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## **HONG KONG WOMEN LACK CONFIDENCE IN FINANCIAL FUTURE, HSBC SURVEY FINDS**

*\*\*\* Nearly half of working age Hong Kong people do not expect a comfortable retirement \*\*\**

*\*\*\* Only 27% pay into a retirement account each month \*\*\**

*\*\*\* 72% of working age women worry about financial burden on medical or care expenses after retirement \*\*\**

Only 38% of working age women in Hong Kong – compared to 49% of working age men – are confident about their financial future, the lowest among the surveyed markets in Asia<sup>1</sup>, according to the latest Future of Retirement report by HSBC: *Bridging the Gap*. Despite concerns over their future, 36% either do not know how much they are saving for their retirement, or have not started saving at all.

The new survey also shows that people's awareness of the importance of saving for retirement has increased, with only 20% of working age people in Hong Kong saying they have not started saving for retirement, compared with 25% in 2014<sup>2</sup>. However, nearly half (48%) of the working age people in Hong Kong do not expect a comfortable retirement, while in 2014<sup>2</sup>, 39% said they were not confident in maintaining a comfortable living standard in retirement.

Hong Kong people's biggest concern is the ability to afford care costs in retirement, with 69% worrying about the rising costs of healthcare, and 47% showing concern about being able to afford residential home care.

"The fact that Hong Kong people understand the importance of saving for retirement yet are still struggling to save enough for a comfortable retirement life is worthy of attention," said **Ed Moncreiffe, Chief Executive Officer, Hong Kong, HSBC Life**. "Having the world's longest life expectancy means that Hong Kong people should be more proactive in identifying their needs in retirement, understanding the necessary retirement expenses, and start saving regularly as soon as they have recurrent income to enjoy the benefits of compound interest – even a small amount can make a big difference. People should also view retirement as an essential and on-going part of their overall financial plan to ensure a comfortable retirement life."

## **Hong Kong women face challenges when they plan for retirement**

Women do have significant financial worries as found in the survey: over half (55%) of them say they will struggle to pay for basic necessities (men: 51%), while 72% believe they will not have enough money to cover their medical and care expenses after retirement (men: 67%).

When it comes to managing family finances, Hong Kong women are still playing traditional family roles – over half (52%) are responsible for grocery shopping and day-to-day purchases (men: 33%). Only 33% see themselves as the decision maker of their own or family investments (men: 52%), and 26% of women are responsible for making large, one-off payments on purchases (men: 49%).

The survey also shows that most working age women are willing to make family sacrifices. Compared with other surveyed markets in Asia<sup>3</sup>, women in Hong Kong are most willing to give up more for family, making them less likely to set aside money for their retirement. Twenty-six per cent say they will quit their job or stop working for their children – versus 10% among male respondents – the highest in Asia<sup>3</sup>.

**Elaine Lai, Head of Wealth Development, Retail Banking and Wealth Management, Hong Kong, HSBC**, said, “While Hong Kong women are very concerned about their future of retirement, they have different priorities such as raising children and are less prepared for their retirement. There is plenty women can do to ensure that they too can enjoy a better retirement. Today’s women at working age need to become more independent in managing their finances. HSBC strives to provide simpler investment products and professional advice to help them plan for their retirement in future.”

The survey shows that working age women are still far from equipping themselves well for the future – only 39% say they will actively move their money around in their investment portfolio to get the best return (men: 48%), and only 28% of them see their financial knowledge as higher than their partners (men: 43%). When it comes to understanding financial experts’ advice, 39% of women say they do not comprehend what the experts say (men: 32%).

## **Proper financial planning matters for a comfortable retirement**

When it comes to financial knowledge and preparedness, respondents do not know how much to save and when they should start saving. According to the survey, only one in three anticipate no difficulty in managing their finances independently through retirement, and slightly more than a quarter (27%) say they are disciplined enough to pay into a retirement account regularly.

However, only 35% of Hong Kong people consider themselves well-informed on financial matters, and 26% prefer taking advice from a financial advisor.

Working age Hong Kong people rely heavily on personal savings or deposits to fund their retirement spending – 77% anticipate funding their post-working lives through personal savings and 69% through pension schemes in their retirement. Sixty-six per cent of working age Hong Kong people believe the value of retirement savings will not be enough to cover their needs throughout their full retirement.

“It's well known that the value of cash can easily be eroded by inflation over time but Hong Kong people still rely on cash as their main source of retirement income. To ensure a hassle-free and comfortable retirement, it is vital to make good use of various investment and insurance tools. A diversified portfolio can help grow your savings and beat inflation over time,” said Mr. Moncreiffe. “Professional financial advice from experts can offer a holistic view to help people understand their needs and formulate the right approach to reach their investment goals. With financial independence and security, retirement can simply be a time for people to enjoy life.”

### **Practical steps**

There's no better time than now to start saving! Here are some practical steps to consider when planning for the retirement you want:

#### **1. Plan early for your retirement**

- Choose your retirement style
- Budget your retirement expenses

#### **2. Act today to build adequate reserves**

- Develop the habit of saving to follow your retirement goals
- Keep a diversified investment portfolio to beat market risks and inflation
- Leverage the compounding effect to make your money grow over time

#### **3. Understand your requirements, risk profile and wealth planning**

- Conduct a financial health check to learn about your financial situation
- Seek professional advice to work towards your retirement goals
- Use intelligent tools for more efficient goal-setting
- Take appropriate risk management measures i.e. make use of wealth heritage planning

#### **4. Get ready for contingencies**

- Take out life insurance plans that offer extra protection features
- Structure a shock-proof retirement plan against inflation and unexpected medical expenses
- Build in extra buffer if you are looking to retire overseas

Note:

1. Findings of the other Asia markets are: mainland China (women: 63% vs men: 69%), Hong Kong (women: 38% vs men 49%), India (women: 72% vs men: 74%), Indonesia (women: 55% vs men: 63%), Malaysia (women: 48% vs men: 52%), Singapore (women: 38% vs men: 48%), and Taiwan (women: 40% vs men: 44%).
2. HSBC “Future of Retirement: A Balancing Act”, 2014
3. Findings of the other Asia markets are: mainland China (women: 5% vs men: 3%), Hong Kong (women: 26% vs men 10%), India (women: 18% vs men: 11%), Indonesia (women: 13% vs men: 7%), Malaysia (women: 15% vs men: 8%), Singapore (women: 25% vs men: 6%), and Taiwan (women: 25% vs men: 6%).

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## **Notes to Editors:**

### **Future of Retirement**

The Future of Retirement is a world-leading independent research study into global retirement trends, commissioned by HSBC. It provides authoritative insights into the key issues associated with ageing populations and increasing life expectancy around the world.

This is the fifteenth in the series and represents the views of 17,405 people in 16 countries and territories. Since the Future of Retirement programme began in 2005, more than 194,000 people have been surveyed worldwide.

The findings are based on a representative sample of people of working age (21+) and in retirement, in each country or territory. The research was conducted online by Ipsos MORI in November and December 2017, with additional face-to-face interviews in the UAE. The 16 countries and territories are Australia, Argentina, Canada, China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, Turkey, UAE, UK and USA.

The Hong Kong findings represent the views of 1,011 people in Hong Kong.

### **The Hongkong and Shanghai Banking Corporation Limited**

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