

[For Immediate Release]

IFPHK Hong Kong Retirement Expense Index:

*Up by 20 per cent Retirees' average spend at HK\$13,465 per month
Estimate the need to save HKD4 million for retirement*

(Hong Kong – 6 June 2022) The Institute of Financial Planners of Hong Kong (IFPHK) released the first “Hong Kong Retirement Expense Index” (Retirement Index) today. Taking 2020 as the baseline year and 100 as the basis point, the 2021 Index surged to 117.4, up by 17.4%. According to the Index, respondents spend HKD13,465 monthly, up by HKD\$2,000 compared to HKD11,467 in 2020.

The IFPHK believes there are three major contributors to the elevated Index: (1) **prices of basic food, particularly fresh vegetables and meat**; (2) **improved local epidemic situation** that encourages shopping and eating out; and (3) disbursement of the **electronic consumption vouchers**.

Speaking of retirement savings, assuming retirement age at 60 and the life expectancy of 85 years old, netting out the effects of inflation, the IFPHK estimates that Hong Kong people will need at least **HKD4 million** to support a happy retirement life. Living expenses in Hong Kong are typically high, and adherence to retirement planning and secure asset allocation is necessary.

“**Hong Kong Retirement Expense Index**” is the first of its kind in Hong Kong to gauge the actual living expenses of retirees. The Index, commissioned annually, provide timely insights on **actual retirement expenses** that serve as a reference for the Government, financial firms, financial practitioners and the public. The IFPHK has commissioned the NielsenIQ (Hong Kong) Limited for the second year to interview approximately 300 retirees on the phone. The survey further assesses the statistics to reveal the realistic scenario of Hong Kong retirees’ financial wellbeing. The survey has looked into the income source, investment and wealth management habits, and retirement confidence. The survey has found out that with the signs of epidemic recovery, daily expenses of retirees have increased, particularly household service, supporting family members and eating out.

The findings also reveal that **the retirement income ratio is not up to par**. Two in five (43%) of respondents have retirement income that is less than half of pre-retirement, and most of them have **relatively less passive income** with their **reliance on personal savings (81%) as well as MPF (30%)** is higher than the average (67% and 20%). Amongst the respondents who have property investment or investment return to fund their retirement expenses, the level of satisfaction with their retirement life is as high as 83%, which is higher than the average (74%). It reflects that **level of satisfaction and amount of passive income is proportional**. Over half (51%) of the respondents feel alert or worried about their financial stability, yet only 36% feel the same way for respondents that have sought professional assistance. **Product knowledge of “HKMC retire 3” remains low, with annuity (21%), reverse mortgage programme (13%) and policy reverse mortgage programme (11%) ranking at the end**. Stocks top the list (67%) as the most familiar products among retirees, a nearly 50% difference.

Ray Lee, Chairman of IFPHK, says, “to raise awareness of the importance of financial planning and understand more about the retirees’ actual expenses, the IFPHK has commissioned a professional research institute since last year to conduct a survey that shed light on the retirees’ expense pattern. The Index cross references with the Census and Statistics Department’s composite consumer price as the city’s first retirees’ actual expense index, hoping to serve as an indicator for the public, industry and organizations.”

“Financial planning emphasizes ‘Client-first’. Though expense for retirement life may vary by circumstances, it is also noteworthy to understand the big picture. IFPHK released the ‘Hong Kong Retirement Expense Index’ this year to encourage its stakeholders to use this truthful retirement planning tool. The Institute advocates that each individual should make and keep to a retirement plan. Retirees are strongly advised to create passive income through annuities, and well-diversified financial portfolios to combat inflation. Meanwhile, it is also critical to keep an eye on medical and long-term caretaking arrangements.”

About “Hong Kong Retirement Expense Index”

The survey, commissioned by IFPHK, was conducted in 2021 by the professional research institution the NielsenIQ (Hong Kong) Limited. The 304 respondents, who are retirees aged between 55 and 74, were interviewed on the phone to understand their CPI Basket which covers 16 categories, including housing, dining (meals at home and meals bought away from home), water, electricity and gas, local transport, medical services and drugs. With reference to the Composite Consumer Price Index (CPI) and the expenditure weights published by the Census and Statistics Department of Hong Kong, the research formulated the first local consumer price index for retirement living. With 2020 set as the baseline year, the year-on-year changes of the Index publishes annually to provide a benchmark of retirement living expense for the public. All respondents have not taken any social welfare benefits that require government approval and a personal income before retirement of HK\$18,000 or above.

About IFPHK

IFPHK was established in June 2000 as a non-profit professional organization. It aims to be recognised in the region as a premier professional body representing financial planners dedicated to upholding the highest professional standards for the benefit of the public. The Institute is the sole licensing professional body in Hong Kong authorised by the Financial Planning Standards Board Limited in the US to grant CFP® certification and AFP® certification to qualified financial planning professionals in Hong Kong and Macau. Currently, there are more than 203,000 CFP certificants in 26 countries/regions; the majority of these professionals are in the U.S., Canada, China, Australia and Japan, and approximately 4,100 CFP certificants are in Hong Kong. It represents more than 7,400 financial planning practitioners in Hong Kong, including 1,200 qualified retirement advisers (QRA). They are from such diverse professional backgrounds as banking, insurance, independent financial advisory, stockbroking, accounting, and legal services.

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HONG KONG RETIREMENT EXPENSE INDEX

SUMMARY:

Survey Period: Q4, 2021

Sample Size: 304

Respondents: Retirees aged 55 - 74

OBJECTIVES:

1. Publish the first Retirement Expense Index as a timely indicator for the public
2. Look at Actual Expenses of Retirement Life
3. Understand Retirees' Financial Sources and Behaviour

INDEX AND ACTUAL EXPENSES

Retirees' Monthly Expenses:
HK\$13,465

Estimate Need for Retirement:
HK\$4 million

Retirement Expense Index:
117.4 (↑17.4)

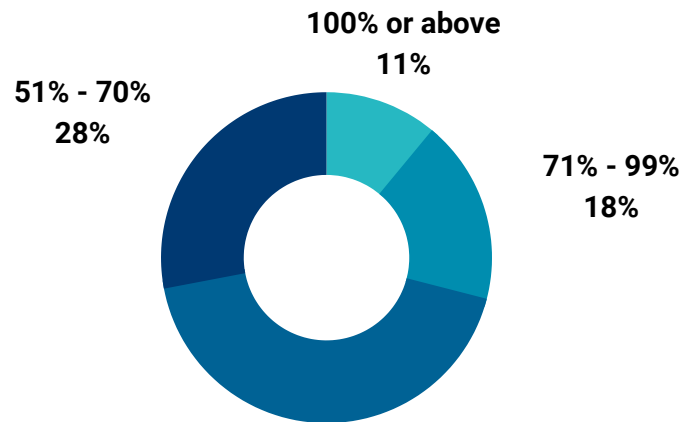
RETIREMENT FINANCIAL BEHAVIOUR

**Financial stability:
feeling worried/alert**

51%

Average

**Income change:
before vs after retirement**



**Level of satisfaction with
retirement life**

83%

With property investment/
investment return

**Retirement investment
product knowledge**

