The Future of Retirement: Bridging the Gap

Women in retirement
Almost a half (45 per cent) of working age women in the USA either don’t know how much they are saving for their retirement or have not started saving at all. Women in the USA are less financially prepared for retirement than men, and there are numerous reasons why, but it’s not too late. There is plenty women can do to ensure that they too can enjoy a better retirement.

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

These findings are from the fifteenth edition in the series and represent the views of 17,405 people in 16 countries and territories.

This factsheet represents the views of 1,335 people in the USA.

There are also some practical tips to help people plan for the retirement they want.

USA key findings

1. 24% of working age women say they contribute less to their retirement than their partner (compared to 8 per cent of working age men)
2. 45% of working age women either don’t know how much they are saving for their retirement, or haven’t started saving at all (compared to 28 per cent of working age men)
3. 57% of working age women worry they will not have enough money to cover their medical or care expenses in retirement (compared to 54 per cent of working age men)
4. 25% of women pitch their financial knowledge as higher than their partners (compared to 46 per cent of men)
Being prepared

Retirement basics
Working age women worry more about meeting future retirement needs than their male counterparts. And for women of working age, concerns about their financial future are heavily linked to long-term health fears.

Almost three-fifths (57 per cent) worry they will not have enough money to cover medical or care expenses (compared to 54 per cent of men). And just over half (54 per cent) worry they will not have enough income to pay for basic living needs if they or their partner had to retire early due to ill health (compared to 47 per cent of men).

If the worst happened and their partner passed away, 46 per cent of working age women worry they would find it hard to cope financially (compared to just 41 per cent of men). This fear is borne out in reality; women already in retirement are indeed more likely than men to expect to rely on their spouse’s income or pension (45 per cent vs. 41 per cent).

Time out
Women are still far more likely to take a career break to look after children, than men. Over a third (35 per cent) of working age mothers have taken parental leave (compared to 17 per cent of working age dads), and just under a third (32 per cent) have reduced working hours (compared to 26 per cent of their male counterparts).

In fact, a third (33 per cent) of working age mothers have stopped work completely to look after their family (compared to 11 per cent of men).

This significant amount of time out from earning, has led to almost a quarter (24 per cent) of working age women not having contributed as much financially towards retirement as their partners.

Women are contributing less to their retirement than their partners

Almost a quarter of working age women have contributed less towards retirement than their partners.
Taking control

Knowledge is power
Women are less likely to back their own financial know-how than men. Forty per cent of women rate themselves as well-informed on financial matters (compared to 62 per cent of men). A quarter (25 per cent) of women in relationships pitch their level of financial knowledge as higher than their partners. In contrast, almost half (46 per cent) of men think their financial acumen is superior.

Women are less likely to consider themselves financially knowledgeable

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>My level of knowledge on financial matters is better than my partner</td>
<td>46%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Q. How would you rate your level of knowledge on financial matters compared to your partner?
Base: All males and females who have a partner

For many reasons, women are also less likely to take responsibility for household financial decisions. The only area where women assume sole financial control is groceries and day-to-day purchases; three-fifths (63 per cent) of women living with their partner are solely responsible for this (compared to 43 per cent of men living with their partner).

Household financial responsibility typically falls to men

<table>
<thead>
<tr>
<th>Financial responsibility</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasing groceries/day-to-day purchases</td>
<td>63%</td>
<td>43%</td>
</tr>
<tr>
<td>Deciding where my/our money is saved</td>
<td>34%</td>
<td>53%</td>
</tr>
<tr>
<td>Deciding where my/our money is invested</td>
<td>30%</td>
<td>57%</td>
</tr>
<tr>
<td>Managing and paying household bills</td>
<td>46%</td>
<td>57%</td>
</tr>
<tr>
<td>Managing credit cards and/or other debts</td>
<td>45%</td>
<td>57%</td>
</tr>
<tr>
<td>Making large, one off payments on purchases (e.g. holidays, cars)</td>
<td>27%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Q. How would you describe your role, regarding the following financial responsibilities in your household?
(I am mainly or solely responsible for this) Base: All men and women (with a spouse/partner)
Looking ahead
Knowing how far your money will go can take the stress out of retirement planning. Over a third (34 per cent) of working age women do not know what proportion of their pre-retirement income they would need for a financially comfortable retirement (compared to 19 per cent of working age men).

Working age women are also more likely to feel anxious about money matters (63 per cent of women compared to 58 per cent of men).

Women are more likely than men to worry about their finances

<table>
<thead>
<tr>
<th>Statement</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>I get anxious about financial/ money matters</td>
<td>58%</td>
<td>63%</td>
</tr>
<tr>
<td>I feel secure in my current financial situation</td>
<td>62%</td>
<td>41%</td>
</tr>
<tr>
<td>I feel confident about my financial future</td>
<td>67%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Q. To what extent do you agree or disagree with the following statements? (Strongly agree / Tend to agree)
Base: All working age people

Over a third don’t know how much money they will need to be comfortable in retirement
Positive mindset

Life after retirement
Although working age women have concerns about managing finances during retirement, they are generally more positive about other aspects of life after work than men.

Women have a more positive take on their relationship with younger people. Fewer working age women think that visiting them will become a chore or obligation for their children as they age (29 per cent of women compared to 42 per cent of men), and almost two-fifths (37 per cent) think that young people will look down on them when they are older (compared to 50 per cent of men).

Women are also more likely to be confident about life after the death of their partner. One-fifth (18 per cent) of retired women say their life wouldn’t be worth living without their partner (compared to 46 per cent of men).

Women are less likely to worry about life without a partner

<table>
<thead>
<tr>
<th>Statements</th>
<th>Working age people</th>
<th>Current retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life wouldn’t be worth living without my partner</td>
<td>48%</td>
<td>18%</td>
</tr>
</tbody>
</table>

To what extent do you agree or disagree with the following statements? (Strongly agree / Tend to agree)
Base: All married men and women

In fact, more women feel that they’ll continue to be in control once they retire. Only 34 per cent of working age women think they will have less choices over their life as they get older, compared to 51 per cent of working age men.

Men are more likely to worry that their choices will be taken away in retirement

<table>
<thead>
<tr>
<th>Statements</th>
<th>Working age men</th>
<th>Working age women</th>
<th>Current men</th>
<th>Current women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visiting me will become a chore/obligation for my children as I age</td>
<td>42%</td>
<td>29%</td>
<td>41%</td>
<td>25%</td>
</tr>
<tr>
<td>I think young people will look down on me when I’m older</td>
<td>50%</td>
<td>37%</td>
<td>51%</td>
<td>34%</td>
</tr>
<tr>
<td>I will have less money for myself in retirement because I had children</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The choice I have over my life will be taken away as I get older</td>
<td></td>
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</tbody>
</table>
Practical steps

Here are some practical steps drawn from the research findings, to consider when planning for the retirement you want:

1. **Reframe how you think about retirement**
   It’s easy to put off planning your retirement so reframing how you view it is important. Think of it as a chance to pursue your passions and have new adventures. Make sure you make the most of it by planning ahead.

2. **Visualise the retirement you want**
   Think about the kind of retirement you want. Do you want to go travelling, move home, take up a new hobby or even start a new business? Having a broad idea of how you’d like your life in retirement to look, will allow you to plan for it more effectively.

3. **Ask the experts**
   Nobody expects you to be an expert in saving and investments so use free online advice or seek professional financial advice to help you plan and cost out your retirement plans. This will help you decide on the right approach. Don’t be afraid to ask questions – get clarity before making decisions.

4. **From managing to planning**
   Managing your finances is not enough – you need to plan where you can save money and how much. Use the online tools such as savings calculators and budgeting apps to help identify the changes you can make today that will cut costs and then direct the savings to your future.

5. **Don’t be afraid to go it alone**
   Women already in retirement are more likely than men to rely on their spouse’s income or pension. Get financial independence by starting a separate savings pot or opening investments of your own.

The research
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 is the fifteenth in the Future of Retirement series and represents the views of 17,405 people in 16 countries and territories. Since The Future of Retirement programme began in 2005, more than 194,000 people have been surveyed worldwide.

The survey
The findings are based on a representative sample of people of working age (21+) or in retirement, in each country or territory. The research was conducted online by Ipsos MORI in November and December 2017, with additional face-to-face interviews in the UAE.

The 16 countries and territories are Argentina, Australia, Canada, China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, Turkey, United Arab Emirates, United Kingdom and United States.

Retirees are people who are semi or fully retired. Working age people are those who have yet to fully or semi-retire. Figures have been rounded to the nearest whole number.
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