

The Future of Retirement

Investing in later life



Fact Sheet Philippines¹

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 surprising degree of optimism in the Philippines with regards to financial security and living standards in retirement. Despite this general optimism, a sizeable group worry about being in a vulnerable situation in later life.

Investing in Later Life – Key Philippines Findings

Preferred legacy is knowledge

Two thirds view family as most important pillar of retirement income (highest globally)

Fear of dependency on others in later life lowest in Asia and half the global average

Fear of shortage of money in retirement among highest in Asian economies

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

1. Preparedness: the four pillars

The majority pre- and post-retirement are *not* worried about being able to cope financially in the future. But how are people in the Philippines planning, preparing and investing for their retirement? And is this optimism about a comfortable retirement justified?

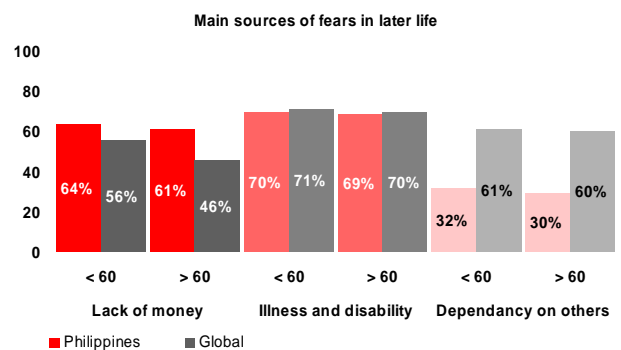
In the Philippines, each of the four pillars of support for later life (*government, employer, family and self*) is regarded as contributing to retirement income.

Overall, across the age groups, family is seen as the most important contributor to retirement income, self

is ranked as second most important contributor while government and employer are seen as least important. It is interesting that both high and low income Philippines households rank family as the main contributor to retirement income.

Our findings show that individuals in the Philippines are generally optimistic about their prospects in later life and 54 per cent of the pre-retirement group are looking forward to retirement. However, around two thirds worry about finding themselves in poor health or short of money when they retire, while around a third of respondents are apprehensive about becoming dependent on others.

In the context of all the Asian economies surveyed, the Philippines is ranked as one of the highest in terms of proportion of individuals fearing a shortage of money in later life. Equally, however, it has the lowest proportion of respondents fearing dependency on others. Thus, 63 per cent pre-retirement fear not having enough money in later life, 32 per cent fear dependency, and 70 per cent fear illness/disability. Post-retirement these proportions are 61, 30 and 69 per cent respectively. Overall, the proportion of Filipinos looking forward to retirement is among the lowest in the region.



¹ Definition of household income variable high/low. Cut-off point: Philippines: 25,000 Pesos

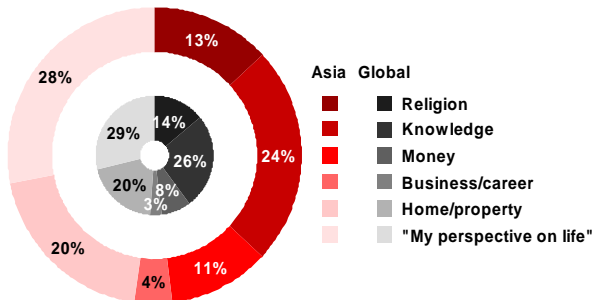
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2. Inheritance

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 the Philippines, the findings show that 77 per cent of the working population and 76 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*). Correspondingly, only 23 per cent of those pre-retirement and 24 per cent of retirees wish to leave their heirs tangible or material legacies (*home/property, money and business/career*).

Relative to the other surveyed Asian economies, more Filipinos choose *knowledge* as their preferred legacy, with 52 per cent of the pre-retirement group and 46 of the retirees hoping to leave their knowledge to their heirs.