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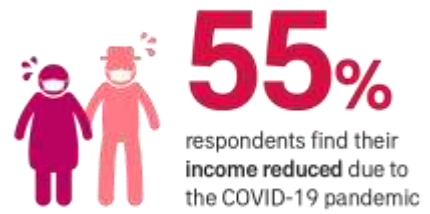
Retirement Planning in the New Normal

The COVID-19 pandemic and the economic turmoil it has wrought have had a major impact on our lives. They may, for example, have created uncertainty around your retirement plan. It is important to remember that retirement planning is a long-term challenge. In turbulent times like these, you can make adjustments to your strategy, focusing on flexibility to meet urgent needs while building a secure nest egg.

COVID-19's impact on Hong Kongers' retirement plans

Our latest Desired Retirement Tracker (the "Survey") reveals that 55% of respondents have had their income affected by the COVID-19 pandemic, and 38% have used their retirement reserves to meet their daily expenses.

With the pandemic raising fresh concerns about retirement preparedness, it is crucial that Hong Kong people review and refine their retirement plans as soon as possible.



Taking a practical, measured approach to retirement planning during the pandemic

The current economic environment has prompted many to reflect on their retirement savings and personal medical protection goals.

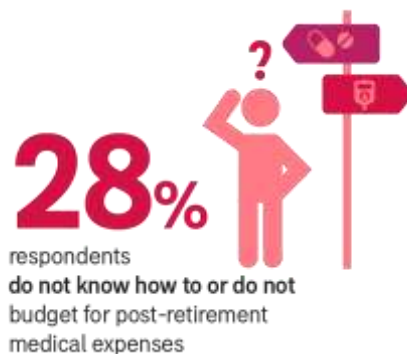
The Survey also reveals that for those with insufficient retirement reserves, the retirement reserve shortfall has reached a record high of HK\$2.23 million (median). 61% of respondents say they will have to delay their retirement plans due to the pandemic.

For those who can afford to do so, it remains critical to commit to a disciplined saving habit as this will help them build a more secure safety net. Making MPF Tax-deductible Voluntary Contributions (TVC) is a good idea. In addition to tax deduction benefits, TVC offers employees the flexibility to adjust their contribution modes and amounts according to their own preferences, needs and situations. With a variety of fund choices and a relatively low contribution amount requirement, TVC provides a smart and convenient way to save more for retirement.



Making post-retirement medical protection a priority

Many people only consider post-retirement daily expenses when estimating how much they need to save, forgetting that medical costs are also a big part of retirement expenses. The Survey found 28% of the respondents do not know how to or do not budget for post-retirement medical expenses. This result is similar to the previous survey (26%) and suggests that the pandemic has neither increased people's awareness of nor their preparedness for long-term retirement healthcare.



The older we get, the more vulnerable we are to chronic health conditions and disease. Medical emergencies (such as stroke, cancer, heart disease, etc.) can often incur up to hundreds of thousands in treatment expenses and can easily eat into one's retirement reserves.

Worth considering are a "portable" medical protection plan or a Voluntary Health Insurance Scheme (VHIS) policy. The former allows employees to pay an affordable premium to top up their employer's group medical insurance as needed, enjoying enhanced medical cover that will remain valid even when they leave the company or retire. Some "portable" medical protection plans require no medical underwriting, offering cover even to those with pre-existing conditions.

Going digital to better plan and manage retirement wealth

The COVID-19 pandemic has accelerated digital adoption across all age groups. More and more people are getting used to managing their MPF and retirement investments through digital means. Online-login figures for our one-stop customer service mobile app "AIA Connect", for example, increased by over 220% in the first 10 months of 2020, compared with the monthly average in 2019. Additionally, the e-penetration of fund-switching further increased to 97.5% in the same period.

Our survey also found that the use of various digital applications during the pandemic has changed people's financial management patterns. 32% of the respondents have increased their use of digital channels for investment, and 31% say they have learned some up-to-date information or functions relating to electronic financial management.

The pandemic has forced many to place their retirement plans in the backseat, while dealing with more immediate needs and concerns. That said, when the pandemic and economy stabilise, seize the first opportunity you have to re-examine your retirement plans and increase your savings to make up for lost time. The health crisis is a wake-up call to address medical and retirement protection goals as quickly as possible, even as you navigate the challenges brought about by the ongoing pandemic. Act now to secure a happy retirement!

About HKRSA

The Hong Kong Retirement Schemes Association (HKRSA) was established in 1996 to promote the interests and best practices of retirement schemes in Hong Kong including provident and pooled retirement funds. The HKRSA is a not-for-profit, non-political association, which represents retirement schemes and their members, providing a forum for discussion of issues of current and topical interest.

About AIA

AIA has provided employee benefit solutions to companies in Hong Kong and Macau for over 60 years. Our customer-centric values have made us an industry leader known for one-stop group insurance and pension solutions that stand for value, choice and simplicity. Our solutions benefit companies of all sizes, helping them meet their HR objectives in a flexible and cost-effective manner.

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