Doubt over government help for old age

Those coming up to retirement would be prepared to work longer to ensure a secure retirement

The biggest global survey of its type suggests that people no longer trust the government to support them in old age, with those surveyed in the UK showing the highest declining confidence in such government support.

In the UK, there were twice as many respondents who felt the government should support them in old age, as compared with the number of respondents who believed that the government would.

The research report 'Investing in Later Life', launched today, surveyed 21,000 people in 21 countries on how people are preparing for retirement. It is the fourth annual report in the series entitled *The Future of Retirement Study*, undertaken by Oxford University's Institute of Ageing, funded by HSBC Insurance.

The global survey suggests that a relatively small proportion is prepared for retirement, while a larger proportion is completely unprotected

Professor Sarah Harper

Globally, two thirds of those surveyed said governments should play a significant role in supporting them in old age. However, three-quarters said they feel this will not happen, with those coming up to retirement more disillusioned than the generation who have already retired. Those who have already retired placed the government first as the main contributor to security in old age. In contrast, those coming up to retirement said they felt they would have to rely on their own resources, and would be prepared to work longer to ensure a secure retirement.

Globally, half of those surveyed said they would prefer enforced private savings, with an increase in retirement age as the second choice. In the UK however, being able to work longer, beyond the usual retirement age of 65, was the most popular option among those surveyed.

The report shows larger proportions of higher income groups, and men in particular, tend to have more than one main source of retirement income, but lower income groups and women tend to be reliant on just one source of retirement income. The report says those dependent on single source retirement incomes, are more likely to fall into what the report calls a 'vulnerability trap'.

Professor Sarah Harper, Director of the Oxford Institute of Ageing and joint author of the report, said: 'The latest research reveals how realistic people are becoming about their old age. However, it also highlights the vulnerability of generations coming up to retirement. There is growing recognition of the importance of having a portfolio of support. Working longer is an acceptable solution to many healthy older men and women. In addition, people are increasingly looking to savings and assets to provide a better standard of income in later life.

'The global survey suggests that a relatively small proportion is prepared for retirement, while a larger proportion is completely unprotected. The survey also shows that there is a substantial middle group that feels it is protected, but in fact faces the prospect of falling into a "vulnerability gap", that is, with limited amounts of support available from the government or their own families. It is here that governments, communities, individuals and the private sector must act together.'

Globally, 60 per cent of those surveyed said they wish to leave 'personal' rather than 'cash' legacies. Less then 10 per cent of people surveyed said they would like to leave money as their primary legacy, and only 30 per cent see either money or property as their first choice legacy. By contrast, 60 per cent of those questioned want their children to carry forward their perspective on life, for example, their spirit, sense of humour, or way of giving to their communities.

Stephen Green, Group Chairman of HSBC, said: 'The study highlights a growing desire for people to be in control of their own future financial security and identifies an acceptance of the need for pragmatism to fund later life. Another strong and suprising trend is to pass our perspective on life and knowledge from generation to generation.'