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Health concerns and unpreparedness holding Egyptians back from a comfortable retirement

- HSBC survey finds that only five in ten retirees in Egypt rate their health as good for their age
- Seven in ten pre-retirees are unable to predict how much they are likely to spend on healthcare in retirement
- More than half (55%) of working age people believe that poor health will make saving for their retirement more difficult

Cairo, Egypt: The majority of Egyptians are facing the risk of going into life after work with health issues that could prevent them from living a comfortable retirement. HSBC's *The Future of Retirement 2016* report reveals that more than six out of ten retirees and pre-retirees in Egypt say that something prevents them from leading a healthier lifestyle (63%), (35%) say that lack of free time and (26%) work commitments are preventing them from leading a healthier lifestyle. As a result of which, more than half (55%) of the working age population believe that poor health will make saving for their retirement more difficult.

The Future of Retirement: Healthy new beginnings, a survey of more than 18,200 people across 17 countries and territories including more than 1000 people in Egypt, assesses retirement trends globally and identifies the key issues associated with ageing populations and increasing life expectancy around the world.

This year's research reveals that retirees in Egypt may not be able to experience "a retirement bounce", an improvement in health during early retirement. Egypt is the only country, after UAE, among the 17 countries surveyed, where the difference between respondents rating their health as good for their age is lowest for retirees than pre-retirees.

Barriers to a comfortable retirement

People's health concerns are backed up by the Global Burden of Disease study from 2013, as nearly 70% of Egypt's population – over 55 million people – are considered obese or overweight¹. Alarmingly, chronic lifestyle-related diseases such as diabetes – affecting 11% of Egyptians – along with coronary and cardiovascular conditions, and hypertension are induced by sedentary lifestyle, which can be mitigated through a more health-conscious lifestyle.

Commenting on the findings, Mustafa Ramzi, Head of Retail Banking and Wealth Management

¹ The Lancet. *Global Burden of Disease 2013*. - <http://www.dailynewsegypt.com/2014/06/02/obesity-balloons-egypt/>

of HSBC Bank Egypt, said: “The new findings show that the primary concern people face today is dealing with poor health in later life. With average retirement age of 60 years, and average life expectancy at 72 years² a majority of retirees in Egypt could potentially spend over ten years of their life after work dealing with health issues, while struggling financially. However, by proactively choosing to live a healthier life and starting to save for retirement as early as possible, working age people can improve their chances of living their dream retirement.”

Early planning for a healthier and wealthier retirement

Compared to the global average of 65%, in Egypt only 15% of pre-retirees aged above 45 years would like to retire in the next 5 years. Of that, over one in three (39%) said that they wanted to retire as work had a negative impact on their mental and/or physical health, and one in five (20%) said that they are tired of the routine. Only a quarter of Egyptians get regular medical check-ups, and less than one-third (32%) are physically active

“It is not a surprise that only 15% of pre-retirees aged 45+ would like to retire in the next five years considering that 75% of them feel they will face financial hardships. Going by the average life expectancy, in such a scenario a 50 year old retiree could potentially face over 20 years of poor health, unexpected healthcare costs and depleting finances due to other life commitments, and that can be a daunting reality,” said Ramzi.

Many working age people are also optimistic about life during retirement, expecting that their relationships, social life and standard of living will improve. However, such aspirations might be at risk because alarmingly, seven in ten (70%) pre-retirees cite a lack of understanding about how much to save for healthcare costs a main barrier to retirement planning.

“Retirement can mean different things to different people. Pre-retirees looking to understand how much they need to put aside need to first look at how long they expect their retirement to last, what is the current state of their health and what standard of living they want to maintain. It is then critical to start saving as soon as possible; even if it is a little each month, this can reap significant benefits in the long-term. Meanwhile, speaking with financial advisors also helps working age people make investments in line with their financial capability,” said Ramzi.

HSBC’s research shows that saving regularly and investing early produces results. As an example for illustrative purposes only, a 35-year old individual who starts saving monthly

² World Health Organization-2013 <http://www.who.int/countries/egy/en/> (life expectancy 69 for males, and 74 for females)

installments for 25 years would have a retirement pot that could potentially be almost two and a half times more than if he started saving 10 years later at the age of 45.

Ramzi added: "With this in mind, HSBC has reviewed and relaunched a number of savings and financial solutions for our Premier customers to help in their retirement planning. We recently renewed our Bancassurance partnership with Allianz in Egypt, to offer HSBC customers a savings solution for retirement. The Allianz "Plan Your Way for a Better Future" retirement plan is a long-term savings policy."

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About Future of Retirement Survey:

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 report, Healthy new beginnings, is the twelfth in the series and represents the views of 18,207 people in 17 countries and territories.

Since The Future of Retirement programme began in 2005, more than 159,000 people have been surveyed worldwide.

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