The Power of Protection

Facing the future

USA Report
We rarely take the time to reflect and realise what’s good in our lives.

For most of us, it is our families – the main source of our happiness and our sense of belonging.

This report looks at how much family members support and depend on each other and how financially secure people are feeling.

While some people are managing well financially, others are just about managing. Many are supporting family members, often making sacrifices in time and money.

Despite these strong connections, many people have not had important family conversations about their long-term financial security if something life-changing were to happen to them. Even fewer have plans in place to help their family cope with the unexpected.

I hope that this report will encourage you to think and talk about what makes your life good today and what you can do to secure your family’s future.

“Many people have not had important family conversations about their long-term financial security.”
Key findings

71% of people say their family’s health and wellbeing is the most important thing to them for the future

26% of people with grown-up children (over 18) are giving them regular financial support

40% of people supporting someone financially have put off their own aspirations to support others

54% of people with parents would choose paying for their parents’ health and social care over their own retirement fund

43% of people supporting someone financially feel they themselves are just about managing or not managing at all well

80% of people supporting someone financially say their family would not manage well if they had to significantly reduce their support to them

82% of people supporting someone financially do not have insurance that would pay them a lump sum if they contracted a serious illness such as cancer

26% of people supporting someone financially have never had a conversation with anyone about long-term financial security if something were to happen to them
Family matters
What’s good?

What’s most important for the future?

- My family’s health and wellbeing: 71%
- Achieving my and my family’s aspirations: 33%
- Providing for my own or my family’s future financial security: 33%

Family is a huge part of our lives and a source of great happiness.

Almost three-quarters (71%) of people say that their family’s health and wellbeing is the most important thing to them for the future.

A third say that achieving their own or providing for their family’s aspirations, and providing for their own or their family’s future financial security (both 33%), are the most important things.
Putting family first often means providing regular financial support to them.

More than two in five (44%) of people are giving regular financial support to someone in their family.

Over four in five (82%) are supporting their children under 18 financially, while over a quarter (26%) of those with grown-up children are supporting them financially.

Thirteen per cent of people are supporting their parents.

People aged 35-54 are most likely to be giving support. Just under half (49%) are supporting someone in their family and more than two in five (43%) are supporting their grown-up children.
Family commitments

Providing this level of support for family members can take a toll on people’s finances, lifestyle and emotional wellbeing.

People regularly supporting someone financially in their family are spending over half (55%) of their disposable income on others. Among those with children under 18, almost three-fifths of their disposable income and their non-working time (both 58%) is spent on them.

Even people financially supporting grown-up children spend over a third (37%) of their disposable income on them and 31% of their non-working time doing things for them.

<table>
<thead>
<tr>
<th>Supporting</th>
<th>% of disposable income</th>
<th>% of non-working time</th>
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</thead>
<tbody>
<tr>
<td>Supporting children under 18</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Supporting grown-up children</td>
<td>37</td>
<td>31</td>
</tr>
<tr>
<td>Supporting parents</td>
<td>34</td>
<td>39</td>
</tr>
</tbody>
</table>

Q. In a typical month, after you’ve paid your bills and necessary outgoings, what proportion of your remaining income do you spend on? Please exclude money that you may be saving or investing each month for you or others. Q. In a typical month (excluding work/employment), approx. what proportion of your time do you spend doing things with or for? (Base: All providing regular support to children under 18, all providing regular support to children over 18)
Supporting family members financially can be a strain as well as a source of satisfaction.

Over two-fifths (42%) feel guilty spending money on themselves over their family and forty per cent have put off their own aspirations to support others.

However, almost three-quarters (71%) believe that they are a good provider for their family and nearly three-fifths (58%) feel appreciated for the support they give others.

Q. To what extent do you agree or disagree with the following statements?

A. Agree somewhat or strongly (Base: All providing regular support to someone in their family)
Financial pressures

Supporting family members can come at a cost.

Over a quarter (28%) of people financially supporting someone in their family say they have less money to do what they want and more than a fifth (22%) have had to cut back on treats for themselves.

Over one in five (21%) feel financially drained.

Financial impact of providing regular financial support to someone in the family

Q: What financial impact, if any, has providing this support had on you? (Base: All providing regular support to someone in their family)

- I’ve got less money to do what I want to do: 28%
- I’ve had to cut back on treats for myself: 22%
- I feel financially drained: 21%
- I’ve incurred more debt: 16%
- I’ve had to withdraw from my savings/investments: 14%
- I’ve had to increase my hours or take on a full-time job: 7%
Providing financial assistance to grown-up children can mean covering costs in areas which may not have been anticipated.

People are supporting their grown-up children with everything from everyday living costs (64%) to rent/accommodation (32%) and education (32%).

This support is even greater among people aged 35-54, with over two-thirds helping their grown-up children with everyday living costs (67%) and nearly half their with education (46%).

However, parents have different attitudes when it comes to supporting their grown-up children. Over half (55%) of those supporting their grown-up children are prepared to make sacrifices so their children are not at a disadvantage. This compares to 45% who think they should stand on their own two feet financially.

26% of people with grown-up children are giving them regular financial support with...

- Everyday living costs: 64%
- Rent/accommodation: 32%
- Education: 32%
- Medical/dental care: 29%
- Holiday: 11%

43% of people aged 35-54 with grown-up children are giving them regular financial support with...

- Everyday living costs: 67%
- Education: 46%
- Medical/dental care: 33%
- Rent/accommodation: 30%
- Holiday: 15%

Q. Are you giving regular financial support to any of the following? (Base: All providing regular support to children over 18, All aged 35-54 and supporting children over 18)

Q. Do you give any of the following types of financial support to... ? (Base: All providing regular support to children over 18, All aged 35-54 and supporting children over 18)

Q. We'd now like you to imagine some situations and think about what you'd do. Which of the following do you most agree with? A. I think my adult children should stand on their own two feet financially. (Base: All providing regular support to children over 18)
Supporting others in your family can mean having to make some hard financial choices. If people had to choose between paying for their children’s university/higher education over their own retirement fund, just over two-fifths (44%) choose to support their children while 56% would prioritise their own retirement fund.

Over half (54%) would choose to pay for their elderly parents’ health and social care over paying into their own retirement fund.

Faced with a choice to pay for their children’s university fees or their parents’ health and social care, over half (54%) of people with both children and parents would prioritise supporting their parents.

**If they had to choose, people would prioritise their family over themselves**

<table>
<thead>
<tr>
<th></th>
<th>Those with children (any age)</th>
<th>Those with parents</th>
<th>Those with children (any age) and parents</th>
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<tbody>
<tr>
<td>Children’s university/higher education</td>
<td>44%</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>Own retirement fund</td>
<td>56%</td>
<td>46%</td>
<td>54%</td>
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</table>

Q. And, if you were in a situation where you could only pay for one of the following, what would you choose? (Base: All with children of any age, All with parents, All with children any age and parents)
Financial ups and downs
There are varying degrees of financial security among people giving regular financial support to someone in their family.

How financially secure do you feel today?

- Managing well or very well: 30%
- Managing quite well: 27%
- Just about managing on a day-to-day basis: 29%
- Not managing at all well or just about managing with support from family or social benefits: 14%
Managing tomorrow?

The expectations of people at two ends of the financial security spectrum suggest increasing polarisation.

Two-fifths (40%) of people supporting someone in their family and managing well or very well financially expect their situation to improve in the next three years.

This compares to more than a quarter (27%) of those not managing at all well or only with support from their family or social benefits who expect their financial situation to worsen.

Financial outlook in the next three years

<table>
<thead>
<tr>
<th>Improve</th>
<th>Managing well or very well</th>
<th>Not managing at all well or just about managing with support from family or social benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>37%</td>
<td>27%</td>
</tr>
<tr>
<td>Stay the same</td>
<td>50%</td>
<td>36%</td>
</tr>
<tr>
<td>Worsen</td>
<td>10%</td>
<td>27%</td>
</tr>
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Q: Do you think that your financial position in the next 3 years will...?
(Base: All providing regular financial support to someone in their family and managing well or very well. All providing regular financial support to someone in their family and not managing at all well or just about managing with support from family or social benefits)
Unforeseen risks

Life carries many risks which can put people’s financial security under pressure, especially those financially supporting someone in their family.

The most impactful risks they see are becoming unemployed (33%) and a reduction in their income (32%).

Just under a third (30%) say increasing or unexpected bills and developing a serious illness such as cancer would impact their financial security.

Risks seen as most impactful to financial security

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Risk Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>33%</td>
<td>Becoming unemployed</td>
</tr>
<tr>
<td>32%</td>
<td>Reduced income</td>
</tr>
<tr>
<td>30%</td>
<td>Increasing or unexpected bills</td>
</tr>
<tr>
<td>30%</td>
<td>Developing a serious illness e.g. cancer</td>
</tr>
<tr>
<td>27%</td>
<td>Partner or family member becoming seriously ill</td>
</tr>
</tbody>
</table>

Q. Which of the following do you think would most impact your financial security if they were to happen to you? A. Ranked 1st, 2nd or 3rd (Base: All providing regular financial support to someone in their family)
Knock-on effects

Unexpected life events can have knock-on financial consequences for the whole family.

Almost three in ten (28%) people supporting someone in their family say their dependants would not manage at all financially, if they developed a long-term illness or disability. The same proportion believe their dependants would not manage at all, if they or their partner died.

Only twenty per cent expect their dependants would manage well if they had to significantly reduce their level of financial support to them.

Q. How well would those who depend on you manage financially if any of the following were to happen to you? (Base: All providing regular financial support to someone in their family)
Many people financially supporting someone in the family do not have insurance in place if something unexpected were to happen to them.

Almost nine in ten (87%) do not have a policy that would pay them a lump sum if they contracted a serious illness such as cancer.

Over four-fifths (82%) do not have a policy that would pay them a regular sum if they had a serious illness or accident which prevented them from working.

Almost two-thirds (66%) do not have a policy that would pay out a lump sum to take care of their family in the event of their death.

Among people providing regular financial support to someone in the family...

- 87% don’t have a policy that would pay them a lump sum if they contracted a serious illness such as cancer.
- 82% don’t have a policy that would pay them a regular sum if they had a serious illness or accident which prevented them from working.
- 66% don’t have a policy that would pay out a lump sum to take care of their family in the event of their death.

Q. Finally, which of these insurance products or benefits do you currently have or would consider in the future? (Base: All proving regular financial support to someone in the family)
Let’s talk
Important conversations

Among people who are supporting someone in their family, those who are managing well financially are more likely to have had a conversation about long-term financial security should something happen to them, than those who are not managing well.

Over a quarter (26%) of people supporting someone in their family have never had a conversation about long-term financial security with anyone and only 31% who are parents have had this conversation with their children.

Fourteen per cent have spoken with a professional adviser.

Reluctance to talk about what might happen in the future may help to explain why most do not have insurance in place.

Q. Have you spoken with any of the following about long-term financial security if something were to happen to you? A. Your children (Base: All with children of any age). A. Never had this conversation, A. Professional adviser (Base: All providing regular financial support to someone in their family). A. Never had this conversation (Base: All providing regular financial support to someone in their family and managing well or very well; All providing regular financial support to someone in their family and not managing at all well or just about managing with support from family or social benefits).

Among people providing support to someone in their family...

- 15% of those managing well financially have never had a conversation
- 42% of those not managing well financially have never had a conversation

26% have never had a conversation with anyone about long-term financial security should something happen to them.
Among people financially supporting someone in their family, there were different triggers for those who had a conversation about long-term financial security should something happen to them.

For nearly two-fifths (39%), reaching a particular age when it became relevant was a key trigger for the conversation. For 13% of parents, their children reaching a certain age prompted them to have this conversation.

Discussing long-term financial security comes more naturally to some than others. More than a quarter (28%) had the conversation because they are organised and like order in their life, and a similar proportion (27%) because of a review of financial or life plans.

**Top triggers for an important conversation**

- **39%**
  - I reached a certain age where it became relevant

- **28%**
  - I’m organised and like order in my life

- **27%**
  - Is something I regularly review and discuss

- **13%**
  - Children reached a certain age

*(all with children of any age)*

Q. And what led you to have this conversation [about long-term financial security if something were to happen to you]?  
(Base: All providing regular support to someone in their family)  
A. Children reached a certain age (Base: All with children of any age)
Futureproofing

When it comes to making specific provisions for the future, less than a third (32%) of those financially supporting someone in their family have a will or testament.

Fewer (29%) have a power of attorney in place to make financial or legal decisions on their behalf should anything happen to them and even fewer (16%) have a legal guardian in place to look after any dependants.

Fewer than one in five (17%) who are parents have money set aside to leave to their children to ensure their financial security.

Among people providing regular financial support to someone in the family...

- 32% have a will or testament
- 29% have a power of attorney
- 16% have a legal guardian in place
- 17% have money to leave to their children to ensure their financial security (all with children of any age)

Q. Which of the following, if any, do you have in place now? (Base: All providing regular support to someone in their family)
Q. And which of these apply to you? (Base: All with children of any age)
Practical steps

Here are some important insights and practical actions drawn from the research findings, which may help people better prepare their family to face the future.

1. **Identify your priorities**
   71% of people say their family’s health and wellbeing is the most important thing to them for the future.

   Think about your priorities in life. Make sure you have a financial plan in place that addresses your needs as well as those of your family. Don’t neglect your own aspirations when planning for the future.

2. **Assess your finances**
   43% of people supporting someone financially feel they themselves are just about managing or not managing at all well.

   Consider how financially secure you feel. Think about whether any financial support you are giving to others is likely to increase or decrease in the future and if you need to update your financial plan.

3. **Plan for the whole family**
   80% of people supporting someone financially say their family would not manage well if they had to significantly reduce their support to them.

   Unexpected life events can have knock-on effects for the whole family. Bear this in mind when reviewing if you have enough financial protection in place.

4. **Talk about the future**
   85% of people who are supporting someone yet managing well financially have had a conversation about their long-term financial security should something happen to them.

   Make time to talk to your family about the future. Discuss what could happen to them in the event of a life-changing circumstance and what financial safeguards you have in place. If you need help, seek professional advice.
The research

The Power of Protection is an independent consumer research study into global protection needs and trends, commissioned by HSBC. It provides authoritative insights into people’s concerns about the future and how they are protecting themselves financially, around the world.

This report, Facing the future, is the third in the series and represents the views of 13,122 people in 13 countries.

Since The Power of Protection study began in 2016, more than 30,000 people have been surveyed worldwide.

Survey

The findings in this report are based on a survey of 1,001 people in the USA aged 25 and over from a nationally representative online sample.

Figures have been rounded to the nearest whole number.

The 13 countries and territories are:
- Argentina
- China
- France
- Hong Kong
- India
- Indonesia
- Malaysia
- Mexico
- Singapore
- Taiwan
- United Arab Emirates
- United Kingdom
- United States
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