



The Power of Protection

Facing the future

UAE Report

HSBC 

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Foreword



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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 both their children and

their parents, 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

43%

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

79%

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

80%

of people with living parents are giving them regular financial support

78%

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

22%

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

73%

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

79%

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

37%

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?

Achieving my
and my family's
aspirations

51%

My family's
health and
wellbeing

43%

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

37%



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

Just over half (51%) of people say that achieving their own or providing for their family's aspirations are the most important thing to them for the future.

More than two-fifths (43%) say that their family's health and wellbeing, and 37% that providing for their own or their family's future financial security, 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.

Almost nine in ten (89%) people are giving regular financial support to someone in their family.

More than nine in ten (96%) are supporting their children under 18 financially and almost four in five (79%) of those with grown-up children are supporting them financially.

Four in five (80%) people with living parents are providing regular financial support to them.

Providing regular financial support to the family

89%

to someone in their family

96%

to their children under 18

92%

to their children (any age)

79%

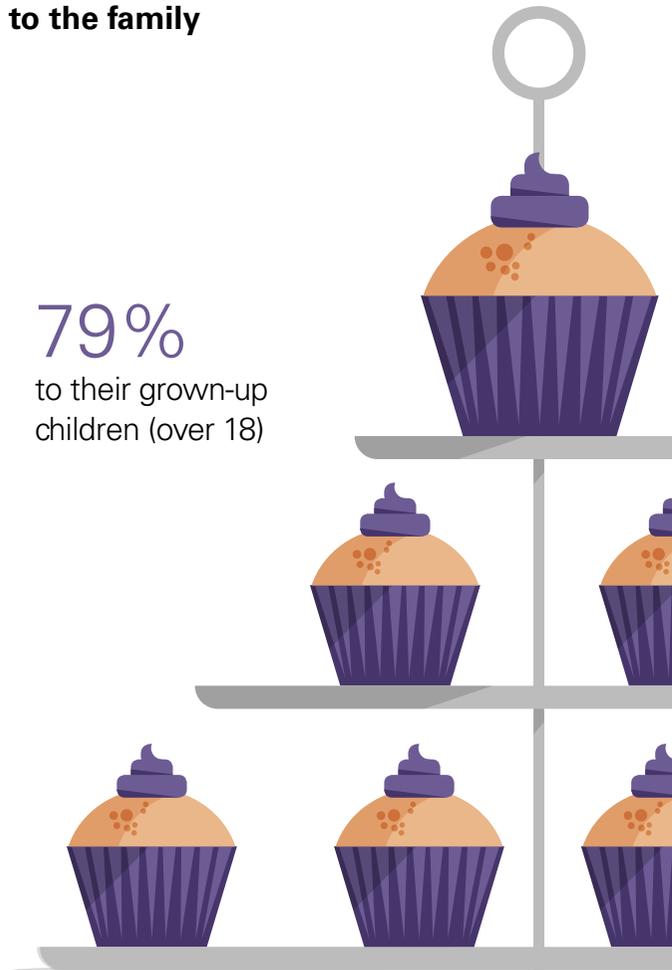
to their grown-up children (over 18)

81%

to their partner

80%

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 nearly two-thirds (65%) of their disposable income on others.

Among those with children under 18, almost half (43%) of their disposable income and 45% of their non-working time is spent on them.

Even people financially supporting grown-up children spend just over a third (36%) of their disposable income on them and 31% of their non-working time doing things for them.

People financially supporting parents are spending similar proportions of their disposable income (36%) and non-working time (35%) on 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, all providing regular support to parents)

Appreciation and anxiety

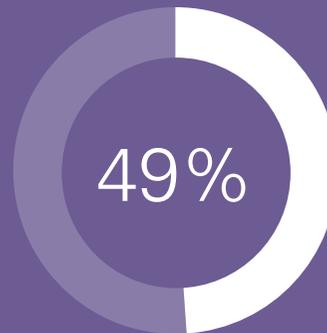


Supporting family members financially can be a strain as well as a source of satisfaction.

Almost half (49%) have put off their own aspirations to support others and two-fifths (40%) feel guilty spending money on themselves instead of using it to help their family.

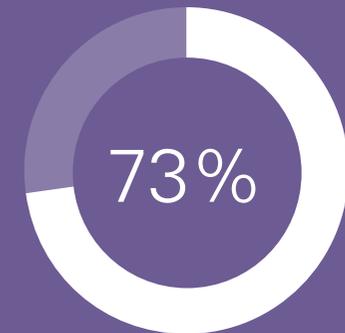
However, nearly three-quarters (73%) feel appreciated for the support they give others and believe that they are a good provider for their family (72%).

Emotional strain



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

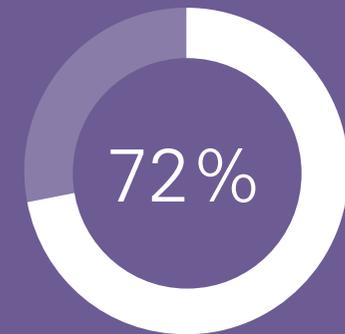
Feel good factor



I feel appreciated for the support I give others



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



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

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.

Just under a quarter (23%) of people financially supporting someone in their family had to cut back on treats for themselves or had to withdraw from their savings or investments (21%).

Fifteen per cent say they have less money to do what they want or had to increase their working hours/take on a full-time job.

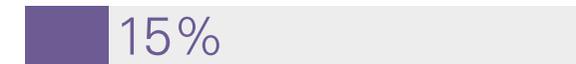
More than one in ten (12%) have taken on more debt to enable them to support their family.

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

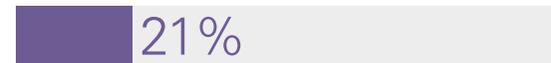
I've had to cut back on treats for myself



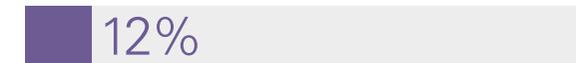
I've had to increase my hours or take on a full-time job



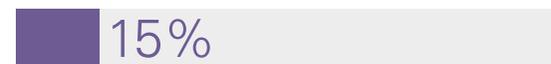
I've had to withdraw from my savings/investments



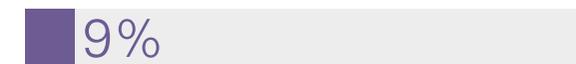
I've incurred more debt



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



I feel financially drained



*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 family members can mean covering costs in areas which may not have been anticipated.

People are supporting their grown-up children with everything from special occasions/events (81%) and education (81%) to everyday living costs (79%).

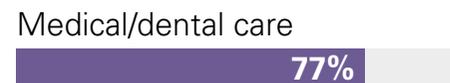
However, parents have different attitudes when it comes to supporting

their grown-up children. Almost three in five (56%) are prepared to make sacrifices so their children are not at a disadvantage. This compares to 44% who think their children should stand on their own two feet financially.

The most significant way that people financially support their parents (92%) is with everyday costs such as utility bills, buying groceries and home repairs.

79%

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



80%

of people with parents are giving them regular financial support with...



Q. Are you giving regular financial support to any of the following? A. Children over 18. (Base: All providing regular support to children over 18) A. Parent or partner's parents. (Base: All providing regular support to parents)

Q. Do you give any of the following types of financial support to... ? (Base: All providing regular support to children over 18, All providing regular support to parents)

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

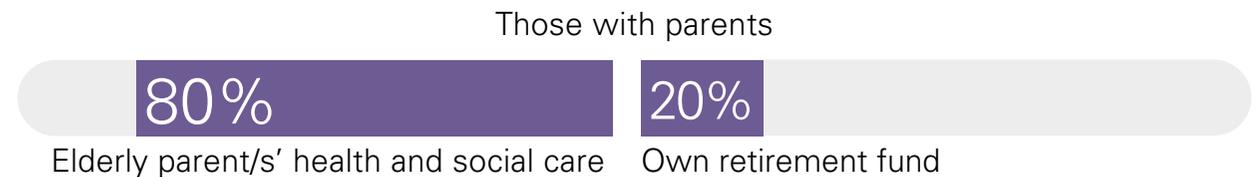
Supporting others in your family can mean having to make some hard financial choices.

If people had to choose between paying for their children's university/higher education over their own retirement fund, nearly four in five (78%) would choose to support their children.

Similarly, four in five (80%) would prioritise paying for their elderly parents' health and social care over paying into their own retirement fund.

This choice is even harder for people with both parents and children. Nearly two-thirds (62%) would prioritise paying for their elderly parents' health and social care over paying for their children's university/higher education.

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

37%



Managing quite well

41%



Just about managing on a day-to-day basis

19%



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

3%



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

Managing tomorrow?

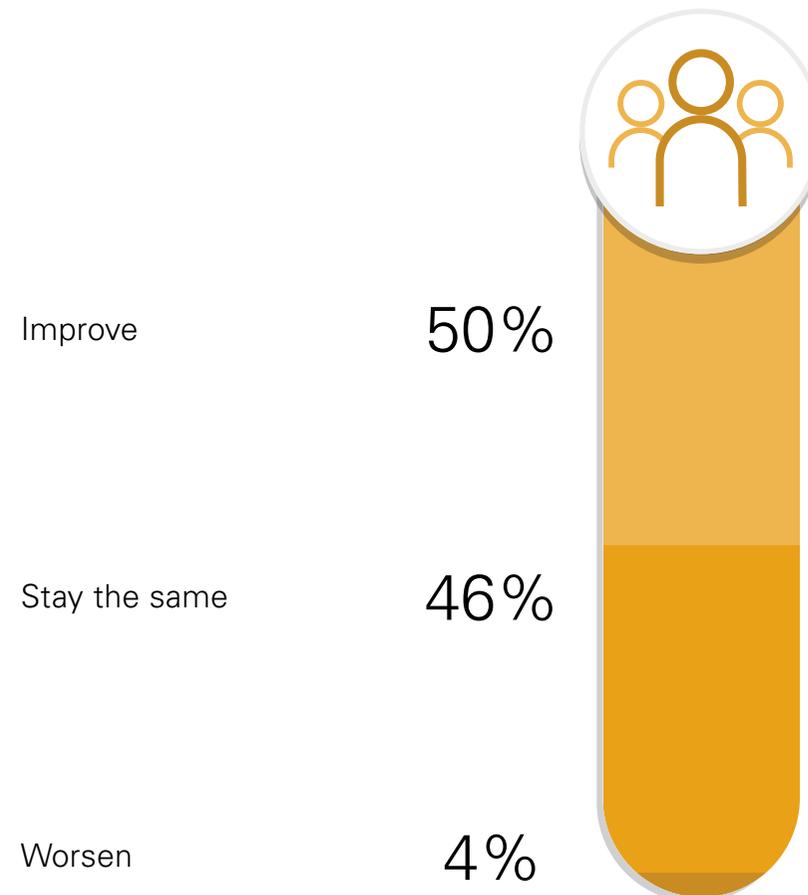
When it comes to their future financial outlook, people who are supporting someone in their family are optimistic that their situation will improve.

Over nine in ten (96%) expect their situation will either improve (50%) or stay the same (46%) in the next three years.



Financial outlook in the next three years

People providing regular financial support to someone in the family



*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)*



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 becoming unemployed (39%), a sharp increase in cost of living (36%) and a reduced income (33%).

Almost a quarter (24%) say an economic downturn in their country would most impact their financial security.

Risks seen as most impactful to financial security

39%

Becoming unemployed

36%

Sharp increase in cost of living

33%

Reduced income

27%

Increasing or unexpected bills

24%

Economic downturn in my country



*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 (23%) 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.

Similarly, 23% of people believe their dependants would not manage at all if they themselves were unable to work.

Less than three in ten (27%) expect that dependants would manage well if they had to significantly reduce their level of financial support to them.



My family would manage well

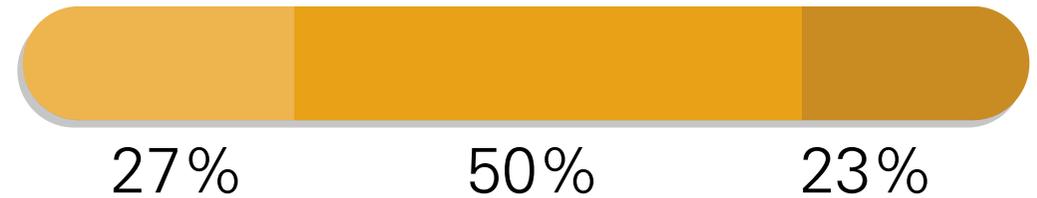


My family would just about manage

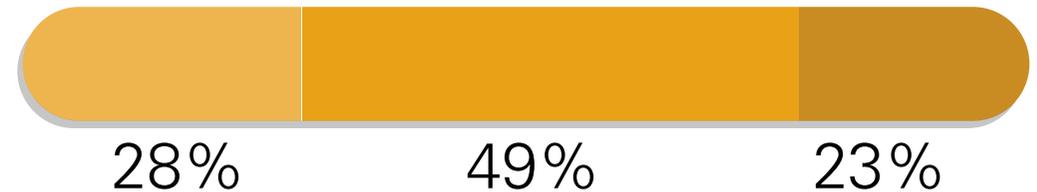


My family wouldn't manage at all

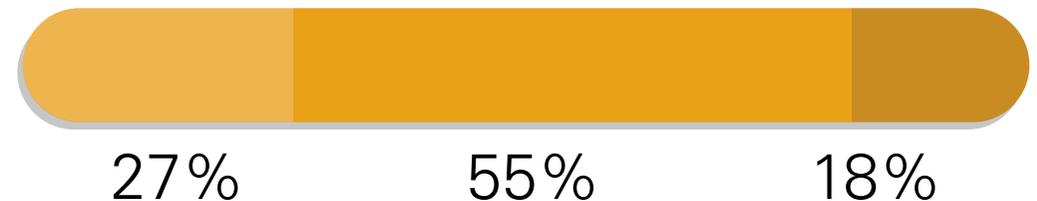
If you developed a long-term illness or disability



If you were unable to work



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.

More than four in five (82%) do not have a policy that would pay them a lump sum if they contracted a serious illness such as cancer.

Almost four in five (79%) 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, nearly four in five (78%) 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...

82%

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

79%

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

78%

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

Having conversations about long-term financial security should something happen is important when preparing the family for the future.

Nearly two-fifths (37%) of those supporting someone in the family have never had a conversation about long-term financial security

with anyone and only 25% who are parents have had this conversation with their children.

Only three per cent 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.

37%
have never had a conversation with anyone about long-term financial security should something happen to them



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 A. Never had this conversation (Base: All providing regular financial support to someone in their family)



Triggering the conversation

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

Discussing long-term financial security comes more naturally to some than others. More than a third (34%) had the conversation as a result of reviewing their financial or life plans or because they are organised and like order in their life.

For almost a quarter (23%) reaching a particular age when it became relevant was a key trigger for the conversation. For almost one in five parents (18%), their children reaching a certain age prompted them to have this conversation.

Top triggers for an important conversation



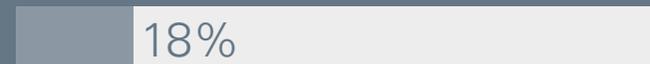
Review of financial or life plans



I'm organised and like order in my life



I reached a certain age where it became relevant



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, under a quarter (23%) of those supporting someone in their family have a legal guardian in place to look after any dependants should something happen to them.

Fewer have a will or testament (22%) or a

power of attorney (21%) in place to make financial or legal decisions should anything happen to them.

Less than one in five (18%) 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...

23%

have a legal guardian
in place

22%

have a will
or testament

21%

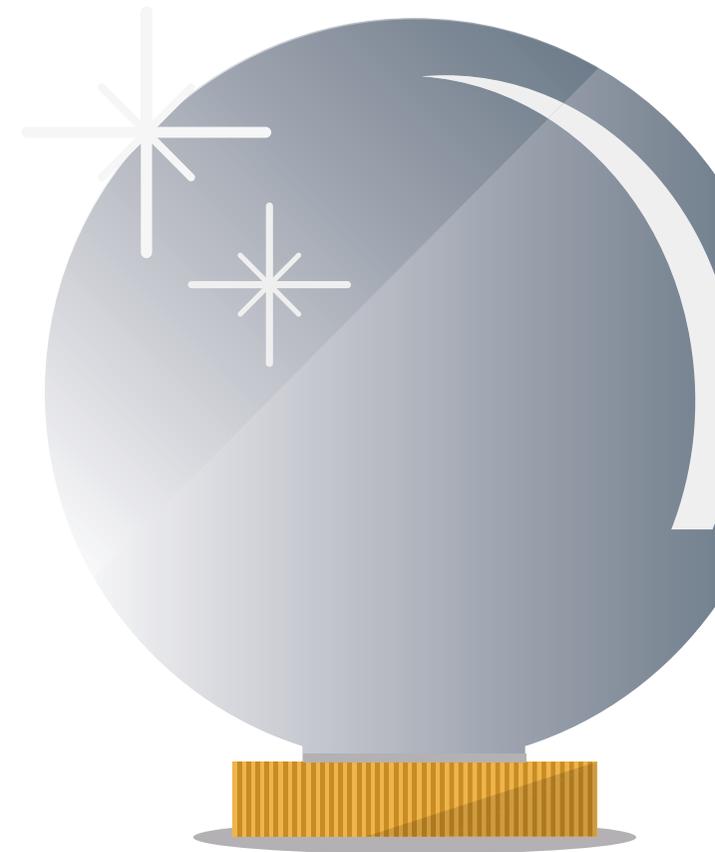
have a power
of attorney

18%

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

43% 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

22% 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

73% 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

37% of people supporting someone financially have never had a conversation with anyone about long-term financial security if something were to 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 event 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.

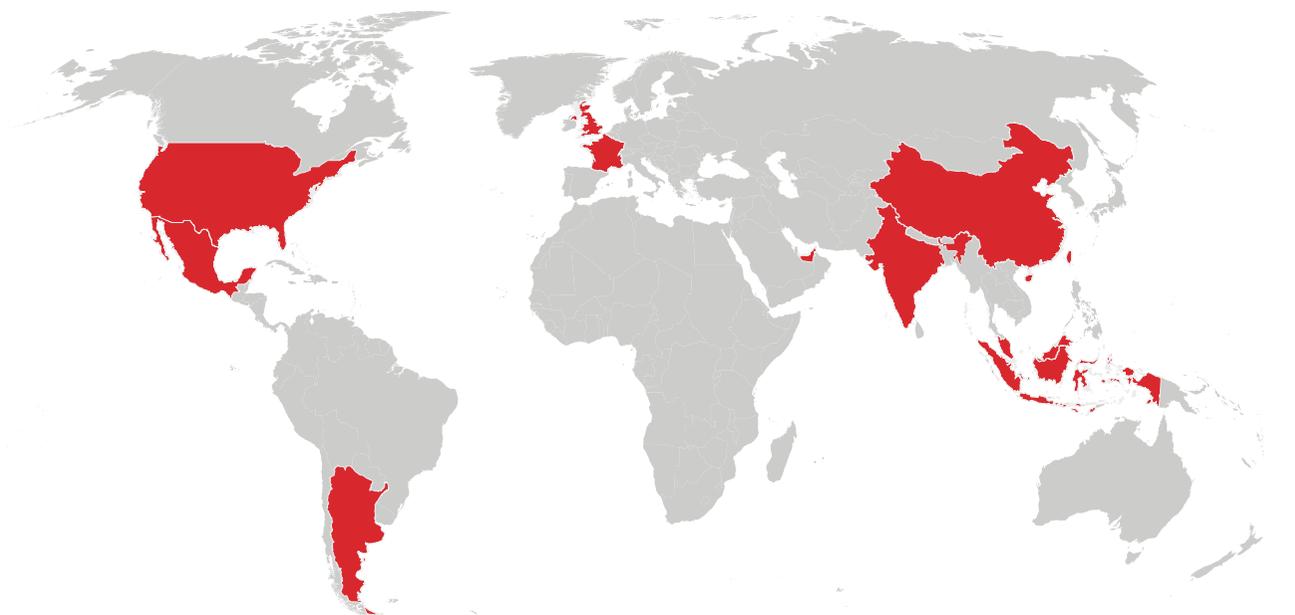
This report, *Facing the future*, is the third in the series and represents the views of 13,122 people in 13 countries.

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 1,065 people in the UAE aged 25 and over from a nationally representative face-to-face 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 | ■ Indonesia | ■ United Arab Emirates |
| ■ China | ■ Malaysia | ■ United Kingdom |
| ■ France | ■ Mexico | ■ United States |
| ■ Hong Kong | ■ Singapore | |
| ■ India | ■ Taiwan | |



About HSBC

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