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## THE FINANCIAL UMBILICAL CORD: ONE IN TWO PARENTS STILL SUPPORTING CHILDREN OVER 18

- Half of these are supporting a child aged over 30 and one in four is still paying for holidays
- Almost 7 in 10 would pay for their child's higher education over their own retirement fund
- Intergenerational planning is key to overcoming financial dependency

Parents across the globe are not cutting the financial umbilical cord, with 50% of people with children over the age of 18 still giving them regular financial support, according to HSBC's new *The Power of Protection* study, *Facing the future*.

The study highlights parents' ongoing commitment to their children, as well as the financial pressures faced by younger generations.

### Parents still supporting grown-up children (by country):

The study uncovered that parents in the Middle East and Asia are generally far more likely to be financially supporting children into adulthood than those in Europe and the Americas. The UAE is where the highest proportion of parents are still supporting grown-up children.

<b>Average</b>	<b>50%</b>
UAE	79%
Indonesia	77%
Mexico	59%
Malaysia	57%
China	55%
<b>India</b>	<b>55%</b>
Taiwan	53%
Argentina	52%
Hong Kong	47%
Singapore	45%
France	38%
UK	30%
USA	26%

### Children are for life

The study shows it is very common for parents to be supporting children well into adulthood. Almost half (48%) of those supporting an adult child have been doing so for over 12 years, with that child now aged over 30. This is despite most parents (61%) who support grown-up children believing their children should stand on their own two feet financially when grown up.

Education is the area where most parents (59%) are providing financial support, while almost half (49%) are helping with everyday living costs such as utility bills, groceries and home repairs. They are also helping with medical and dental care (33%) and rent/accommodation costs (27%). Over one in four (27%) are even helping to paying for holidays.

Most parents supporting grown-up children feel good about helping their family, with 61% feeling appreciated for the support they give others and 70% feeling they are a good provider for their family.

### **The cost of caring**

Providing this ongoing financial support comes at a cost, but it appears to be one that most parents prioritise. Parents are spending an average 37% of their disposable income on supporting their grown-up children and 56% are spending less on themselves in order to have more for their families. Nonetheless, two-thirds (67%) are managing well financially, while the remainder (33%) are not managing at all well or just about managing.

However there can be significant knock-on effects to parents' long-term financial planning. Sixty-eight percent of parents supporting adult children would prioritise paying for their child's university/higher education over their own retirement fund, and 26% had to withdraw from their own savings and investments to support an adult child, while 12% have incurred more debt.

A significant minority of parents say their adult children would not manage at all financially if they themselves developed a long-term illness or disability (19%), if they had to significantly reduce their financial support to them (17%) or if they or their partner died (17%).

Yet 67% of parents supporting grown-up children do not have insurance that would pay them if they had a serious illness or accident that prevented them from working, and 60% do not have life insurance.

According to Bryce Johns, Group Head of Insurance at HSBC:

*“With parents supporting their children for longer, it is important to have a financial plan that considers competing priorities and future financial security. Thinking about what is important in your life today, what you want to protect for the future, and seeking professional advice, are good first steps to putting a plan in place.”*

### **Practical steps**

Based on the research findings, HSBC has identified four actions which can help people better prepare their family to face the future:

### **1. Identify your priorities**

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**

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**

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**

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

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### **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 and territories: Argentina, China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, UAE, UK and USA.

The findings are based on a survey of those aged 25 and over from a nationally representative online sample in 12 countries and a nationally representative face-to-face sample in the UAE. The research was conducted by Kantar TNS between March and May 2017.

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

### **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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