HSBC

News Release

EMBARGOED UNTIL 00:01 GMT, MONDAY 19TH JANUARY 2015

UK retirement savings hit as life-long impact of the economic downturn is revealed

The long-term impact of the global economic downturn will be felt for many decades to come, as almost half (41%) of UK workers stopped or reduced their retirement savings during the economic downturn, according to a new report by HSBC.

Despite recent signs of recovery, people's retirement saving has been, and continues to be, significantly impacted by the global economic downturn. Workers stopped or reduced saving for retirement during the downturn in cash deposits (31%), investments (25%) or personal pension schemes (25%).

More than half (52%) of workers in the UK say their income is not keeping pace with the cost of living. Mortgage repayments in particular are preventing them from adequately preparing for a comfortable retirement: one third (30%) see paying their mortgage as a barrier. A similar amount (31%) say that paying off other debts is stopping them preparing adequately. Worryingly, 52% of workers say they simply cannot afford to save enough for retirement.

HSBC's survey of over 16,000 people worldwide found that 59% of UK workers are concerned that they will not have enough money to live on in retirement and one in ten (10%) believe they will never be able to fully retire.

Almost two in five (37%) UK workers are not currently, or do not intend to start saving specifically for retirement. Alarmingly, almost a third (31%) of those nearing retirement (aged 45 and over) are not saving or do not intend to save for retirement.

Even in retirement, many people have a household income well below what they deem necessary for a comfortable retirement. Retired people say the minimum household income for a comfortable retirement is £35,000 a year. However, almost two in five (39%) workers are not confident in their ability to maintain a comfortable living standard once they have stopped working.

Many workers in the UK are realistic about cut backs they'll have to make in retirement. Two in five (40%) expect their standard of living to fall when they retire, compared to a global average of 23%. Almost half (46%) expect to cut down on everyday spending and 39% believe that they will not be able to treat themselves as much when they retire.

Ways to save: the best ways to generate retirement income

When it comes to good ways to generate income for retirement, four in five (80%) retired people have confidence in employer pension schemes, followed by second homes or buy-to-let properties (61%) (see table below). Just 31% of retired people believe that annuities are a good way to generate retirement income. Working age peoples' views differ from retired people about the best ways to generate income for retirement, particularly in relation to employee pension schemes and annuities. The difference in views of employer pension schemes is likely to continue, as defined benefit schemes are phased out.

This news release is issued by
HSBC Bank plc

Retired and working age peoples' views on good ways to generate retirement income

	Retired people	**Working age people**
Employer pension scheme	80%	65%
Property (second home/Buy to Let)	61%	60%
Cash deposits	57%	56%
Personal pension scheme	56%	53%
Investments	51%	39%
Annuities	31%	25%
Insurance	24%	27%

Commenting on the findings, Caroline Connellan, Head of UK Wealth, HSBC, said: "Our research shows that the financial hangover from the economic downturn is impacting what many are saving for retirement.

"Today's workers have greater responsibility to think carefully about how much they'll need for a comfortable retirement. This can sometimes involve quite complex decisions on the various savings and investment options and most people will benefit from financial advice.

"The budget changes, which create greater freedom and choice on pensions from April 2015, have resulted in more interest from our customers to review their retirement plans. If there's one action we should all consider, it's to start saving as early as possible: even the smallest amounts saved now can make the likelihood of a comfortable retirement all the more real."

HSBC's research identified four 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 income you will need to pay for 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.

– ENDS –

Media contacts

For more information, an infographic, full report, or to arrange an interview, please contact Emma Fahy- 020 7992 1574 emma1.fahy@hsbc.com

Notes to editors

The findings in the UK Future of Retirement report are based on a nationally representative survey of 2,001 people of working age (25 and over) and in retirement, and was conducted online by Ipsos MORI in August and September 2014.

All references to retired people refer to people who are semi or fully retired. All references to income refer to gross annual household income.

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.

HSBC Bank plc

HSBC serves 16.1 million customers in the UK and employs approximately 43,500 people. In the UK, HSBC offers a complete range of personal, premier and private banking services including bank accounts and mortgages. It also provides commercial banking for small to medium businesses and corporate and institutional banking services. HSBC Bank plc is a wholly owned subsidiary of HSBC Holdings plc.

The HSBC Group

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from over 6,200 offices in over 74 countries and territories in Asia, Europe, North and Latin America, and the Middle East and North Africa. With assets of US$2,729bn at 30 September 2014, HSBC is one of the world’s largest banking and financial services organisations.