

# The Future of Retirement

*Why family matters*



**Argentina Fact Sheet**

**HSBC** 



## Introduction

HSBC's The Future of Retirement programme is a leading independent study into global retirement trends. It provides authoritative insights into the key issues associated with ageing populations and increasing life expectancy around the world.

The global report *Why family matters*, which accompanies this fact sheet, is a supplementary report to the main 2011 report *The power of planning*, the sixth in The Future of Retirement series, and is based on a survey of more than 17,000 people in 17 countries in December 2010.

This country fact sheet, based on the views of over 1,043 Argentinean respondents, explores how factors relating to family life influence attitudes to retirement, including:

- marital status, gender and generation
- the varying degrees of financial responsibility between the sexes
- how households undertake financial planning and where gaps in plans might arise
- attitudes to risk and what families can do to better prepare themselves.

The *Why family matters* global report and all previous reports are available at [www.hsbc.com/retirement/future-of-retirement](http://www.hsbc.com/retirement/future-of-retirement).

## Key findings

- Retirement planning in Argentinean couples is more likely to be fully undertaken by men: 24% of men claim to exercise sole household responsibility for managing retirement savings, compared to only 19% of women
- Women in Argentina are more likely than men to focus on shorter-term financial goals: over a third of women (34%) exercise sole responsibility for managing the household budget – the only area of household finances in which women are more proactive than men
- Household financial plans in Argentina contain significant gaps: 60% of those in their 50s state they do not have retirement savings in their financial plan
- Only 16% of those in their 50s are undertaking tax planning, the age band when the value of assets typically peaks



# Part 1: How family life influences attitudes to retirement in Argentina – a time of happiness or loneliness

63% of Argentinean respondents feel that having a loving family and friends are extremely important to enjoying a happy retirement. Many Argentineans are also keen to live near (but not with) their children in retirement, with 86% seeing this as very or somewhat important.

- Parents in Argentina are more likely to value having loving family and friends in retirement (65%), compared to those without children (59%)
- While many parents wish to live near their children and grandchildren during their retirement, this is a greater priority for mothers

**Table 1: Women with children have different aspirations for retirement and passing on wealth**

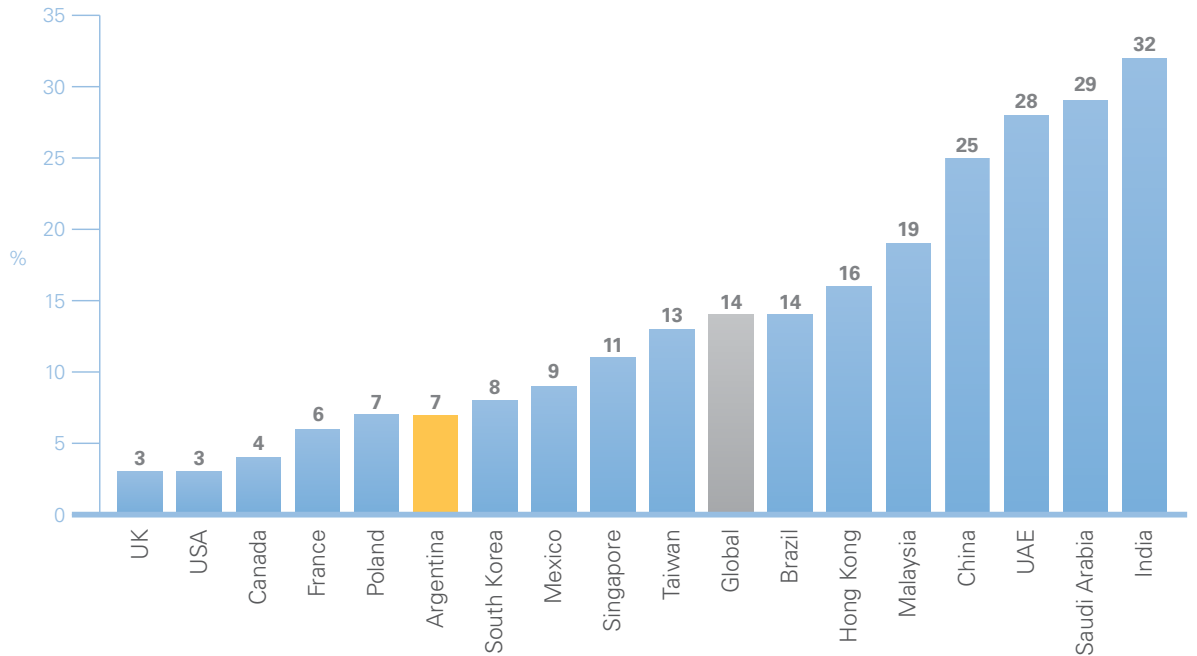
Q. People have different personal priorities in life. How important are the following to you today?

	Married men with children %	Co-habiting men with children %	Married women with children %	Co-habiting women with children %	All married with children %	All co-habiting with children %
Living near my children or grandchildren	70	66	83	77	76	73
Passing on wealth to my children when I die	48	56	60	63	54	61

Base: Respondents who claimed 'Very important to me'

**Figure 1: Living arrangements in retirement**

Q. What do you hope will happen to your living arrangements when you retire?



Base: Respondents answering 'I want to live with my children or other family members'

Respondents in Argentina are among the most likely to see themselves as living independently in their own homes when they retire, with only 7% of respondents stating that they would like to live with their children

in later life. Argentineans are also reluctant to sell their main home and move to a retirement community, with only 1% selecting this option.

## Part 2: Financial responsibility between the sexes – a clear gender difference in how households in Argentina plan their finances

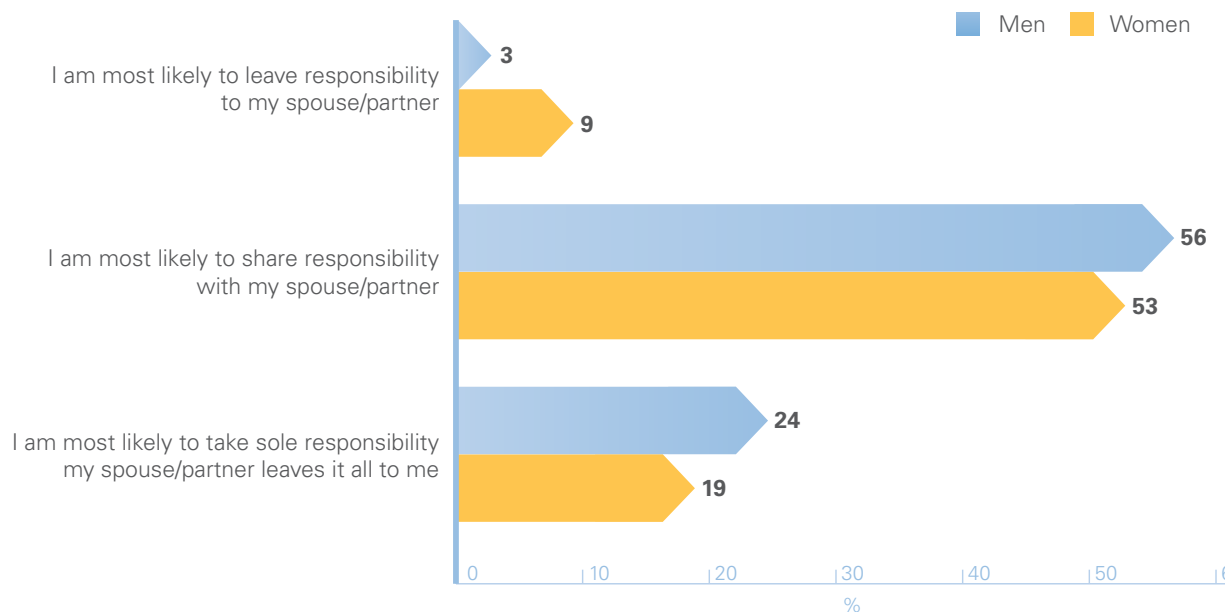
Mirroring the picture globally, women in Argentina are more likely to say that financial decisions are shared with their partner, while men usually state that they make all or most financial decisions themselves. Men claim to exercise greater sole responsibility than women in nearly all financial decisions made in the home.

women: men are more proactive when it comes to retirement planning (Figure 2) whereas women are more likely to take the lead in household budgeting (Figure 3). Crucially, this means that women are much more focused on short-term financial matters and are more likely to be overlooking the importance of planning for retirement in their own right.

There is also a clear gender divide when looking at the types of financial decisions made by men versus

**Figure 2: Men take greater responsibility for retirement planning**

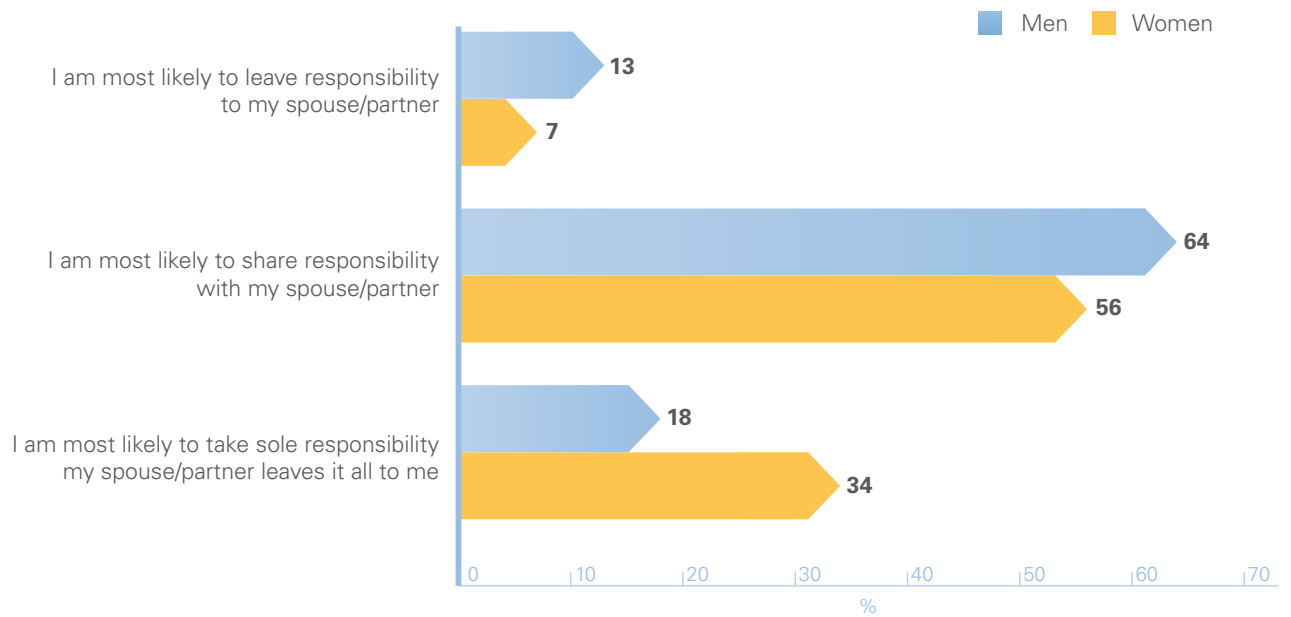
Q. Who in your household is most likely to take responsibility for making decisions about saving for retirement?



Base: Respondents who are married or cohabiting

**Figure 3: Women take charge of household budgeting**

Q. Who in your household is most likely to take responsibility for making decisions about managing the household budget?



Base: Respondents who are married or cohabiting



## Part 3: Household financial planning – gaps in the family’s financial safety net

Figure 4 illustrates how individuals accumulate and consume wealth during the course of their adult lives. After entering work in early adult years, both income and wealth typically grow well into a person’s 50s and possibly beyond, depending on when they enter retirement and start to draw down on savings and investments. Across different societies

and households, the exact shape of this curve will vary depending on a range of factors – patterns of employment and home ownership, family life, retirement trends and life expectancy. However, all households need to protect their financial assets as an essential step in ensuring that retirement savings are not used up before retirement.

Figure 4: **The gaps in Argentinean households’ financial plans**

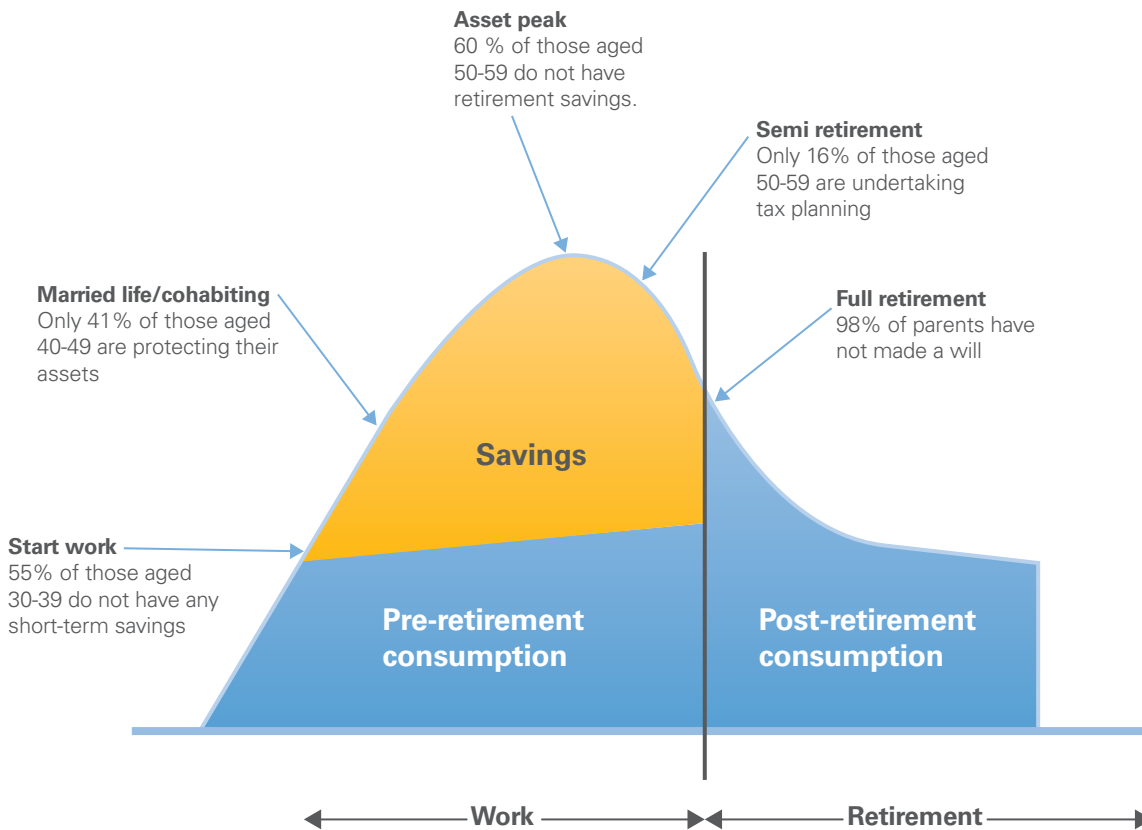


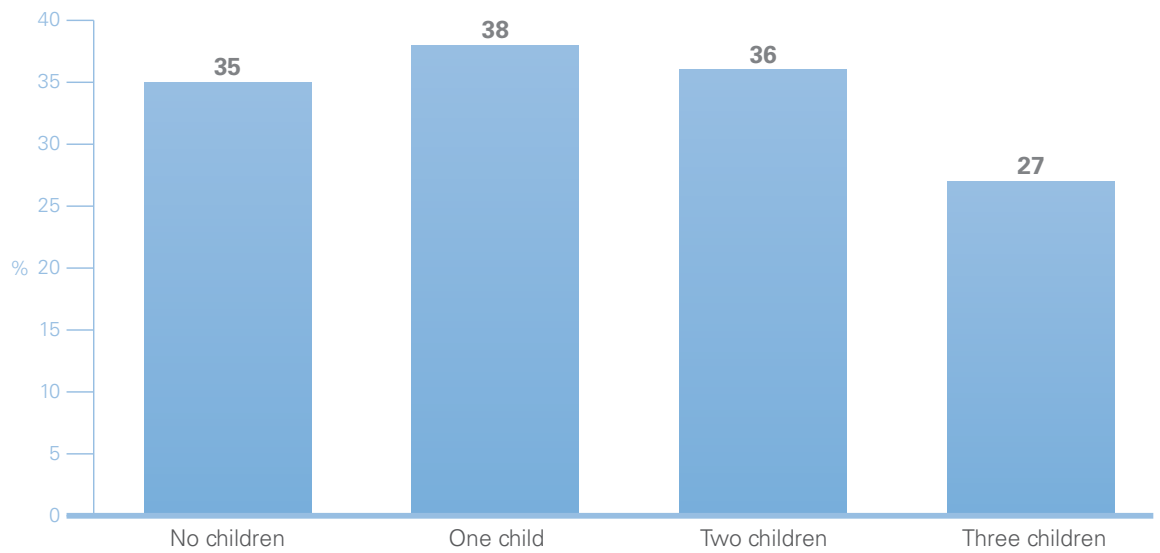
Figure 4 shows some of the key responses from the 25% of Argentinean respondents surveyed who have a financial plan. Even though these households are planning ahead, there are still significant gaps in the contents of their financial plans. For example, 60% of planners in their 50s are not saving for retirement. Despite the fact that life insurance is widely available and all working parents have a need for this kind of

protection, 50% of those with children do not have a life insurance policy in their financial plans. Our survey found that families with more children are actually less aware of the risks of not having life insurance when compared with the overall global average; as Figure 5 shows, 38% of families with only one child consider this extremely risky compared to 27% of those with three children.

**Figure 5: The risk of not having life insurance**

Q. How risky do you rate the following activities?

A. Not having life insurance



Base: Respondents who answered 'Extremely risky'

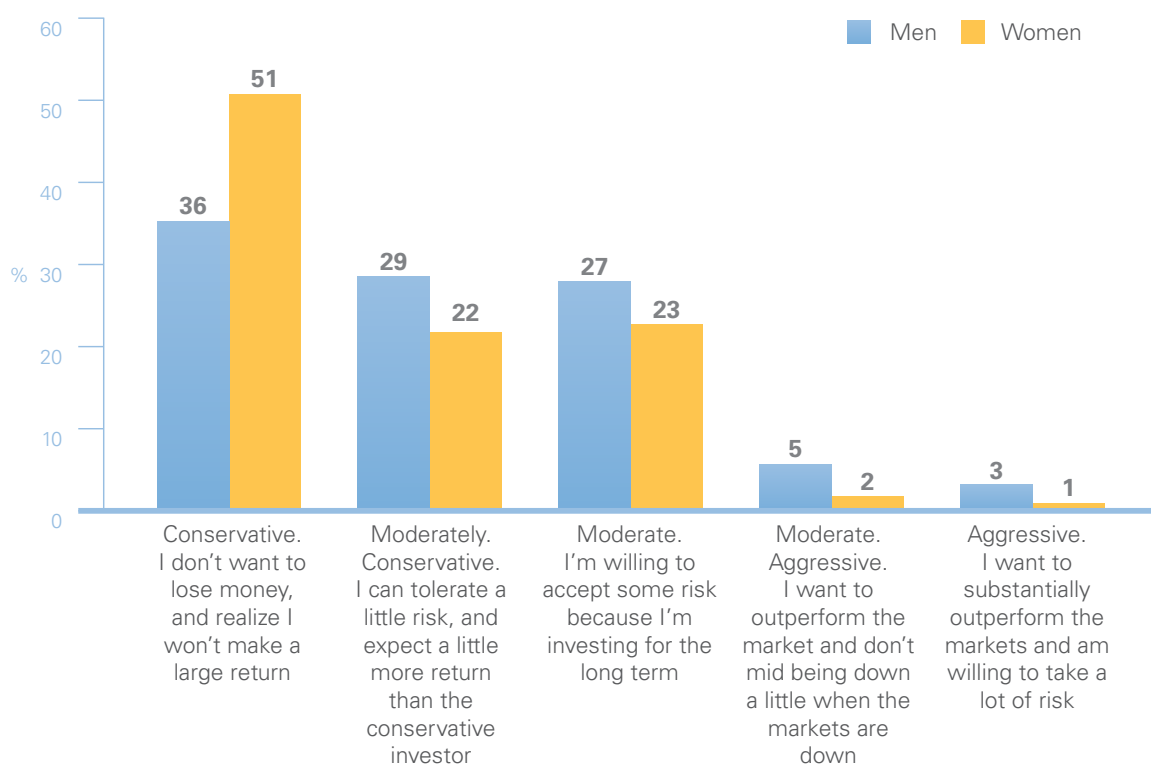
## Part 4: Attitudes to risk – the need to change household risk appetites

As Figure 6 shows, Argentinean women are significantly more likely than men to describe their attitude to risk as conservative, and this is reflected in their reluctance to hold more sophisticated savings and investment products: 7% of men use mutual funds and investments compared with only 3% of women. In fact over 50% of Argentine women describe their

risk appetite as conservative and this is a higher proportion than in other countries surveyed. However both men and women show a strong preference for conservatism and risk aversion in their savings attitudes. Consequently, encouraging households to accept more risk in order to secure their financial future presents a major challenge.

**Figure 6: Women are more likely to sacrifice returns to protect investments**

Q. When it comes to investing, which of the following best describes your risk tolerance?



Base: All respondents

While the risk of investing for the long term may be a major concern to some households, and particularly to women, it is equally clear (see Table 2) that many people are just as concerned about the risk of doing nothing towards planning for retirement. Our findings show that respondents perceive the risk of not having retirement funds as significantly less than the risk of investing for the long-term: 23% of Argentinean respondents thought that investing in

stocks and shares was extremely risky, whereas 31% thought that not having a private retirement fund was extremely risky. Not having life insurance was also seen as being extremely risky by large numbers of respondents (36%). The fact that people in Argentina already understand the danger of not planning sufficiently for retirement should help efforts to encourage more people to prepare adequately.

**Table 2: The risk of not planning household finances**

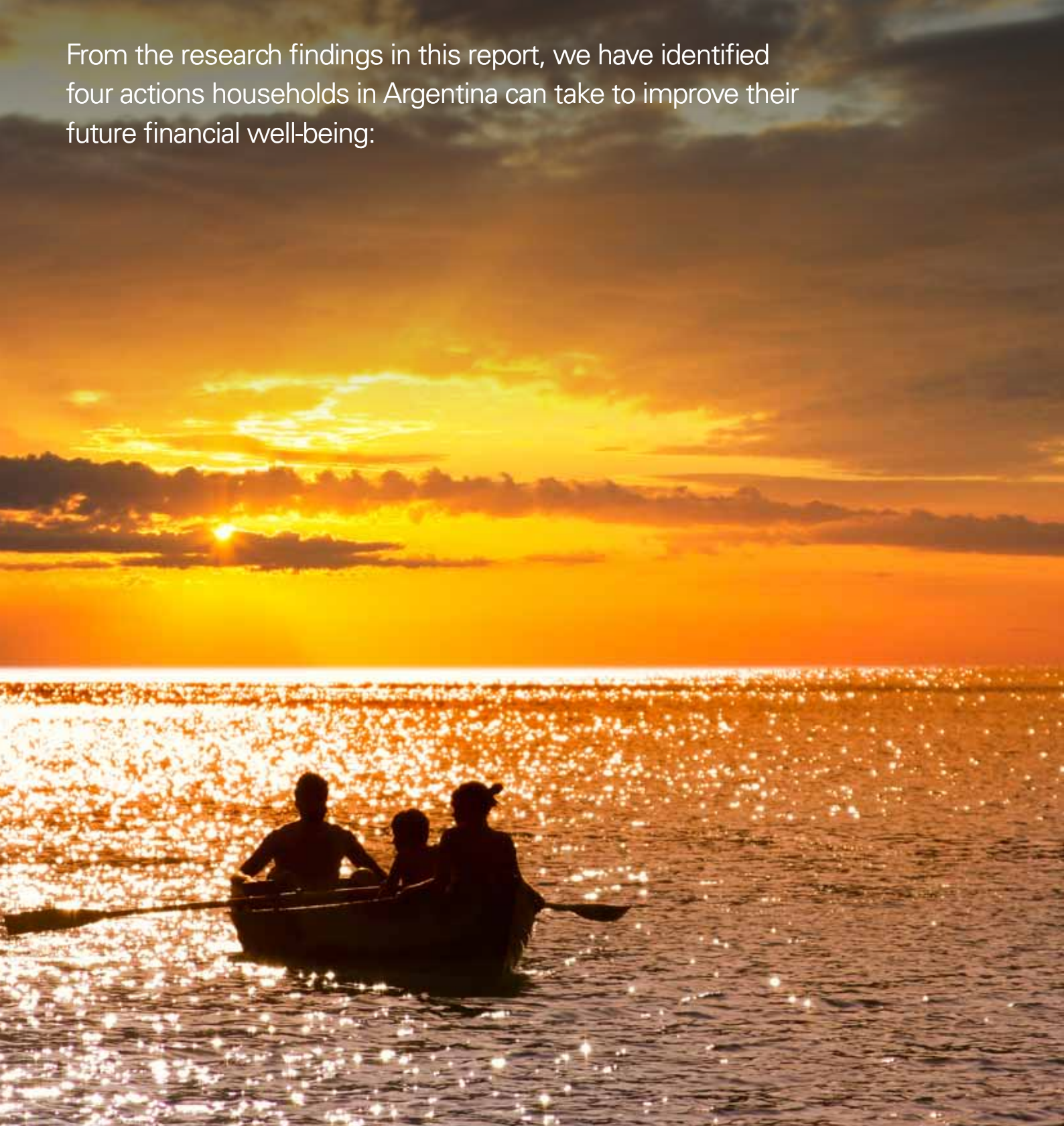
Q. How risky do you rate the following activities?

	Male (%)	Female (%)	All (%)
Investing in stocks and shares	17	28	23
Not having life insurance	35	38	36
Not having a private retirement fund	26	34	31
Going on holiday without travel insurance	27	35	32

Base: Respondents who answered 'Extremely risky'

# What families can do to better prepare for the future

From the research findings in this report, we have identified four actions households in Argentina can take to improve their future financial well-being:





## Action 1

### Share your financial decision-making

Make sure that financial planning decisions which affect the household – in particular retirement and protection needs – are shared and discussed with your partner, to make sure you are both better prepared for retirement and other life goals.

*Women across all age groups continue to lag behind their male peers when it comes to taking charge of their own retirement savings.*

## Action 2

### Use life events to start and review your financial plan

Understand the importance of the life events and life stages, then use these events as prompts to take action (for example, having children, saving for college fees, dealing with bereavement, divorce etc). It is important to consider the whole family when planning for your own financial needs.

*Large numbers of younger families do not have life insurance in place, while many still overlook the need to build retirement savings or undertake estate planning to ensure that their wealth is protected and managed as tax-efficiently as possible.*

## Action 3

### Review your financial plan with a professional adviser

Sense-check financial decisions and plans with an expert, to make sure that all eventualities are covered. Many household financial plans contain gaps and omissions: get a professional review of your family's financial plan.

*Many people still prefer to apply a do-it-yourself approach to financial planning, with 76% not having sought professional financial advice.*

## Action 4

### Take a balanced approach to managing investment risk

Balance the need to protect your investments in the short- and medium-term with the need to generate an adequate retirement income in the long-term.

*33% of women in Argentina describe themselves as being conservative, which may possibly lead to lower incomes in retirement if they fail to strike the right balance when choosing whether to save or invest.*





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Published by HSBC Insurance Holdings Limited, London

Designed and produced by Global Publishing Services

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HSBC Insurance Holdings Limited  
8 Canada Square  
London E14 5HQ