which surveyed over 16,000 people in 15 countries, found many Britons could inherit even more, with one in five (21%) legacies left to children by UK retirees expected to be over £250,000.

This shows Britons are the third most generous in the world, after Australia and Singapore, with average expected inheritances of £321,743 and £237,799 respectively.

For 12% of women in the UK expecting to leave an inheritance, the amount they end up leaving far exceeds what was their intended legacy when they were working. This compares to just 3% of men.

The findings reveal that many working age Britons rely on inheritance to supplement their retirement. Almost two thirds (64%) said that they expect it will finance their retirement to some extent.

Young Britons in particular may be heading for an insecure future by relying heavily on their inheritance. A fifth (21%) of 25-34 year olds who expect to receive an heritance say it will largely fund their retirement compared to just 9% of 45-54 year olds.

Christine Foyster, Head of Wealth Development, HSBC UK, said: "It's good to see that even in these tough times, parents plan to leave an inheritance to their children. However, it is vital that people do not rely on these potential windfalls to fund their retirement. Whatever their good intentions, parents may face their own unexpected hurdles and require the money to fund other things such as their own medical and nursing care in later life."

On a more positive note, HSBC's research also found that more UK retirees expect to leave an inheritance (69%) than non-retirees expected to receive one (43%).

Christine Foyster continued: "While the figures suggest that some people might be surprised by their parents' financial generosity, this comes with a warning: you cannot predict what may happen between now and receiving an inheritance. The earlier you start preparing, the more financially secure your own retirement is likely to be."

The Future of Retirement study also found that many Britons are not waiting until after their death to pass on their wealth to their relatives. 31% of working age people in the UK have already received a significant financial gift or loan from their family with a total average value of £8,189.

An online survey tool is available to allow individuals to see how they compare against the country findings, at www.hsbc.com/retirement.

*All data averages cited correspond to median values

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Average inheritance retirees expect to leave, by country:

Country **	% of retirees expecting to leave an inheritance	Average (median) value of inheritance retirees expecting to leave (GB£)
Australia	69%	£321,743
Singapore	70%	£237,799
UK	**64%**	**£182,144**
France	64%	£143,397
Taiwan	70%	£122,461
USA	56%	£113,342
Canada	57%	£109,714
Hong Kong	70%	£93,553
Brazil	71%	£84,462
Mexico	84%	£61,761
China	59%	£43,860
India	86%	£30,625
Malaysia	78%	£24,881
AVERAGE	**69%**	**£95,003**

** The findings are based on a representative online sample covering people in retirement. Due to panel size limitations in Egypt and the UAE, fully retired respondent reporting in these two countries was not possible.

HSBC's research identified four actions, which may help today's retirement savers plan a better financial future for themselves:

Action 1. Don't rush into retirement

There is a view among retired people that they might have been too hasty in giving up paid employment. Nearly two-thirds (64%) who entered semi-retirement wished that they had stayed in full time employment longer. This regret is largely for positive reasons, with many retired people seeing work as an important means of keeping the body and mind active.

Action 2. Don't rely on one source of retirement income

With an average of three different sources of retirement income, the current generation of retirees has wisely chosen not to generate all of their income from one place. Instead they have been successful in spreading their retirement income sources and the associated risks, so that not all their eggs are in one basket.

Action 3. Plan your retirement with family in mind

Rather than family ties loosening in future, the family will continue to be a major consideration in retirement planning, and may even grow in importance for the next generation. While many people (40%) aspire to travel extensively during their retirement, nearly half (49%) of current workers expect to have some financial responsibilities towards others even when they are themselves retired. This includes ongoing financial responsibilities for their adult children as well as supporting frail elderly parents.

Action 4. Be realistic about your retirement outgoings

Many working people assume that their income needs will fall once they enter retirement. Yet 52% of people in retirement have seen no reduction in their outgoings, and 17% have seen their outgoings increase. Although people are familiar with the concept of increasing life expectancy, the consequent increase in later life medical and nursing care costs may not be well understood as people are still not doing enough to prepare themselves for these potential costs.

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Notes to editors

HSBC's The Future of Retirement programme is a world-leading independent study into global retirement trends. It provides authoritative insights into the key issues associated with ageing populations and increasing life expectancy around the world. The latest global report, *Life after work?,* is the ninth in the series and is based on an online survey of 16,000 people in 15 countries between July 2012 and April 2013. Since The Future of Retirement programme began in 2005, more than 125,000 people worldwide have been surveyed.

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For more information about The Future of Retirement, and to view all previous global and country reports, visit www.hsbc.com/retirement.

Cicero Consulting is a leading consultancy firm serving the banking, insurance and asset management sector, Cicero specialises in public policy consulting as well as global thought leadership and independent market research. Cicero was established in 2001 and now operates from offices in London, Brussels, Washington and Singapore.

As a market leader in pensions and retirement research, Cicero designed and analysed the research and wrote this report, with Mark Twigg as author and Paul Middleton as research director.