

The Future of Retirement

Investing in later life



Fact Sheet Singapore¹

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 reasonable degree of optimism in Singapore with regards to financial security and living standards in old age. The large majority of 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. Despite this optimism, the preparation for later life varies between the generations and genders, and geographic regions.

Investing in Later Life – Key Singapore Findings

Preferred legacy is 'perspective on life'

Low confidence that government will fund retirement

Favour increasing the retirement age

Family is most important pillar of support

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

1. Expectations: state provision may not be enough

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 Singapore, our survey shows that only 6 per cent of working people and 5 per cent of retirees believe that the state should support them in later life. Given this extremely low

¹ Definition of high and low household income cut-off point: 2,000 SGD (per month)

expectation, it is not surprising that confidence in governments living up to this obligation is equally low. In Singapore, only 7 per cent feel governments *will* bear most of the financial costs.

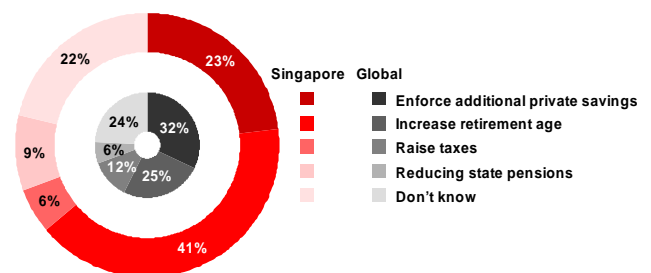
2. Choice: how to provide for the ageing population

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

Although the most obvious revenue-raising avenues such as raising taxes, reducing state pensions or increasing the retirement age are generally rejected globally, there is widespread support for raising the retirement age in Singapore.

44 per cent of Singapore citizens pre-retirement favour an increase in the retirement age, followed by enforced savings (25 per cent) as the preferred mechanisms to provide for the ageing population. Retired people also favour raising the retirement age (37 per cent) followed by enforced savings (22 per cent). A sizeable proportion of people (17 per cent pre-retirement and 26 per cent post-retirement) do not know what the government should do.

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



3. Preparedness: the four pillars

Globally, around half of people pre- and post-retirement are *not* worried about being able to cope financially in the future. But how are people in Singapore planning, preparing and investing for their retirement? And is this optimism justified?

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

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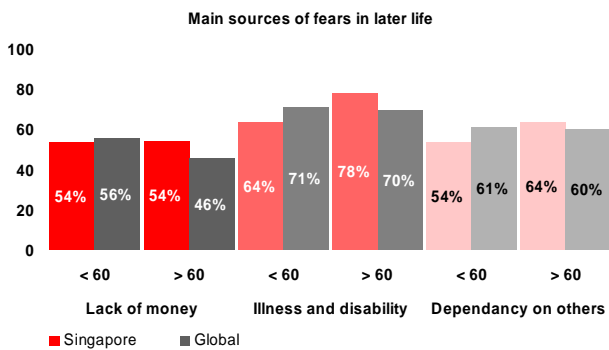


Overall, *family* is marginally seen as the most important contributor in Singapore by both pre- and post-retirement people, while *employers* are the least important. The *individual* is ranked as the second most important contributor.

Government support is seen as marginally more important for those with a low income and the *individual* is marginally less important. *Employers* are generally seen as the least important contributors.

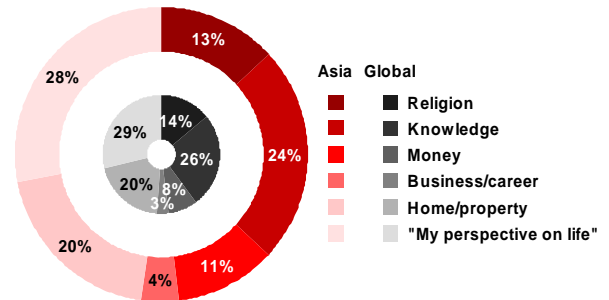
Although the Singapore respondents generally feel positive about later life with 50 per cent of people surveyed looking forward to retirement, this is one of the lowest proportions in Asia.

At least half remain apprehensive about poor health, dependency on others, and not having enough money in retirement. Post-retirement people are more fearful of dependency and illness than those still working, but there is no significant difference between the generations when it comes to fearing a lack of money.



4. Inheritance

What do people want to pass on to their heirs?



Globally, most people want to pass on something to their heirs and, perhaps surprisingly, a majority choose the 'soft', less tangible values which we collectively termed perspective on life rather than more tangible legacies such as money.

In Singapore, the findings show that 71 per cent of the working population and 70 per cent of retirees want their heirs to principally inherit their perspective on life (spirit/sense of humour, knowledge, way of giving/supporting the community and religion). Correspondingly only 29 per cent of those pre-retirement and 30 per cent of retirees favour leaving behind tangible or material legacies (home/property, money and business/career).