

The Future of Retirement

What the world wants

Media factsheet – Japan

In Japan we talked to 1,350 individuals and 300 private-sector employers, interviewing them by telephone. We have organised their 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

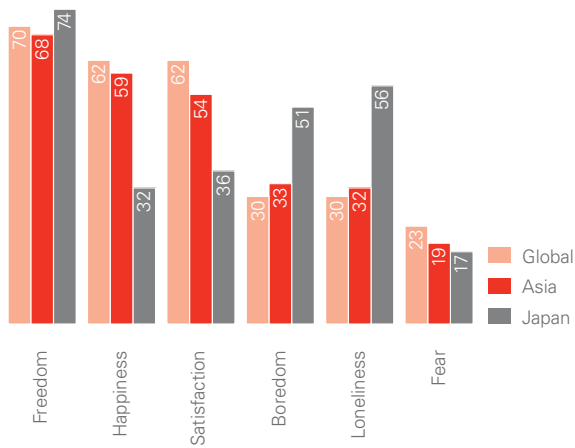
- Japanese people tend to believe in self-sufficiency, with the majority saying that they should fund their own retirement.
- They overwhelmingly view retirement as a time of freedom, however more associate it with boredom and loneliness than with happiness and satisfaction.
- When asked what the government should do to finance an ageing population, Japanese people are unusual in saying that the retirement age should be raised.
- The option that is supported most strongly across the world as a whole – compulsory private savings – is the least popular in Japan.
- Japanese people believe that both men and women should retire at a much later age than is considered ideal elsewhere.
- Japanese employers are more likely than those elsewhere in Asia to offer older workers flexible working opportunities.
- They are also more likely than the Asian average to say that their company loses knowledge and skills when older workers leave.
- Employers say they oppose mandatory retirement ages – but most have one nevertheless.

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

1. What is retirement?

Japanese people are unusual in associating retirement more with boredom and loneliness than with happiness and satisfaction.

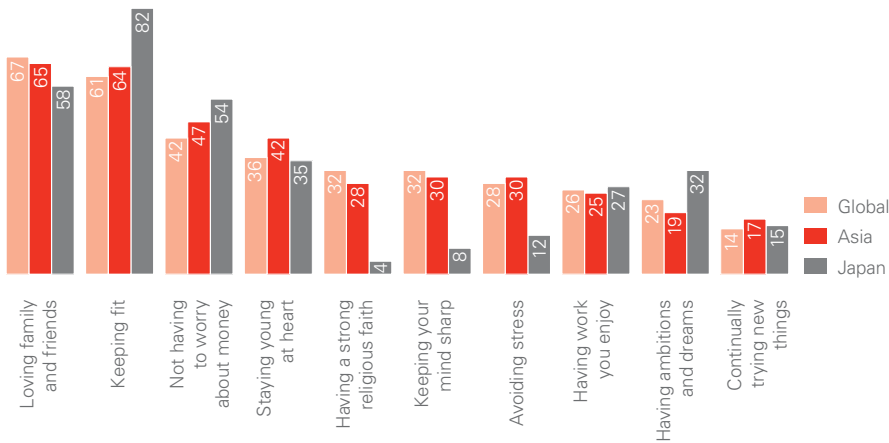
What individuals associate with retirement (in percent)



Source HSBC Future of Retirement Research 2006

Asked what makes for a happy old age, they are much more likely than the average elsewhere to refer to keeping fit and not having to worry about money, and much less likely to cite religious faith.

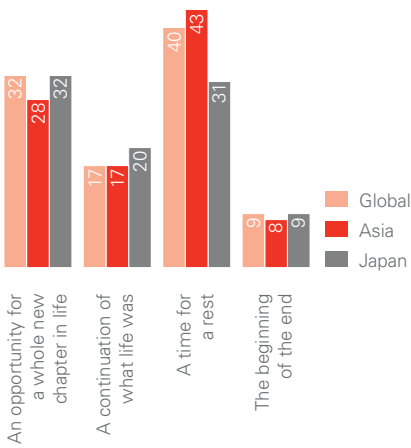
What individuals think is important to achieve a happy old age (in percent)



Source HSBC Future of Retirement Research 2006

The Japanese are divided about whether retirement is a time for rest, as people in the rest of Asia are inclined to think, or an opportunity for a new chapter in life, as people in the West tend to believe.

How individuals view retirement (in percent)



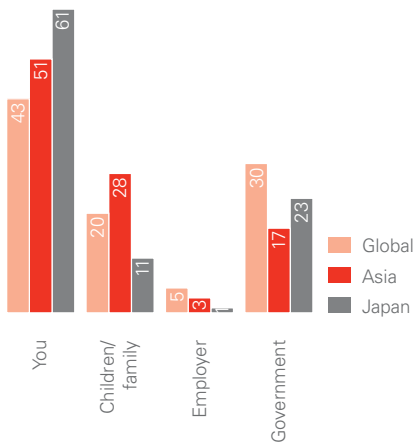
Source HSBC Future of Retirement Research 2006

This may explain why there is a mixed picture of what they would like to spend their time doing in retirement: slowing down, travelling and taking up a new hobby are all roughly equally popular.

2. How will we pay for retirement?

Japanese people tend to believe in self-sufficiency, with the majority saying that they should fund their own retirement, rather than rely on their family, the government or their employer.

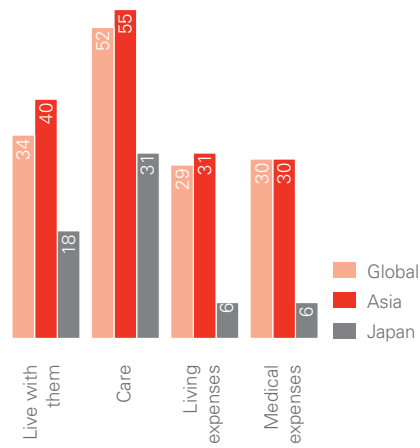
Who individuals think should bear most of the burden of supporting them in retirement (in percent)



Source HSBC Future of Retirement Research 2006

Few Japanese people expect their children to care for them in old age.

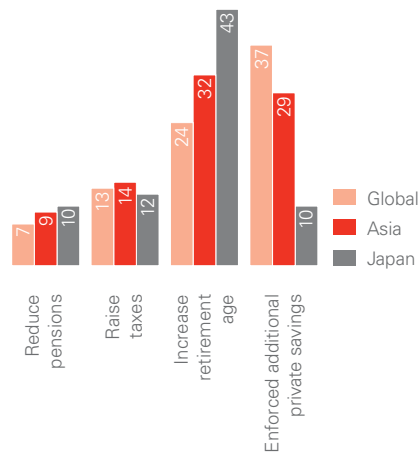
How individuals expect to rely on their children in their old age (in percent)



Source HSBC Future of Retirement Research 2006

When asked what the government should do to finance an ageing population, many Japanese people say that the retirement age should be raised – an option otherwise favoured only in Singapore. And the option that is supported most strongly across the world as a whole – compulsory private savings – is the least popular in Japan.

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

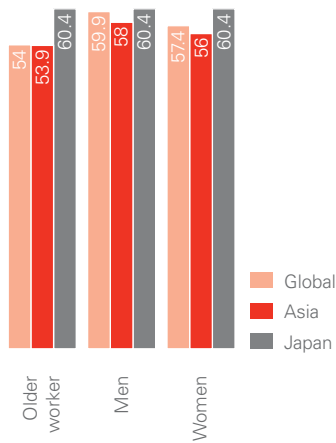


Source HSBC Future of Retirement Research 2006

3. When should we retire?

People are considered “older workers” in Japan only if they work beyond the typical retirement age – 60.4

Typical retirement age versus best retirement age (in percent)

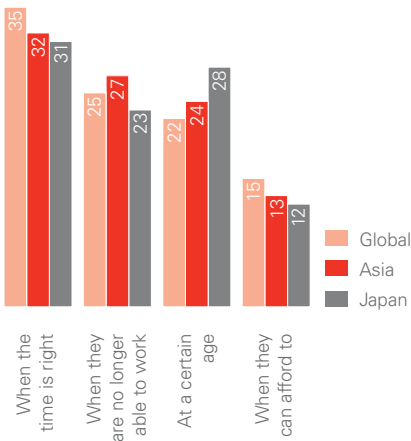


Source HSBC Future of Retirement Research 2006

But Japanese people believe that both men and women *should* retire later still – and at a much later age than is considered ideal elsewhere. At 65.2, Japan’s ideal retirement age is the oldest in the world.

And while Japanese people tend to agree with people elsewhere that employees should retire “when the time is right”, a significant minority of them say that employees should retire at a particular age.

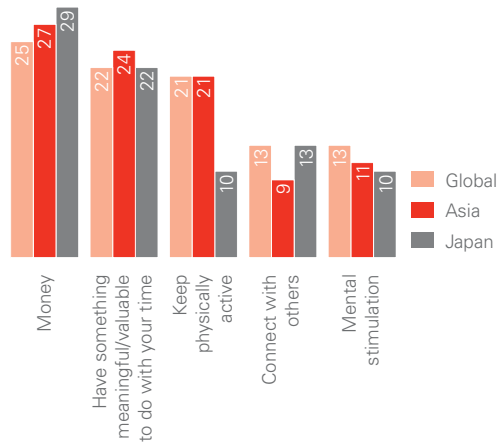
When individuals would choose to retire? (in percent)



Source HSBC Future of Retirement Research 2006

Asked why they might be motivated to work beyond the normal retirement age, Japanese people are most likely to cite the need for money, and very few mention keeping physically fit.

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

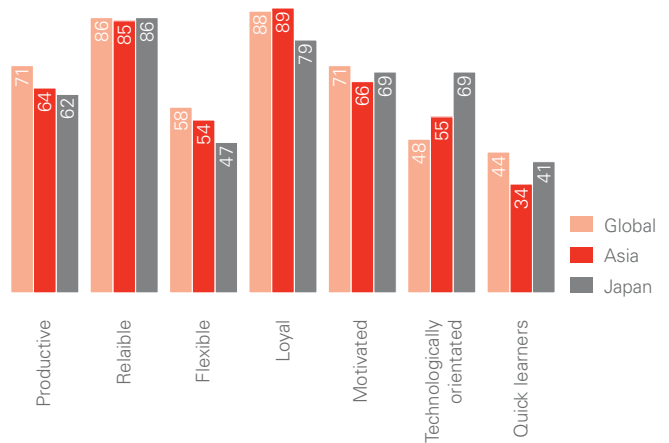


Source HSBC Future of Retirement Research 2006

4. How do older workers compare with younger ones?

Japanese employers rate their older workers highly, particularly when it comes to their facility with technology.

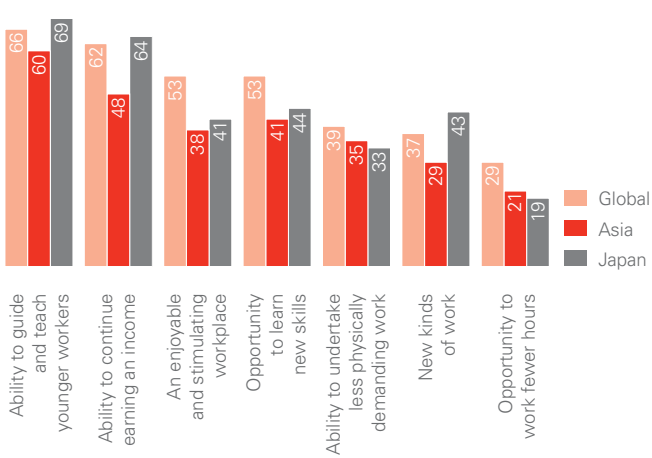
Proportion of employers who view older workers as same / more loyal, reliable etc... (in percent)



Source HSBC Future of Retirement Research 2006

And Japanese employers are more likely than those elsewhere in Asia to offer older workers appropriate opportunities. Fewer than average give older workers the opportunity to work fewer hours – but then only 16% of Japanese people say that this would attract them.

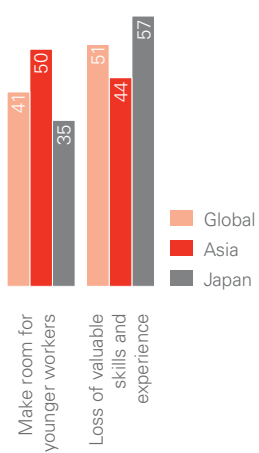
What opportunities employers currently offer older workers (in percent)



Source HSBC Future of Retirement Research 2006

Japanese employers are more likely than the Asian average to say that their company loses knowledge and skills when older workers leave. In this they are typical of employers in advanced economies.

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



Source HSBC Future of Retirement Research 2006

Asked why they aren't doing more to attract and retain older workers, Japanese employers are unlikely to refer to government or union policies (as do employers in India) and much more likely to say that there is no need or that it isn't an urgent issue. Again, this attitude is typical of employers in advanced economies generally.

5. Do employers and employees think alike?

Japanese people are generally hostile to a mandatory retirement age – 84% say that people should be able to carry on working as long as they are able to do the job well. Three-quarters of employers claim to agree, yet only 23% say their company does *not* have a mandatory retirement age.

Perhaps as a result of having such a strict retirement age, early retirement is not as common in Japan as elsewhere. Only 3% of Japanese people say that their organisations “actively encourage full early retirement” – the lowest proportion anywhere in the world (in India the figure is 37%).

Japanese employers and individuals think alike when it comes to how their government should pay for an ageing population. Very few Japanese employers (at 15%, the lowest proportion anywhere) favour enforced private savings. Instead both employers and individuals (49% and 43% respectively) believe the retirement age should be raised – something the rest of the world would rather avoid.