News Release

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Malaysians pre-retirees need to save for four years longer for a comfortable retirement

Kuala Lumpur: Pre-retirees in Malaysia now expect to save for four years longer than their predecessors for their retirement, according to new research from HSBC.

The report, *Generations and Journeys*, the latest in HSBC's long-running 'The Future of Retirement' series, reveals that working people feel under more pressure than ever to save for their retirement.

According to the research, based on the views of over 1000 people in Malaysia, the current generation of retirees started saving for their retirement at 33 and retired at 56, saving for an average period of 23 years.

However, the report shows that working age people in Malaysia now begin to save four years earlier, at age 29, but expect to retire like their predecessor at 56, meaning they face on average 27 years of retirement saving – four years more than current retirees.

According to the research, the gap is most marked in China (14 years), the UAE (12 years) Australia (11 years) and France (11 years), where working people now expect to save for more than a decade longer than current retirees did. Indonesia is the only country surveyed where working age people expect to save for the same length of time as current retirees saved for.

Despite beginning to save for retirement earlier, many working age people still don't think they are saving enough. Over two in five (44%) retirees would have started saving for retirement at an earlier age given the opportunity to do something differently and over half (53%) of pre-retirees would do the same.

HSBC's report also uncovers that almost one in six pre-retirees (15%) have not started saving for their retirement – that means 85% of working age people in Malaysia have started saving for retirement. Of those who have started, 44% have either stopped or faced difficulties.

Pre-retirees around the world have different approaches towards how they will fund their retirement and the expectations of pre-retirees differ from the reality experienced by retirees. Cash savings/deposits (50%) are the most common funding method for retirees.

Fewer pre-retirees expect another employer pension scheme (12%) or stocks and shares (17%) to help fund their retirement than retirees (29% and 36% respectively).

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Instead more pre-retirees expect to use a personal pension (22% compared to 11% of retirees), a Defined contribution employer pension scheme (27% vs 17%) and their own income by continuing to work to some extent in retirement (24% vs 15%).

The report also finds that retirees in Malaysia are among the least likely to be using a state retirement funding (Malaysia 7%, Global average 45%).

In Malaysia. 14% of retirees say that financial support from their children is helping them fund their retirement and a similar proportion (12%) of pre-retirees believe that this will help finance their retirement.

Lim Eng Seong, Country Head, Retail Banking and Wealth Management, HSBC Malaysia said, “People recognise that they are living longer and may not be able to rely solely on traditional forms of funding for their retirement. As a result, they are realising they need to start saving for retirement earlier than previous generations and to consider alternative methods to help fund their retirement. Even small amounts set aside today can go a long way in the future.”

The importance for saving for retirement is undeniable. In Malaysia only 22% of the 6.7 million Employees Provident Fund (EPF) active contributors aged 54 years have sufficient savings of RM196,800 or more to sustain themselves during retirement[1].

HSBC’s research identified four actions that people can take to improve their financial well-being in retirement:

- **Consider all retirement expenses**

When planning for retirement, make sure to list all the possible retirement outgoings.

- **Start saving earlier for retirement**

Plan to start saving for retirement earlier, to help build a bigger fund and allow it to grow for longer

- **Make sure to get professional advice**

Seek information from many sources, but make sure the advice is from professionals.

- **Be prepared for financial ups and downs**

When saving for retirement gets difficult, make sure to review all the finances and seek alternative ways to help continue towards a comfortable retirement

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About HSBC in Malaysia

HSBC Bank Malaysia Berhad was locally incorporated in 1984 and is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited (a company under the HSBC Group). In 2007, HSBC Bank Malaysia was the first locally incorporated foreign bank to be awarded an Islamic banking subsidiary licence in Malaysia, and HSBC Amanah Malaysia Berhad, a full-fledged Islamic bank wholly owned by HSBC Bank Malaysia, commenced operations in August 2008. HSBC in Malaysia has a network of 68 branches nationwide, of which 26 are HSBC Amanah Malaysia Berhad branches. HSBC Amanah Malaysia Berhad also has offsite ATMs established in 25 locations nationwide. In 2006, HSBC was the first foreign bank to be awarded a Takaful (Islamic insurance) license in Malaysia. HSBC Amanah Takaful (Malaysia) Sdn Bhd, a joint venture between HSBC Insurance (Asia Pacific) Holdings Limited (49% shareholding), Jerneh Asia Berhad (31% shareholding) and Employees Provident Fund Board of Malaysia (20% shareholding) commenced operations in August 2006.

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The Future of Retirement

The Future of Retirement is a world-leading independent research study into global retirement trends, commissioned by HSBC. It provides authoritative insights into the key issues associated with ageing populations and increasing life expectancy around the world.

This report, Generations and journeys, is the 13th in the series and represents the views of 18,207 people in 17 countries and territories worldwide (Argentina, Australia, Brazil, Canada, China, Egypt, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, United Arab Emirates, United Kingdom, United States). The findings are based on a nationally representative survey of people of working age (25+) and in retirement, in each country or territory. The research was conducted online by Ipsos MORI in September and October 2015, with additional face-to-face interviews in Egypt and the UAE.

Since The Future of Retirement programme began in 2005, more than 159,000 people worldwide have been surveyed.

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