

# The Future of Retirement

## Investing in later life



### Fact Sheet France<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 surprising degree of optimism in France with regards to financial security and living standards in old age. People pre-retirement do *not* expect their standard of living to get worse in retirement. *Nor* do the majority of people post-retirement feel that their standard of living is worse than it was before. Nevertheless, while the overall majority are *not* worried about being able to cope financially in the future, a significant proportion does *fear* dependency and not having enough money in old age.

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

Preferred legacy is perspective on life

Significant state provision 'confidence gap'

Little support for increased taxes or reducing pensions

Overwhelming support for enforced additional savings

Amongst highest proportions in Europe fearing illness, disability and dependency

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

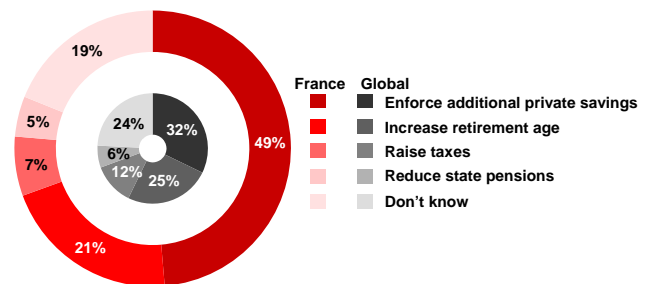
#### 1. Expectations: state provision 'confidence gap'

Many governments have promised generous public pensions from 60 or 65 years, but these are seen to be increasingly unsustainable as we live longer lives.

Globally, 31 per cent of respondents feel that governments *should* bear most of the financial costs of supporting them in retirement. In France, our survey shows that 45 per cent of working people and 36 per cent of retirees believe that the state *should* support them in later life. However, confidence in governments living up to this obligation is lower. In France, only 28 per cent of the working population and 33 per cent of retirees feel government *will* bear most of the financial costs.

#### 2. Choice: how to provide for the ageing population

What should the government do first of all to support the ageing population?



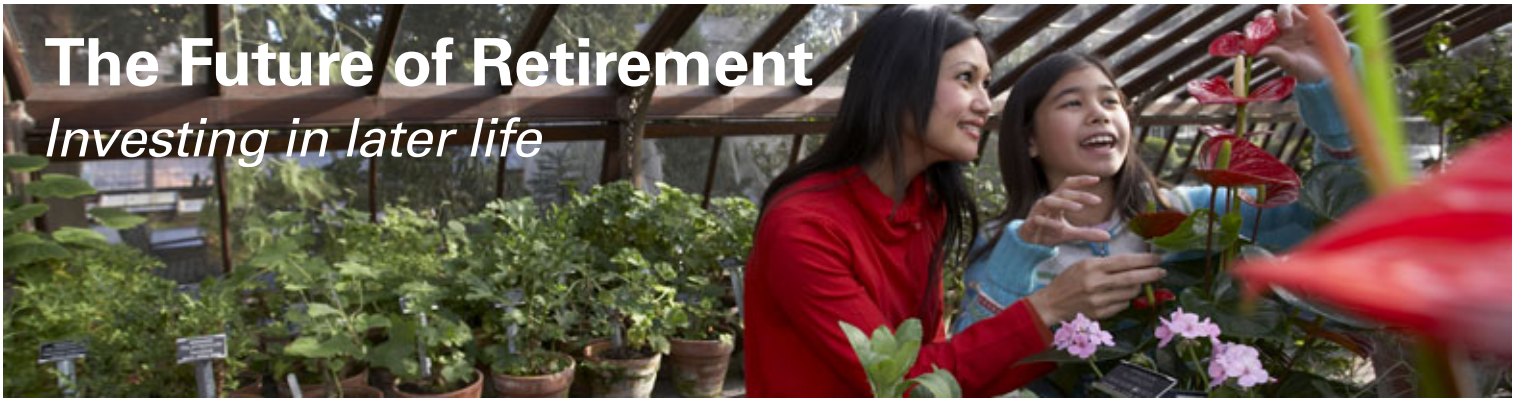
Given the obvious lack of confidence in governmental support, we asked respondents – what needs to be done to address the demands of ageing populations?

Globally, 36 per cent pre-retirement and 29 per cent post-retirement feel that governments should *enforce additional private savings* as the preferred means of providing for the aging population. In France, there is overwhelming support for this measure, with 52 per cent of the working population and 65 per cent of retirees seeing enforced additional savings as their favoured solution. The second most popular means of provision is seen as increasing retirement age. In contrast, only 7 per cent of the pre-retirement respondents (and 3 per cent of retirees) feel that the French government should reduce pensions to finance the ageing population. Another unpopular choice is increasing taxes with only 8 per cent of the pre-retirement group (and 6 per cent of retirees) supporting this measure.

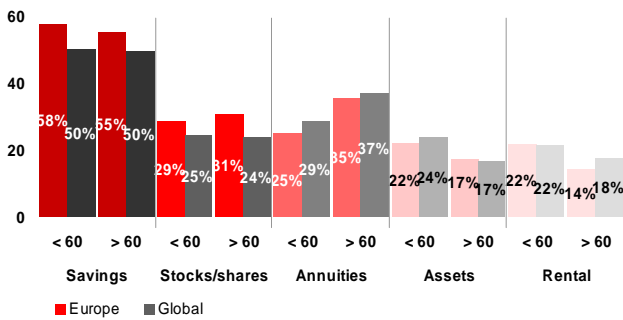
<sup>1</sup> Definition of high and low household income cut-off point: 20,000 EUR (annual)

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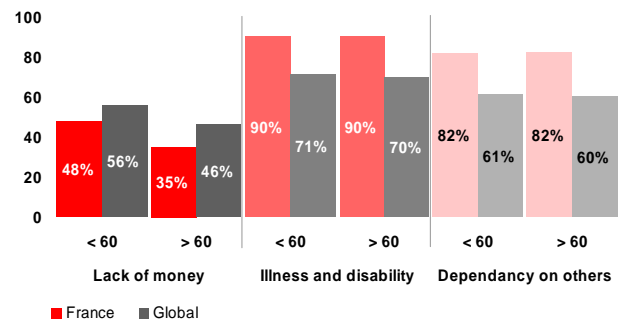
## Investing in later life



Main sources of own retirement income by region and pre/post-retirement age



Main sources of fear in later life



### 3. 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 France planning, preparing and investing for their retirement? And is this optimism justified?

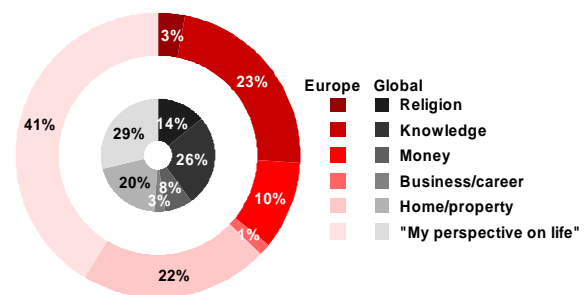
In France, each of the four pillars of support for later life (*government, employer, family and self*) is regarded as contributing to retirement income.

Overall, government is seen marginally as the most important contributor to retirement income, employers and self rank more or less equally as second most important contributors while family is seen as least important. Pre-retirement, individuals regard themselves as the most important contributor, while retirees feel the government is most important.

Despite the general optimism in all the generations surveyed, France has the highest proportions in Europe fearing illness/disability and dependency, and one of the highest proportions in Europe fearing not having enough money. Thus, 47 per cent pre-retirement fear not having enough money in old age, 82 per cent fear dependency, and 90 per cent fear illness/disability. Post-retirement these proportions are 35, 82 and 90 per cent respectively.

### 4. 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 for people to choose the 'soft', less tangible values which we have termed *perspective on life*.

In France, the findings show that 68 per cent of the working population and 54 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*). Only 32 per cent of those pre-retirement and 46 per cent of retirees wish to leave their heirs tangible or material legacies (*home/property, money and business/career*).