

The Future of Retirement

Investing in later life



Fact Sheet Malaysia¹

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 good degree of optimism in Malaysia 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 retirees feel that their standard of living is worse than it was before. But despite this general optimism, large proportions do *fear* dependency, illness and not having enough money in later life.

Investing in Later Life – Key Malaysia Findings

Preferred legacy is perspective on life, with religion the most popular option

Low expectation and confidence in government retirement provision

Second highest proportions globally seeing family as the key to retirement support

Majority support for enforced additional savings to fund retirement

Highest proportions in Asia fearing disability, lack of funds and dependency

Highest proportions globally fearing poverty in retirement

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

¹ Definition of household income variable high/low. Cut-off point: Malaysia: 80,000 Ringgits

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.

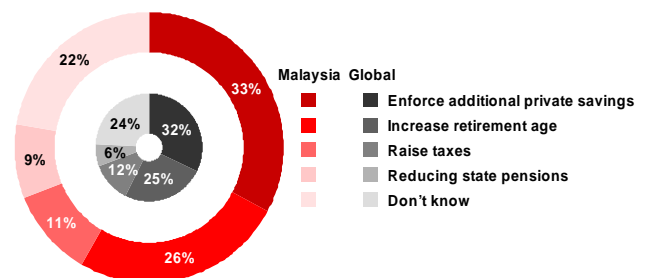
Globally, 31 per cent of respondents feel that governments *should* bear most of the financial costs of supporting them in retirement. The proportions are lower in Malaysia, where our survey shows 21 per cent of working people and 23 per cent of retirees believe the State *should* support them in later life. There is also a marked difference between the working and retired population's confidence in governments living up to this obligation. Only 10 per cent of the Malaysian working population feel government *will* bear this burden, while 20 per cent of retirees believe the State will bear the financial costs.

2. Choice: how to provide for the ageing population

Given that both expectation and confidence in government support is low in Malaysia, 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 ageing population. In Malaysia, support for this measure runs close to the global average, with 33 per cent of the working population and 32 per cent of retirees seeing enforced additional savings as their favoured solution – the majority option. When considering other options: 24-27 per cent would increase the retirement age, 11 per cent across the generations would increase taxes and only 8-10 per cent would opt for reduced state pensions.

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



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3. Preparedness: the four pillars

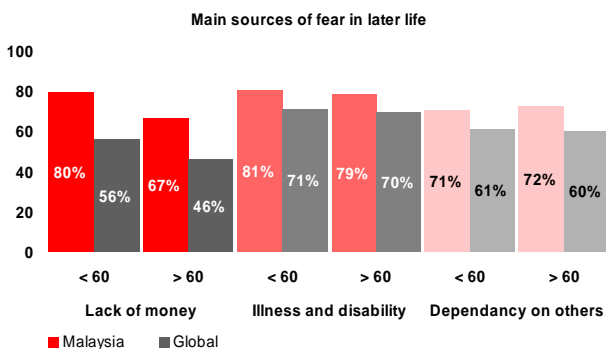
There are worries across the generations in Malaysia about being able to cope financially in the future. So how are Malaysian people planning, preparing and investing for their retirement? And is their general optimism about a comfortable retirement justified?

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

Overall, children/family is seen as the most important contributor to retirement income, self is ranked as second most important, while government and employer share equal ranking as least important. In Malaysia it is interesting that children/family is seen as key by both high income and low income households, but with the latter seeing government support as the second most important option (this being the lowest in importance for high income households).

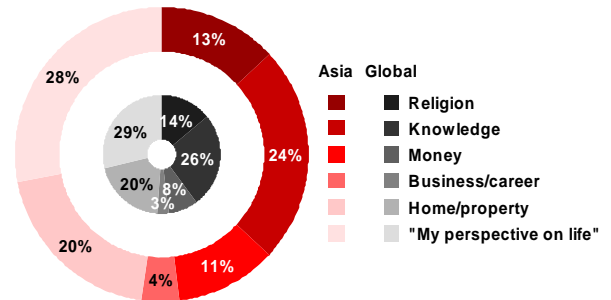
Malaysia has the largest proportions in the Asian economies fearing lack of money, illness or dependency in later life. 80 per cent of the pre-retirement generations surveyed in Malaysia fear not having enough money in old age, 70 per cent fear dependency and 72 per cent illness/disability. The post-retirement proportions are 67, 72 and 78 per cent. Fear of poverty in later life among Malaysians is at its highest proportion globally.

Only 59 per cent of pre-retirees in Malaysia are looking forward to retirement.



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

In Malaysia, the findings show that 65 per cent of the working population and 66 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, 35 per cent of those pre-retirement and 34 per cent of retirees wish to leave their **loved ones/heirs** tangible or material legacies (*home/property, money and business/career*).

Within the 'soft' options religion is given prominence as the most preferred legacy – 28 per cent pre-retirement and 36 per cent post-retirement – more than in any other Asian country and double the global average.