

Indians are good at financial planning, finds HSBC survey

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Chennai, Jun 14: Globally, one in five people do not know what their main source of income will be after retirement, 41% felt that they are under-prepared for retirement to some extent, while 64% admitted to being concerned that they would not be able to cope financially in retirement, said a survey done by HSBC on 'Future of retirement: The power of planning' in India. The survey was released by Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited - a joint venture between two

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of India's largest public sector banks, Canara Bank and Oriental Bank of Commerce and HSBC Insurance (Asia Pacific) Holdings Limited.

Amongst the 17 countries surveyed, Indian respondents demonstrate impressive optimism and fare as one of the world's best financial planners with lowest concerns about financial hardship after retirement. They are second best in Asia Pacific with 74% 'feeling' adequately financially prepared to handle their retirement and 69% of the respondents see themselves as being better off in their later life than their parents. Howev-

er, 51% respondents in India are worried about being able to cope financially in old age, with one in 10 people in the country expecting to continue working in later life to provide income for themselves, reiterating that the general optimism towards retirement must not therefore lead to complacency.

There is a 'great risk shift' in which society's response to increasing life expectancy is to expect the individual to plan and save for their own retirement as the old providers, particularly the state and the employer will no longer suffice. Regarding the source of retirement income, globally, only 16% respondents thought it would come from the state pension system and only 10% from employer pension schemes. Further, while the role of the family (younger generation) in funding or supporting parents' retirement is considered important in emerging markets, the study points out that the traditional joint family system in societies like India is likely to recede over time and the responsibility will shift to the individual.

Globally, the planners are amassing two-and-a-half times as much in their retirement savings as non-planners. Those who combine financial planning with professional financial advice enjoy the best of both worlds with retirement assets over three times more than the non-planners demonstrating an 'advice advantage'. The planning premium and advice advantage also apply to non-retirement savings and investments.