



Investment planning for a fulfilling retirement life

When talking about retirement planning, the typical working individuals in Hong Kong often focus solely on having enough savings to support their desired retirement lifestyle. However, they often overlook the needs after retirement. It is important to not only plan for regular cash flow to cover daily expenses but also to consider various variables that arise after retirement, such as unexpected medical expenses. A comprehensive retirement plan should encompass investment strategies both before and after retirement.

Risks in retirement that cannot be ignored



Longevity risk

While living to a ripe old age of 100 is a blessing, it also brings financial risks for retirees. In Hong Kong, people are known for their longevity. According to statistics from the Hong Kong Census and Statistics Department in 2023, the average life expectancy at birth for males is 82.5 years, and for females, it is 87.9 years¹. This represents an increase of approximately 7 years compared to 30 years ago². With advancements in medical technology, reaching the age of 100 is no longer impossible. However, if retirement funds are insufficient to cover daily living expenses, longevity becomes a significant retirement risk.



Inflation risk

Over twenty years ago, a serving of "egg waffles" was only around five to ten Hong Kong dollars. Today, the price has risen to twenty to thirty dollars. This demonstrates the impact of rising prices and inflation. Over the past 20 years, Hong Kong has experienced an average inflation rate of 2.4% per year³ and global inflation is also expected to remain at a relatively higher level for some time². If investment returns do not keep pace with or exceed inflation, the rising cost of living will gradually erode retirees' savings.



Investment risk

Facing inflation risk, retirees may consider investing to achieve capital appreciation. However, investing involves risks. Higher risk assets such as stocks have higher expected price volatility but also higher expected returns. Lower risk assets such as bonds have lower expected price volatility but also lower expected returns, which may not effectively counteract inflation risk. Therefore, retirees need to find a balance in their investment portfolios and pay attention to diversifying investment risks.

Post-retirement planning

Although each retiree's financial situation, expected quality of life and lifespan may vary, we face many common challenges after retirement, including capital appreciation, regular cash flow, longevity, inflation, investment and medical expenses etc.

In terms of investment, a suitable portfolio for retirees needs to generate regular cash flow to meet daily living needs while also addressing inflation risk through capital appreciation. The investment portfolio can consider incorporating various types of bonds to reduce portfolio volatility and increase cash flow. At the same time, an appropriate amount of risk assets such as stocks can be added to enhance the portfolio's capital appreciation potential against inflation. There are also mixed assets funds available in the market that are designed to provide regular dividends. These funds invest in different asset classes according to their predefined risk levels to enhance capital appreciation and diversify risks. They also offer different dividend levels to cater to the cash flow needs of different investors.

When planning for retirement, retirees may also consider using a suitable deferred annuity product to hedge longevity risks. To prepare for rainy days, they may also make additional medical insurance arrangements to cope with potential medical expense increase as they age. As retirement lifestyles vary, retirees can consider leveraging different investment portfolios to address various challenges that may arise during their post-retirement years.

Sources:

1. Census and Statistics Department, The Government of the Hong Kong Special Administrative Region. The average life expectancy figure for 2023 is a temporary figure. (<https://www.censtatd.gov.hk/en/scode160.html>)
2. Census and Statistics Department, The Government of the Hong Kong Special Administrative Region "Demographic Trends in Hong Kong 1991-2021" Report (https://www.censtatd.gov.hk/en/data/stat_report/product/B1120017/att/B1120017_052022XXXXB0100.pdf)
3. Census and Statistics Department, The Government of the Hong Kong Special Administrative Region. The figure is an average percentage change (year-on-year basis) of the Consumer Price Index during the period of March 2004 to March 2024 (https://www.censtatd.gov.hk/en/web_table.html?id=510-60001#)

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Pension Schemes Association (the "PSA") was established in February 2018. As the most prominent MPF sponsor association in the industry, the PSA assumes the bridging role among stakeholders as to ensure our MPF system can fulfil public and industry interests, and acts as a consultative body in liaising with relevant policy makers and regulatory bodies on matters related to the development of the MPF system in Hong Kong.

Mission & Vision

Representing the MPF Community - To act as the representative body for all MPF Scheme Sponsors and industry stakeholders in Hong Kong.

Providing thought leadership - To act as a consultative body in liaising with relevant policy makers and regulatory bodies on matters related to the development of the MPF system in Hong Kong.

Enhancing Trust in the system - To enhance the trust and confidence in the MPF industry by partnering with industry stakeholders to cultivate public awareness of MPF.

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退休生活的投資部署

在部署退休策劃中，一般香港打工仔女往往只著眼於儲蓄足夠的資金去支持自己將來理想的退休生活，但往往忽略退休後的資金分配。退休後不但需要規劃定期資金流以應付日常開支，同時亦需要面對退休後不同的變數，例如突發性醫療支出。一個全面的退休策劃，應該包括退休前及退休後的投資部署。

退休後風險不容忽視



長壽風險

長壽百歲固然是好事，但對於退休人士而言，長壽帶來的財務風險亦不能忽視。香港人出名長壽 – 根據香港政府統計處數字，在2023年，男性出生時的平均預期壽命是82.5年，女性則是87.9年¹，較30年前分別增加了約7年²。現今醫療科技發達，能活到100歲亦不再是天方夜譚，但如果退休資金不足以應付日常生活開支，長壽則將成為一大退休風險。



通脹風險

20多年前一底雞蛋仔只需大約5至10元，現今的價格已經升至20至30元，可見物價上升及通脹的威力！在過去的20年，香港的平均通脹率為每年2.4%³，全球的通脹亦預期會在一段時間維持偏高水平²。如果資本增值不能等同或高於通脹，物價的上升會逐漸侵蝕退休人士的儲蓄。



投資風險

面對通脹風險，退休人士透過投資令資本增值是一個可以考慮的方案。但投資涉及風險，高風險資產如股票，預期價格波動會比較大，但預期回報亦相對較高。低風險資產如債券，預期價格波動會比較小，但預期回報亦相對較低，未必能有效對抗通脹風險。退休人士需要在投資組合中取得平衡，同時注意分散投資風險。

退休後的部署

雖然每一位退休人士的財務狀況、預期生活質素及壽命各有不同，但我們面對退休後的挑戰卻有很多相同的地方，包括資本增值、定期現金流、長壽、通脹、投資及醫療開支等等。

在投資方面，適合退休人士的組合需要產生定期的現金流以解決日常生活需要，亦同時需要透過資本增值以應對通脹風險。投資組合可以考慮加入不同類型的債券，用作減低組合波動性及增加組合的現金流，同時可加入適量的風險資產如股票，增加組合的資本增值能力以對抗通脹。現時市面上亦有旨在定期派息的多元資產基金，這類基金不但會按基金預設的風險水平投資於不同資產類別以增值資本及分散風險，同時提供不同的派息水平以配合不同退休人士的現金流需要。

在策劃退休時，可善用合適的延期年金以對沖長壽風險。為了未雨綢繆，退休人士亦可安排增購自己的醫療保障以應付隨着年齡增長而增加的醫療開支。退休生活模式各有不同，退休人士可按自己需要，利用不同的投資組合去應對退休後的各種挑戰。

資料來源:

1. 香港政府統計處，2023年平均預期壽命為臨時數字。
(<https://www.censtatd.gov.hk/tc/scode160.html>)
2. 香港政府統計處，報告《香港人口趨勢1991-2021》。
(https://www.censtatd.gov.hk/en/data/stat_report/product/B1120017/att/B1120017052022XXXXB0100.pdf)
3. 香港政府統計處，數字取自從2004年3月至2024年3月香港綜合消費物價指數按年變動百分率的平均數。
(https://www.censtatd.gov.hk/tc/web_table.html?id=510-60001#)

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PENSION SCHEMES ASSOCIATION
退休積金計劃協會

專家觀點
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有關退休積金計劃協會

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