

Fidelity Financial Wellness

Fidelity International

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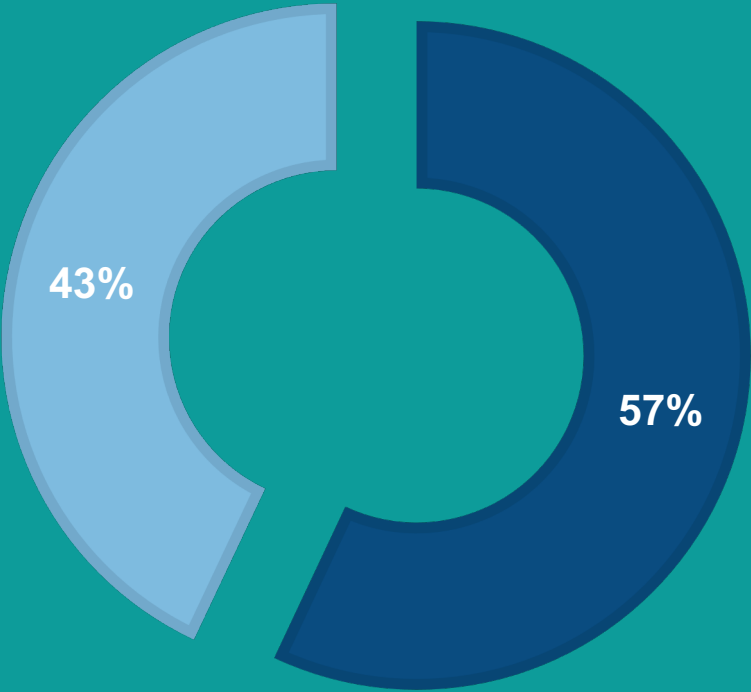
Our four areas of Financial Wellness

Determine your financial wellness



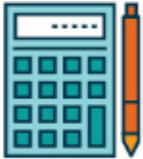
Source: Fidelity International Hong Kong website

Understanding Budgeting



57 % of workers they spend as much as or more than they make

All workers



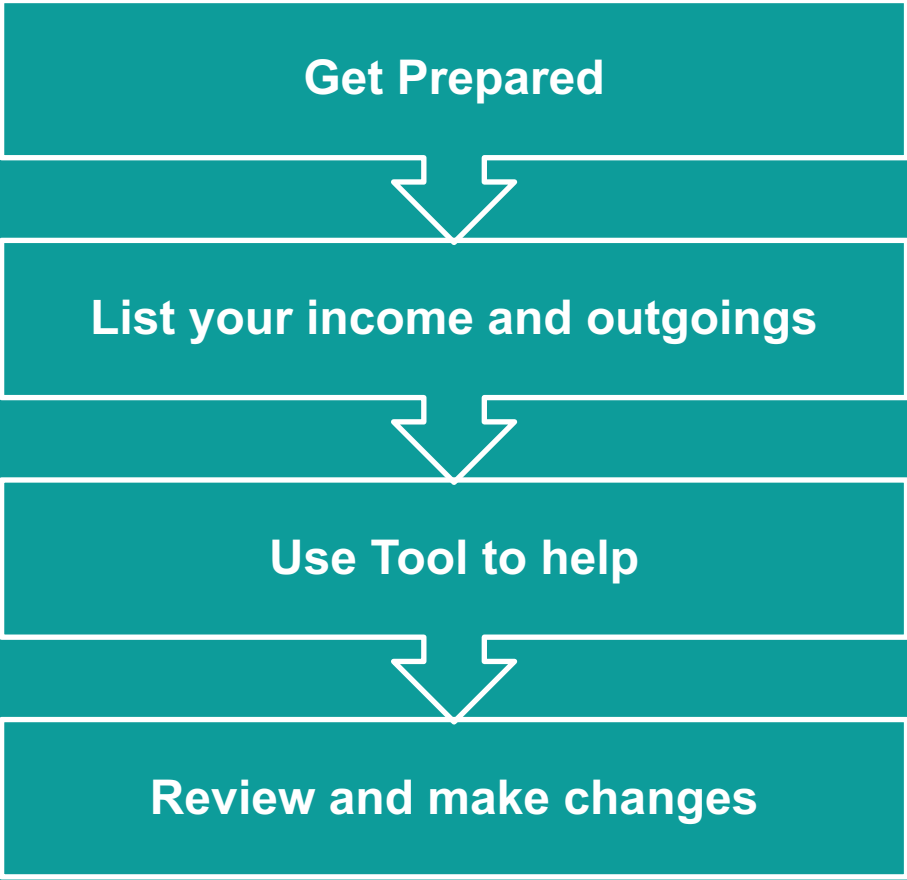
Budgeting



Source: Fidelity Global Financial Wellness Survey 2020; Fidelity International Hong Kong website

4 simple budgeting steps

If you stick to a plan that keeps your spending below the level of your income, you'll be better off.



Budgeting

Source: Fidelity International Hong Kong website

50/20/5 for saving and spending

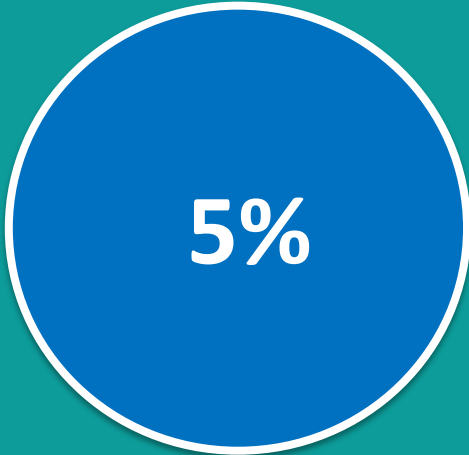
Our rule of thumb for saving and spending



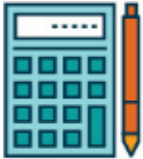
Essential Expenses



Retirement Savings



Short-term Savings



Budgeting

Source: Fidelity International Hong Kong website

Understanding Saving



Short-term savings



Retirement savings



1% power of Small Amount



Source: Fidelity International Hong Kong website

Power of Small Amounts - Calculator

See how a small change may make a big difference

Age: 35

Monthly Income: 40,000 HKD

Example 1:

+ 1% contribution → +\$93 per week

Result: HK\$547,879 more at age 65

Example 2:

+ 3% contribution → +\$277 per week

Result: HK\$1,643,636 more at age 65



Source: *The above examples are based on certain assumption and they are for reference only. Approximation based on a 1% increase in contribution. Continued employment from current age to retirement age, 65. We assume you are exactly your current age (in whole number of years) and will retire on your birthday at your retirement age. Number of years of savings equals retirement age minus current age. Nominal investment growth rate is assumed to be 5.2%.

Ready to start investing?

Make your money work for you



Get Started



Remember Key Principles



Remember Steady wins the Race

Long-term investment

Dollar Cost Averaging

Compounding effect






Savings

Source: Fidelity International Hong Kong website

Tax Deductible Voluntary Contribution

Automate your saving and invest

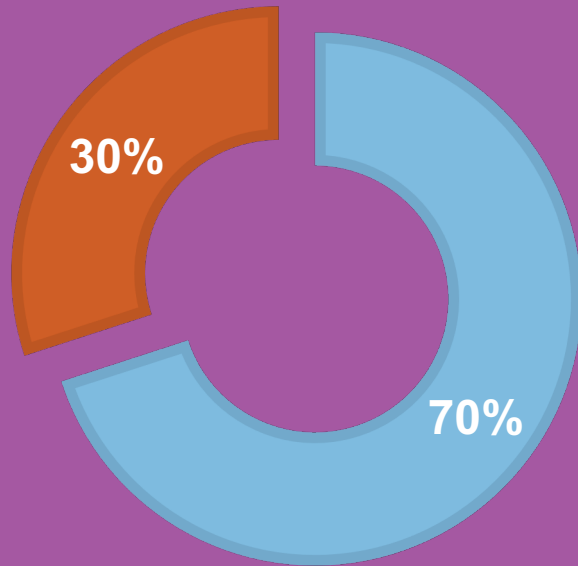
	Tax Deductible Voluntary Contribution (TVC)
Contribution 	<ul style="list-style-type: none">Member make contribution directly to the account
Withdrawal 	<ul style="list-style-type: none">On grounds as permissible by regulation
Tax deduction limit 	<ul style="list-style-type: none">Up to HK\$ 60,000 p.a.Aggregate limit for TVC and deferred annuity premium



Savings

Source: MPFA, Fidelity International Hong Kong website

Understanding Debt



- 70% of Hongkongers own debts
- Not all debts are equal

Priority Debt

Secured Debt

Unsecured Debt

Student Loans



Debt

Source: Fidelity's Financial Wellness Survey, 2020; Fidelity International Hong Kong website

4 steps to take control of your finances

All that money spent on paying interest on past purchases could be money invested for your future

Look for lower interest rates

Pay down debts with a high interest rate

Pay more than the minimum on credit cards

Avoid using a credit card to finance purchases



Debt

Source: Fidelity International Hong Kong website

4 steps to take control of your finances

All that money spent on paying interest on past purchases could be money invested for your future

Repayment amount	Years to repay in estimation	Total payment in estimation (Principal + Interest)	Interest in estimation	Interest to loans
Paying minimum amount HK\$300	12 years	HK\$56,799	HK\$36,799	Equals to 184% of your loan
Paying HK\$853	3 years	HK\$30,708	HK\$10,708	Equals to 54% of your loan

Source: Fidelity International Hong Kong website




Debt

4 steps to take control of your finances

All that money spent on paying interest on past purchases could be money invested for your future

Avoid using a credit card to finance a purchase



Aaron is paying only the monthly minimums, it will take him more than **5 years to pay off this debt**. And cost **HK\$10,582 in interest**.

Total expenses (by credit card):
HK\$10,000 + HK\$10,582 = HK\$20,582

Total expenses (by cash):
HK\$10,000



Debt

Source: Fidelity International Hong Kong website

Swipe smart!

Tips to making credit cards work for you



3 cards on average, 20% have more than 5



Pay off your debt in full and on time



Use 30-35% of your credit limit



Get out of debt with a balance transfer programme



Debt

Source: Fidelity International Hong Kong website

Understanding Protection



Majority of respondents have more than 3 months of emergency savings

All workers



Protection

How long could you survive if you suddenly lost your income?

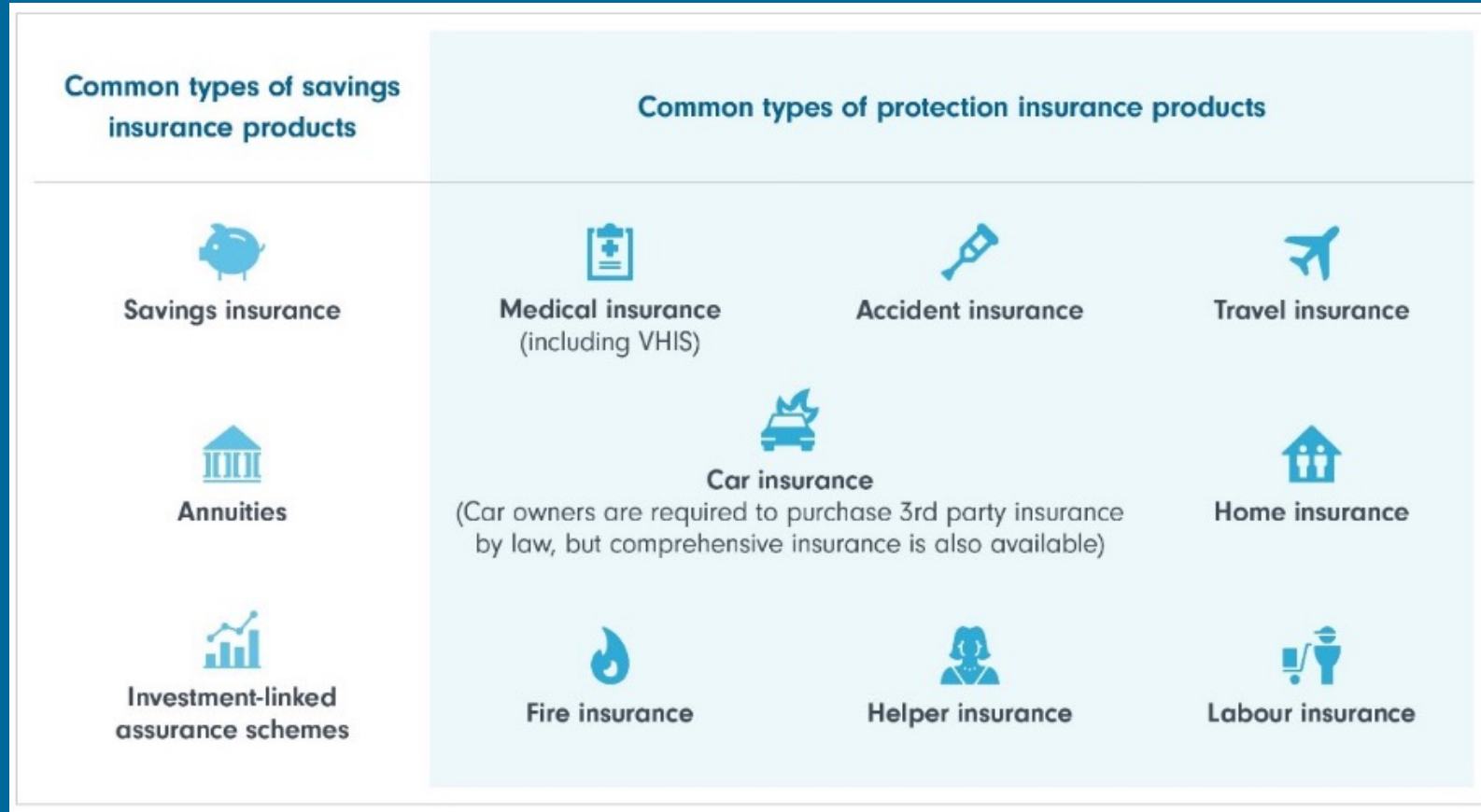
- Knowing how much life costs
- Keep 6 months' salary for emergency fund



Source: Fidelity's Financial Wellness Survey, 2020; Fidelity International Hong Kong website

Savings insurance vs protection insurance

Key characteristics and differences



Source: Fidelity International Hong Kong website

Medical insurance

Medical expenses can be expensive, but medical insurance may help lessen the financial burden

Individual and family plans

- Inpatient costs, including hospital ward, surgery, nursing, testing and specialist fees
- Fixed cash benefit during hospitalization
- General or specialist outpatient fees, including consultation, medication, testing or diagnosis expenses

Voluntary Health Insurance Scheme

- Introduced in 2019
- May deduct up to HKD 8,000 of taxable income, per insured person, in each tax assessment year



Protection



Source: Fidelity International Hong Kong website

Accident/critical illness insurance

Accidents can put your family under unprecedented financial pressure

Coverage of accident insurance

- Longer processing period
- No-claim bonuses

Coverage of critical illness insurance

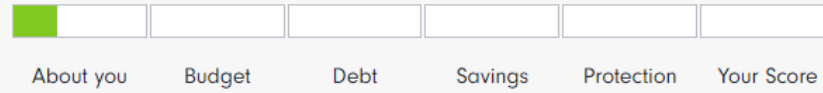
- Usually pays a lump-sum upon confirmed medical diagnosis of a critical illness
- Traditional single-claim as well as newer multi-claim policies, but higher premium
- Pre-existing medical conditions are not covered



Source: Fidelity International Hong Kong website

Financial Wellness Calculator

Your Financial Wellness Score brings it all together

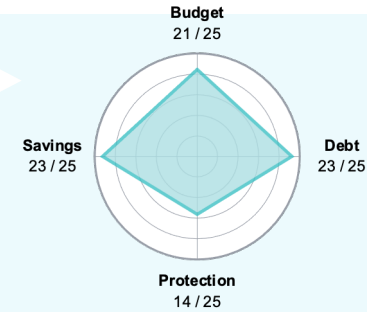


I am 21 years old and my gender is select one.

My regular pre-tax monthly income is about HK\$ 0 and my other annual income (e.g. bonus, commission) is about HK\$ 0 a year before tax.

5 steps to complete to get your Financial Wellness Score

81 /100



Your total Financial Wellness Score

Where (and how) you could do better?

<p>1</p> <p>Save for your retirement now!</p> <p>Can you afford to save a little more for your retirement? According to Fidelity's Retirement Saving guidelines, Hong Kongers should save 20% of their income annually in order to maintain their lifestyle after retirement. Visit our webpage to learn more.</p> <p>Find out how →</p>	<p>2</p> <p>Protect yourself against financial loss from the unexpected.</p> <p>Life is unpredictable. Accident, injury and serious illness can come at any time. Get insurance to cover your income should you lose your earning ability.</p> <p>Find out how →</p>	<p>3</p> <p>Learn about debt prioritisation.</p> <p>Handle debts well so you can manage your finances wisely. Keep in mind that not all debts are equal. Some debts should be settled first to avoid further costs and consequences. Here is some more information you should know about debts.</p> <p>Find out how →</p>
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What you are doing well?

<p>👍</p> <p>Brilliant! You did a good job to control your debt level.</p> <p>It is good to know that you have kept your debt-to-income ratio under 50%. Please avoid unhealthy debt in order to help you save more and achieve your goals.</p>	<p>👍</p> <p>Good job! You have taken good control in spending.</p> <p>Some expenses aren't optional. It is good that you can maintain your spending level at around 55% of your monthly income. Keep up and mark down your daily expenses in order to have a better analysis in your budgeting.</p>	<p>👍</p> <p>Great! You are well-prepared for unexpected medical expense.</p> <p>You may also aware illness may still arise beyond your control. Medical insurance can help reduce the financial burden on you and your family.</p>
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Personalised tips and contents



*The results of the Financial Wellness and Financial Forecast tools are calculated based on certain assumptions and it is for reference only.

Important information

This tool is intended to be educational and is not tailored to the investment needs of any specific investor. This information does not constitute investment advice and should not be used as the basis for any investment decision nor should it be treated as a recommendation for any investment or action.

The Financial Wellness Score, and its 4 component domain scores, are calculated based on certain assumptions and are for reference only.

Any data you have included in this interactive widget will be stored anonymously for analytical purposes.

How this tool works

Fidelity has developed a way to measure Financial Wellness. The measurement, expressed as a score is based on the evaluation of four domains of Financial Wellness: budget, debt, savings and protection.

The assessment considers both quantitative financial behaviour measures (factual statements) which is weighted at 70% and qualitative measures (self-appraisal of one's situation) which is weighted at 30%.

Fidelity's Financial Wellness Score is expressed on a scale from 0 to 100, where 0 represents extreme financial distress and 100 indicates the maximum level of Financial Wellness. Each of the 4 domains are scored from 0 to 25, and then aggregated to generate the total score.

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