

# The Future of Retirement

## Investing in later life



### Fact Sheet Korea<sup>1</sup>

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 good degree of optimism in Korea with regards to financial security and living standards in old age. People pre-retirement do *not* expect their standard of living to get worse in retirement. *Nor* do retirees feel that their standard of living is worse than it was before. Nevertheless, despite this general optimism, a significant proportion does *fear* dependency, not having enough money and particularly illness/disability in later life.

#### Investing in Later Life – Key Korea Findings

Preferred legacy is perspective on life

But post-retirees see 'hard values' as significant for inheritance

Highest proportions in Asia viewing self as the most important pillar to support retirement

Illness/disability in later life is the greatest worry across the generations

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

#### 1. Preparedness: the four pillars

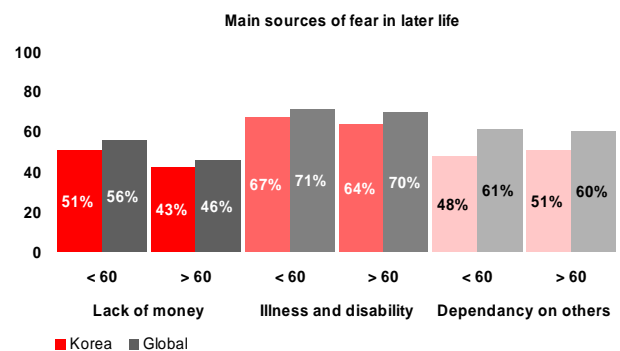
Around half pre- and about two thirds post-retirement are *not* worried about being able to cope financially in the future. But how are people in Korea planning, preparing and investing for their retirement? And is their general optimism about a comfortable retirement justified?

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

Overall, children/family and the individual are seen as the most important contributors to retirement income, while government and then employer are seen as least important. Post-retirement, individuals regard themselves as marginally the most important contributor. In Korea children/family and self clearly remain the key contributors indicated by both high and low income households.

In Korea, 62 per cent of the pre-retirement generations surveyed are looking forward to retirement. However, both pre- and post-retirement some two thirds are apprehensive about old age and illness/disability, with more pre-retirement than post-retirement fearing not having enough money.

Pre-retirement 50 per cent fear a lack of funds in later life, 48 per cent fear dependency and 67 per cent fear illness/disability. The post-retirement proportions are 43, 50 and 63.



<sup>1</sup> Definition of household income variable high/low. Cut-off point: Korea: 21,000,000 Wan

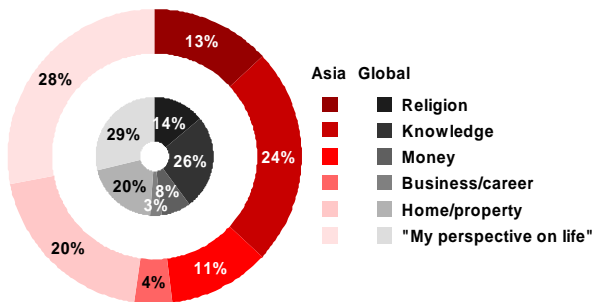
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## 2. Inheritance

What do people want to pass on to their heirs?



Globally, most people want to pass on something to their heirs. Perhaps surprisingly, this is frequently *not* money. There is a clear greater tendency globally for people to choose the soft, less tangible values which we have termed *perspective on life*.

In Korea, the findings show that 76 per cent of the working population and 60 per cent of retirees want their heirs to inherit their perspective on life (*spirit/sense of humour, knowledge, way of giving/supporting the community and religion*). Within this, spirit/sense of humour emerges as the most favoured legacy. Correspondingly, 24 per cent of those pre-retirement and 40 per cent of retirees wish to leave their heirs tangible or material legacies (*home/property, money and business/career*), the favoured option across the generations being to leave home/property.

It is interesting that in Korea hard values are not insignificant for those who are already retired.