

HKRSA Seminar

READY FOR RETIREMENT?












Dr. Billy S.C. Mak
Associate Professor
Department of Finance and Decision Sciences
Hong Kong Baptist University

29 January 2019

Your IDEAL Retirement Life



Hong Kong Rank no. 1 in life expectancy - For 3 consecutive years

Female		Male			
	Hong Kong	87.66		Hong Kong	81.7
	Japan	87.26		Switzerland	81.5
	Spain	85.84		Japan	81.09
	South Korea	85.4		Norway	80.91
 	France / Switzerland	85.3		Sweden	80.72

According to statistics announced by Japan's Ministry of Health, Labour and Welfare 2018

What does it mean?

Retirement is getting longer

We should pay more attention to our retirement life



What are the things to consider?

Where to begin?

BCT's Survey on Retirement Satisfaction

- ▶ To better understand the retirement needs of Hong Kong people, **BCT Group** (“BCT”) commissioned international market research company GFK to conduct a survey on retirement satisfaction in Hong Kong, interviewing 805 working individuals (n=735) and retirees (n=70).
- ▶ **Dr. Billy S.C. Mak**, Associate Professor of the Department of Finance and Decision Sciences of the School of Business at Hong Kong Baptist University was the consultant of the survey
- ▶ “Financial Management” is not the only factor contributing to a satisfactory retirement, but:

Self-actualisation

Social support network

Healthy lifestyle

Thoughts on retirement?



Stay close to the society

Social isolation (out of touch with society)

Financial freedom

Financial constraints

Surrounded by family

Alone

Eventful

A boring life

Full of energy

Decline in physical strength

Within the plan

No end in sight

Proactive & aggressive

Take things as they are



Retirement - Long Journey Ahead



Retirement - No End in Sight

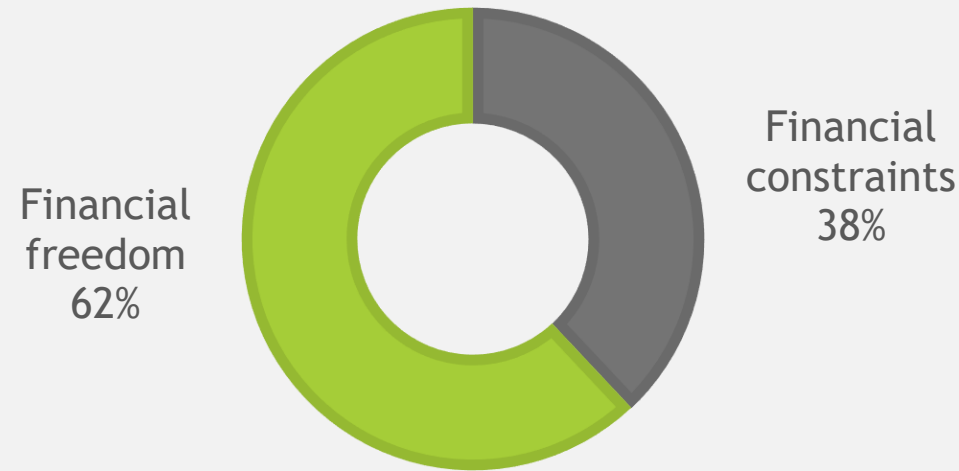


- ▶ 41% of the working respondents deemed retirement “no end in sight”
- ▶ Around 50% stated they are “not ready for retirement”
- ▶ 30% believed that they have to “work beyond 65”

Gap Between Ideal Retirement and Reality



Gap Between Ideal Retirement and Reality



Gaps between ideal retirement and financial preparations

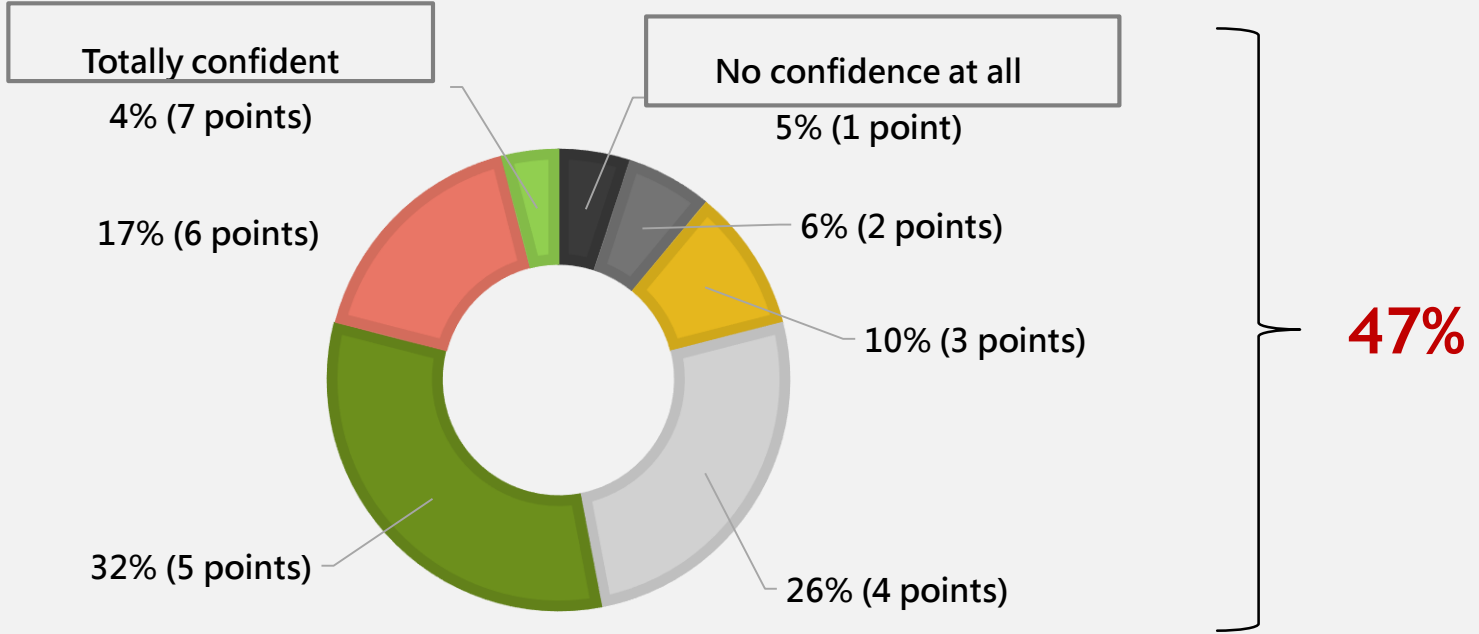
- ▶ While 62% of the working group hope to enjoy “financial freedom”
- ▶ Half of them save less than 10% of their monthly salary for retirement, and around 70% make no voluntary MPF contribution



A collection of colorful Easter eggs in various colors including yellow, green, blue, light blue, purple, pink, orange, and white, scattered on a light blue wooden surface. The text is overlaid on the left side of the image.

Do you expect a
happy retirement life?

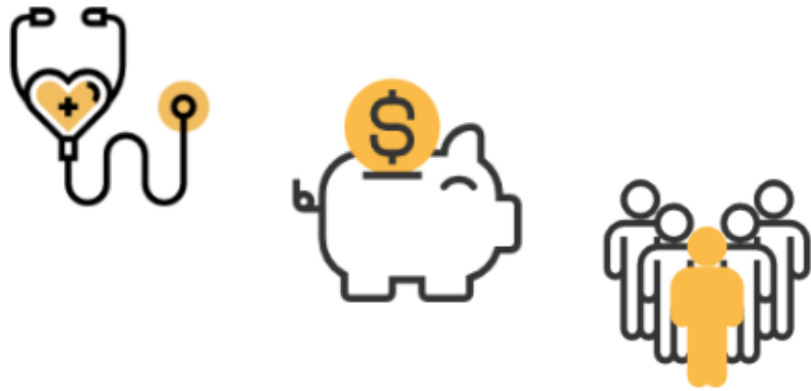
Almost half of the working respondents anticipate an unhappy retirement



Almost half (47%) of the respondents anticipate an unhappy retirement



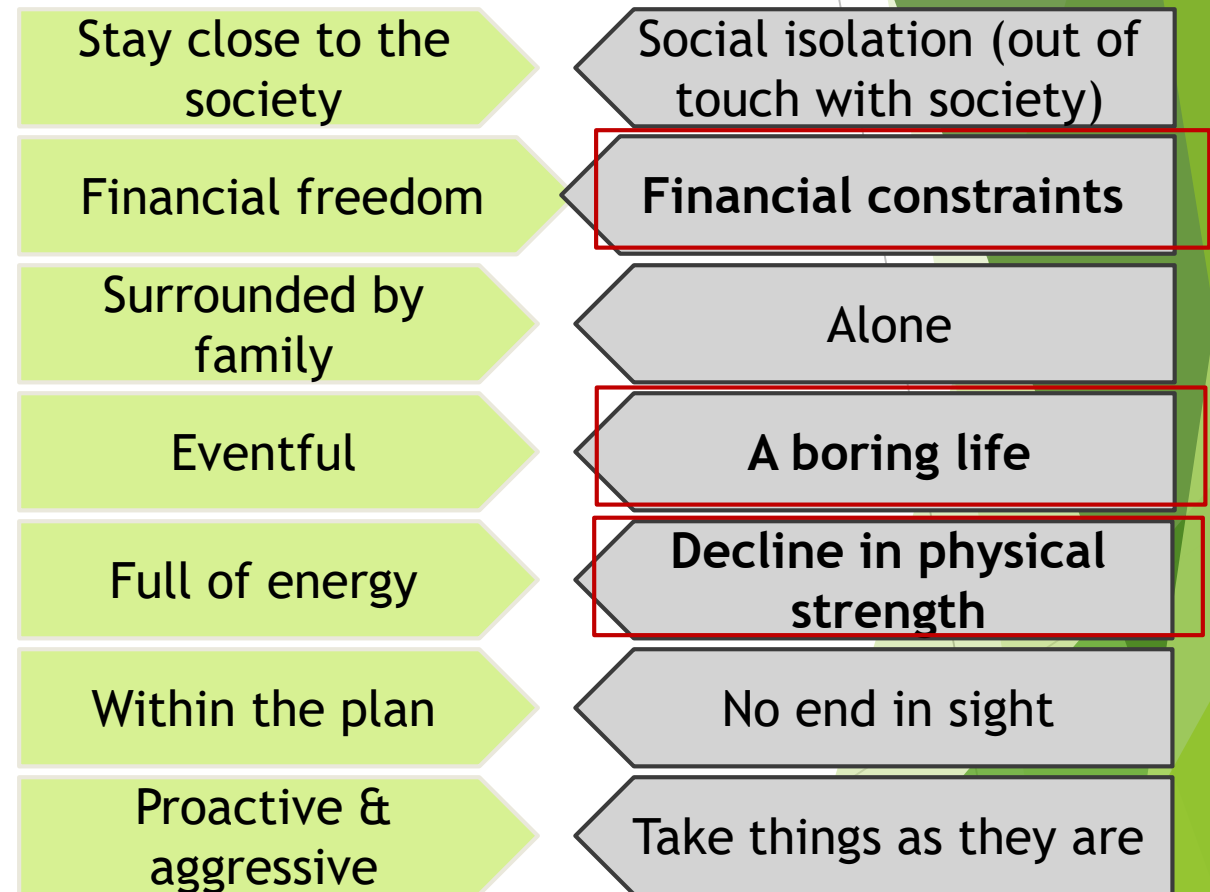
Apart from seeing “no end in sight”, respondents are most worried about...



43% of the working group expect a “decline in physical strength”

38% believes that they will experience some “financial constraints”

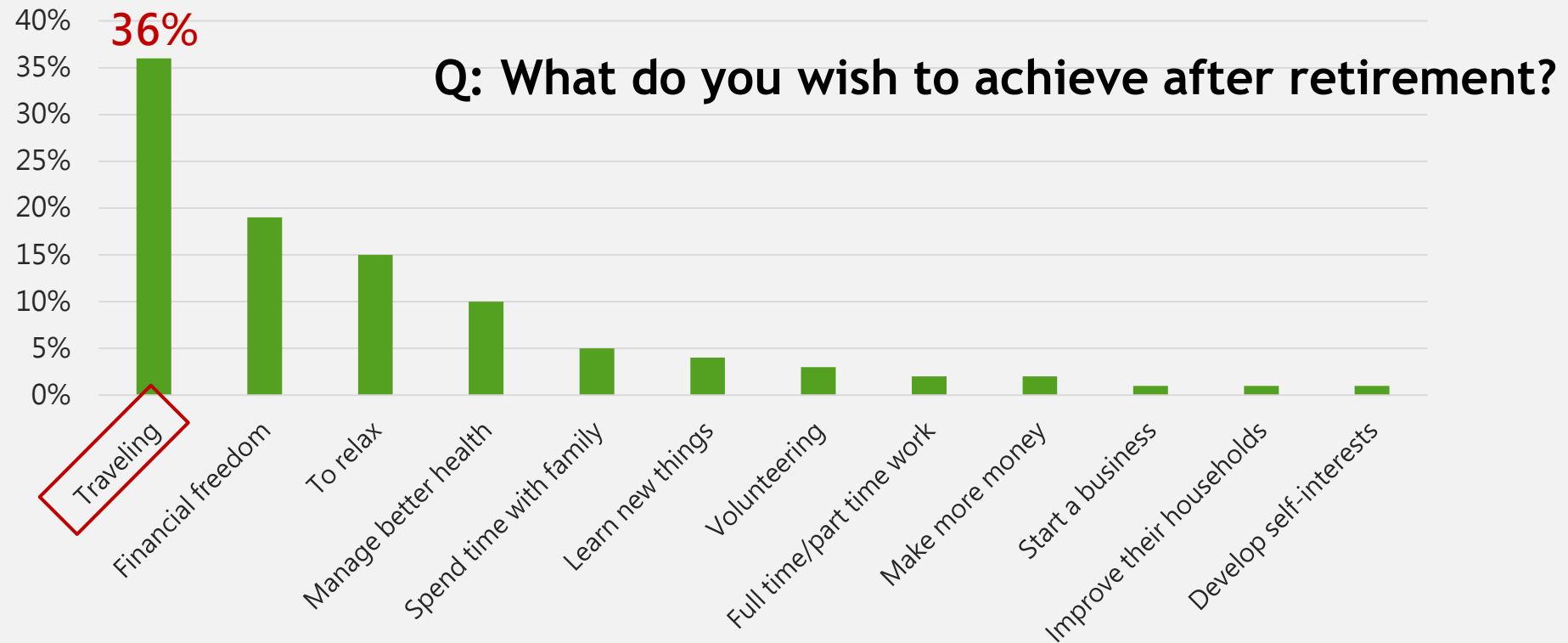
32% associates retirement with “a boring life”



Retirement = Traveling?



Workers' biggest wish after retirement



36% of the respondents wish “to travel” after retirement

Workers' biggest wish after retirement is to travel

- ▶ 56% of the working respondents wish to take at least **1 short trip** (less than 5 days) a year
- ▶ 26% wish to take at least **1 long trip** (more than 5 days) a year



Preparation to Retirement



How to prepare for retirement?

Financials

- ▶ In addition to MPF, 60% of the respondents use **equity investment** as a major investment vehicle for retirement – whether among the working group (57%) or retirees (59%)
- ▶ Other financial products used include:
 - savings/Investment-linked insurance plans
 - Fund/Bond
 - Foreign currencies
 - Property investment
- ▶ It is worth noting that more respondents from the working group choose **annuity** as an investment vehicle than the retiree group (20% vs 6%)

Equities

Savings/Investment-linked insurance plans

Fund/Bond

Foreign currencies

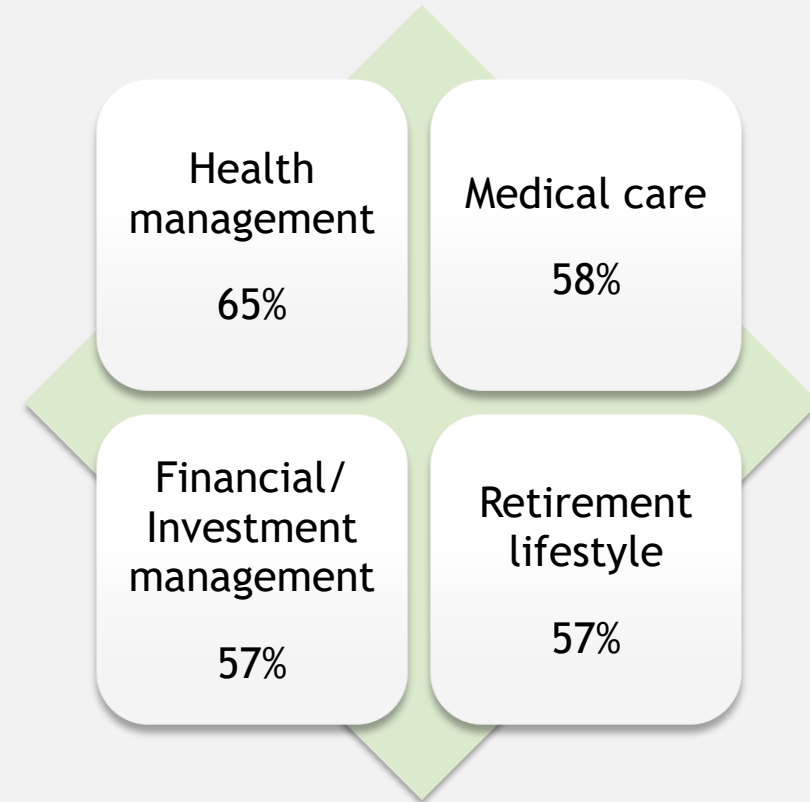
Property investments

Annuity

How to prepare for retirement?

Information

- ▶ 42% find publicly available retirement information **insufficient**
- ▶ Apart from financial-related information, individuals wish to acquire information on health management, medical care and retirement lifestyle
- ▶ **Family, friends, and the traditional media channels** are the key sources of retirement information, followed by **social media (31%)**



Key findings...

Working group deem retirement “no end in sight”

A number of people anticipate an unhappy retirement life, worried about financial constraints, a deteriorated physical strength and a boring life

In terms of financial preparations, there is a gap between ideal and reality

Among the working group, traveling is the no.1 wish after retirement

In addition to MPF, a lot of respondents use equity investment as an investment vehicle for retirement

Wish to acquire more retirement-related information, with social media becoming a new channel



Plan early for an ideal retirement



**WHAT'S YOUR
PLAN FOR
RETIREMENT?**

Thank you!