

The Future of Retirement

What the world wants

Media factsheet – Indonesia

In Indonesia we talked to 1,000 individuals and 300 private-sector employers. All were based in urban areas, and interviews were conducted face-to-face. We have organised the responses around five key questions:

1. What is retirement?
2. How will we pay for retirement?
3. When should we retire?
4. How do older workers compare with younger ones?
5. Do employers and employees think alike?

Key findings

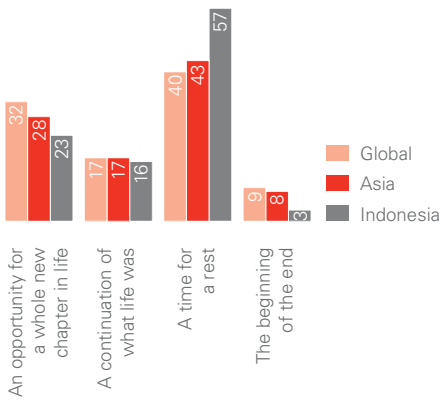
- 96% of Indonesians say they want to spend more time in retirement with their children and grandchildren – the highest proportion anywhere.
- Indonesians are far more likely to talk of religious faith than family and friends as being important to a happy old age.
- Nearly half say that they expect to pay for their own retirement.
- Asked what might motivate them to work beyond the traditional retirement age, many Indonesians mention the need for mental stimulation.
- They strongly believe that men and women should retire when they are no longer able to do their jobs well, but only a minority of employers agree.
- Indonesian employers are much more likely than the Asian or global average to see the loss of older workers as making room for younger ones.
- Many employers say that the reason they don't do more to attract or retain older workers is because they are not as capable or valuable as younger ones.

For the full global results, please go to www.hsbc.com/futureofretirement

1. What is retirement?

Along with people in other transitional economies, Indonesians tend to see retirement as a time for rest rather than as an opportunity for a new chapter in life. Only in Poland is this attitude towards retirement more prevalent.

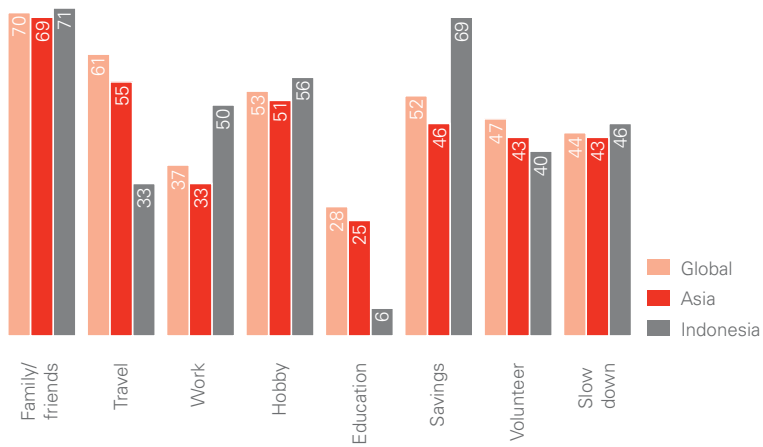
How individuals view retirement (in percent)



Source HSBC Future of Retirement Research 2006

This may explain why so many Indonesians want to enjoy spending their savings in retirement. And 96% say they want to spend more time with their children and grandchildren – the highest proportion anywhere.

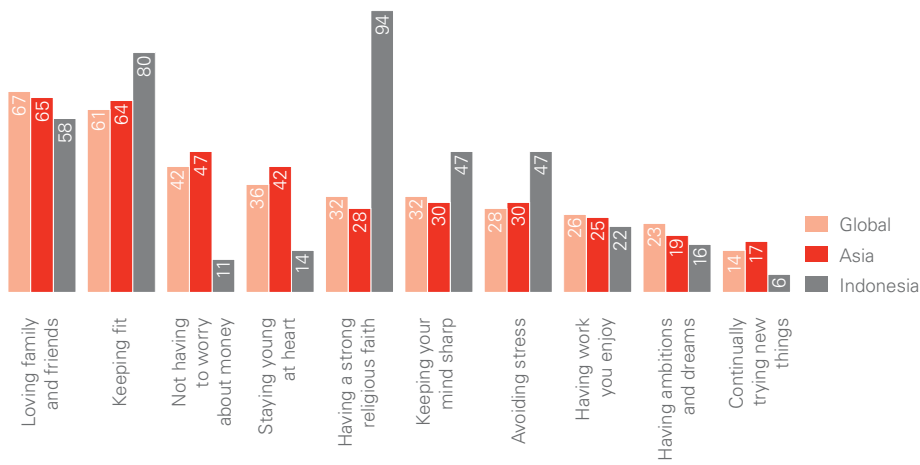
How individuals would like to spend most of their time in retirement (in percent)



Source HSBC Future of Retirement Research 2006

Despite this, and unlike people in nearly every other country, Indonesians are far more likely to talk of religious faith than family and friends as being important to a happy old age. And only 11% – the smallest proportion anywhere – mention the importance of money.

What individuals think is important to achieve a happy old age (in percent)

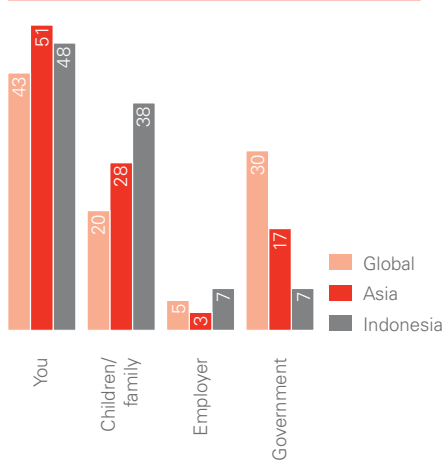


Source HSBC Future of Retirement Research 2006

2. How will we pay for retirement?

While nearly half of our Indonesian respondents say that they expect to pay for their own retirement, more than the Asian average say that they expect their children or families to support them. Few believe that this should be the government’s responsibility.

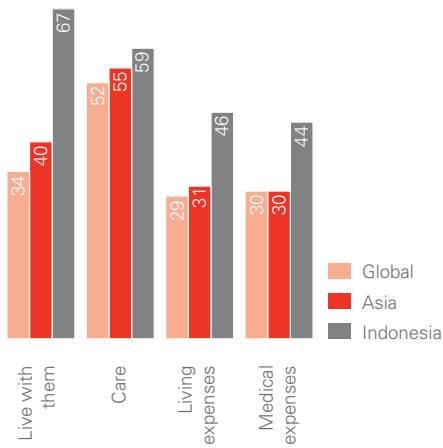
Who individuals think should bear most of the burden of supporting them in retirement (in percent)



Source HSBC Future of Retirement Research 2006

Not surprisingly, more people in Indonesia than elsewhere expect their children to provide for them in a variety of ways.

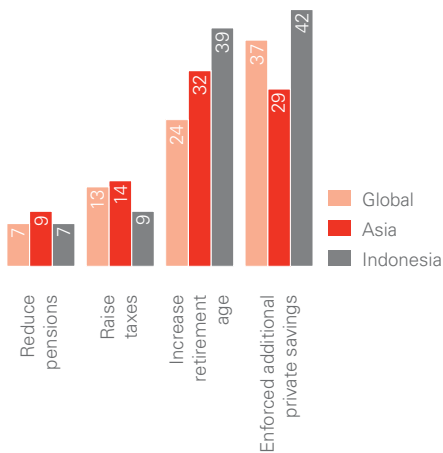
How individuals expect to rely on their children in their old age (in percent)



Source HSBC Future of Retirement Research 2006

Asked how their government should finance the ageing population, Indonesians are even more likely than people elsewhere to favour compulsory private savings, though an older retirement age is also favoured.

How individuals think governments should finance ageing populations (in percent)

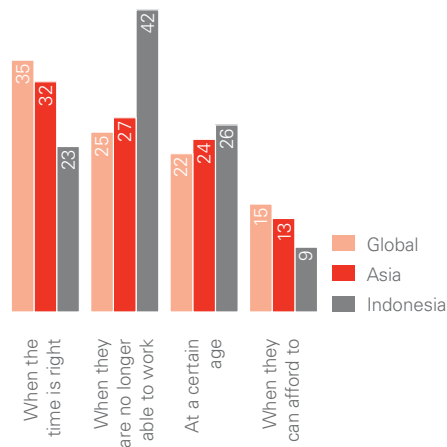


Source HSBC Future of Retirement Research 2006

3. When should we retire?

Indonesian people say that women should retire more than six years before men do (at 53.3 compared with 60). They also strongly believe that men and women should retire when they are no longer able to do their jobs well, rather than at a particular age.

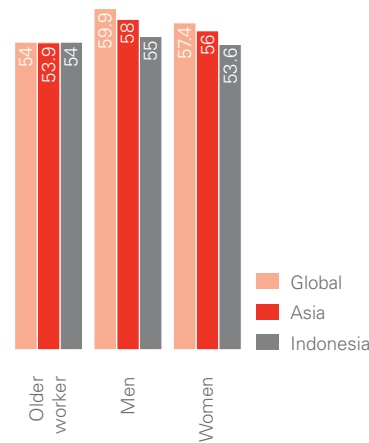
When individuals would choose to retire? (in percent)



Source HSBC Future of Retirement Research 2006

In the rest of the world, people think that both men and women become old before the typical retirement age. But in Indonesia (along with India) women typically retire before they are considered old.

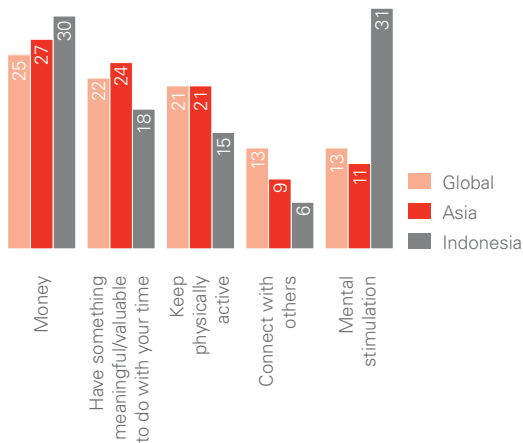
Typical retirement age versus best retirement age (in percent)



Source HSBC Future of Retirement Research 2006

Asked what might motivate them to work beyond the traditional retirement age, many more people in Indonesia than elsewhere mention the need for mental stimulation, pushing money into second place.

Reasons for individuals wanting to work in their later years (in percent)

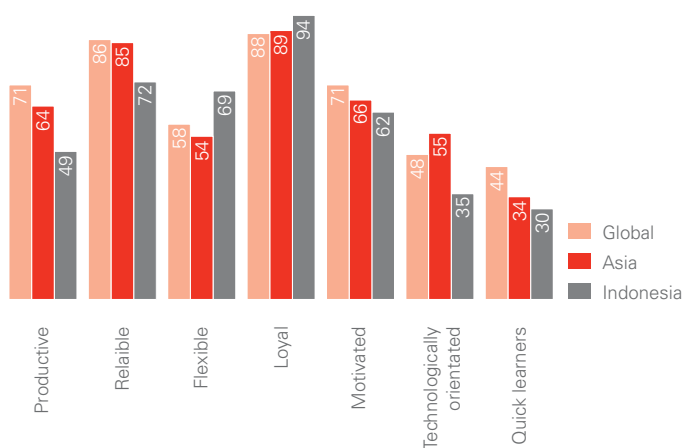


Source HSBC Future of Retirement Research 2006

4. How do older workers compare with younger ones?

Employers in Indonesia are typical of those everywhere in saying that older workers are as employable as younger ones, though they see them as less technologically orientated and slower to learn.

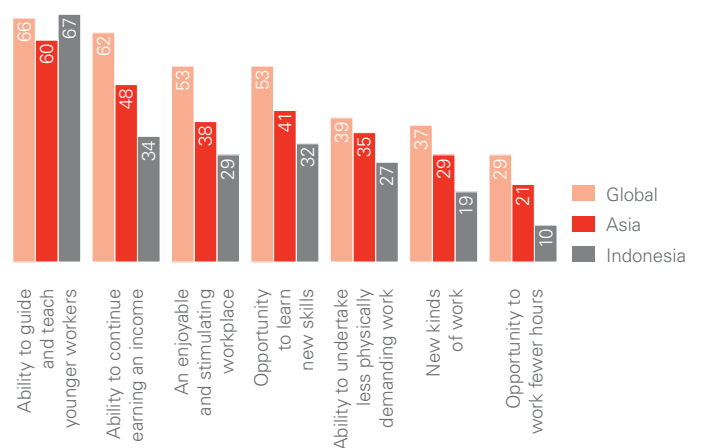
Proportion of employers who view older workers as same / more loyal, reliable etc... (in percent)



Source HSBC Future of Retirement Research 2006

However, relatively few Indonesian employers offer older workers appropriate opportunities.

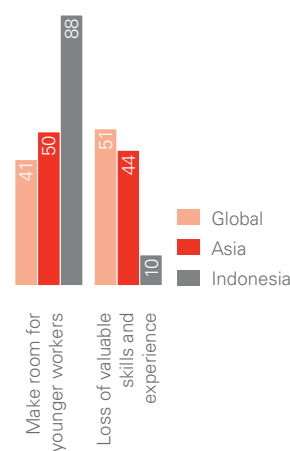
What opportunities employers currently offer older workers (in percent)



Source HSBC Future of Retirement Research 2006

This may be because employers in Indonesia are much more likely than the Asian or global average to see the loss of older workers as a good thing. Indeed 87% of employers believe that the loss of older workers makes room for younger ones – the highest proportion anywhere.

How employers view the retirement of older workers (in percent)



Source HSBC Future of Retirement Research 2006

Despite saying that older workers are just as employable as younger ones, the reason Indonesian employers give for not doing more to attract or retain them is that they are not as capable or valuable. Only 10% of Indonesian employers are trying to recruit older workers.

5. Do employers and employees think alike?

Whereas most Indonesian people believe they should be able to go on working as long as they are capable of doing their job well, only 36% of their employers agree – compared with 63% of employers in Asia as a whole. Not surprisingly, only 28% of Indonesian employers state that they do not have a mandatory retirement age, compared with 46% in Asia as a whole.

Globally, employers (17%) are more likely than individuals (5%) to believe that employers should be responsible for bearing most of the cost of supporting their employees in retirement.

However, in Indonesia (along with France) there is a particularly marked disparity, with 59% of employers and only 7% of individuals thinking that employers *should* bear this cost. And 47% of employers believe they *will* ultimately do so.