HSBC

Media Advisory

MILLENNIAL: FACING RETIREMENT PERIOD AS EARLY AS POSSIBLE

HSBC calls Millennials to immediately anticipate longer retirement period. Survey shows that only 1 out of 10 intending to work after 65 years of age.

21 June 2017 – A latest HSBC report reveals that most of Millennials in the world, including Indonesia, have unrealistic perspectives toward their retirement periods.

HSBC's latest report titled *The Future of Retirement, Shifting Sands* explains some interesting findings which can serve as a reminder for Millennial Generation. One of the findings shows that the average Millennial generation expects to enter retirement period in younger ages than the previous generations. Globally, Millennials expect they can retire in their 59 or 2 years earlier than the current average retirement age of 61. Meanwhile, Indonesia's Millennials even intend to retire in younger age of 56.

The survey involving 18,000 respondents from 16 countries including Indonesia shows that only 10% of Millennials intend to keep working after 65 years old. The finding is apart from great number of Millennials (59%) who believe that they will have longer life and, therefore, they need to obtain more robust financial supports from previous generations.

Age Shifting

Compared to any generations, Millennial Generation seems to have more challenging retirement period prospect. Only 10% of global respondents state that Millennial Generation is in the most convenient position to retire. Meanwhile, the other 42% see the *Baby Boomers* generation as the generation which will see the most convenient retirement period.

As many as 53% of people across the world believe that Millennial Generation experiences weaker economic growth period than other generations while 58% agree that the current Millennial Generation is demanded to pay for the consequence of economic condition like economic crisis impact or national debt hike made by the previous generations.

However, 54% of people across the world believe that Millennial Generation often does not realize how lucky they are as they have better life quality than other generations. 60% also believe Millennial will have retirement discretion with more options they have, either for total retirement or semi-retirement with light jobs to meet daily needs.

On the other hand, the better life quality raises new challenges from longer retirement life expectation. Indonesia recorded the length of life expectation after retirement is above average of 21 years, similar with Australia and France. Meanwhile, Mexico, Canada, and China recorded longer life expectation after retirement of 22, 23, and 24 years respectively.

Preparedness to Face Challenge

Despite the apparent gap in Millennial Generation's retirement expectations, 58% of Millennials say they have started saving for pension at age 26. When it comes to this retirement preparation, Indonesian Millennials are one year late. Indonesian Millennials start saving at an average age of 27.

It seems that the millennials are more daring to take risks in investing. Over 39% of millennials are very interested in taking risky investments to ensure that their financial condition is stable. This compare to 33% of Generation X and 22% of the Baby Boomers.

As much as 65% of Millennials are ready to cut expenses for savings purposes (cf. Generation X at 59%, Baby Boomers at 54%), while 61% say they actively look for useful information to solidify their financial decisions (cf. Generation X 56%, Baby Boomers 50%). 1 out of 2 (51%) Millennials actively 'play the money' to get the optimum benefit (cf. Generation X at 45%, Baby Boomers at 39%). In fact, the survey shows that Indonesia is the third most active after China and India in cash investment to generate maximum returns.

Practical steps to anticipate retirement

HSBC's research identifies four actions that Millennials can take to strengthen their financial condition during retirement period:

1. Be realistic about your retirement

Make sure you are well prepared for a long and comfortable retirement by starting to save earlier and more. 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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