

SHORT-TERM FOCUS OF GLOBAL 'DOWNTURNERS' REVEALED BY HSBC INSURANCE STUDY

THE GLOBAL ECONOMIC DOWNTURN is forcing people to focus on short-term survival strategies and neglect long-term considerations, a global survey from HSBC Insurance reveals today (Wednesday 10 June).

The fifth annual Future of Retirement study, *It's Time to Prepare*, provides a snapshot of how people across the world are coping with the economic downturn.

It has identified a distinct global group of people, the 'downturners', who are:

- changing their finances to survive the economic downturn – with responses including cutting up the credit card, using savings to pay bills and stopping saving altogether
- focussing on protecting possessions rather than ensuring their longer term security after work – with only 6% intending to take out income protection insurance in the next 12 months, compared to 16% who will insure their home
- opting for short-term survival strategies addressing the issues that they can understand more easily than their longer term financial considerations
- cutting pensions payments, delaying retirement age and re-assessing their insurance needs

It's Time to Prepare questioned 15,000 people in 15 countries about the duration of the economic downturn and found that while four-in-ten people think the economic downturn will last well into 2010, only 5% believe it will all be over by Christmas.

Almost all (92%) of respondents have made changes in their finances to help survive the economic downturn with:

- 22% seeing cutting debt as a priority
- 18% having used savings to pay off debts
- 18% saying paying off debt is having an impact on their long-term saving
- 20% having stopped using credit cards

It's Time to Prepare also shows the most common change has been cutting back on leisure spending (eating out/socialising/buying clothes) at 42%. Purchases of 'big ticket' items such as cars and holidays have also been hit, with 38% of the survey's respondents cutting back on these.

The downturn is having a worrying negative impact on people's levels of pension preparation and expectation in the long-term:

- Only 19% will now be able to retire as planned
- 17% see reducing pensions contributions or stopping paying in to a pension completely as key to managing their finances in the downturn
- 11% have stopped saving into a pension altogether as a result of the downturn
- 9% will delay retirement
- 14% are considering cutting their insurances

It's Time to Prepare asked about the duration of the economic downturn and found:

- 40% think the economic downturn will last between 1-2 years
- And a further third (32%) think it will last more than 2 years
- While just 5% believe it will be over inside the next six months

Stephen Green, Group Chairman of HSBC, said: "This year's Future of Retirement report is marked by the uncertain economic outlook, with the economic downturn placing greater pressures on people to meet their growing financial responsibilities.

"The 'downturners' are focusing on the purely practical short-term concerns which they better understand, while paying less attention to long-term considerations such as their likely retirement needs.

"Considering the additional long-term risks being placed on families by the economic downturn, it is important that they are encouraged to understand these risks and manage them effectively."

- Ends -

Notes to editors

The Future of Retirement:

The Future of Retirement programme is a key initiative, establishing HSBC Insurance as a market leader in the increasingly important retirement market. Now in its fifth year, the programme has positioned HSBC Insurance at the forefront of retirement 'thought leadership'.

The report findings are crucial to HSBC meeting the needs of its 128 million customers worldwide.

It enables HSBC to continue to produce innovative financial solutions, specific to the needs and aspirations of each gender and age group, in the many countries around the globe.

Countries surveyed for It's Time to Prepare include: Brazil, Canada, China, France, Hong Kong, India, Japan, Mexico, Saudi Arabia, Singapore, South Korea, Turkey, UAE, UK, and US

For further information visit www.hsbc.com/retirement/future-of-retirement

HSBC Insurance:

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Cicero Consulting:

Cicero Consulting is a leading UK and Brussels based financial services consultancy specialising in thought leadership and market developments in retirement planning and pensions issues.

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