

# The Future of Retirement

## Investing in later life



### Fact Sheet Denmark<sup>1</sup>

HSBC's fourth annual Future of Retirement survey of older people's work and retirement reveals a positive picture of how people see their prospects and lifestyles in retirement. The survey shows a high degree of optimism in Denmark with regards to financial security and living standards in retirement. Despite this general optimism, a large proportion of respondents worry about being in a vulnerable situation in later life.

#### Investing in Later Life – Key Denmark Findings

One of the highest proportions globally wishing to leave their perspective on life as their legacy

Second highest proportion in Europe looking forward to retirement

Fear of shortage of money in later life lowest in Europe

Significant proportion across all age groups fear illness and dependency in later life

Taking *Expectations, Choice, Preparedness* and *Inheritance* as its main themes, *Investing in Later Life* highlights the key ways in which individuals in Denmark are preparing for their retirement.

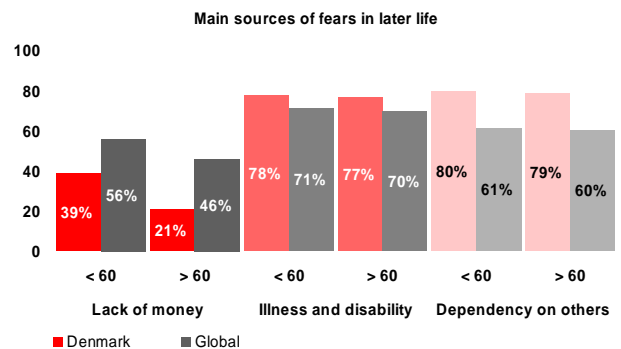
#### 1. Preparedness: the four pillars

The majority pre- and post-retirement are *not* worried about being able to cope financially in the future. But how are people in Denmark planning, preparing and investing for their retirement? And is this optimism about a comfortable retirement justified?

In Denmark, each of the four pillars of support for later life (*government, employer, family* and *self*) is regarded as contributing to retirement income.

Overall, across the age groups, *government* is seen as the most important contributor to retirement income, *self* and *employer* are ranked as second and third respectively, while *family* is seen as least important. However, household income plays a significant role. *Government* is a more important contributor for low income households while the *individual* is a more important contributor for high income households.

Our findings show that individuals in Denmark are very optimistic about their prospects in later life and 79 per cent of the pre-retirement generations are looking forward to retirement. Among the European economies surveyed, Denmark ranks second only to Germany (82 per cent) in terms of the proportion of the population actually looking forward to retirement. Nevertheless, 75-80 per cent of all those surveyed worry about finding themselves in poor health and dependent on others when they retire, while only 21-39 per cent are apprehensive about a shortage of money when they retire.



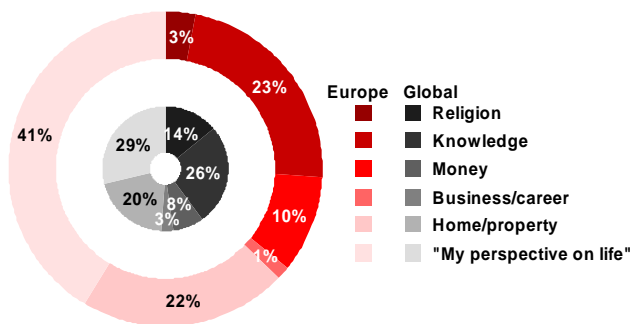
In the context of all the European economies surveyed, Denmark has the lowest proportion of individuals fearing a shortage of money in later life. This optimism is emphasised by the fact that around 80 per cent pre-retirement and more than 90 per cent post-retirement are not worried about being able to cope financially in the future. There are only modest differences between pre- and post-retirement groups in relation to fearing illness/disability and dependency on others, while there is a significantly larger proportion of the pre-retirement group that fear not having enough money in retirement.

<sup>1</sup> Definition of high and low household income cut-off point: 100,000DKK (annual)

Thus, 39 per cent pre-retirement fear not having enough money in old age, 80 per cent fear dependency, and 78 per cent fear illness/disability. Post-retirement these proportions are 21, 79 and 76 per cent respectively.

## 2. Inheritance

What do people want to pass on to their heirs?



Globally, most people want to pass on something to their heirs. Perhaps surprisingly, this is frequently not money. There is a clear greater tendency globally for people to choose the soft, less tangible values which we have termed *perspective on life*. This tendency is very strong in Denmark, with one of the highest proportions of the population choosing these softer values as their preferred legacy.

In Denmark, the findings show that 86 per cent of the working population and 80 per cent of retirees want their heirs to inherit their perspective on life (*spirit/sense of humour, knowledge, way of giving/supporting the community and religion*). Correspondingly, only 14 per cent of those pre-retirement and 20 per cent of retirees wish to leave their heirs tangible or material legacies (*home/property, money and business/career*). In a global context, Denmark has one of the lowest proportions of respondents (2 – 3 per cent) who would choose to pass on their religion to their heirs.