

The Future of Retirement

Investing in later life



Fact Sheet Russia¹

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. However, the survey shows a degree of pessimism in Russia with regards to financial security and living standards in old age. The majority of people pre-retirement expect their standard of living to get worse in retirement. And the majority of people post-retirement feel that their standard of living is worse than it was before. Despite this pessimism, preparation for later life varies between the generations and genders, and geographic regions.

Investing in Later Life – Key Russia Findings

- Preferred legacy is perspective on life
- High expectations of government to fund retirement
- Favour increasing the retirement age
- Workers fear a lack of money in old age

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

1. Expectations: state provision may not be enough

Many governments have promised generous public pensions from 60 or 65 years, but these are seen to be increasingly unsustainable as we live longer lives.

Globally, 31 per cent of respondents feel that governments should bear most of the financial costs of supporting them in retirement. In Russia, our survey shows that 66 per cent of working people and 72 per cent of retirees believe that the state should support them in later life.

¹ Definition of household income variable high/low. Cut-off point: Russia: 24,000 Roubles

Given this high expectation, it is worrying that confidence in the government living up to this obligation is lower. In Russia, only 38 per cent pre-retirement and 48 per cent post-retirement feel the government will bear most of the financial costs.

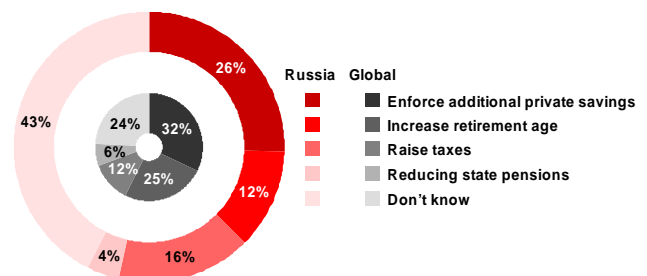
2. Choice: how to provide for the ageing population

Given the lack of confidence in governmental support, we asked respondents – what needs to be done to address the demands of ageing populations?

The most obvious revenue-raising avenues such as raising taxes, reducing state pensions or increasing the retirement age are generally rejected globally and there is only modest support for these in Russia.

32 per cent of Russian citizens pre-retirement and 20 per cent post-retirement favour enforcing additional private savings. The next most popular option is raising taxes. However, the largest group (35 per cent pre-retirement and 50 per cent post-retirement) does not know what the government should do.

What should the government do first of all to support the ageing population?



3. Preparedness: the four pillars

A large proportion of people pre- and post-retirement are worried about being able to cope financially in the future. But how are people in Russia planning, preparing and investing for their retirement?

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

Overall, the *government* is seen as the most important contributor in Russia by both pre- and post-retirement

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people, with *family* the next important. *Employers* are widely perceived to be the least important.

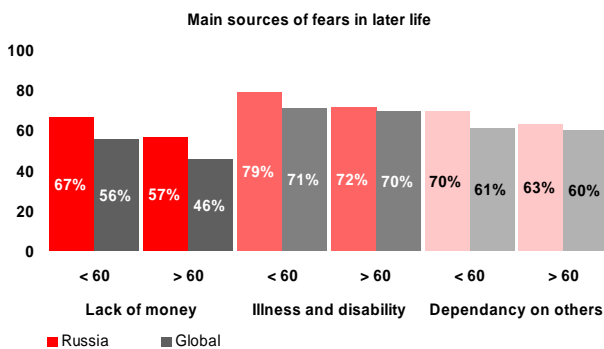
Government support is a more important contributor for those on a low income. Yet for households with a high income, *employers*, *family* and *self* are regarded as more important.

Respondents in Russia generally feel negative about later life with only 27 per cent of people surveyed looking forward to retirement. At least two thirds remain apprehensive about poor health, dependency on others, and about not having enough money in retirement.

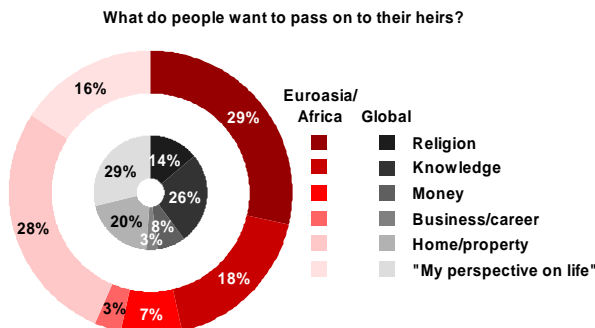
A higher proportion of people (66 per cent) pre-retirement fear not having enough money in old age, decreasing to 57 per cent post-retirement.

termed perspective on life rather than more tangible legacies such as money.

In Russia, the findings show that 57 per cent of the working population and 53 per cent of retirees want their heirs to principally inherit their perspective on life (spirit/sense of humour, knowledge, way of giving/supporting the community and religion). 43 per cent of those pre-retirement and 47 per cent of retirees favour leaving behind tangible or material legacies (home/property, money and business/career).



4. Inheritance



Globally, most people want to pass on something to their heirs and perhaps surprisingly a majority choose the 'soft', less tangible values which we collectively