

## News Release

# Retirement a top concern for Hong Kong investors, Schroders Global Investor Study 2018 finds

26 July 2018

The **Schroders Global Investor Study 2018**, which surveyed over 22,000 investors across 30 markets, including 550 respondents in Hong Kong, highlighted retirement planning as what Hong Kong investors see as a top priority. Yet, their retirement income is insufficient.

## Investing for retirement is considered as top priority

Hong Kong investors generally consider investing for retirement as their top priority, with non-retired investors thinking that their main reasons for investing is to “have a financially comfortable life during retirement”, outweighing other grounds such as to “save for emergency” or “have a financially comfortable life now”.

### Chris Durack, CEO of Schroders Hong Kong, said:

*“It is encouraging to see from our annual Schroders Global Investor Study that investors in Hong Kong are becoming highly aware of the need to plan for retirement. Investors need to also realise that starting to invest early in their working life will have a profound impact on building their retirement nest egg. As such, younger investors need to note that, taking action now will enable them to build up adequate resources for retirement.”*

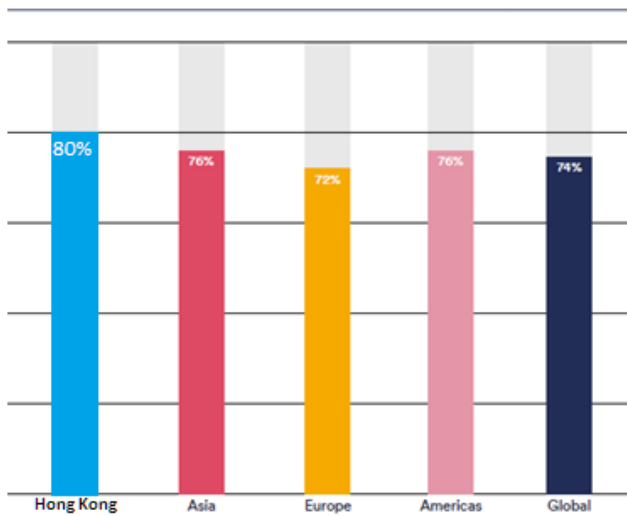
## Retirement income is insufficient for retirees to live comfortably

The study found that Hong Kong people realise retirement planning is important to support basic living expenses. Hong Kong people spend, or expect to allocate more than half (54%) of their retirement income on necessities, including living expenses (37%) and healthcare costs (17%), comparing to optional and leisure activities such as travel (14%) and hobbies (10%).

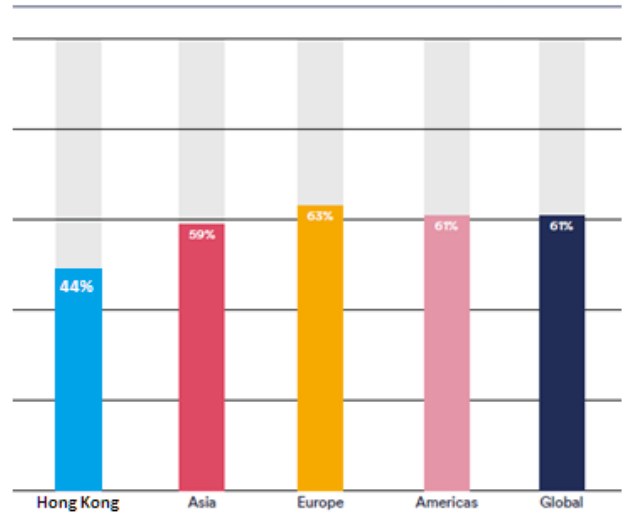
Despite retirement being a top concern, Hong Kong investors’ retirement income is insufficient for them to live comfortably in retirement. Only a minority (27%) of retirees feel that they have sufficient retirement income to live comfortably.

Among those aged 55+, non-retired investors felt they needed an average of 80% of their current salary or income to live comfortably in retirement. Yet, their retired peers only received an average of 44% of their final salary.

**NON-RETIRED, AGED 55+:**  
As a percentage of your current salary or income, how much annual income do you think you will need to live comfortably in retirement?



**RETIRED, AGED 55+:**  
As a percentage of your final salary, how much annual income do you receive in retirement?



A significant factor behind this shortfall could be that investors in Hong Kong were just not saving enough, with non-retired investors only saving 11% of their income specifically for retirement, relatively lower than their Asian (14%) and global (12%) peers.

**Lesley-Ann Morgan, Global Head of Retirement, Schroders, added:**

*“There is a real danger that people globally are underestimating the proportion of their retirement income that will need to be allocated to basic living expenses and the amount of money they will need to live comfortably in retirement, particularly in the current environment of low returns and increasing inflation. To avoid facing challenging financial circumstances on retirement, they need to recognise the need to start saving as much and as early as possible.”*

**Chris Durack concluded:**

*“Even for those who have successfully accumulated sufficient savings to retire, they also need to carefully plan for drawing down ample income on a regular basis to meet daily needs and manage the risk of their savings running out. By simply relying on cash savings or conservative investment strategy, the return may not be adequate to beat inflation. We believe that the best strategy is not to completely de-risk at retirement, but to continue to take an appropriate level of risks. For example, retirees could consider investing in suitable growth assets via a diversified approach, as well as considering assets that generate a regular income stream, such as certain income-generating or annuity-type investment vehicles.”*

For more on the Schroders Global Investor Study 2018, please visit [www.schroders.com.hk/gis](http://www.schroders.com.hk/gis).

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## Important Information:

Schroders commissioned Research Plus Ltd to conduct, between 20 March and 23 April 2018, an independent online study of 22,338 investors in 30 markets around the world, including Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, the Netherlands, Spain, the UK and the US. This research defines 'investors' as those who will be investing at least €10,000 (or the equivalent) in the next 12 months and who have made changes to their investments within the last ten years. These individuals represent the views of investors in each country included in the study.

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Source: Schroders, all data as at 31 December 2017.