HSBC FUTURE OF RETIREMENT REPORT

Hindsight is often deemed too little, too late. But the latest Future of Retirement report produced by HSBC gives us a chance to look back through experienced eyes and get a clearer view of what might lie ahead.

Since 2005, HSBC has surveyed more than 140,000 people in 15 countries, including Canada, about retirement. Those still on the job were asked about their financial concerns and preparations. Those who have left the workforce were asked about their current concerns and how they might have prepared differently.

KEY FINDINGS FOR CANADA:

Retirees

23% saw their standard of living deteriorate after retiring.

31% feel they did not adequately prepare for retirement.

Working-Age

81% had a major life event hamper their ability to save.

18% had their ability to save hurt by the economy.

37% are not saving for retirement.

Pre-Retirees

61% worry about having enough money to live day-to-day.

40% are not confident they can maintain a comfortable retirement.

68% worry they will run out of money.

44% are not preparing adequately, and 52% cite their mortgage or debts as the reason.

Non-Traditional Sources of Income

65% point to a domestic second property.

32% consider a foreign second property as a source of funds.

Recommendations:

First: start saving early.
The main reason retirees feel they did not adequately prepare for retirement is because they did not start saving early enough. Given the benefit of their hindsight, 38% of retirees say retirement planning should start before age 30. However, only 26% of pre-retirees feel the need to start planning so early in life.

Second: learn how much you will need.
On average Canadians can look forward to at least 18 years of retirement. However, most are only prepared for about 11 years.

Third: top up your retirement savings.
If your retirement savings were stalled or depleted by an accident, illness, job loss, or the global economic downturn, it is recommended that you replenish those funds as soon as possible once things return to normal.

Fourth: make provisions for the unexpected.
Take steps to mitigate major unforeseen life events such as: illness, divorce, or the death of a spouse.

For more information, please contact me.

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