



The Power of Protection

Facing the future

UK Report

HSBC 

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Foreword



Bryce Johns

Group Head of
Insurance, HSBC

We rarely take the time to reflect and realise what's good in our lives.

For most of us, it is our families – the main source of our happiness and our sense of belonging.

This report looks at how much family members support and depend on each other and how financially secure people are feeling.

While some people are managing well financially, others are just about managing. Many are supporting supporting family

members, often making sacrifices in time and money.

Despite these strong connections, many people have not had important family conversations about their long-term financial security if something life-changing were to happen to them. Even fewer have plans in place to help their family cope with the unexpected.

I hope that this report will encourage you to think and talk about what makes your life good today and what you can do to secure your family's future.

“Many people have not had important family conversations about their long-term financial security.”



Key findings

74%

of people say their family's health and wellbeing is the most important thing to them for the future

30%

of people with grown-up children (over 18) are giving them regular financial support

43%

of people supporting someone financially have put off their own aspirations to support others

53%

of people with children would choose paying for their child's university/higher education over their own retirement fund

40%

of people supporting someone financially feel they themselves are just about managing or not managing at all well

81%

of people supporting someone financially say their family would not manage well if they had to significantly reduce their support to them

84%

of people supporting someone financially do not have insurance that would pay them a regular sum if they had a serious illness or accident that prevented them from working

27%

of people supporting someone financially have never had a conversation with anyone about long-term financial security if something were to happen to them





Family matters

What's good?



What's most important for the future?

My family's health and wellbeing

74%

Providing for my own or my family's future financial security

32%

Achieving my and my family's aspirations

26%

Family is a huge part of our lives and a source of great happiness.

Nearly three-quarters (74%) of people say that their family's health and wellbeing is the most important thing to them for the future.

Almost a third (32%) say that providing for their own or their family's future financial security and 26% say that achieving their own or providing for their family's aspirations, are the most important things.



Q. What's most important to you for the future? (Base: All)



Family is for life

Putting family first often means providing regular financial support to them.

Nearly half (48%) of people are giving regular financial support to someone in their family.

Just over four in five (81%) are supporting their children under 18 financially. Nearly a third (30%) of those with grown-up children are supporting them financially.

One in ten (10%) of people with living parents are providing regular financial support to them.

People aged 35-54 are most likely to be giving support. Over half (55%) are supporting someone in their family and nearly half (48%) are supporting their grown-up children.

Providing regular financial support to the family

48%

to someone in their family

81%

to their children under 18

49%

to their children (any age)

30%

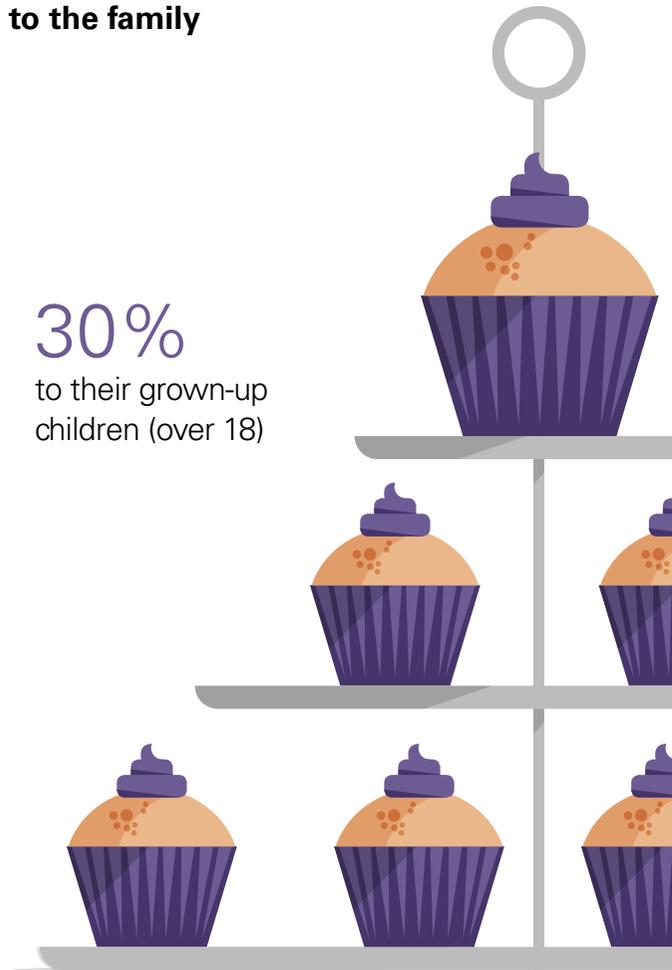
to their grown-up children (over 18)

30%

to their partner

10%

to their parents



Q. Are you giving regular financial support to any of the following? A. Someone in their family (Base: All), A. Children any age (Base: All with children of any age), A. Parent or partner's parents (Base: All with parents), A. Partner (Base: All with a partner), Children under 18 (Base: All with children under 18), A. Children over 18 (Base: All with children over 18)



Family commitments

Providing this level of support for family members can take a toll on people's finances, lifestyle and emotional wellbeing.

People regularly supporting someone financially in their family are spending over half (54%) of their disposable income on others.

Among those with children under 18, more than half (57%) of their disposable income

and 41% of their non-working time is spent on their children.

Even people financially supporting grown-up children spend over a third (37%) of their disposable income on them and 34% of their non-working time doing things for them.



Q. In a typical month, after you've paid your bills and necessary outgoings, what proportion of your remaining income do you spend on? Please exclude money that you may be saving or investing each month for you or others. Q. In a typical month (excluding work/employment), approx. what proportion of your time do you spend doing things with or for? (Base: All providing regular support to children under 18, all providing regular support to children over 18)



Appreciation and anxiety

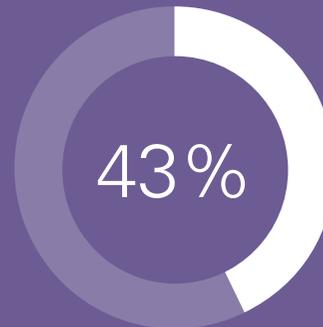


Supporting family members financially can be a strain as well as a source of satisfaction.

Nearly half (43%) have put off their own aspirations to support others, while over a third (38%) feel guilty spending money on themselves instead of using it to help their family.

However, almost seven in ten (69%) believe that they are a good provider for their family and over half (55%) feel appreciated for the support they give others.

Emotional strain



I've put off realising my own aspirations to support others

Feel good factor



I feel like I'm a good provider for my family



I feel guilty spending money on myself when I should be using it to help my family



I feel appreciated for the support I give others

*Q. To what extent do you agree or disagree with the following statements?
A. Agree somewhat or strongly (Base: All providing regular support to someone in their family)*



Financial pressures

Supporting family members can come at a cost.

A quarter (25%) of people financially supporting someone in their family say they have less money to do what they want or had to cut back on treats for themselves (24%).

More than one in ten feel financially drained (15%) or had to withdraw money from their savings or investments (13%) as a result of providing financial support to their family.

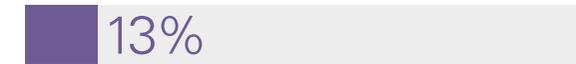
Nine per cent have taken on more debt to enable them to support their family financially.

Financial impact of providing regular financial support to someone in the family

I've got less money to do what I want to do



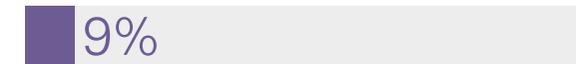
I've had to withdraw from my savings/investments



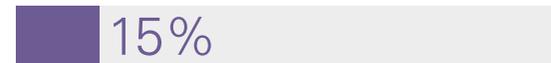
I've had to cut back on treats for myself



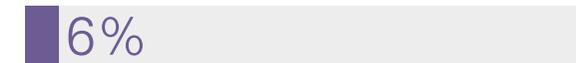
I've incurred more debt



I feel financially drained



I've had to increase my hours or take on a full-time job



*Q. What financial impact, if any, has providing this support had on you?
(Base: All providing regular support to someone in their family)*



Life support

Providing financial assistance to grown-up children can mean covering costs in areas which may not have been anticipated.

People are supporting their grown-up children with everything from everyday living costs (43%) to education (34%) and holidays (21%).

This support is even greater among people aged 35-54, with over half helping their grown-up children with

education (54%) and more than a third with everyday living costs (36%).

However parents have different attitudes when it comes to supporting their grown-up children. Just over half (55%) of those supporting their grown-up children, are prepared to make sacrifices so their children are not at a disadvantage, while 45% think their children should stand on their own two feet financially.

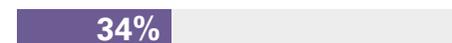
30%

of people with grown-up children are giving them regular financial support with...

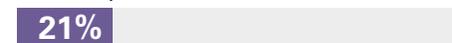
Everyday living costs



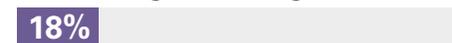
Education



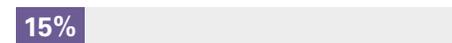
Holidays



Saving for special occasions/ events e.g. wedding



Rent/accommodation



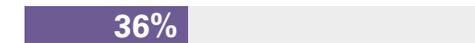
48%

of people aged 35-54 with grown-up children are giving them regular financial support with...

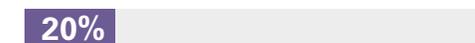
Education



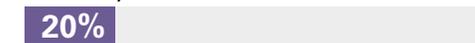
Everyday living costs



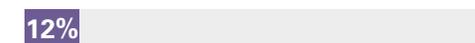
Rent/accommodation



Holidays



Medical/dental care



*Q. Are you giving regular financial support to any of the following? (Base: All providing regular support to children over 18, All aged 35-54 and supporting children over 18)
Q. Do you give any of the following types of financial support to...? (Base: All providing regular support to children over 18, All aged 35-54 and supporting children over 18)
Q. We'd now like you to imagine some situations and think about what you'd do. Which of the following do you most agree with? A. I think my adult children should stand on their own two feet financially. (Base: All providing regular support to children over 18)*



Tough choices

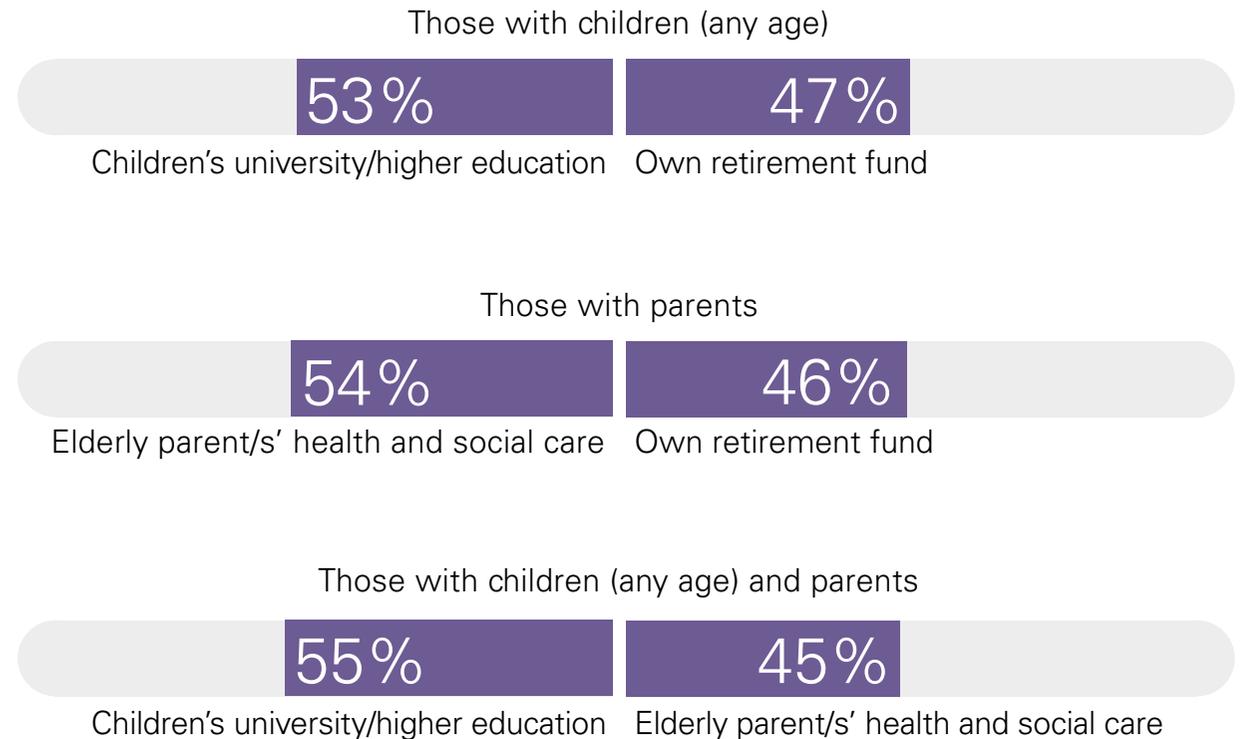
Supporting others in your family can mean having to make some hard financial choices.

If people had to choose between paying for their children's university/higher education over their own retirement fund, just over half (53%) would choose to support their children.

Similarly just over half (54%) would prioritise paying for their elderly parents' health and social care over paying into their own retirement fund.

If people had to choose between paying for their children's university/higher education over their elderly parents' health and social care, over half (55%) would choose to support their children.

If they had to choose, people would prioritise their family over themselves



*Q. And, if you were in a situation where you could only pay for one of the following, what would you choose?
(Base: All with children of any age, All with parents, All with children any age and parents)*



Financial ups and downs



Managing today

There are varying degrees of financial security among people giving regular financial support to someone in their family.

How financially secure do you feel today?



Managing well or very well
28%



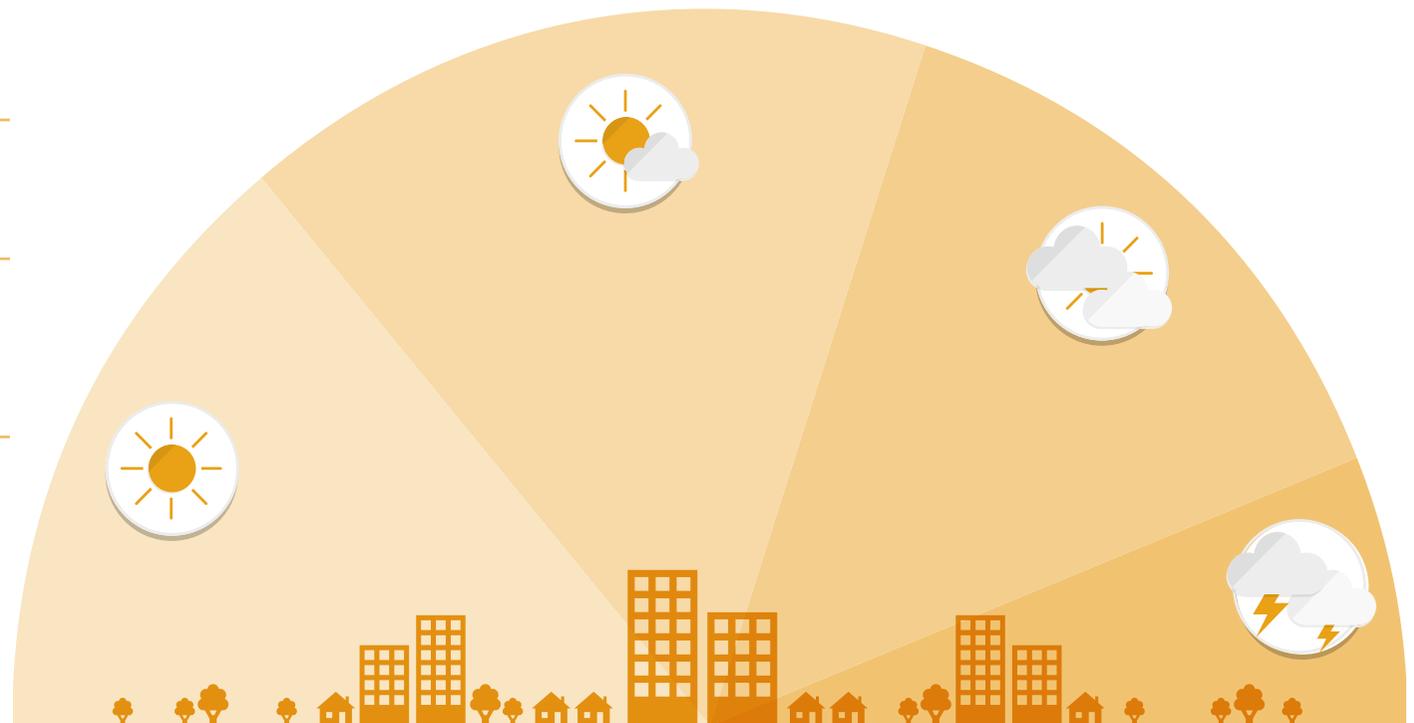
Managing quite well
32%



Just about managing on a day-to-day basis
28%



Not managing at all well or just about managing with support from family or social benefits
12%



Q. How financially secure do you feel today? (Base: All providing regular support to someone in their family)

Managing tomorrow?



The expectations of people at the two ends of the financial security spectrum suggest increasing polarisation.

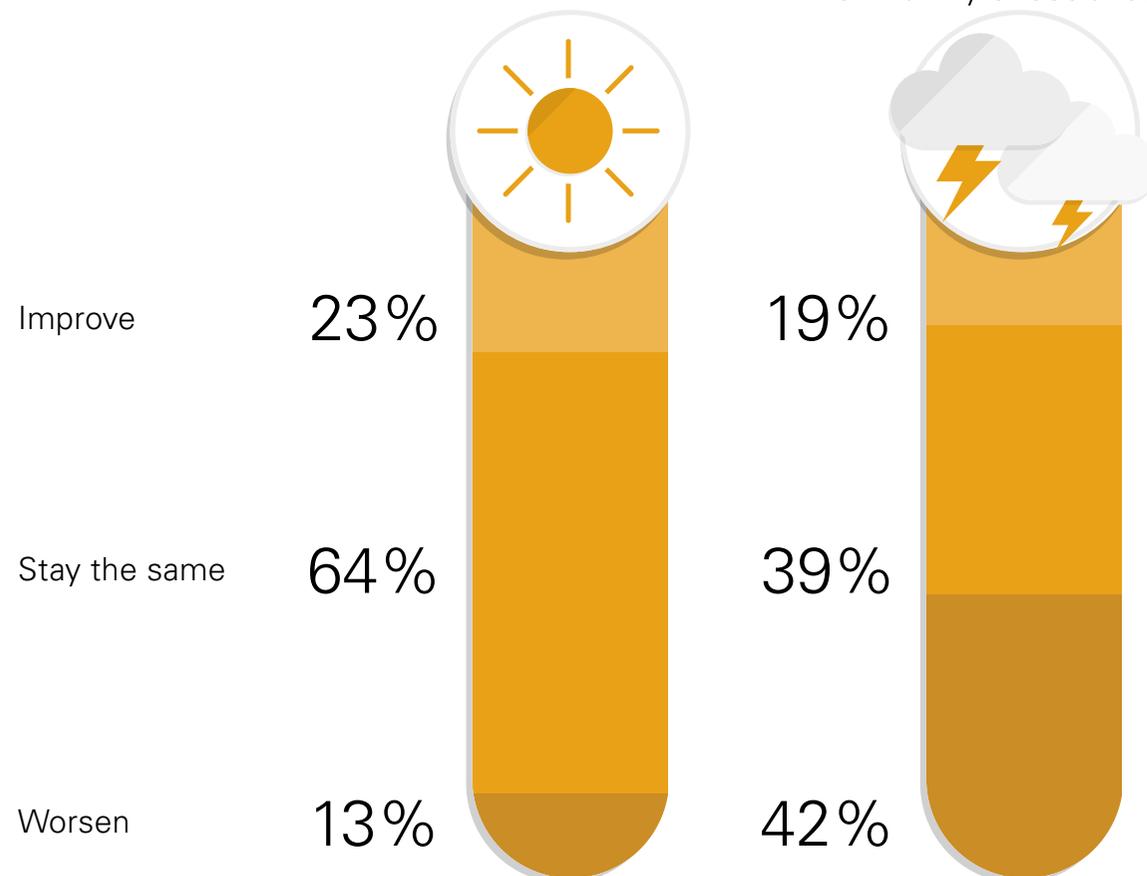
Nearly a quarter (23%) of people supporting someone in their family and managing well or very well expect their situation to improve in the next three years.

This compares to nearly half (42%) of those not managing at all or only managing with support from family or social benefits, who think that their position will worsen.

Financial outlook in the next three years

Managing well or very well

Not managing at all well or just about managing with support from family or social benefits



Q. Do you think that your financial position in the next 3 years will...?

(Base: All providing regular financial support to someone in their family and managing well or very well. All providing regular financial support to someone in their family and not managing at all well or just about managing with support from family or social benefits)



Unforeseen risks

Life carries many risks which can put people's financial security under pressure, especially those supporting someone in their family.

The most impactful risks they see are increasing and unexpected bills (38%), a sharp increase in the cost of living (35%) and developing a serious illness such as cancer (31%).

Just under a third (30%) say becoming unemployed or their partner or a family member becoming seriously ill would impact their financial security.

Risks seen as most impactful to financial security

38%

Increasing and unexpected bills

35%

Sharp increase in cost of living

31%

Developing a serious illness
e.g. cancer

30%

Becoming unemployed

30%

Partner or family member becoming seriously ill



*Q. Which of the following do you think would most impact your financial security if they were to happen to you? A. Ranked 1st, 2nd or 3rd
(Base: All providing regular financial support to someone in their family)*



Knock-on effects

Unexpected life events can have knock-on financial consequences for the whole family.

Just under a quarter (24%) of people supporting someone in their family say their dependants would not manage at all financially if they developed a long-term illness or disability or if they or their partner died (23%).

Less than a fifth (19%) expect their dependants would manage well if they had to significantly reduce their level of financial support to them.



My family would manage well

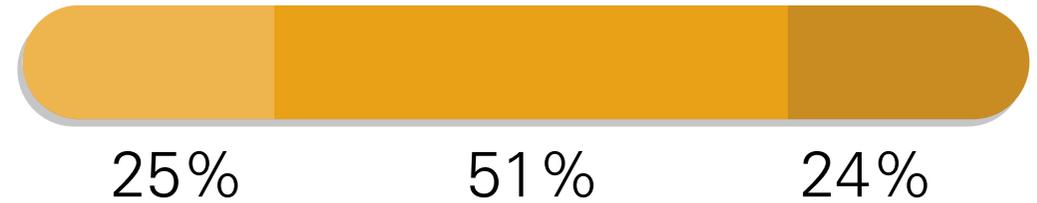


My family would just about manage

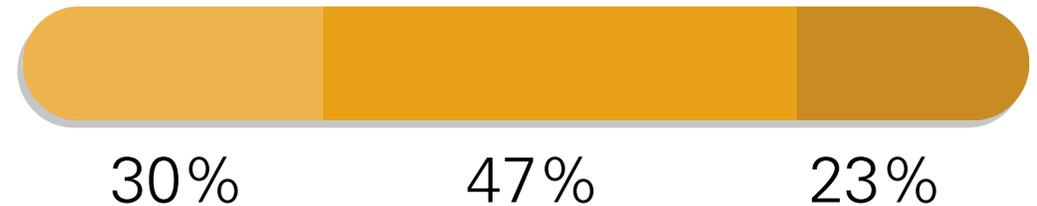


My family wouldn't manage at all

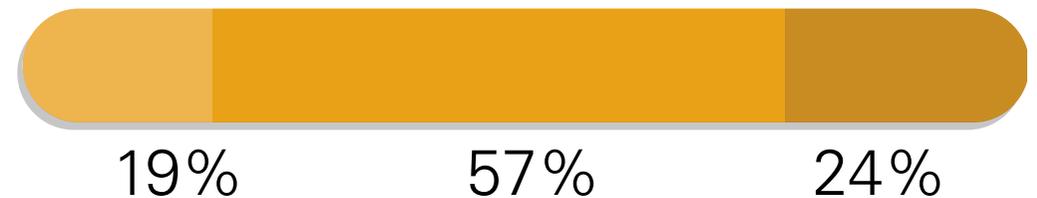
If you developed a long-term illness or disability



If you or your partner died



If you had to significantly reduce your level of financial support to them



*Q. How well would those who depend on you manage financially if any of the following were to happen to you?
(Base: All providing regular financial support to someone in their family)*



Planning for the unexpected

Many people supporting someone in the family do not have insurance in place if something unexpected were to happen to them.

Over four in five (84%) do not have a policy that would pay them a regular sum if they had a serious illness or accident which prevented them from working.

Similarly 83% do not have a policy that would pay a lump sum if they contracted a serious illness such as cancer.

Just under three-quarters (71%) do not have a policy that would pay out a lump sum to take care of their family in the event of their death.

Among people providing regular financial support to someone in the family...

84%

don't have a policy that would pay them a regular sum if they had a serious illness or accident which prevented them from working

83%

don't have a policy that would pay them a lump sum if they contracted a serious illness such as cancer

71%

don't have a policy that would pay out a lump sum to take care of their family in the event of death



*Q. Finally, which of these insurance products or benefits do you currently have or would consider in the future?
(Base: All providing regular financial support to someone in their family)*



Let's talk



Important conversations

Among people who are supporting someone in their family, those who are managing well financially are more likely to have had a conversation about long-term financial security should something happen to them, than those who are not managing well.

More than a quarter (27%) have never had a conversation about long-term financial security

with anyone and only 30% who are parents have had this conversation with their children.

Fewer than one in ten (7%) have spoken with a professional adviser.

Reluctance to talk about what might happen in the future may help to explain why most do not have insurance in place.

27%
have never had a conversation with anyone about long-term financial security should something happen to them

Among people providing support to someone in their family...



19%

of those managing well financially have never had a conversation



46%

of those not managing well financially have never had a conversation

Q. Have you spoken with any of the following about long-term financial security if something were to happen to you? A. Your children (Base: All with children of any age). A. Never had this conversation, A professional adviser (Base: All providing regular financial support to someone in their family). A. Never had this conversation (Base: All providing regular financial support to someone in their family and managing well or very well; All providing regular financial support to someone in their family and not managing at all well or just about managing with support from family or social benefits)



Triggering the conversation

Among people giving regular financial support to someone in their family, there were different triggers for those who had a conversation about long-term financial security should something happen to them.

For more than a third (34%) reaching a particular age when it became relevant was a key trigger for the conversation. For just over one in ten (11%) who are parents, their children reaching a certain age prompted them to have this conversation.

Discussing long-term financial security comes more naturally to some than others. A third (33%) initiated a conversation because they are organised and like order in their life, and just over a fifth (21%) had the conversation as a result of reviewing their financial or life plans.

Top triggers for an important conversation



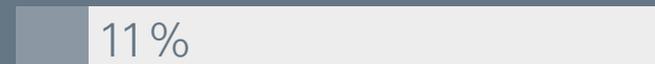
I reached a certain age where it became relevant



I'm organised and like order in my life



Is something I regularly review and discuss



Children reached a certain age
(all with children of any age)



Q. And what led you to have this conversation [about long-term financial security if something were to happen to you]?

(Base: All providing regular support to someone in their family)

A. Children reached a certain age (Base: All with children of any age)



Futureproofing

When it comes to making specific provisions for the future, just over a third (34%) of those supporting someone in their family have a will or testament to assist their dependants should anything happen to them. Even fewer have a legal guardian in place (17%) to look after any dependants or a power of attorney

(14%) to make legal or financial decisions on their behalf should anything happen.

Just over a fifth (22%) who are parents have money set aside to leave to their children to ensure their financial security.

Among people providing regular financial support to someone in the family...

34%

have a will or testament

17%

have a legal guardian in place

14%

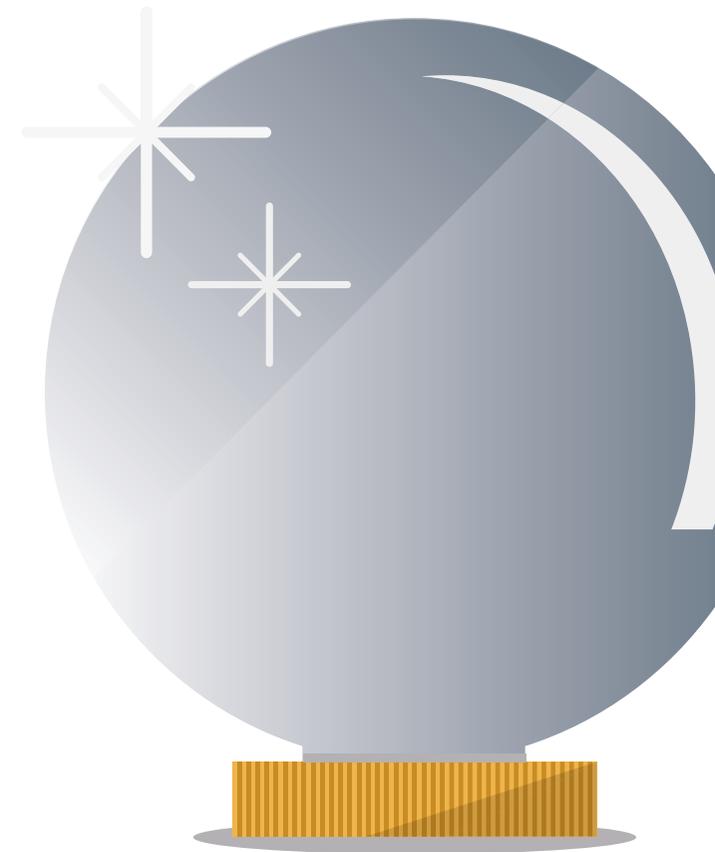
have a power of attorney

22%

have money to leave to their children to ensure their financial security

(all with children of any age)

*Q. Which of the following, if any, do you have in place now? (Base: All providing regular support to someone in their family)
Q. And which of these apply to you? (Base: All with children of any age)*





Practical steps

Here are some important insights and practical actions drawn from the research findings, which may help people better prepare their family to face the future.

1

Identify your priorities

74% of people say their family's health and wellbeing is the most important thing to them for the future.

Think about your priorities in life. Make sure you have a financial plan in place that addresses your needs as well as those of your family. Don't neglect your own aspirations when planning for the future.

2

Assess your finances

40% of people supporting someone financially feel they themselves are just about managing or not managing at all well.

Consider how financially secure you feel. Think about whether any financial support you are giving to others is likely to increase or decrease in the future and if you need to update your financial plan.

3

Plan for the whole family

81% of people supporting someone financially say their family would not manage well if they had to significantly reduce their support to them.

Unexpected life events can have knock-on effects for the whole family. Bear this in mind when reviewing if you have enough financial protection in place.

4

Talk about the future

81% of people who are supporting someone yet managing well financially have had a conversation about their long-term financial security should something happen to them.

Make time to talk to your family about the future. Discuss what could happen to them if you experience a life-changing circumstance and what financial safeguards you have in place. If you need help, seek professional advice.

The research



The Power of Protection is an independent consumer research study into global protection needs and trends, commissioned by HSBC. It provides authoritative insights into people's concerns about the future and how they are protecting themselves financially, around the world.

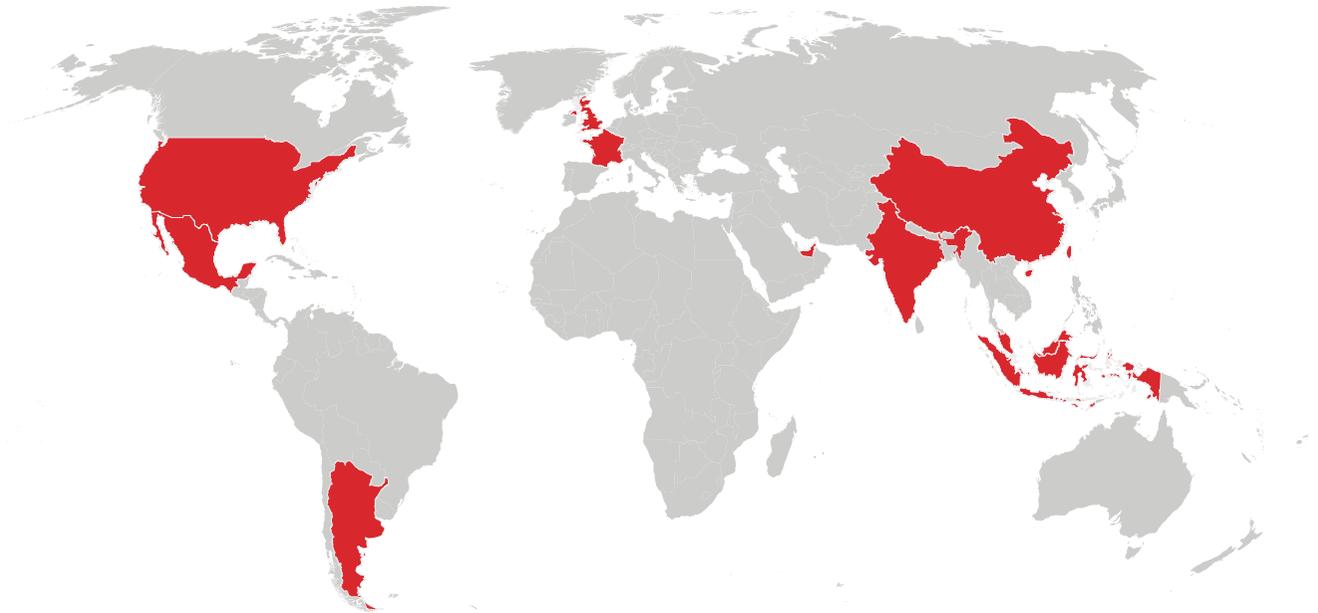
This report, *Facing the future*, is the third in the series and represents the views of 13,122 people in 13 countries.

Since The Power of Protection study began in 2016, more than 30,000 people have been surveyed worldwide.

Survey

The findings in this report are based on a survey of 1,000 people in the UK aged 25 and over from a nationally representative online sample. The research was conducted by Kantar TNS between March and May 2017.

Figures have been rounded to the nearest whole number.



The 13 countries and territories are:

- Argentina
- China
- France
- Hong Kong
- India
- Indonesia
- Malaysia
- Mexico
- Singapore
- Taiwan
- United Arab Emirates
- United Kingdom
- United States



About HSBC

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 3,900 offices in 67 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,492bn at 30 June 2017, HSBC is one of the world's largest banking and financial services organisations.

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