HSBC

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MILLENNIALS: RISE TO THE RETIREMENT CHALLENGE

Millennials need to rise to the challenge of saving for retirement if they are to achieve their dream of retiring at the same age of their parents, according to a new study from HSBC.

The landmark *The Future of Retirement* study finds that most British Millennials (born 1980-1997) have an optimistic view of their retirement prospects, expecting to retire at 65, the same expected retirement age as Baby Boomers (born 1945-1965) with only 22% expecting to work longer than this.

This is despite Millennials being seen as having the worst retirement prospects of any generation. Against a backdrop of economic volatility, ageing populations and pressure on welfare budgets, only six percent of Millennials think their generation is in the best position to have a comfortable retirement, while 46% see Baby Boomers as best placed.

Forty-one percent of Millennials also believe that state pensions will no longer exist when they come to retire (compared to 28% of all working age people).

Conversely, 43% of people overall say that Millennials don't know how good they have it, enjoying a better quality of life than any previous generation. Fifty-three 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.

With all that in mind, six in ten Millennials (62%) have started saving, at an average age of 25 well ahead of Baby Boomers who started saving at 33 on average and 28% still have no savings in place at all.

Millennials are also more savings-conscious than previous generations. Sixty-eight percent are prepared to cut back on their present expenses in order to save for retirement, compared to 61% of Generation X and 48% of Baby Boomers. Sixty-one percent of Millennials see saving as a difficult but necessary task (Generation X 56%, Baby Boomers 51%).

Michelle Andrews, Head of UK Premier & Wealth Insights, comments on the retirement plans Millennials are putting in place:

"Time is money when it comes to retirement saving but starting small can make all the difference. Millennials face the greatest challenges but also the greatest opportunity in that they can still have a comfortable retirement if they start a savings plan now and stick to it. There are positive signs that Millennials understand the challenge and are beginning to rise to it."

Practical steps

HSBC's research identified four actions that Millennials 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. 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.

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Notes to editors:

The Future of Retirement is the 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. This country report represents the views of 2,000 people in the United Kingdom.

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

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