



The Power of Protection

Life changers

Global Report

HSBC 



A photograph of a person riding a bicycle up a grassy hill. The person is wearing a yellow and black jacket and a pink backpack. The bicycle is red. The background is a clear blue sky with some light clouds.

Contents

- 4 Foreword**
- 5 Key findings**
- 6 A lifetime of change**
- 10 Life-changing events**
- 18 The benefit of hindsight**
- 22 The age of uncertainty**
- 24 Practical steps**
- 25 The research**
- 26 The Power of Protection programme**

Foreword

Life changers is the second report in The Power of Protection series and explores the impact, both positive and negative, of significant events on people's lives and the role of financial protection in supporting them.

The report looks at the different phases of life and when life-changing events like having a baby, changing job, buying a home, or experiencing a serious illness usually occur.

It examines the impact of these events on our lives, both personal and financial, and how we respond by changing our financial attitudes and behaviours with regard to protection, saving, spending and financing.

As well as exploring how people cope with life-changing events at the time, the report also reveals with hindsight what people wish they had done differently to meet those financial challenges.

As they plan for the future, many people are feeling increased financial pressure and uncertainty compared to the previous generation, although most believe that they have more choices in life.

Finally, the report provides some practical steps that people can take to help them navigate through the life-changing events ahead, so that they can look forward to the future with confidence.

I hope that you will find this report a valuable source of insight and information as you plan for your future.



Charlie Nunn

Group Head of Wealth Management, HSBC



Key findings

60%

say that having a baby was their most life-changing event

35%

have had a life-changing critical illness or injury

78%

say that having a life-changing critical illness or injury had the most negative financial impact

52%

cut back on their spending when they experienced a financially challenging life-changing event

46%

wish they had taken out a new insurance policy or increased the level of their existing one when they experienced a financially challenging life-changing event

56%

think that the next generation will face a more uncertain future

58%

think that the next generation will be under more financial pressure

A lifetime of change

Moving on up: the five phases of adult life

For most people, life-changing events fall into five phases, and the age at which these happen is very consistent around the world.

The journey through adulthood starts in the early twenties and moves into putting down roots in the late twenties.

By the early thirties, bigger decisions are being made such as house buying, changes in career direction and for many, children starting school.

While the twenties and early thirties are when people are becoming fully-fledged adults, the late thirties is a time when the first challenges may appear, such as divorce, redundancy and the loss of close friends or family.

The next phase of life, when there is a generational shift, typically starts when people move into their forties and experience events such as the loss of parents and children reaching adulthood.

“It was as if something changed inside me once I knew (we were having a baby). Immediately it made me prioritise my work and feel much more responsible in life in general.”

Mexico respondent

Same but different: life changers by country

Life changers occur at very similar ages in each country. The range of ages at which people experience major life events only varies by between three and nine years across all countries surveyed.

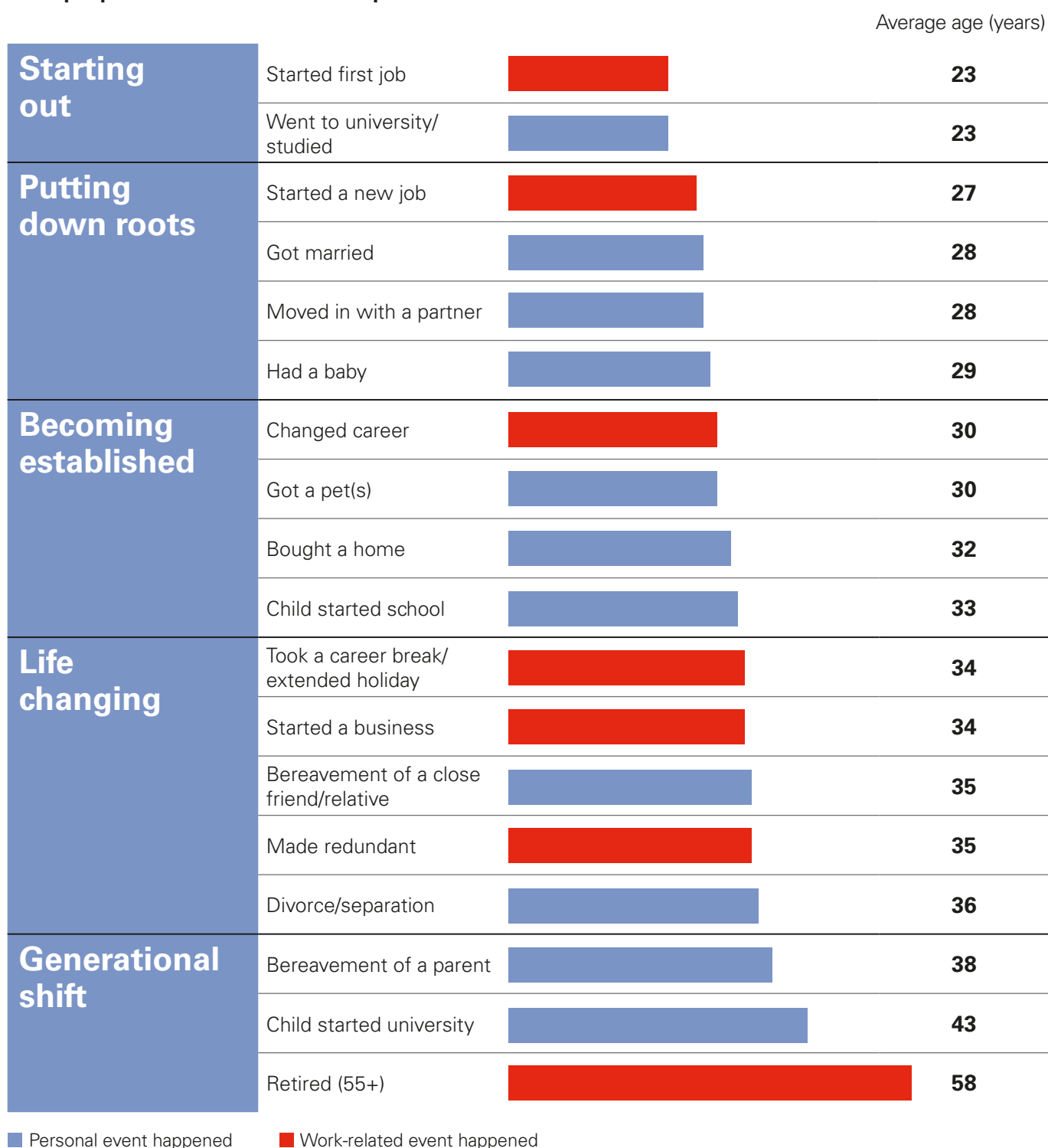
In France, a number of major life events occur later, especially those that are work-related. Compared to the global average, French people are typically four years older when they start a new job (age 31) or a business (age 38), and five years older when they change career (age 35).

In the USA, personal life events tend to happen earlier. On average, Americans are the youngest when they get married (age 26), have a baby (age 26) and when their children start school (age 31).

Lowest and highest life event ages by country

		Average age (years)			
		Minimum		Maximum	
Starting out	Started first job	UK	21	UAE	24
	Went to university/studied	UAE	21	UK	24
Putting down roots	Started a new job	Hong Kong	24	France	31
	Got married	USA	26	Hong Kong	30
	Moved in with a partner	China	26	Indonesia	31
	Had a baby	USA	26	Taiwan	31
Becoming established	Changed career	Argentina	27	France	35
	Got a pet(s)	Indonesia	28	France	34
	Bought a home	UK	29	China	34
	Child started school	USA	31	Taiwan	35
Life changing	Took a career break/extended holiday	Hong Kong	32	UK	36
	Started a business	China	33	France	38
	Bereavement of a close friend/relative	Indonesia	31	France	40
	Made redundant	Taiwan	32	UK	39
Generational shift	Divorce/separation	USA	34	China	38
	Bereavement of a parent	Indonesia	34	USA	43
	Child started university	UAE	40	Taiwan	45
	Retired (55+)	USA	57	Indonesia	60

Most people's adult lives fall into five phases



Q. Think about some of the important things you've experienced so far. Take a look at these events and for those that you have experienced, drag them into the box that matches your age when you did them (Base: All. Base for Retired: 55 and over)

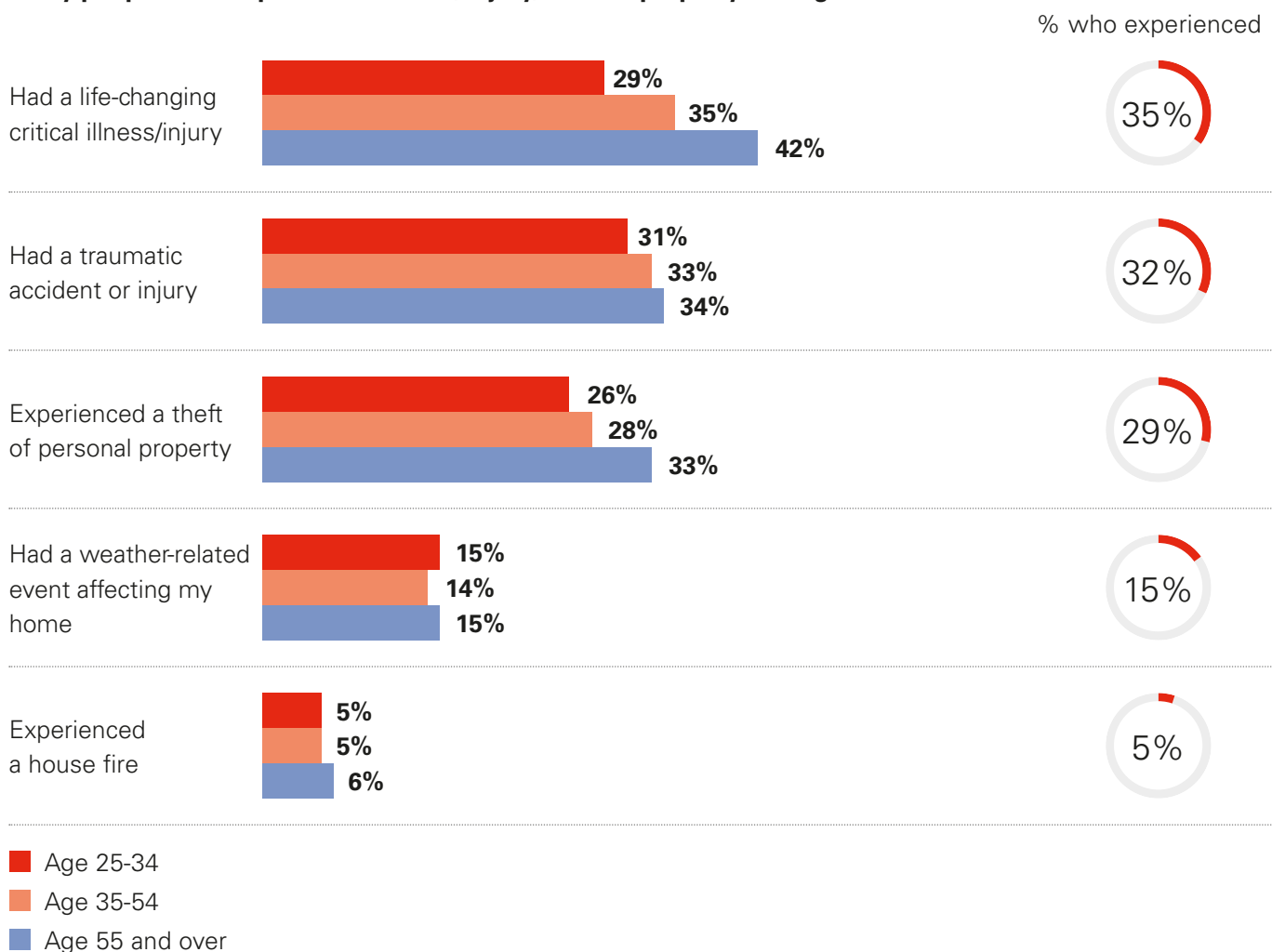
Predicting the unpredictable: disruptive events

As well as the expected events that people experience across the five phases of adult life, there are other disruptive life events which cannot be predicted and can happen at any time.

Around one third of people say they have suffered a life-changing critical illness or injury (35%) or a traumatic accident or injury (32%). This proportion increases with age:

more than two in five (42%) of those aged 55 and over say they have suffered a life-changing critical illness or injury.

Many people have experienced illness, injury, theft or property damage



Q. Take a look at these events and for those that you have experienced, drag them into the box that matches your age when you did them (Base: All)



Life-changing events

For better or for worse: the events that affect us most

To plan for the future, it is important to understand the events, both positive and negative, that people have found to be most life-changing. These include personal and work-related events.

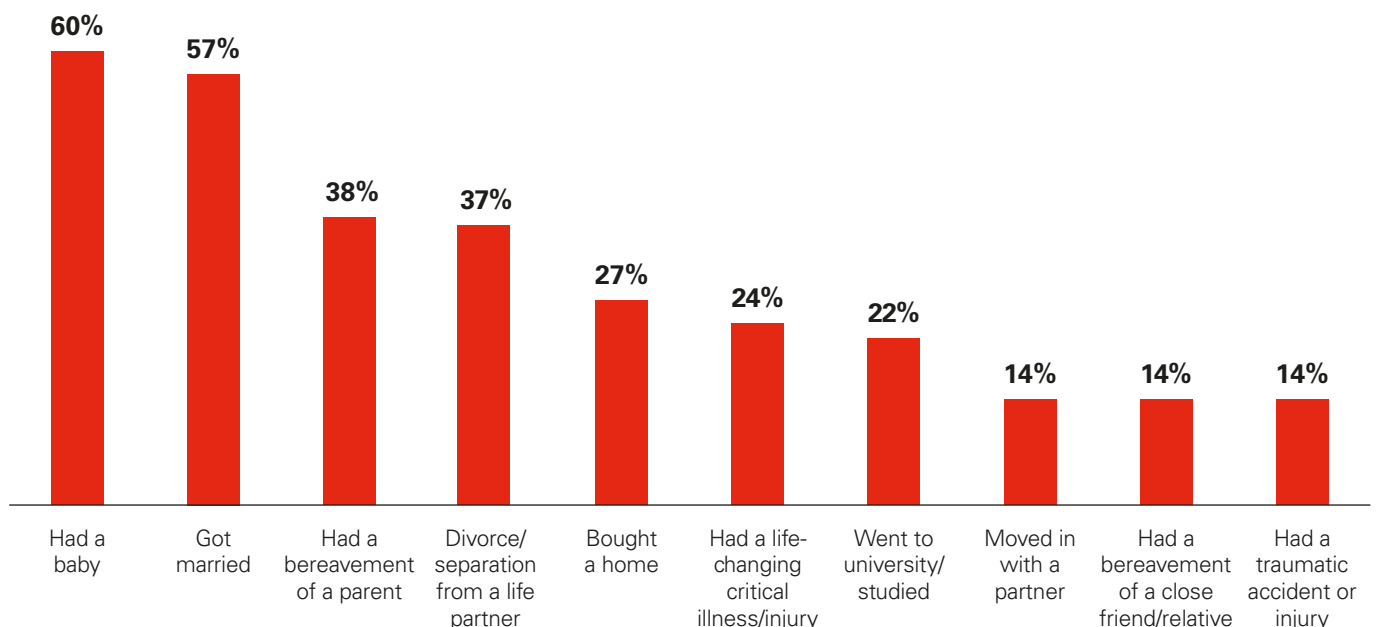
The number one personal life changer is parenthood. For three

in five people (60%), having a baby is their most life-changing event. Marriage is also life-changing for a similar number of people (57%). For around a quarter (27%), buying a home is life-changing, as is going to university (22%).

Negative life changers include losing a parent (38%) and divorce or separation from a partner (37%). Having a critical illness or injury has a major impact on 24% of people, while the loss of a close friend or relative is life-changing for 14%.

A wide range of personal events are life-changing

% found most life-changing



Q. Which of these events that have happened to you have been most life-changing? (Base: All who experienced the event)

60%

say that having a baby was their most life-changing event

Work-related events are seen as less life-changing than personal events.

Around a third of people (34%) who have retired describe it as their most life-changing event, as do a similar proportion of those who have started a business (32%). Over

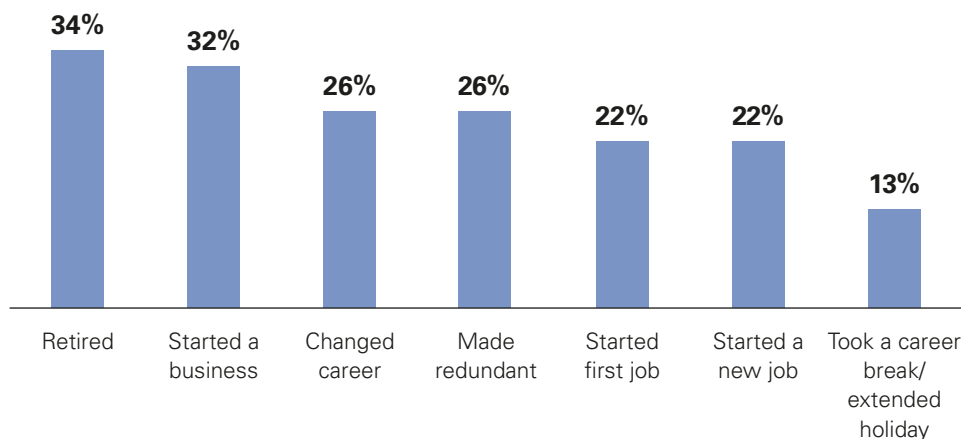
a quarter (26%) of those who had a career change found it has a big impact on their life, as do 26% of those who were made redundant.

Just over one in five described starting their first job or starting a new job (both 22%) as a life-changing

event, while around one in ten (13%) of those took a career break say it changed their life significantly.

Many work-related events are life-changing

% found most life-changing



Q. Which of these events that have happened to you have been most life-changing? (Base: All who experienced the event)



For richer or for poorer: financial impacts

The financial impact of life-changing events can be enormous. Understanding the potential costs of different life events and choices is important when planning to protect the quality of life of ourselves and our families.

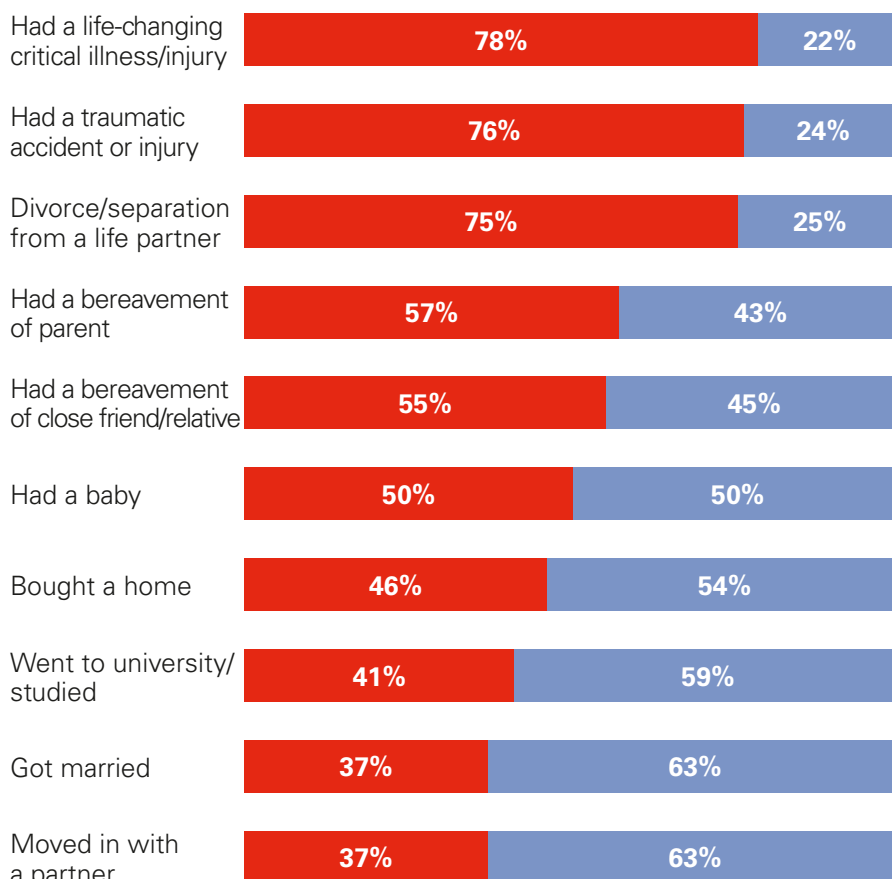
Personal life events

Among personal life events, a life-changing critical illness or injury was financially challenging for four out of five people (78%). Similarly, a traumatic accident or injury had an adverse effect on the finances of three quarters of people affected (76%).

Divorce or separation from a partner also had a negative financial impact (75%), while getting married and moving in with a partner (both 63%) were the most financially beneficial life events.

Two personal events divided opinion on their financial impact. Fifty percent of people said that having a baby was financially positive while exactly the same proportion said it was financially negative, and 46% said that buying a home was financially positive whereas 54% described it as financially negative.

Critical illness/injury has the most negative financial impact



■ Financially negative impact
■ Financially positive impact

Q. What was the impact of these most life-changing events?
(Base: All who experienced the event)



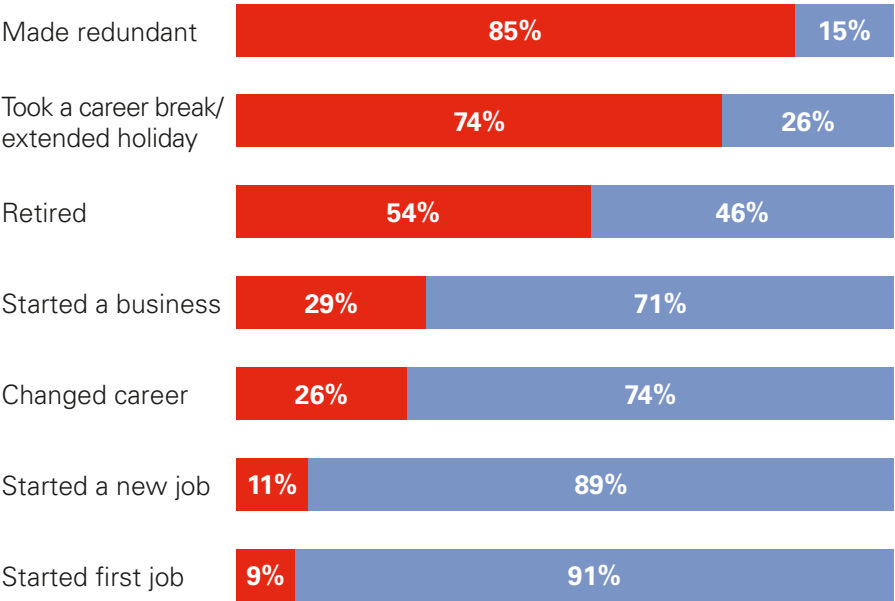
Work-related life events

Several work-related events stand out as having a negative financial impact. More than four in five (85%) people who were made redundant said this had a

financially negative impact, while for almost three-quarters (74%), a career break/extended holiday was financially damaging. More than half of those who had retired (54%) said this had a negative impact on their finances.

Other work-related events stand out as having a positive financial impact. Starting a first job is almost universally rated as a financially positive event (91%), as is starting a new job (89%).

Redundancy has the most negative financial impact



- Financially negative impact
- Financially positive impact

Q. What was the impact of these most life-changing events?
(Base: All who experienced the event)



Somebody to lean on: support during life-changing events

People rely on different types of support to help them cope with major life changes.

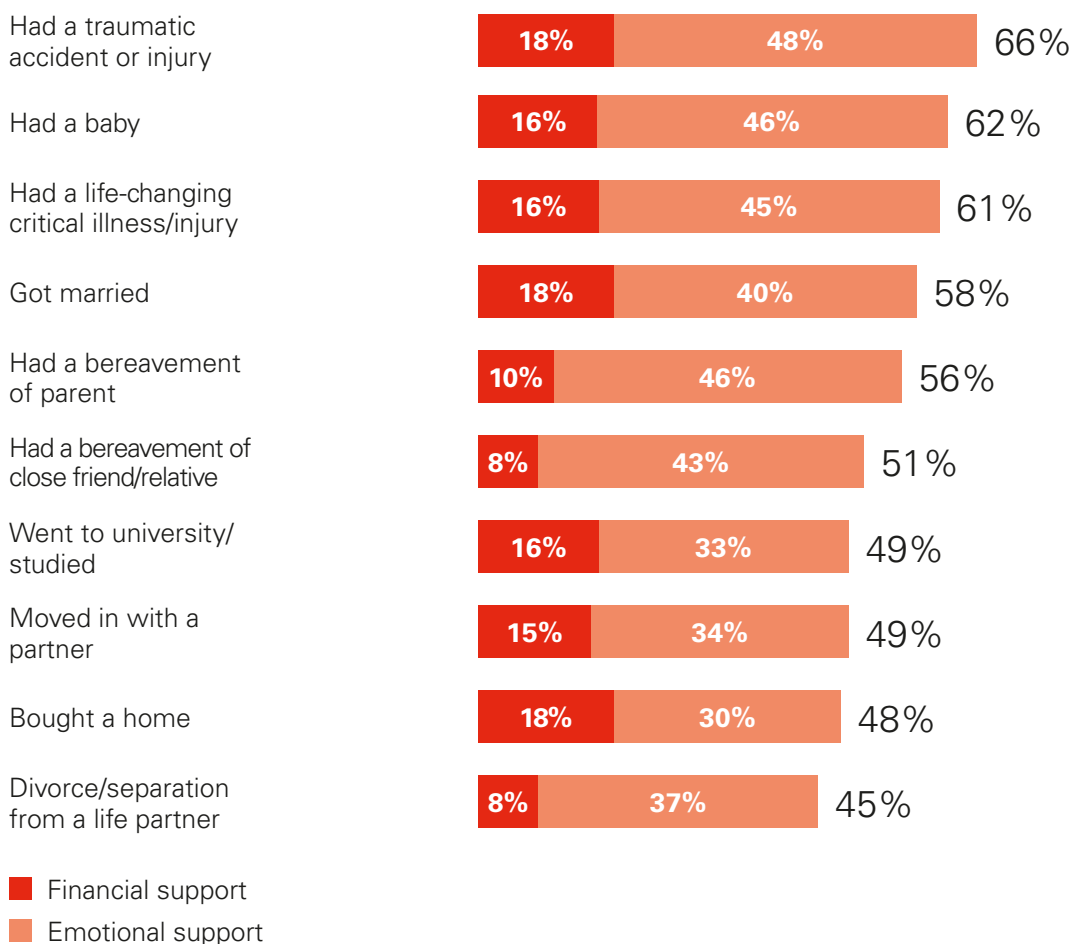
While most receive strong emotional support during life-

changing events, only a small proportion are receiving financial support, meaning many people are relying on their own financial plans and resources to protect their quality of life.

For example, while around half of people (45%) received emotional support when experiencing a life-changing critical illness/injury, only 16% received any financial support.

People receive more emotional than financial support for personal events

% who received support



Q. When this most life-changing event happened, who did you have support from and what kind of support was it? (Base: All who experienced the event)

16%

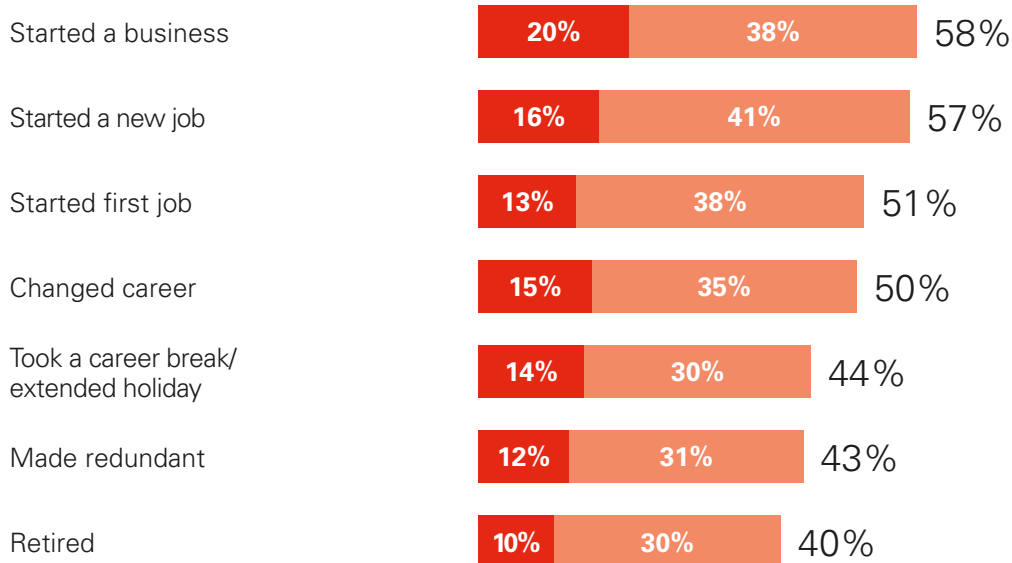
of people who had a life-changing critical illness or injury received financial support

Similarly, people had relatively low levels of financial support for work-related life events. Only 12% received financial support when made redundant (while 31% received emotional support),

and only 15% received financial support during a career change (compared with 35% who received emotional support).

Emotional support is more common than financial support for work-related events

% who received support



- Financial support
- Emotional support

Q. When this most life-changing event happened, who did you have support from and what kind of support was it? (Base: All who experienced the event)

Help starts at home: support from family and friends

Friends and family are the most common sources of support for both personal and work-related life changes. A significant majority of people receive support from immediate family members – their partners (84%) and their parents (79%) – while many receive help from friends (65%) and colleagues (48%).

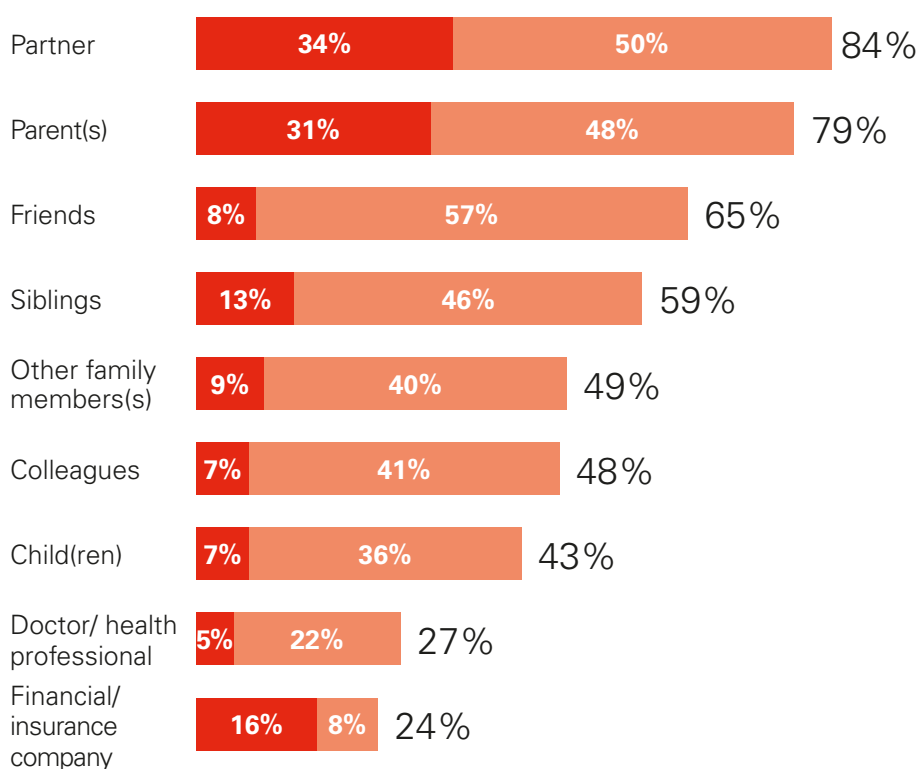
Partners and parents provide both emotional and financial support. Around a third of partners (34%) and parents (31%) give financial support, while around half of partners (50%) and parents (48%) give emotional support.

“To avoid any major unforeseen costs with our property purchase, we thought ahead by speaking to friends who had already bought their house about the financial expenses and requirements they faced after they moved into their home.”

Singapore respondent

Family and friends are the main sources of support

% who received support



■ Financial support
■ Emotional support

Q. When this most life-changing event happened, who did you have support from and what kind of support was it? (Base: All who experienced the event)



The benefit of hindsight

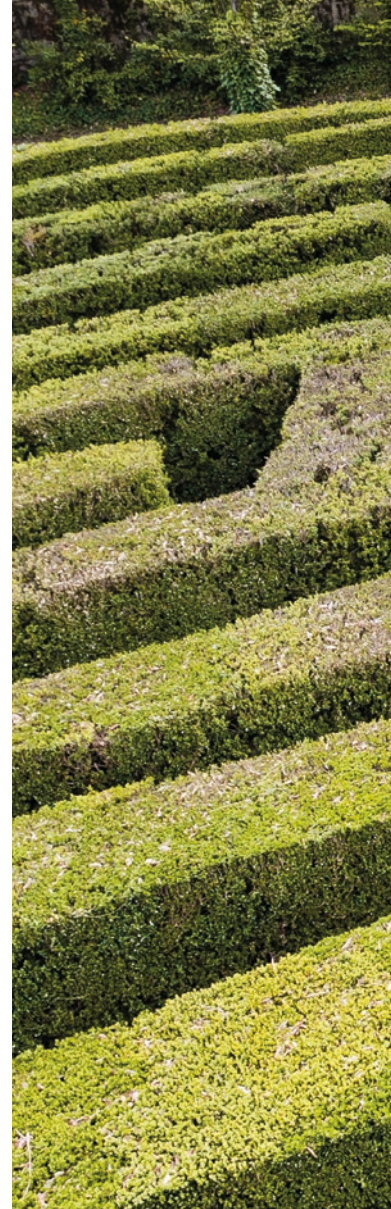
Muddling through: coping with life-changing events

Experiencing life-changing events can prompt people to think harder about their finances. Even events like having a baby or getting married have financial implications which cause people to rethink their financial behaviour.

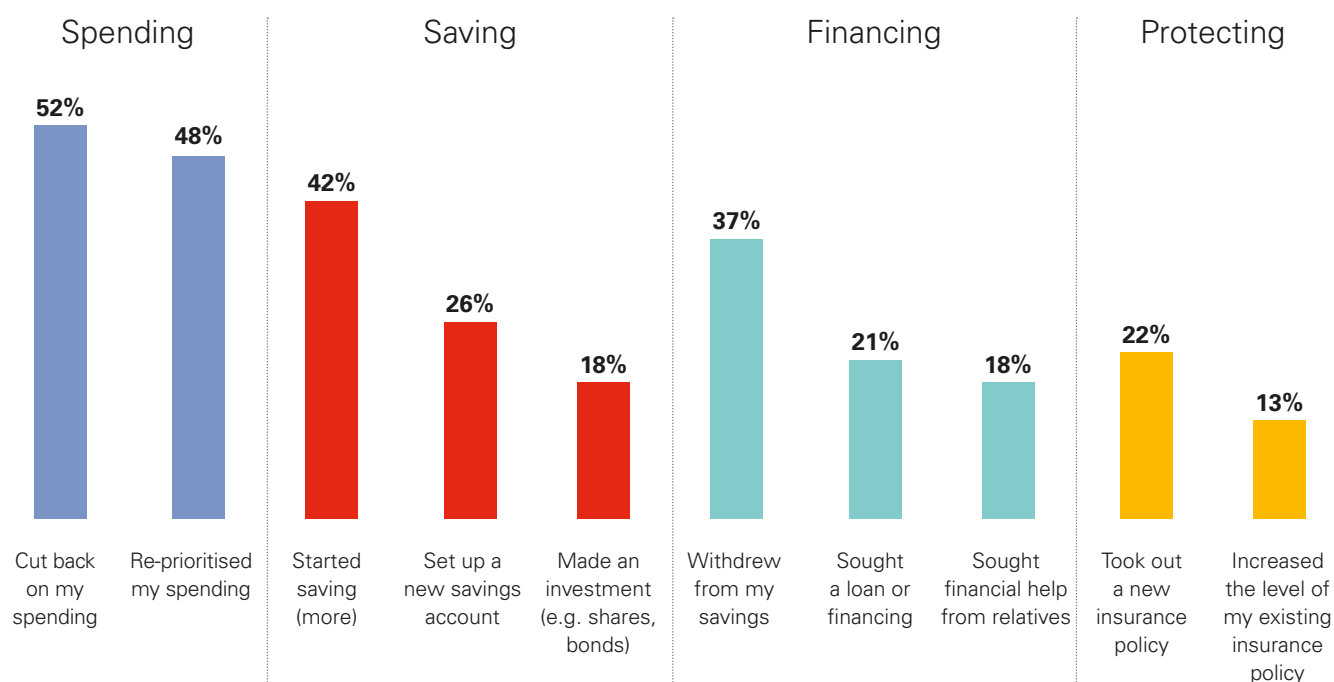
For example, around half of people either cut back on (52%) or re-prioritised their spending (48%) as a result of a life-changing event.

Around two in five people (42%) started saving more, and more than a third (37%) withdrew money from their savings. Around one in five sought a loan or financing (21%) or financial help from relatives (18%).

Around one in five people took out a new insurance policy (22%), and just over one in ten increased the level of their existing insurance policy (13%).



The most common financial action is to cut back on spending



Q. Which of the following financial actions did you take when you experienced this most life-changing financially negative event?
(Base: All who experienced the event)



"I have a long-term wealth management plan, and insurance as well. It's just like a life buoy to me."

Hong Kong respondent

52%

of people cut back on their spending as a result of a life-changing event



Regrets, I've had a few: what people wish they had done differently

With hindsight, many people wish they had taken different actions to cope with life-changing events that had a negative financial impact on their lives.

The most common actions people did not take but wish they had relate to saving. Over half wish that they had started to save more (54%), while just under a

third wish they had opened a new savings account (31%) or made an investment (28%).

The second most common actions people did not take but wish they had relate to spending. Nearly two in five (37%) who didn't cut back on their spending wish they had done so.

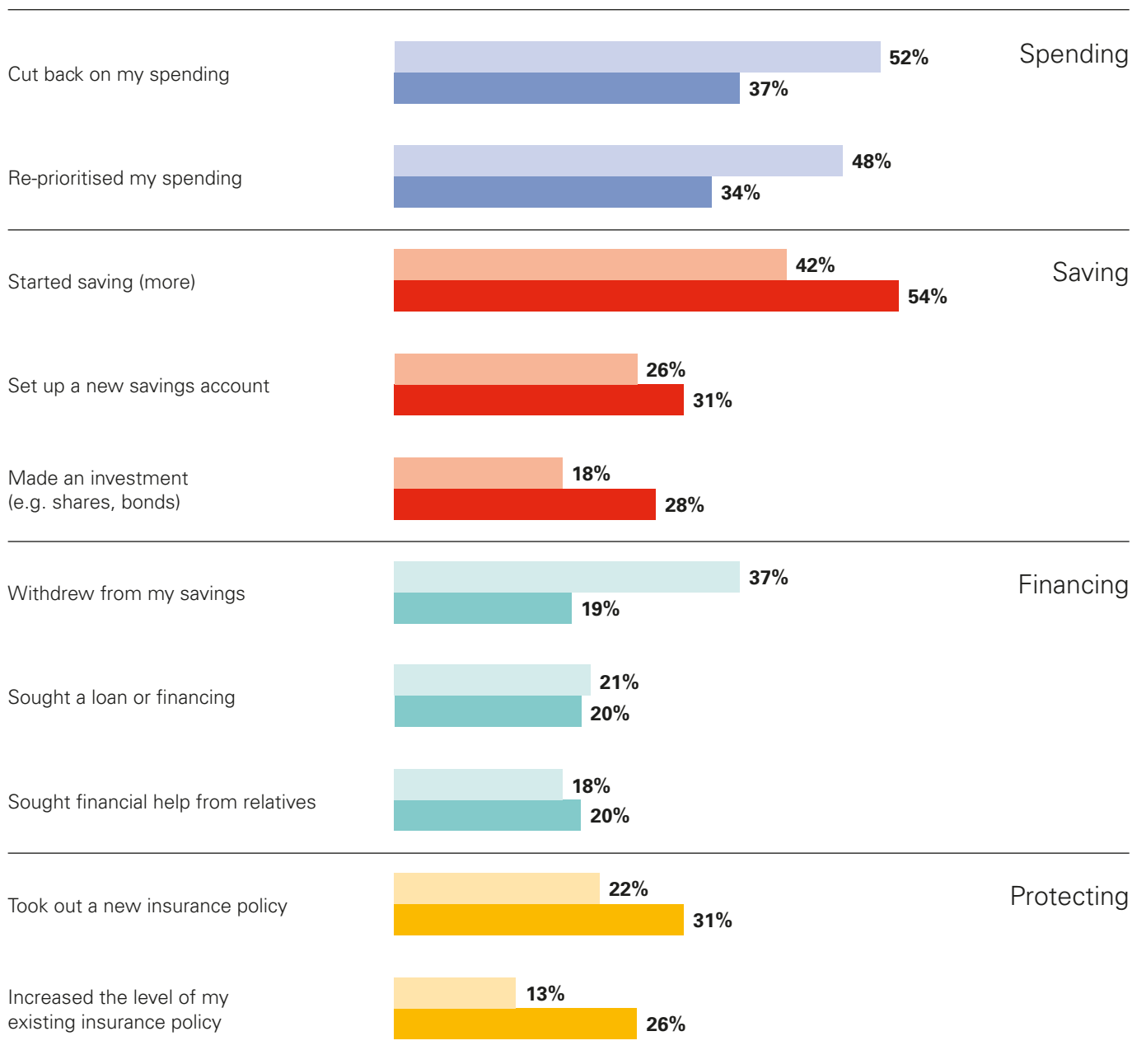
The next most frequent actions people wish they had taken but did not do relate to protection. Almost a third of people wish they had taken out a new insurance policy (31%) and over a quarter wish they had increased the level of their existing policy (26%).

"I really think it's worth talking to a financial adviser or your bank just to get some advice on long term saving plans and setting up ISAs for wedding funds and baby funds... it might have made the process a whole lot smoother and more efficient."

UK respondent



Coping with life-changing events



■ People who did
 ■ People who did not but wish they had

Q. Which of the following financial actions did you take when you experienced this most life-changing financially negative event?

(Base: All who experienced the event)

Q. Which of the following financial actions do you wish you had taken? (Base: All who experienced the event but did not take the action)

The age of uncertainty

Generation gap: our lives compared to our parents

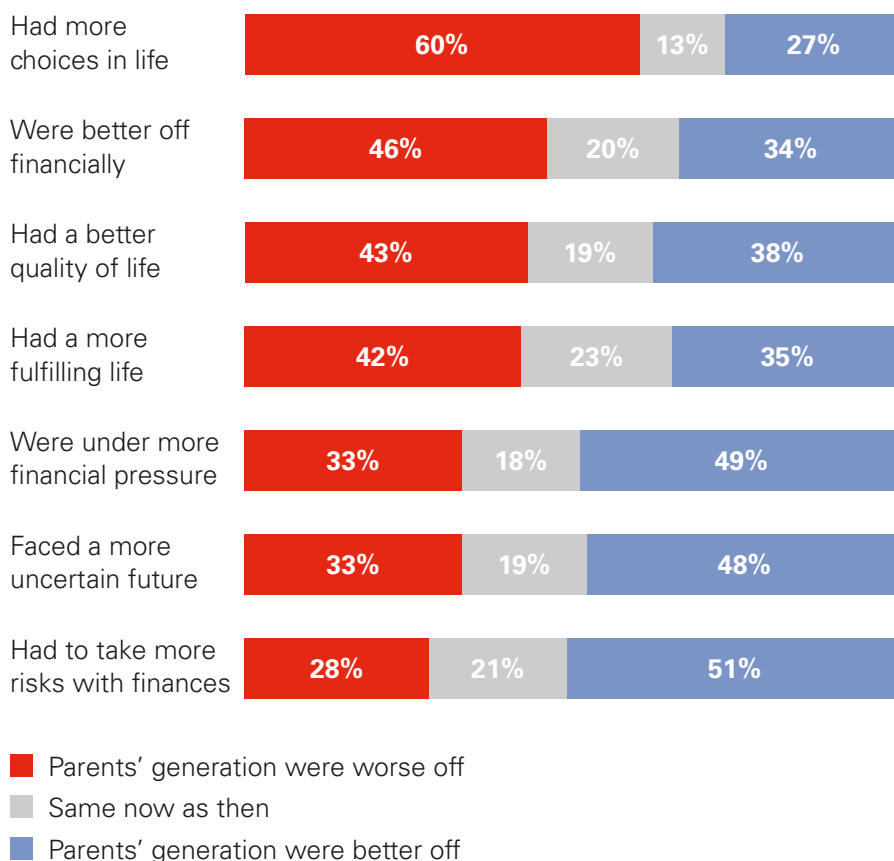
Most people believe that their lives overall are better than their parents' generation. Three in five (60%) think that they have more choices in life and almost half (46%) think they are better off financially. Forty-three percent feel they have

a better quality of life than their parents' generation.

However, people also believe that some aspects of their lives are worse than for their parents' generation. Fifty-one percent think

that they have to take more risks with their finances. Forty-nine percent believe they are under more financial pressure and 48% think they face a more uncertain future than the previous generation.

People believe they have more choices in life but have to take more financial risks than their parents' generation



Q. Compared to your generation, when they were your age, do you think your parents' generation...? (Base: All)



Through the looking glass: predictions for the future

People believe the next generation will continue to have more choices in life but will also face increasing financial pressure.

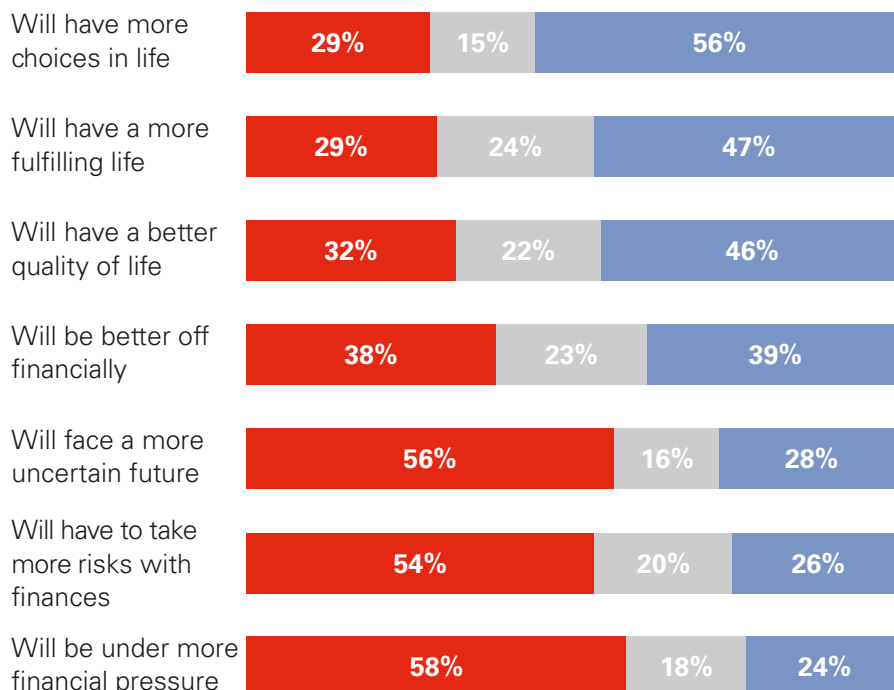
Nearly three in five (56%) think that the next generation will have more choices in life and almost half

(47%) think that the lives of the next generation will be more fulfilling. Forty-six percent think the next generation will have a better quality of life.

However, the majority of people believe that the next generation will

be under more financial pressure (58%), will face a more uncertain future (56%) and will have to take more risks with their finances (54%) than they do. Almost two in five (38%) think that the next generation will be worse off financially.

People expect the next generation will have more choices in life but be under more financial pressure



- Next generation will be worse off
- Same then as now
- Next generation will be better off

Q. And compared to your generation, when they get to your age, do you think the next generation...? (Base: All)

Practical steps for a better prepared future

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

1

Plan for the events that will change your life

The most life-changing events are having a baby (60%) and getting married (57%).

As your life changes, so will your financial needs. Make sure you have a financial plan and review it regularly to help you achieve your ambitions at every stage of life.

2

Allow for the unpredictable

31% of people wish they had taken out a new insurance policy and 26% wish they had increased the level of their existing product as a result of a financially negative life-changing event.

Protect your future plans from being pushed off course by unexpected events. Plan for the financial impact of personal or work-related life events and consider the income you would need to cope should they happen.

3

Have a balanced strategy

52% cut back on spending and 48% re-prioritised their spending as a result of a financially negative life-changing event, while 22% took out a new insurance policy.

Protection should be part of a comprehensive financial plan to achieve your ambitions in life. Ensure your plan includes an allocation for protection as well as for spending, saving and financing, and seek professional advice if you need help.

4

Plan with the next generation in mind

58% think that the next generation will be under more financial pressure.

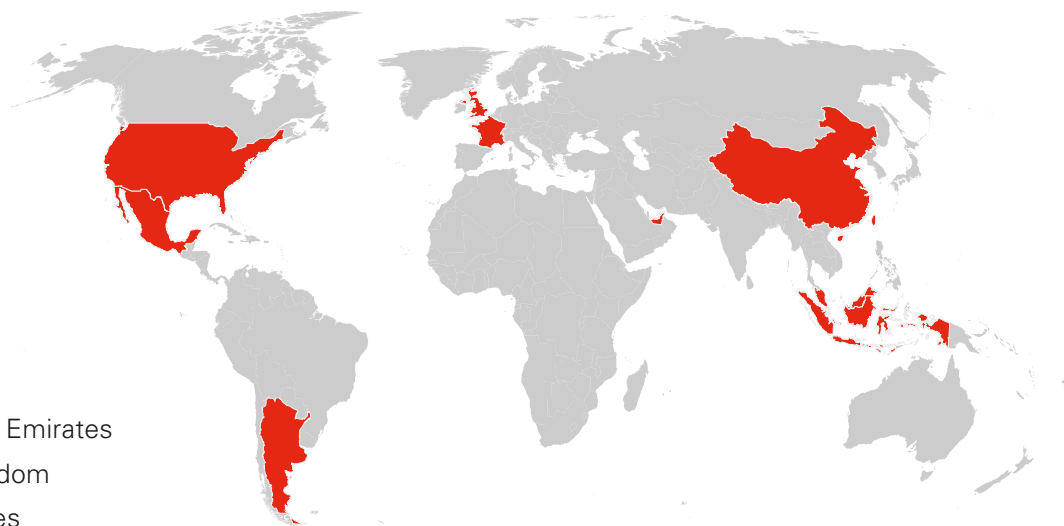
Consider how your financial plan can help to secure your children's future. Share the benefit of your experience and encourage them to plan ahead.

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, *Life changers*, is the second in the series and represents the views of 12,398 people in 12 countries and territories:

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



The findings are based on a nationally representative survey of around 1,000 people aged 25 and over in each country.

The research was conducted by TNS in October and November 2015, online in 11 countries and by face-to-face interviews in the UAE. Country reports are also available for the 12 countries surveyed.

Verbatim quotes throughout this report are taken from additional qualitative research conducted in

UK, Hong Kong, Singapore and Mexico. Fifty-five respondents aged 25 to 55 took part in an online research community where they shared their experiences of key life events; having a baby, getting married, buying a property or bereavement.

All average figures are the average of the 12 countries and territories surveyed.

Figures have been rounded to the nearest whole number.

The Power of Protection programme

The Power of Protection programme began in 2016. The research findings help HSBC to understand and meet the needs of its customers worldwide.

The first report, *Confidence in the future*, represented the views of 11,496 people in 12 countries and territories. It focused on people's outlook on life, attitudes

towards planning for the future and perceptions of who should take responsibility across various elements of their lives.

Key findings included:

- 65% say what they worry most about in life is their health
- 46% could not manage well financially or don't have anything specific in place if something unforeseen were to happen
- 60% of those with life cover do not know what the pay-out would be or do not think it is enough
- 53% of those considering insurance say they have not taken it out because they expect or know it to be too expensive
- 60% believe that someone else should be responsible for ensuring their family's financial stability if they are no longer able to earn



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