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## The end of inheritance?

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

Traditional inheritance may be dying out, according to a new report from HSBC. Whilst more than half (58%) of working-age people in the UK expect to leave an inheritance to their children, the reality is very different, with just a third (33%) having actually received one.

Instead, HSBC's report, *The Future of Retirement Choices for later life*, reveals a 'living inheritance' where half of retirees (50%) are providing regular financial support to their family and friends. In particular, it found that wealth is being passed down the generations, with 19% of retirees regularly giving to grown-up children, and almost one in ten (9%) doing the same for their grandchildren.

The future looks bleak for traditional inheritance, as a quarter (26%) of working-age people say that it's better to spend all your money and create your own wealth, while just 5% say that it's better to save as much money as possible to pass onto the next generation.

### **Caroline Connellan, Head of Wealth, HSBC UK:**

"This report shows that withdrawals from the bank of mum and dad may actually be affecting the standard of living of many retirees. New pension freedoms have made savings more accessible, but people should carefully consider the right balance between helping their family and making sure they have sufficient income through retirement."

"It also shows working-age people shouldn't pin their hopes on funding retirement with an inheritance. It's more important than ever that people of all ages make plans about how they'll fund their retirement, so they can live the lifestyle they want to. Many will benefit from seeking financial planning advice when making these decisions."

The 'living inheritance' is a cause for concern for around one in five (22%) 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 (18%). Furthermore, the research found that 53% of retirees have been unable to realise at least one of their hopes and dreams since retiring, a potential consequence of 'giving while living'.

Worryingly though, it seems that working-age people may still have unrealistic expectations when it comes to receiving an inheritance. More than half (54%) of those who expect to receive an inheritance in the future say it will help fund their retirement, whilst 15% say it will completely or largely fund it.

"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," Caroline Connellan 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**

*More than half of retirees (53%) 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**

*Almost half (47%) 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.

## **3. Consider your wider financial commitments**

*Almost three fifths (57%) of working-age people and half of retirees (50%) 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**

*More than half (54%) of working-age people who have received or expect an inheritance believe it will fully or partly fund their retirement. However, only a third (33%) 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**

#### **Media contacts**

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#### **Notes to editors**

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.

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For more information about The Future of Retirement visit [www.hsbc.com](http://www.hsbc.com) > [Retail Banking and Wealth Management](#)

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