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You are not retiring alone: over three quarters of people in Egypt in their 40s are financially supporting others

Working age people in Egypt expect to save nine years longer for retirement compared to current retirees

Cairo, Egypt: Due to an ageing population, complex macroeconomic conditions and a number of financial priorities that cut into individuals' savings, working age people in Egypt today expect they will have to save longer to fund their lives after work compared to retirees. Research from HSBC shows that while current retirees in the country spent 18 years saving money for their post-work life, working age people today expect they will have to put aside money for 27 years; meaning they have to save for 9 more years.

This also indicates that people in Egypt believe they will have to save for longer than the global average, where working age people worldwide expect to save for seven years more than their predecessors for retirement.

HSBC's ***Generations and Journeys Report*** is the latest in HSBC's long-running 'The Future of Retirement' series and a follow-up on the earlier report *Healthy new beginnings* launched in March this year. It is based on the views of over 18,000 people in 17 countries. The Egypt country report reveals that working-age people feel under more pressure than ever to save for their lives after work primarily because of their financial obligations to others.

Preparing for an ageing population

In Egypt, more than 80% of people in their 40s are financially supporting others, according to the research. Historically, the responsibility of social welfare is left in large part to families in Egypt¹ and accordingly, this increases the burden on many pre-retirees.

However, the trend of an ageing population indicates that working age people need to focus more than ever before on being prepared for retirement. The latest population statistics bulletins issued by the Central Agency for Public Mobilization and Statistics confirm the increase in the growth of seniors to 7% of the total population, compared to 5.8% in 1996², and this is expected to rise further to 8.9% and 10.9% in 2016 and 2026 respectively³.

¹ Kandiyoti D. *Bargaining with patriarchy. Gender and Society. 1988;2:274–290*

² Letter by the Ministry of Solidarity and Social Justice addressed to the UN in 19/04/2011.

³ Draft Country Profile on Ageing : Egyptian Case Study Prepared By : Dr. Mohsen Gadallah Prof. of community Medicine – Faculty of Medicine -Ain Shams University

Funding a dream retirement

The report shows that many working age people still do not think they are putting aside enough. More than 1 in 3 (38%) wish they had started to save earlier, and 28% say they should have saved more by putting aside a larger share of income.

Diminishing state support and increasing expenditures may be a contributing factor to this, with just over a third (35%) of pre-retirees in Egypt expecting to help fund their retirement through a state pension or social security. A spouse's income is also a popular choice for working age people, with other options including inheritance (20%), renting a property (20%), employer pension schemes (20%), and cash savings (19%). This shows that people primarily rely on others to fund their lives after work.

Mustafa Ramzi, Head of Retail Banking and Wealth Management in Egypt commented: "People recognise that they are living longer and may not be able to rely exclusively on more traditional forms of funding for their retirement, including state pensions. Especially in Egypt, people realise they need to start saving for retirement earlier and through alternative methods. Small steps now can make a big difference in funding a comfortable life in the future."

Lack of credible financial advice

The lack of preparedness may be linked to 62% of pre-retirees never having received advice or information about retirement. Pre-retirees are also turning to friends and family for advice and information (33%) for retirement, instead of looking to financial professionals. According to the research, less than 1 in 10 (9%) pre-retirees and only 7% of retirees have received retirement advice from professionals.

Indicative of its value, 2 in 5 of those who have received retirement advice say it helped them avoid mistakes (46%), increased their confidence (41%), and helped them earn/save more money (35%).

Practical steps

HSBC's research identified four actions that people can take to improve their financial well-being in retirement:

- 1. Consider all your retirement expenses**

When planning for retirement, make sure to list all your possible retirement outgoings

- 2. Start saving earlier for retirement**

Plan to start saving for retirement earlier, to help build a bigger fund and allow it to grow for longer

- 3. Make sure your advice is professional**

Seek information from many sources, but make sure the advice you get is professional

4. Be prepared for financial ups and downs

When saving for retirement gets difficult, make sure to review all your finances and seek alternative ways to help you continue towards a comfortable retirement.

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Notes to editors:

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