

# The Future of Retirement

*What people want*



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***The Future of Retirement: What the world wants, Executive Summary***

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## Introduction

*The Future of Retirement: What the world wants*, has been undertaken by HSBC in collaboration with three leading organisations. The report is authored by the Oxford Institute of Ageing, part of Oxford University. The lead advisor was Age Wave, a consultancy headed by gerontologist Dr Ken Dychtwald, HSBC's Special Advisor on Global Ageing, and the global fieldwork was undertaken by Harris Interactive.

More than 21,000 adults have been interviewed in 20 countries and territories across five continents, which comprise 62% of the world's population. Following on from last year's report, which examined people's attitudes to ageing, retirement and later life, *The Future of Retirement: What the world wants* extends the investigation to cover families, the workplace and the role of governments in meeting people's hopes and dreams.

A total of about 6,000 executives who are in charge of recruitment policy for private-sector employers have also been interviewed in the same 20 selected countries and territories. The aim in interviewing these employers was to investigate their attitudes to ageing workforces and their practices relating to older workers. These interviews allowed for analysis of the difference between perception and practice among employers, and the differences in attitudes and perceptions between employers and people in general.

This report, *The Future of Retirement: What people want*, is aimed at a general audience and discusses our findings in depth. We have also published a report aimed at employers, *The Future of Retirement: What businesses want*, and an executive summary, which covers both documents.

The survey covers the "advanced economies" of Canada, France, Germany, Japan, Sweden, the UK and the USA – those that industrialised early, have large service sectors, affluent populations and long-established pensions infrastructure and legislation. The survey also covers the "transitional economies" of Brazil, China, Egypt, Hong Kong, Indonesia, India, Malaysia, Mexico, Poland, Russia, Saudi Arabia, Singapore and Turkey.

Within the transitional economies the survey focuses on "trendsetters". These are people who live mainly in towns and cities, and who work in the service sector or other modern areas of the economy, such as the information technology industry. They contrast with the greater numbers of people still in traditional, rural, family-based employment, or working, sometimes in the state sector, in primary industries such as mining, fishing or forestry.

## What people want

This report is structured around three key questions.

### 1. What is retirement?

*"I want to do something new when I'm older"*

So long as they are healthy and able, people increasingly want to do something active in their retirement rather than just resting. This is also true of many trendsetters in transitional economies, who appear to be looking forward to an active old age. These individuals may be "leapfrogging" the idea of retirement as a period of rest and relaxation, going straight for the new model of active retirement.

*"Family, friends and fitness are more important to me than money in old age"*

Many people in the advanced economies have a positive view of old age and retirement, and this optimistic view is now spreading in transitional economies among those who are pioneering a more active retirement. In most countries and territories surveyed, families, friends and fitness are seen as the key to a happy retirement and old age.

### 2. How will we pay for retirement?

*"I don't believe my government will bear most of the financial cost of supporting me in retirement"*

People are increasingly recognising that governments will not be their sole source of support in old age. This is true in both advanced and transitional economies. In the advanced economies there is still a strong view that governments should provide for our old age, but a growing reality that they will not be able to.

*"Given help I will save for my old age"*

In almost every country and territory the majority of people reject the traditional policies for funding retirement – raising taxes, lowering pensions or lengthening working life. Given the choice, they would rather save for old age – but they know they need help to do so. The favoured option in all countries and territories across all age ranges is enforced additional private savings.

### 3. When should we retire?

*"I don't believe anyone should lose their job because they are too old"*

Across the globe, irrespective of respondents' age, the majority of people reject enforced withdrawal from the workplace at a fixed age. A large proportion of employees and employers feel that people should be able to carry on working to any age so long as they are still capable of doing their job well.

## Further information

There is a range of data contained in these three reports. For further in-depth analysis and supporting material log on to [www.thefutureofretirement.com](http://www.thefutureofretirement.com)



The chance to spend more time  
with family and friends is what's  
really important as we get older.  
I think most people probably  
feel like that.

## 1. What is retirement?

Mass retirement for all workers in advanced economies emerged in the second half of the 20th century, having been introduced to help these societies cope with the health and socio-economic needs of their older populations. More recently, there has been a trend for people to retire early: large numbers of healthy and active men and women in their 50s and early 60s now choose to retire or are forced to retire by their employers.

Market pressure on employers has encouraged them to reduce their workforces, and early retirement has been a popular means of doing so. At the same time retirement is a more appealing prospect for employees thanks to the increasing level of pension provision since occupational and private schemes were introduced. This has made retirees more affluent, leading companies to develop products and services specifically for them – which in turn make retirement still more attractive. All of these factors contribute to the reduction in the number and percentage of older people in the labour market.

### New ideas of what retirement means

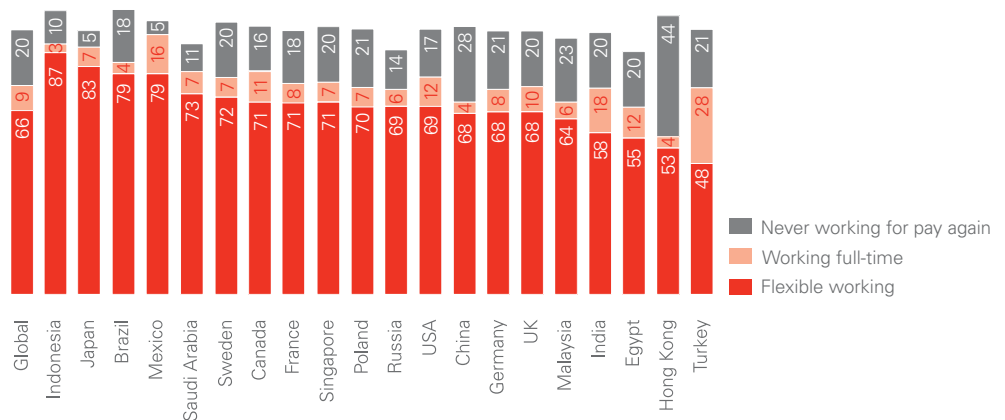
The circumstances of retirement and the way people see it have changed over the years. In the 1940s and 1950s retirement was seen as a rest, by the 1970s it had become a reward, and by the 1980s<sup>1</sup> the idea of a period of funded leisure at the end of one's working life had become firmly established and was seen as a right. Advanced economies had the social and cultural structures and – most importantly – the economic affluence to allow healthy, active men and women to retire early and enjoy an extended period of leisure.

Now our ideas about retirement are changing once more. An extended period of leisure is no longer sufficient for many; people want to take control of their lives and continue to be active. “Active ageing” and a view of retirement as “a new opportunity” have become possible in advanced economies because of healthier lifestyles and advances in public health, social benefits and medicine.

Few transitional economies have these structures in place, however, and they are not sufficiently prosperous to support a long period of leisure in old age. Indeed, for many people in such economies retirement is still unheard of.<sup>2</sup> Because of ill-health and frailty many will not even achieve a period of rest – and those who do are in great need of it after a life of hard labour and poor health.

For some this is changing. Many urban employees in the transitional economies are now being given a period of funded retirement after their working lives and have the opportunity to enjoy retirement as a period of rest and relaxation. But there are also signs, particularly in Asia, that healthy, active individuals who are experiencing the working practices of advanced economies appear to be looking forward to an active, contributory retirement. There is evidence that “trendsetters” in the transitional economies are “leapfrogging” the concept of retirement as a time of extended leisure and moving straight on to the new definition of retirement as a time of continued activity.

How individuals view the ideal plan for balancing work, leisure and money in their later years (in percent)



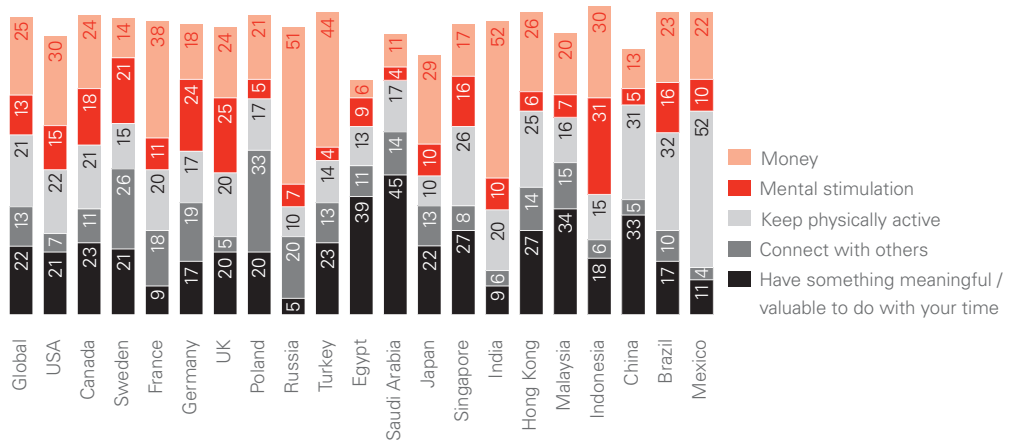
Source HSBC Future of Retirement Research 2006

<sup>1</sup> Harper, S, 2006, *Ageing Societies*, London, Hodder Arnold

<sup>2</sup> Randel, J, German, T, and Ewing, D, 1999, *The Ageing and Development Report*, London, Earthscan

In many countries and territories around the world it is not money that drives the desire to work later in life.

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



Source HSBC Future of Retirement Research 2006

Why we would wish to continue working varies considerably by country:

- To earn money in France, Russia, Turkey, India, USA, Canada and Japan.
- To have something meaningful / valuable to do in China, Malaysia, Egypt, Saudi Arabia, Singapore and Hong Kong.
- To keep physically active in Brazil and Mexico.
- To keep up networks in Poland and Sweden.
- For mental stimulation in the UK, Germany and Indonesia.

### A positive time of life

In advanced economies there has been a clear trend over the past twenty years towards increasing activity in retirement. HSBC's *Future of Retirement* survey now shows that across the globe people perceive retirement positively and aspire to make the most of it, whether with new kinds of paid work, voluntary work, new hobbies, or rest and relaxation. Both employers and individuals feel that retirement should be taken at a relatively early age, leaving a significant number of years to enjoy it.

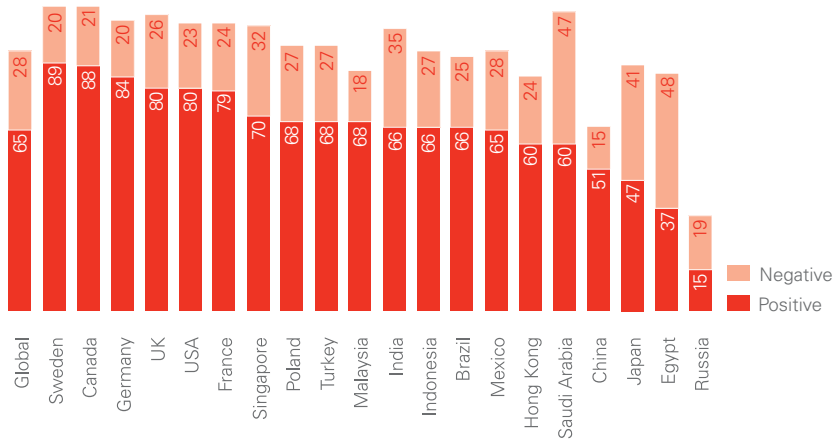
At the same time many people would like the opportunity to work beyond the traditional retirement age or even combine work and retirement. Continuing to work is a question of choice for some but a necessity for others. Indeed, necessity, particularly financial necessity, is seen by our survey respondents as the most important reason for working beyond the traditional retirement age. This applies to 25% of those surveyed – a relatively low proportion but nonetheless the most reported single factor. Continuing to work to remain physically active (22%) or to have something meaningful or valuable to do (21%) are the second and third most popular reasons.

There are wide variations by region. While continuing to work because of financial necessity is the biggest single reason given by those in North America, Europe and Asia, nearly half in Latin America feel that working to keep physically active is most important, and nearly half those in the Middle East and Africa feel that working to have something meaningful or valuable to do is the top priority.

However, having work is not necessarily regarded as important to a happy old age. Only 25% of all respondents say that having work is extremely important to a happy old age, although this ranges from a low of 15% in Hong Kong to a high of 36% in Sweden.

Nor is financial security seen as guaranteeing happiness in old age – at least not everywhere or for everyone. In Egypt, Indonesia and Saudi Arabia a strong emphasis on the importance of religious faith corresponds with a lack of emphasis on financial security: only 13% of people in Egypt, 11% in Indonesia and 16% in Saudi Arabia say that financial security is important to happiness in later life. In most other countries and territories the proportion of respondents highlighting financial security is between a third and a half. But it reaches 71% in Hong Kong, where financial security is seen as more important than family and friends.

Positive and negative associations with retirement (in percent)



Source HSBC Future of Retirement Research 2006

Do individuals include work as part of their ideal plan for their later years?

- Nearly nine in ten respondents in Indonesia say yes.
- Nearly half of all respondents in Hong Kong say no.

Retirement, a time of freedom, happiness and satisfaction

Retirement is overwhelmingly seen as a positive time of life by respondents all over the world, and relatively few people associate it with any negative feelings. Globally, around two thirds of respondents associate retirement with freedom, happiness and satisfaction. North America (84%) has the largest proportion of respondents who associate retirement with positive feelings, followed by Europe (68%), Latin America (65%), Asia (60%) and the Middle East and Africa (48%).

Only about a quarter of respondents associate retirement with negative concepts such as boredom, loneliness and fear. The proportion varies from just 22% of respondents in North America and Asia, to a third in Europe, Latin America and Africa, and 47% in the Middle East and Africa.

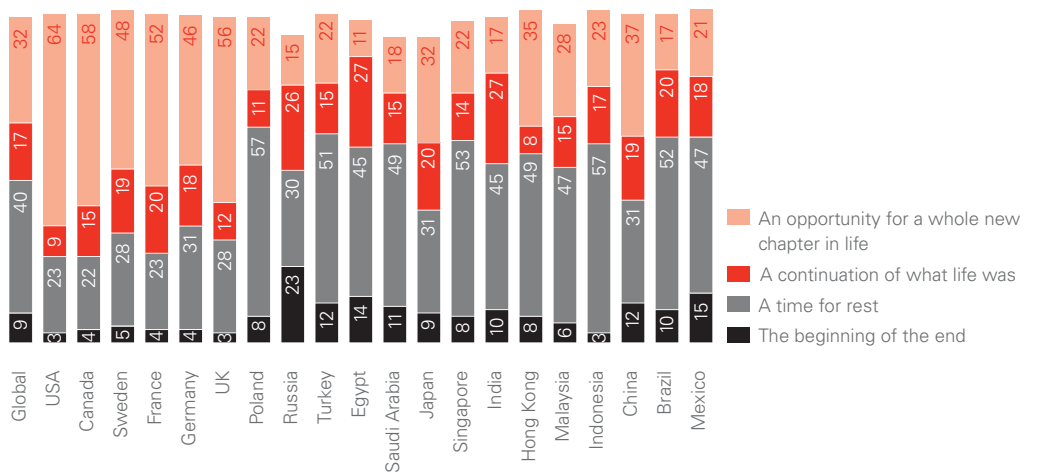
Throughout the world, people's only real fear about retirement is poor health. Two thirds of European and North American respondents – and nearly half of those from Latin America, Asia and the Middle East and Africa – say that poor health is a concern.

## How do we want to spend our retirement?

- Three quarters want to spend it with family or friends.
- Two thirds wish to travel.
- Half wish to take up a new hobby.
- Half wish to do voluntary work.
- One third wish to take up new paid work.
- Just over a quarter wish to continue education.

- In only two countries, Russia and Egypt, were respondents generally negative about retirement.
- As we get older so we become more positive about retirement, especially in Europe and North America.
- People in the Middle East and Africa are concerned about boredom, loneliness and fear in old age.
- In the West retirement is seen as an opportunity for a whole new chapter of life.
- In transitional economies retirement is still seen as a luxury, a well deserved time of rest and relaxation.

How individuals view retirement (in percent)



Source HSBC Future of Retirement Research 2006

Around two thirds see retirement as a time of freedom, happiness and satisfaction.

#### The secret of happiness in retirement

So if retirement is about freedom, happiness and satisfaction, who or what will provide them? Two thirds of our respondents say that family, friends and fitness will do so – that is, remaining fit and being part of a loving family and social network. In only a handful of countries and territories is religion also considered extremely important.

Family and friends are the factor most commonly identified in our survey as extremely important for achieving a happy old age. This holds true in the Americas, (Brazil, Canada and the USA), in Europe (France, Poland, Russia, Sweden and the UK), and in Asia (Malaysia and Singapore). In Singapore more people than anywhere else (85%) identified this as an extremely important factor.

Fitness is the factor most frequently identified in Mexico, Germany and Turkey, and in the Asian countries and territories of Hong Kong, India and Japan. In Hong Kong 86% of people identified it as an extremely important factor.

Family, friends and fitness are pushed out of first place – by religion – in only three countries. Having a strong religious faith is seen as extremely important to a happy old age for 94% of respondents in Egypt, 95% in Indonesia and 92% in Saudi Arabia. Elsewhere very few see religious faith as extremely important – less than 20% in Europe, Japan and China, and less than 50% almost everywhere else.

#### Retirement is not the beginning of the end

Whatever they may think retirement has in store for them, individuals do not believe it will be a continuation of their pre-retirement life, and they most certainly do not believe it is the beginning of the end. The notion of retirement as an active, contributory stage of life has clearly arrived.

Retirement is viewed as an opportunity for a whole new chapter of life by the largest proportion of respondents in the advanced economies (Canada, France, Germany, Japan, Sweden, the UK and the USA). Up to two thirds of respondents in these countries view it in this way. This is consistent with other research<sup>3</sup>, which indicates that advanced economies, with their healthy and affluent populations, are moving away from seeing retirement as an extended period of leisure and are starting to see it as an active, contributory stage of life. This belief is consistently held by people of all ages.

Freedom, happiness and satisfaction can mean different things to different people, but they reflect a positive attitude. Likewise, believing that retirement presents “an opportunity for a whole new chapter in life” encompasses a host of positive developments. Individually, that opportunity may mean getting involved in new kinds of work (paid or voluntary), spending more time with family and friends, or withdrawing from the active labour force to pursue leisure activities. A number of national studies in the developed world indicate this.<sup>4</sup>

In transitional economies retirement is still seen as a luxury and a chance to escape the trials of the workplace and enjoy well deserved rest and relaxation. This is true of respondents of all ages in Brazil, Egypt, Hong Kong, India, Malaysia, Mexico, Poland, Russia, Saudi Arabia, Singapore and Turkey.

<sup>3</sup> Leeson, G, 2006, *Attitudes to ageing and old age: the Danish Longitudinal Future Study*, Copenhagen, DaneAge

<sup>4</sup> Henretta, J, 2003, *The life-course perspective on work and retirement*, New York, Baywood Publishing

People who see retirement as a new chapter in life actually intend to spend their time in much the same way as those who see it as a time for rest and relaxation.

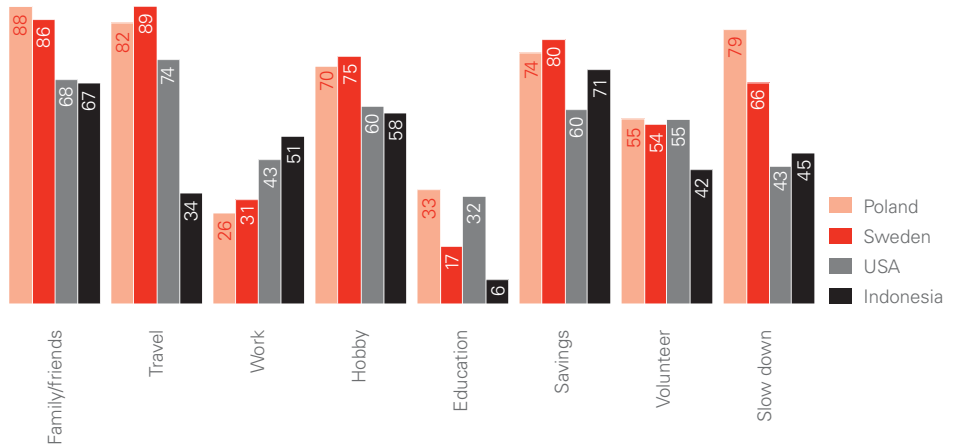


I definitely won't experience the same type of retirement as my parents. I hope to have more opportunities and the chance to chase my dreams.

- In each country, the proportions that aspire to get involved with new kinds of work are significantly larger among those who perceive retirement as a whole new chapter of life.
- In each country, the proportions that aspire to slowing down in retirement are significantly larger among those who perceive retirement as a time for rest and relaxation.

### Case study A whole new chapter in life or a time for rest and relaxation?

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



Source HSBC Future of Retirement Research 2006

These two concepts of retirement sound very different, but how would people actually like to spend their time in retirement? Is there a contrast between advanced and transitional economies as to how their populations would like to spend their retired years?

Let us compare two sets of countries: the USA and Sweden (both advanced economies) are the two countries with the largest proportion of respondents saying that they see retirement as an opportunity for a whole new chapter of life, while Indonesia and Poland (both transitional economies) are the two countries with the largest proportion of respondents saying that they see retirement as a time for rest and relaxation.

Surprisingly, there are many similarities between Poland, a transitional economy with an emphasis on rest and relaxation in retirement, and Sweden, an advanced economy with an emphasis on retirement as a whole new chapter of life. In both countries respondents wish to spend more time with family and friends (88% and 86% respectively), take up a new hobby (70% and 75%) and slow down (79% and 66%), with only a small proportion saying they wish to get involved in new kinds of work (26% and 31%).

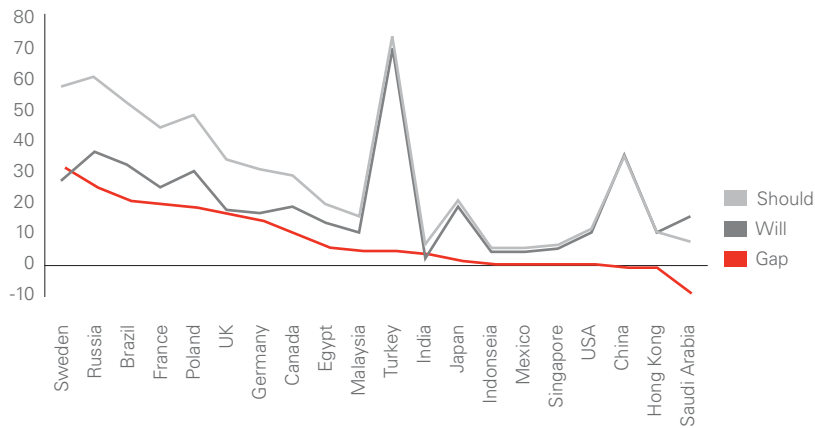
There are also great similarities between the USA, an advanced economy where people tend to see retirement as a whole new chapter of life, and Indonesia, a transitional economy where people emphasise rest and relaxation in retirement. In both these countries a smaller proportion of respondents than in Poland or Sweden wish to spend more time with family and friends (67% and 68%), take up a new hobby (60% and 58%) and slow down (43% and 45%). But the proportions who say they wish to get involved in new kinds of work (43% and 51%) are almost twice those of Poland and Sweden.

This shows that people who see retirement as a new chapter of life may not actually intend to spend their time in a different way from those who see it as a time of rest and relaxation. The fact that transitional economies tend to identify retirement as a time of rest and relaxation may mislead us about the way people there will actually spend their time. The relatively small number of people in these economies who manage to retire means that we must look at individuals – and such things as improving patterns of health – to find clues as to future trends in the extent to which people in these countries will have an active retirement.

However, it is possible to draw some generalisations about the relationship between how retirement is perceived and how people would like to spend time in retirement. In each country and territory the proportion of people who aspire to get involved with new kinds of work is significantly larger among those who perceive retirement as a whole new chapter of life. And in each country the proportion that aspires to slowing down in retirement is significantly larger among those who perceive retirement as a time for rest and relaxation.

Despite the different socio-economic infrastructures of the advanced and transitional economies, both have people who see retirement as an opportunity for a new chapter in their lives. This is a belief held by “active retirement” individuals of all ages in all countries and territories. Likewise, there are people in both advanced and transitional economies who see retirement as a time for rest and slowing down. We believe that in both advanced and transitional economies the preference for an active retirement is likely to be linked to health and affluence.

The gap between proportions of people believing that governments should / will finance ageing populations (in percent)



Source HSBC Future of Retirement Research 2006

Nearly half believe that individuals should bear the cost of retirement, with a fifth believing families should pay. Only a third believe governments should bear the cost.

## 2. How will we pay for retirement?

A key message from *The Future of Retirement* survey is that 43% of respondents believe that individuals should bear the costs of their own retirement, along with 20% who believe families should pay. Only 30% feel it is the responsibility of their government.

The provision of economic security in old age is a complex issue – it is not simply a matter of national budgets coming under pressure because of current population trends<sup>5</sup>. There are three main factors:

- People are living longer**  
 More and more people are reaching a pensionable age and living well beyond it. Pension systems that were designed to support people for the last five or ten years of their lives are now having to cover people for twenty or thirty years.
- People are retiring earlier**  
 There is a growing trend in all OECD (Organisation for Economic Co-operation and Development) countries for people to retire before they reach the generally accepted age for it. This reduces the number of economically active workers and increases the demands on occupational and privately invested pensions and publicly funded disability pensions.
- Expectations are higher**  
 People increasingly assume that their standard of living in retirement will be as high as it was when they were working.

Pension systems that were designed to provide for subsistence living or to supplement other forms of retirement income – and especially those based on the formula established by Bismarck in 1889, which provide a significant contribution to late-life income – are struggling to fund the increasing standard of living demanded by subsequent generations.

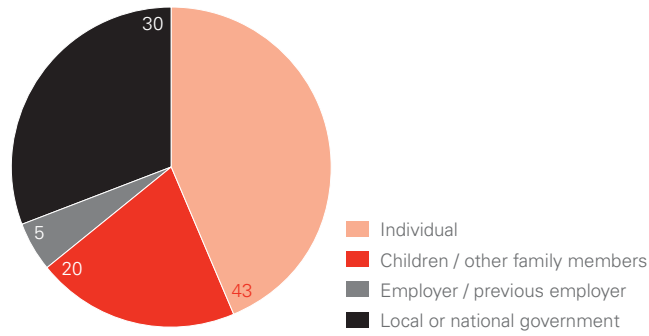
### People say they should bear the cost of their own retirement

Not surprisingly, given these strains on the public purse, people's faith in state-funded welfare has dwindled. People living in advanced economies, particularly the USA, increasingly feel that those who can look after themselves in old age should be encouraged to do so.<sup>6</sup> Many governments are trying to encourage people to adopt this attitude and to provide for their own retirement, yet outside the USA they are reluctant to impose such a change upon their citizens.

<sup>5</sup> Harper, S, 2006, *Ageing Societies*, London, Hodder Arnold

<sup>6</sup> Holzmann, R and Stiglitz, J, 2001, *New Ideas about Old Age Security*, Washington, World Bank

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



Source HSBC Future of Retirement Research 2006

Contrasting nations: Who should bear the costs of later life?

- Two thirds (66%) of Americans feel individuals should bear the cost.
- Nearly three quarters (73%) of Saudi Arabians feel that families should bear the costs.

### The role of the family remains key

This view of the family’s role is relatively consistent throughout the world: less than 10% of respondents from advanced economies and only about a third from transitional economies say that people’s families should be responsible for supporting them in retirement. Only in India and Saudi Arabia do more than half the respondents say that families should bear this cost.

Yet it is striking that, across the globe, people believe they would be able to rely on their families in time of necessity. In transitional economies over two thirds of people say that they would be able to live with their children if necessary. In North America nearly half of all respondents say this, as do a third of European respondents. Similarly, about half of the respondents in transitional economies and Europe believe their families would care for them if they became sick or disabled. Only in North America is this belief not so widely held, with just 15% of respondents stating it to be the case.

However, North America is more in line when it comes to living expenses: about a third – the same as in Europe – believe that their families would help with living expenses if necessary. In transitional economies the proportion is just under half. All these results are consistent with recent research from the USA and Europe, which indicates that – despite the pressure on them as societies modernise – families everywhere, in their many and varied new forms, are still a major source of support for older people.<sup>7</sup>

<sup>7</sup> Arber, S and Attais-Donfut, 2000, *The Myth of Generational Conflict*, London, Routledge

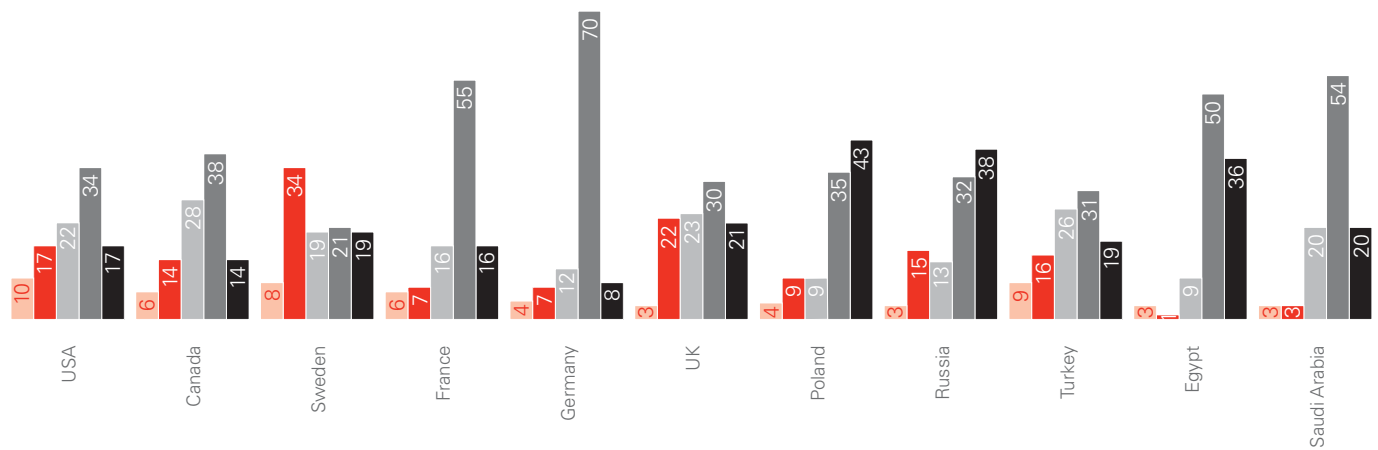
### People and their governments

One of the main reasons for the increasing belief that individuals should fund their own retirement is the “confidence gap” – the gulf between what people think governments should do and what they are confident they will do. Throughout the world, in both advanced and transitional economies, people recognise that governments will not be their main source of financial support in old age. In advanced economies 44% of people believe that governments should support them but only 29% are confident they will.

Moreover, where people feel most strongly that their government should bear the cost of retirement (mainly in Western Europe, where this belief is firmly established) they have the least confidence that it will. Nowhere is this more true than in the welfare state of Sweden, where the confidence gap is widest.

In contrast, people in transitional economies (Asia, Latin America and the Middle East) overwhelmingly accept that their governments neither should nor will support them in old age. Here, where governments have had far less time to prepare for the ageing of their populations, only 18% of respondents believe that their retirement should be paid for by the government and just 15% believe that it will be. Although the proportions are small, the confidence gap is still present.

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



Source HSBC Future of Retirement Research 2006

“For the first time we see overwhelming support globally for some form of compulsory savings for retirement.”

Dr Sarah Harper,  
Director, the Oxford Institute of Ageing

**Help me to save**

So, regardless of whether they live in advanced or transitional economies, people have decided that they must prepare for their own old age. But they need help to do so, and their message to their governments is “Help me to save”.

HSBC’s survey reveals that people almost universally reject the other mechanisms by which governments can fund pensions for their growing retired populations. When given the choice between higher taxes, lower pensions, working longer and compulsory saving (in the form of enforced additional private savings) nearly 40% of all respondents choose compulsory saving. In almost every country and across all age ranges, more people choose compulsory saving than any other solution. Only in Singapore, Japan, China and Sweden do other policies receive greater support. In Singapore and Japan people say they would prefer the retirement age to be raised; in China and Sweden the largest groups support tax rises. Throughout the world no fewer than 93% of people – young and old – reject a reduction in pensions.

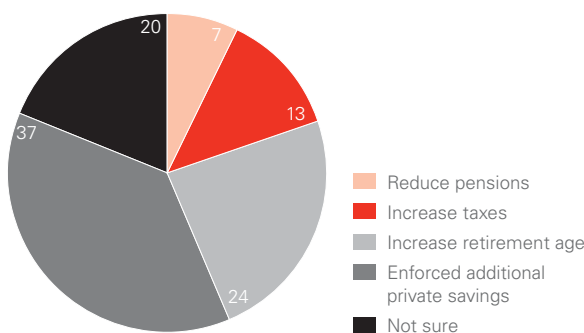
Although many governments have shied away from compulsory savings, people recognise the necessity for them. They want to be in control and they are happy for pensions to be funded by private rather than tax-financed savings – but they need help to help themselves.

This call for compulsory savings is a reflection of the confidence gap. Around the world people are saying to their governments: “We need to finance our old age and are willing to do so, but we do not feel confident that you can do this for us. Nor are we confident, if taxes were raised, that the proceeds would be spent on providing for us in retirement.”

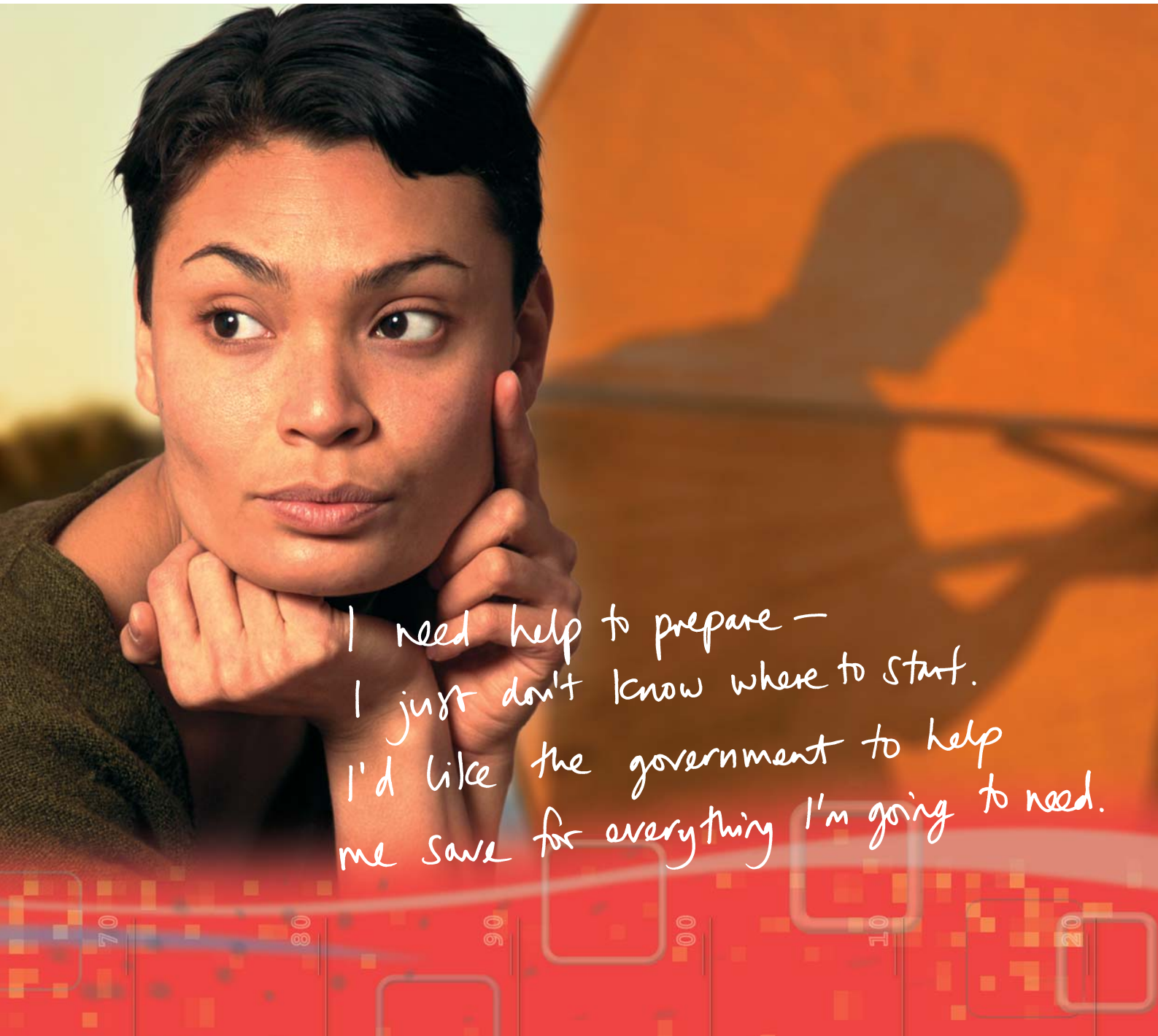
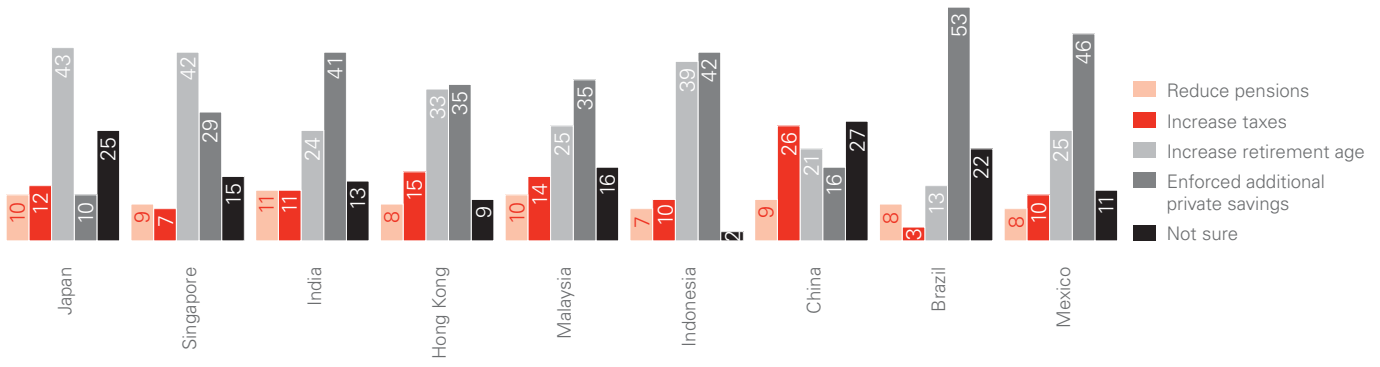
Globally, how should governments finance and support the ageing population?

- Enforced private saving was the preferred choice in almost every country.
- 24% state that the retirement age should be increased.
- 13% feel that taxes should be increased.
- 7% of respondents state that government should reduce pensions.

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



Source HSBC Future of Retirement Research 2006



I need help to prepare —  
 I just don't know where to start.  
 I'd like the government to help  
 me save for everything I'm going to need.

70

80

90

00

10

20

Men and women both think that women should retire earlier than men.

- Women should retire at 57 years.
- Men should retire at 61 years.
- Americans think men should retire at age 65 and women at age 64.
- Europeans think men should retire at age 61 and women at age 57.
- Latin Americans think men should retire at age 61 and women at age 56.
- Asians think men should retire at age 62 and women at age 58.
- Saudi Arabians think men should retire at 53.
- Turks think women should retire at 48.

### 3. When should we retire?

#### When should retirement begin?

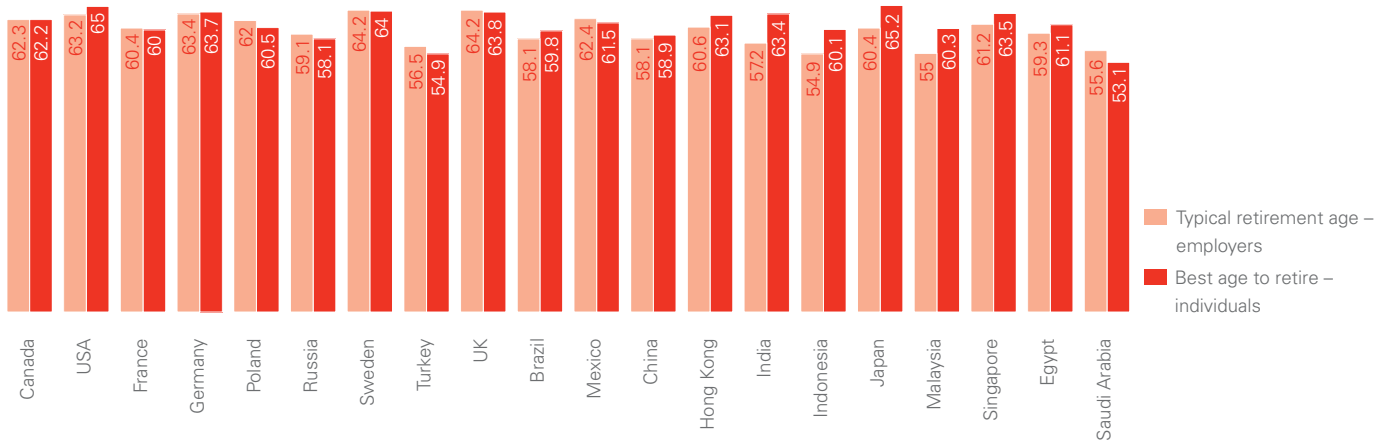
People in Europe, Asia and Latin America have similar views about the best age for retirement to begin: around 60 for men and 56-57 for women. However, there are some notable differences: respondents from the USA and Japan say retirement should begin at 65 for men and 63-64 for women, whereas those from Egypt and Turkey favour 48-50 for women, and those in Saudi Arabia and Turkey say 53-54 for men.

In Europe our respondents give a relatively early age as the best time to retire, and this closely matches the age at which Europeans do retire – the proportion of Europeans who work in later life is very low. The later ages given by respondents in Japan and the USA also accurately reflect the higher proportion of older people at work in those countries.

However, this correlation does not apply in transitional economies. Figures from the International Labour Organization show that in the Middle East between 20% and 30% of men over 65 are still in active employment, despite respondents believing that men should retire in their early 50s. Similarly, in Brazil, Mexico and India up to 50% of men work after 65, whereas respondents there say that men should retire at 60. This discrepancy is a result of the fact that in transitional economies people cannot usually afford to retire when they would like to. In addition, *The Future of Retirement* survey focuses on trendsetters in these economies who are more urban and affluent than the general population, and thus likely to be able to retire earlier.

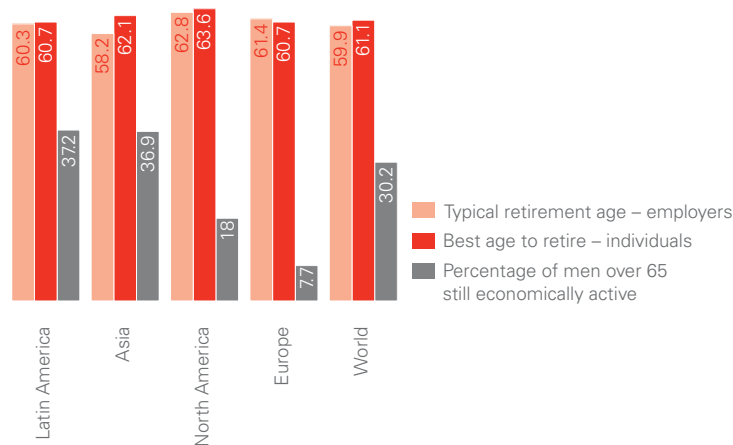
Trendsetters are more likely to be employed in the private sector rather than in the rural family sector, urban manufacturing or primary industries such as mining, forestry or fishing. Retirement ages in the private sector in transitional economies are much closer to the ideal ages given by the trendsetters in our survey. In the Middle East, as we said, between 20% and 30% of men over the age of 65 are still working. But the average age of retirement in the private sector is below 50 and thus very much in line with our respondents' preference, which is for men to retire in their early fifties.

Typical retirement age versus best retirement age for men (in years)



Source HSBC Future of Retirement Research 2006

Economically active men, 2005 (in years)



Source International Labour Organisation, Economically Active Estimates and Projections, 2005

Source HSBC Future of Retirement Research 2006

**Should people retire at a set age or when they are ready?**

Our survey reveals strong, universal support for the idea that people’s desire and ability to work should determine when they retire. People see these two factors as far more relevant than age. Nearly two thirds of respondents support individual choice or ability as the primary criterion. People of all ages hold this view.

The only national exceptions to this general pattern are Russia and Turkey, where the largest proportion does believe that retirement should be determined by age.

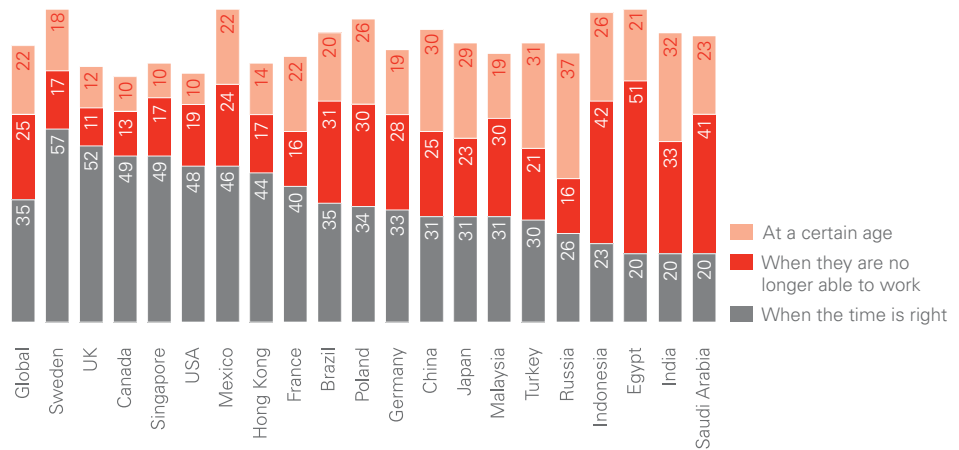
There is a difference of emphasis between the advanced and transitional economies, with people in the former tending to see the individual’s desire to work as the most important factor, and those in the latter tending to believe that ability is more important. Age, though seen overall as less important than either factor, tends to be regarded as rather more important in transitional economies than in those that are advanced.

**Do people retire before or after they get old?**

In the advanced economies of Canada, France, Japan, the UK and the USA people think retirement should come before old age. By contrast, in the transitional economies of Hong Kong, China and Mexico, people think retirement should come after or at the same time as old age.

Our survey also investigates the age at which private employers believe their employees become “older workers”. In Egypt and Brazil employers don’t see people as being older workers unless they work past the generally accepted retirement age. However, in all the other countries and territories surveyed employers believe that their employees become older workers some time before they retire – 11 years before, in the case of Germany.

When should someone retire? (in percent)



Source HSBC Future of Retirement Research 2006

## Conclusion

The most positive message to emerge from *The Future of Retirement: What people want* is that there is a new global realism. People all over the world are realising the practical limitations on what their governments and employers can do to support them in later life, and the greatest proportion of people believe that the solution is for individuals to take responsibility for their own futures. They will be helped along by their governments and employers, but neither will be the sole source of support.

We must all, as individuals, tailor our expectations to this new state of affairs.

We know that people live longer, stay healthier and want to be more active in later life, and we should expect these developments to have an effect on the way we manage our working lives and the transition to retirement. For example, in order to fulfil our aspirations for a similar standard of living in retirement as in working life, we will need to save more. Working beyond the age of 65 will also help, and it will bring other benefits, as our survey respondents indicate, such as providing meaningful and valuable activity and giving us a way to stay engaged with other people of different ages.

Employers need to recognise these facts about the ways their employees will want to work, the length of their working lives and the implications for the way they are managed and rewarded. These are big changes, and all employers – HSBC as much as any – will take time to digest them and to alter their processes, practices and, above all, attitudes.

Governments also need to take action, working to support individuals and employers as they adapt. Clarity, advice and support will be the keys, as social attitudes move towards an acceptance of older people as full and valued members of society, whether at work or outside it.

Adapting to the world's ageing population won't always be easy, but it is necessary. Our survey gives us hope that the most important changes have already begun.

“We will live longer and grow old later in life than any previous generation. Incredibly, two thirds of all those who have made it to the age of sixty-five in the history of mankind are today walking the earth.”

Dychtwald, K, *The Power Years*

## Further information

There is a range of data contained in these three reports. For further in-depth analysis and supporting material log on to [www.thefutureofretirement.com](http://www.thefutureofretirement.com)

## **Associates**

### **Oxford Institute of Ageing**

The Oxford Institute of Ageing, founded in 2001, is a multidisciplinary institute within the Social Sciences Division at the University of Oxford. It addresses the globalisation of ageing at the global, societal and individual level.

Under the directorship of Dr Sarah Harper, it carries out research into population ageing, analysing the economic, social, political and demographic implications at both the national and international levels. It also works with the corporate, policy, media and governance sectors, advising on the implications of population ageing. The Oxford Institute of Ageing has recently entered into a strategic alliance with HSBC.

Further information can be found at [www.ageing.ox.ac.uk](http://www.ageing.ox.ac.uk)

### **Age Wave**

Under the leadership of founder Dr Ken Dychtwald, Age Wave guides some of the world's largest companies, as well as governments, in developing products and services for "baby boomers" and mature adults. HSBC has been working with Dr Ken Dychtwald and Age Wave on *The Future of Retirement* project since 2004. In July 2005, Dr Ken Dychtwald took on the role of Special Advisor on Global Ageing to HSBC.

Further information can be found at [www.agewave.com](http://www.agewave.com)

### **Harris Interactive**

Harris Interactive Inc. is one of the largest and fastest growing market research firms in the world. Based in New York State, this global research company blends premier strategic consulting with innovative and efficient methods of investigation and analysis.

Further information can be found at [www.harrisinteractive.com](http://www.harrisinteractive.com)

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