

# The Future of Retirement

*Why family matters*



**Taiwan 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 1,024 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

- Unlike in most other countries surveyed, Taiwanese women (39%) are slightly more likely than men (35%) to be in charge of household decision-making regarding retirement savings
- Although Taiwanese women seem to enjoy greater equality in retirement decision making, they are still more likely to be in charge of household budgeting than men (43% vs. 29%), as is the case in most countries
- Despite being keen to pass on wealth to children and family, 95% of Taiwanese respondents have not made a will and only 14% of 50-59 year olds are engaging in tax planning
- Our results show many Taiwanese have a sensible attitude to risk, with 29% of respondents defining their risk appetites as 'moderate' – wanting to preserve savings but accepting the need for some risk in order to do so
- Whilst 17% of respondents in Taiwan rated investing in stocks as 'extremely risky', even more (24%) saw not having any private retirement savings as equally risky



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

58% of Taiwanese respondents feel that having a loving family and friends is extremely important to enjoying a happy retirement, and this is particularly the case in those married with children (64%). A majority of respondents are also keen to live near (but not with) their children in retirement, with 55% seeing this as very or somewhat important.

- Surprisingly, Taiwanese parents are less likely to associate retirement with happiness (37%) than those without children (43%). Perhaps respondents associate retirement with grown up

children leaving home. They were also more likely to see retirement as a time of financial hardship (34%) compared to those without children (29%)

- Parents place a greater emphasis on financial protection than those without children. Those without children are more likely to emphasise retirement priorities such as keeping in touch with friends (Table 1)

**Table 1: Having children changes your retirement priorities**

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

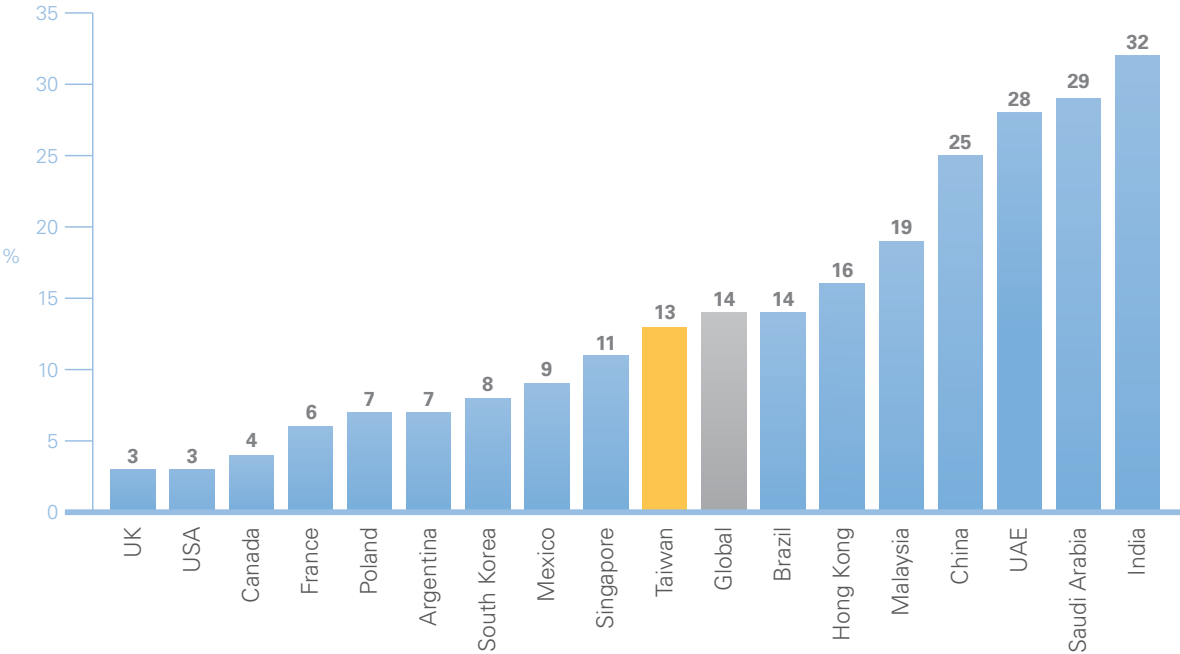
	All (%)	People with children (%)	People without children (%)
Having financial protection for my family – in case something happens to me	49	53	46
Keeping in touch with friends and making new ones	40	37	42

Base: Respondents who claimed 'Very important to me'

Respondents in Taiwan rank halfway amongst the countries surveyed in terms of living arrangements in

retirement, with 13% stating that they would like to live with their children in later life (Figure 1).

**Figure 1: Living arrangements in retirement**  
Q. What do you hope will happen to your living arrangements when you retire?



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

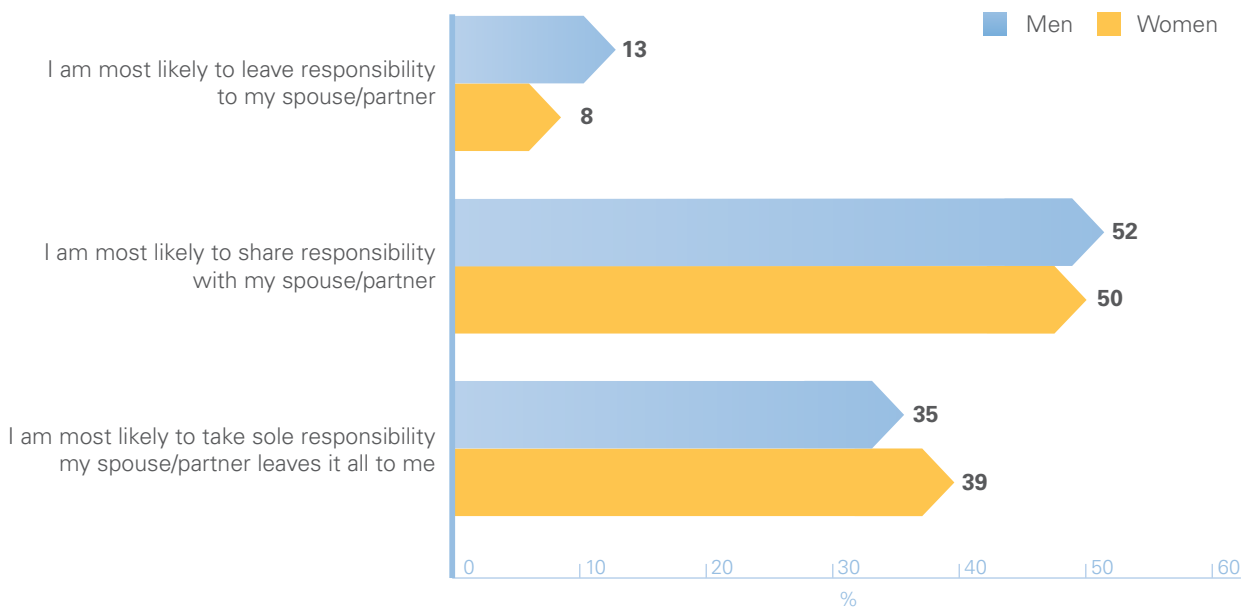
## Part 2: Financial responsibility between the sexes – a more equitable gender division in household financial planning

Whilst our global findings suggest a distinct gender divide on how households plan their finances, in Taiwan the picture is significantly different. Here, similar numbers of men and women claim to be taking the lead on key financial planning decisions such as retirement savings (Figure 2), while Taiwanese women (as those elsewhere globally) maintain a clear lead in responsibility for more short-term financial decisions, such as household budgeting (Figure

3). Combined, this suggests women in Taiwan are significantly more engaged in household financial decision making than in other countries we surveyed. Indeed, the only financial decision on which men are significantly ahead of women in terms of being the sole decision maker was automobile upkeep (38% of men to 23% of women), one of the most traditionally 'male' areas of household finances.

**Figure 2: Women are slightly more likely than men to take the lead on retirement saving**

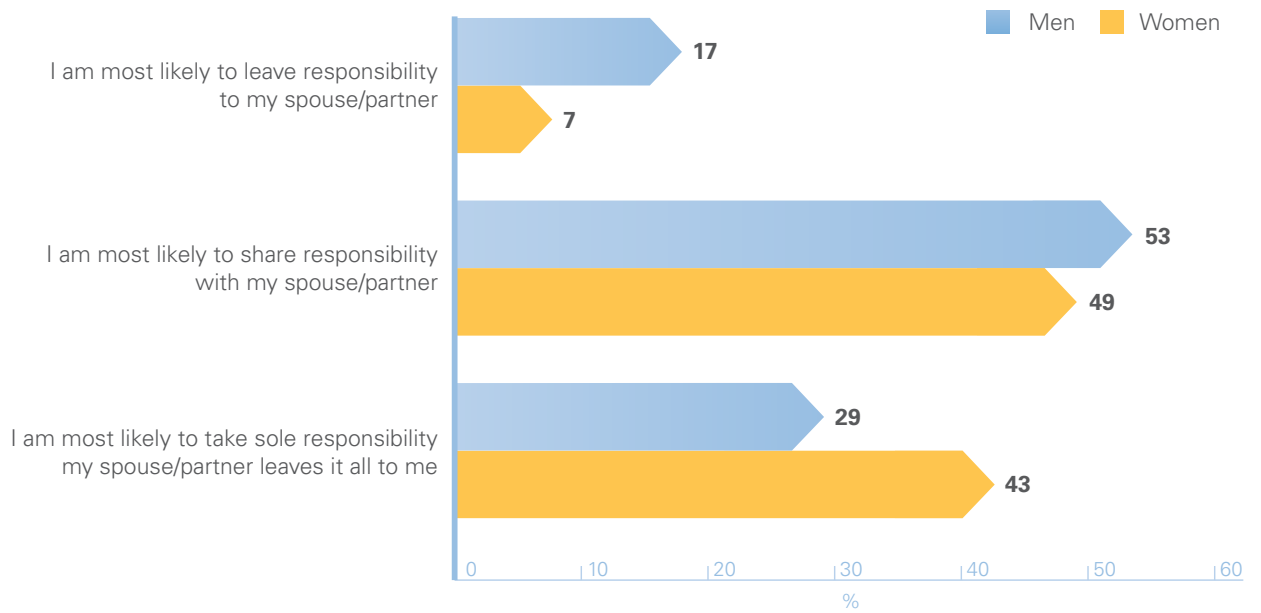
Q. in your household is most likely to take responsibility for making decisions about saving for retirement?



Base: All respondents who are married or cohabiting

**Figure 3: Women are in charge of household budgeting**

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



Base: All 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 fifties 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 Taiwanese households’ financial plans**

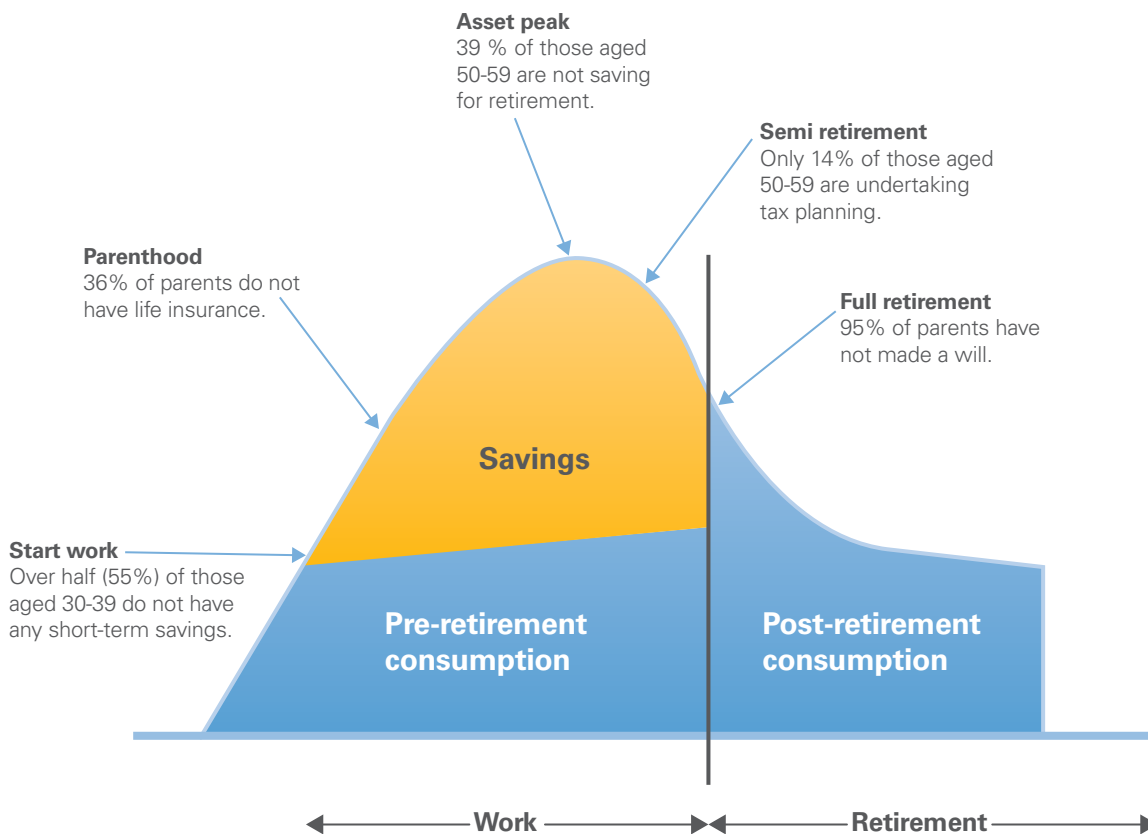


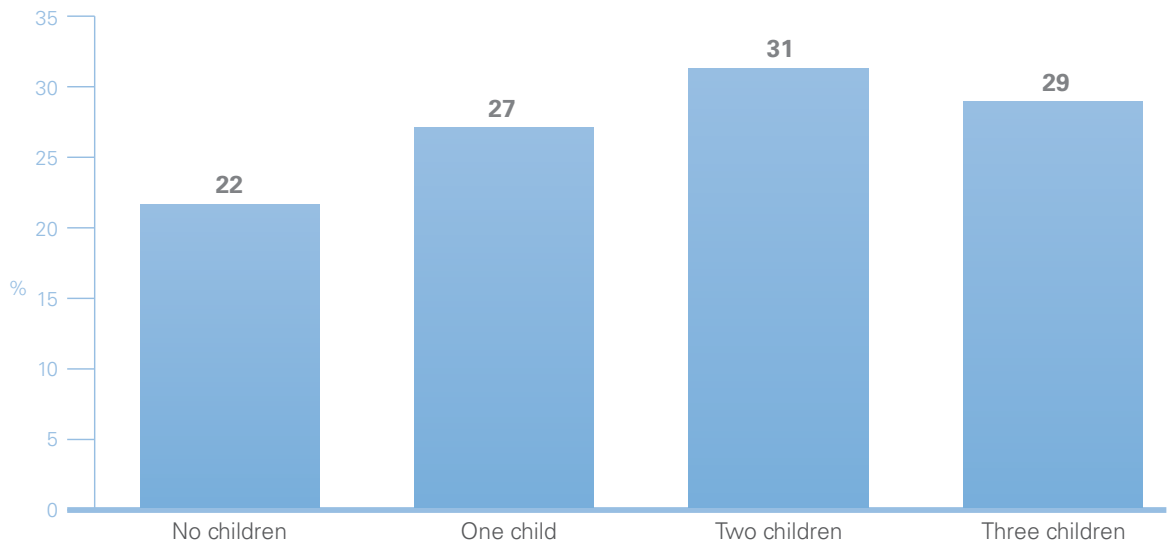
Figure 4 shows some of the key responses from the 60% of respondents in Taiwan who have a financial plan. Even though these households are planning ahead, there are still significant gaps in the contents of their financial plans. For example, 39% of planners in their fifties are not saving for retirement. Despite the fact that life insurance is widely available and

all working parents have a need for this kind of protection, 36% of those with children do not have a life insurance policy in their financial plans. Our survey found that in Taiwan even those with larger families are not appreciating the risks of a lack of protection; as Figure 5 shows.

**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'

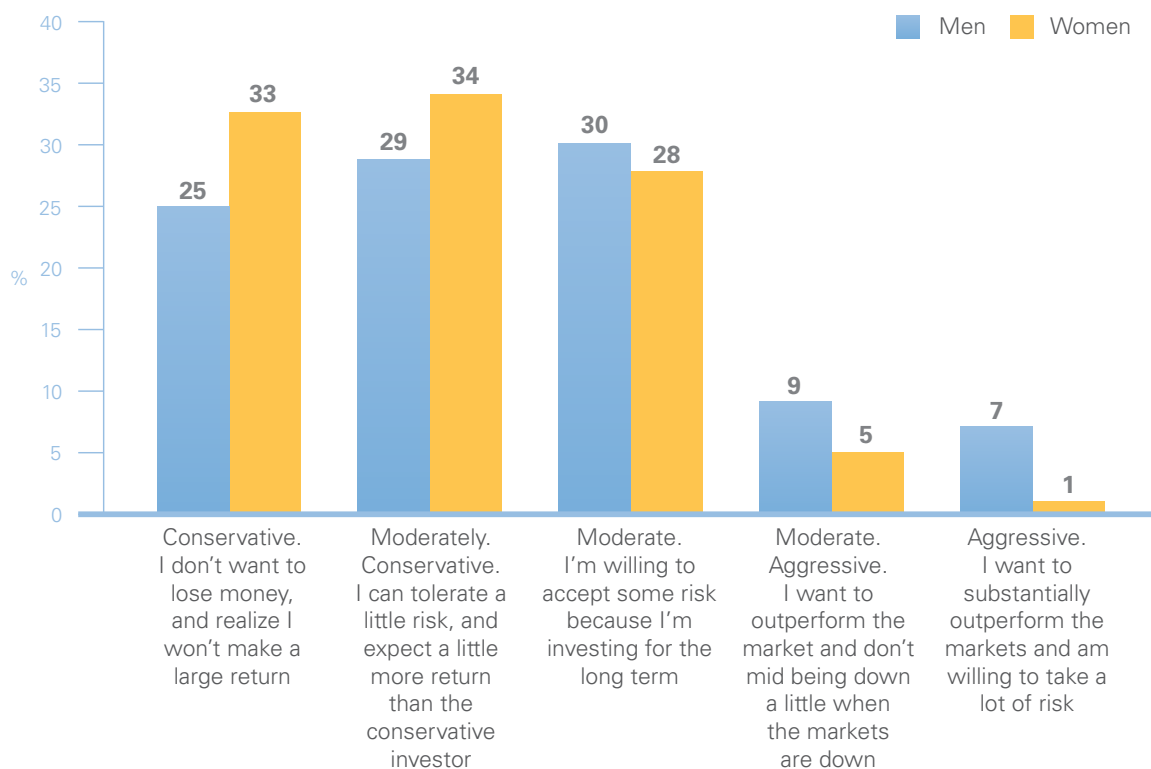
## Part 4: Attitudes to risk – the need to change household risk appetites

As Figure 6 shows, 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. For example, 19% of men compared to 13% of women invest in mutual

funds and equity-based investments to build their retirement savings. However, more so than other countries surveyed, Taiwan includes a large (29%) cohort of respondents willing to accept 'moderate' levels of risk in exchange for higher returns, which is an encouraging sign.

**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 in Taiwan, 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 higher than the risk of investing for the long-term: 17% of all respondents thought that investing in stocks

and shares were extremely risky, whereas 29% thought that not having a private retirement fund was extremely risky (including 35% of women). Not having life insurance was seen as being extremely risky by similar numbers of respondents. The fact that people in Taiwan 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**

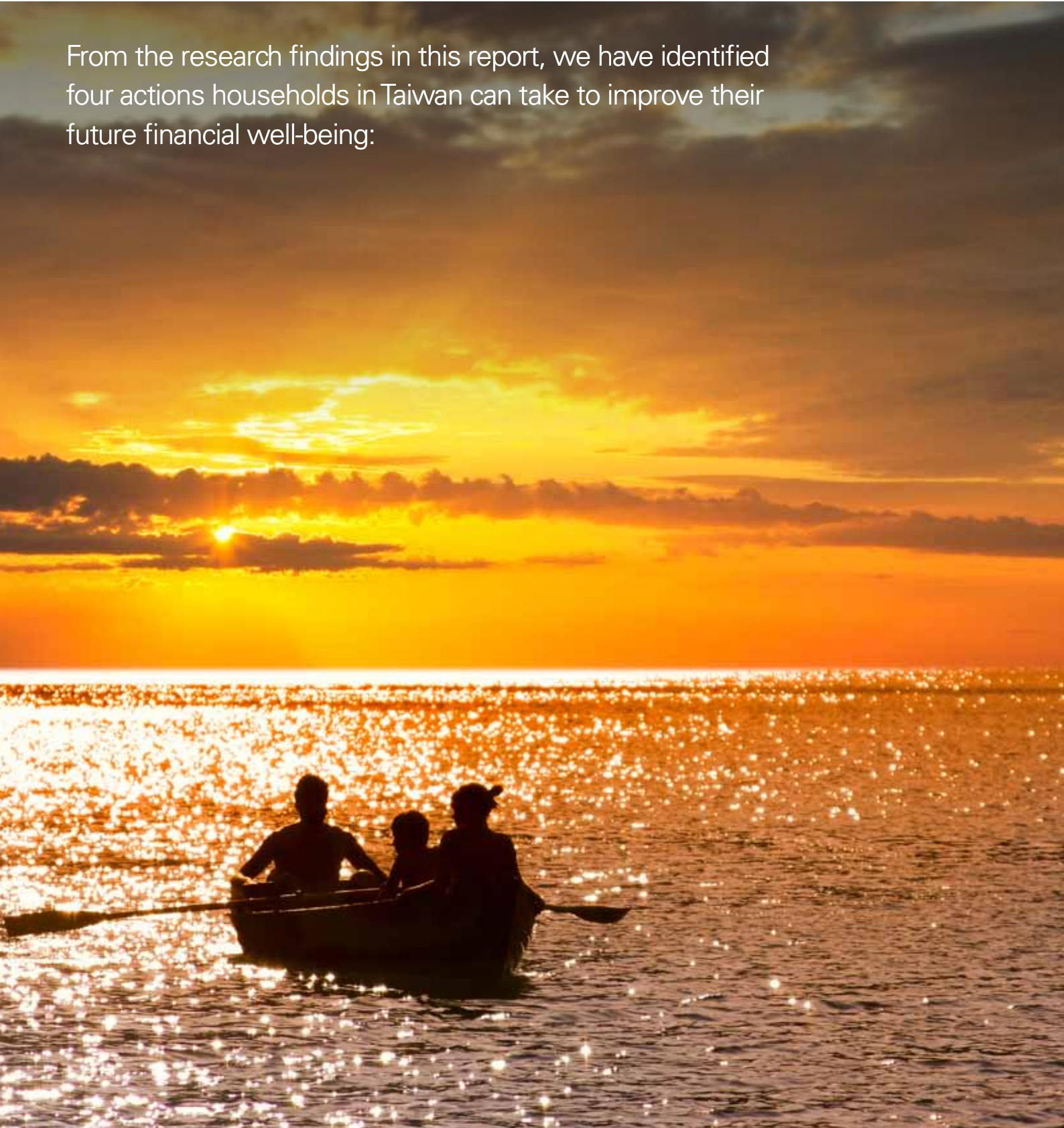
Q. How risky do you rate the following activities?

	Male (%)	Female (%)	All (%)
Investing in stocks and shares (equities)	14	20	17
Not having life insurance	24	27	25
Not having a private retirement fund	24	35	29
Going on holiday without travel insurance	17	23	20

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 Taiwan 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 as a whole are equal or ahead of men in terms of household planning responsibility, but women in their fifties are lagging behind on retirement planning – the age where engagement is most important for future security.*

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 64% 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 Taiwanese women 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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