

LimeLighter

Latest news and update | March 2021

HKRSA Website Revamp



We are happy to share with you our revamped website which is now available in both English and Chinese. In addition, it now offers online membership registration as well. Please take a tour and enjoy!

Premier Sponsors 2021



HKRSA

香港退休計劃協會

The Hong Kong Retirement Schemes Association

Retirement
Beyond
Dollars
and Cents
HKRSA 2020

退休有術

▶ REPLAY

HKRSA x Metro Finance FM104

Retirement Planning and Education Programme 22Aug – 24 Oct 2020

【退休有術】第五集

【退休有術】第六集

Think Long Term and Start Early, Part 2

		
Calvin Chiu Executive Committee Member (2019-2020), Vice Chairman (2020-2021) HKRSA	King Au, MH, PhD Executive Director, Financial Services Development Council	Helena Li Senior Product Expert, China Universal Asset Management

Retirement Investment Solutions & Financial Planning, Part 1

		
Byron Chim Senior Consultant, Wealth Business, Mercer	Marty Lui Associate Director (Long Term Business), Insurance Authority	Stephen Tong Client Portfolio Manager, Multi-Asset Solutions, Franklin Templeton

退休部署為何不能忽視複息及時間的威力？「複息」簡單來說即是利疊利，時間愈長，收效愈大。透過長期投資，可以減輕短時間市場波幅的影響。因此，要為退休投資作好部署，一定要注意複息效應及長期投資的因素。

至於中國內地養老目標基金現在的發展狀況方面，養老目標基金是養老投資的一站式解決方案，包括目標日期基金和目標風險基金兩類。目標日期基金以退休日期命名，假如投資者預期2040年退休，可以選擇養老目標日期2040基金。

目標風險基金則將基金的風險水平維持恆定，對應不同風險偏好的投資者。截至今年上半年，2020年之前成立的全部養老目標基金的成立以來平均年化收益率為18.6%，提早做好養老規劃，選擇適合自己的養老目標基金，有助樂享美好的退休生活。

合資格延期年金(QDAP)自推出以來受到市場歡迎，因為可以有最多六萬元的稅項扣減額。QDAP由推出以來，已經發出了接近15萬張保單，而市面上總共有23隻可供購買的QDAP產品，可以說得上是多元化的產品選擇。例如有部份是固定年金期，可以分十年或廿年拿取年金，有些年金可以領取至108歲，甚至是終生領取，部份年金額更會按年提升而抵銷通脹帶來的影響。供款人可以因此按照自己的需要，選擇合適的產品。

何謂目標為本的投資，怎樣應用在退休投資組合？

愈來愈多退休投資的策劃，都會應用到目標為本的投資方法。意思是按個人的投資目標，例如供子女到海外升學、購買物業等的目標，透過目標為本的原則，化繁為簡計算可以達成目標的概率，再按每年的實際情況來調整投資組合，監察達成目標概率的變動。

Recording Replay:

<https://www.youtube.com/watch?v=yNQL8eXYVYk&feature=youtu.be>

Recording Replay:

<https://www.youtube.com/watch?v=r1IPwKLCRIA&feature=youtu.be>

HKRSA Webinar – 28 Jan 2021 (Thu) 10:00-11:00am Launched in English

Retirement Planning – A Decumulation Strategy

Speaker: Mr. Joseph Zhang of Fidelity International

Planning your retirement? Remember to devise a decumulation strategy

Driven by falling fertility rates and increasing life expectancy, the world's population is ageing at an unprecedented pace and this trend will accelerate in the coming decades. At a recent webinar organized by HKRSA and Fidelity, Joseph Zhang, Fidelity's Client Solutions Investment Director, Solutions & Multi Asset, shared his valuable insights on managing one's retirement fund, and how Fidelity's pioneering decumulation strategy may help make the pension pot last longer.

According to the United Nations, in 2020 there were an estimated 727 million persons aged 65 years and older worldwide. Over the next three decades, this age group is projected to more than double, reaching over 1.5 billion in 2050.

Hongkongers are one of the highest life expectancies in the world, at 82 years for men and 88 years for women, data from Hong Kong's Centre for Health

Protection shows. With greater longevity comes a challenge: making retirement savings last.

Source: "[World Population Ageing 2020](#)", United Nations Department of Economic and Social Affairs, 2020.

Source: <https://www.chp.gov.hk/en/statistics/data/10/27/111.html>, HKSAR Centre for Health Protection, 2020.

Low awareness of retirement income planning among Hongkongers

Most Hong Kong retirees, however, do not know how to manage their retirement income, according to research conducted by Fidelity International.

"Hongkongers generally don't have a good idea about how much savings they need to cover essentials during retirement. They had estimated they would spend 34 per cent of their retirement income on necessities, but in reality, retirees said they spend around half of their income just on living essentials," said Joseph Zhang. The study found that most respondents expect their retirement income to be recurring, stable and low risk. It also needs to cover leisure and medical expenses.

While the majority look forward to pursuing leisure activities in retirement — such as travelling, engaging in hobbies and enjoying time with family — many are worried about not being able to cover their medical expenses if the health care cost keeps inflated.

Fidelity's 'Three L' framework for managing retirement funds

Laying down a clear roadmap for managing retirement income is vital. A simple way to tackle this is via Fidelity's 'Three L' framework:

- Life: Stable income/capital to cover essential living expenses such as food, housing and daily necessities.
- Leisure: Discretionary capital to pursue interests, leisure and entertainment.
- Legacy: Capital for long-term needs, medical expenses, or one-off funds for children/loved ones.

Understanding accumulation and decumulation

Finding an appropriate retirement investment solution that can generate stable funds during retirement is important. In order to choose the right investment product, retirees first need to understand the difference between accumulation and decumulation.

The accumulation phase refers to the pre-retirement stage of about 20 to 30 years, during which retirement assets are built up. There is a long investment horizon with regular cash savings and a focus on growth.

In contrast, the decumulation phase refers to the retirement period. Instead of regular contributions to the pension fund, capital is frequently withdrawn to support retirement life. With a shorter investment horizon and a negative outflow of cash, the focus is on preserving retirement assets in order to generate a stable and sustainable income stream that can last the entire retirement period.

Annuities, guaranteed funds, payout/income funds and reverse mortgages are the mainstream decumulation products in Hong Kong. However, decumulation product choices these days are insufficient, Zhang said, and it is difficult to meet customers' needs.

"What pension fund providers really need to solve is competing client demands. Our clients want both guarantee and downside protection. They want attractive return or yield, and sometimes they want liquidity," Zhang added. "We have multiple challenges but have limited investment options for people to choose from."

Developing decumulation strategy

In the decumulation phase, the key parameters are inflation rate, income replacement rate, and retirement years. These parameters are used to estimate and predict retirees' cash flow. Using a backward induction method, starting from the end of the retirement period, we can calculate the cash flow that retirees require and the level of investment risk they can tolerate each year. From that, we can strategically allocate the investment assets and build up an appropriate portfolio for retirees.

"Move this backward until the starting date of retirement, and you basically get an optimised strategy each year to maximize the possible investment return to meet the client's retirement needs," Zhang said.

However, having a good decumulation strategy is not only about the investment solution, added Zhang, but also about educating people to plan their retirement journey, save, and understand their personal financial wellness as early as possible.

Premier Sponsor Column (Feb 2021)

We are delighted to have articles contributed by AIA, BCT group and Ninety One to provide us insights on how can we better plan for our retirement. Stay tuned for more articles in Apr 2021!

HKRSA 香港退休計劃協會
The Hong Kong Retirement Schemes Association

FEB 2021

PREMIER SPONSOR ARTICLE SERIES

Retirement Planning in the New Normal

The COVID-19 pandemic and the economic turmoil it has brought have had a major impact on our lives. Therefore, for example, those who had previously assumed a retirement plan, it is important to re-evaluate their retirement planning in a long-term challenge. In turbulent times like these, you can make adjustments to your strategy, focusing on flexibility to meet urgent needs while building a secure nest egg.

COVID-19's impact on Hong Kong's retirement plans

Our latest General Retirement Scheme (GRS) survey, that 55% of respondents have had their income affected by the COVID-19 pandemic, and 55% have said their retirement income is not enough to meet their daily expenses.

With the pandemic rising, many concerns about retirement preparedness. It is unclear that Hong Kong people can afford to retire without retirement plans as soon as possible.

Using a practical, measured approach to retirement planning during the pandemic

The current economic environment has prompted many to reflect on their retirement savings and personal financial preparation plans.

For those who can afford to do so, it remains critical to consider a disciplined saving habit as they will keep them better a more secure safety net. Making RRF (Relevant Retirement Fund) contributions is a good idea, in addition to tax reduction benefits. RRF offers employees the flexibility to adjust their contribution levels and amounts according to their own preferences, needs and situations. RRFs are either of fund shares and a relatively low contribution amount requirement. RRF provides a smart and convenient way to save money for retirement.

55% of respondents have had their income affected by the COVID-19 pandemic.

9.3% of respondents say they will have to delay their retirement plans due to the pandemic.

61% of respondents say they will have to delay their retirement plans due to the pandemic.

78% of respondents say they will have to delay their retirement plans due to the pandemic.

10.03% of respondents say they will have to delay their retirement plans due to the pandemic.

HKRSA 香港退休計劃協會
The Hong Kong Retirement Schemes Association

FEB 2021

PREMIER SPONSOR ARTICLE SERIES

Rich or Poor: The Deductible Voluntary Contribution is Engine of Growth

How much a rich person's retirement income, how retirement planning is not just for old people. Young people should do it and do it as early as possible as there is not much that you can do if you leave it too late. "There is the key if you want to make your money grow."

Retire Well is to Plan Well

There are so many ways that you can give your money well build an retirement nest egg, such as, investing in stocks, bonds, funds, property, commodities or buying annuities. But to do any of that, you need to have **20% a certain sum of money** and **20% a lot of time to compound** on how they work, their potential returns or what you can do. So, many people are not ready and think about retirement planning at all.

Having said that, we stay well in **up for goals** - **RRF**. In Hong Kong, the RRF is widely covered by the GRS. RRFs have a 10% deductible voluntary contribution (DVC) and this applies to RRFs' employees too, which equates 50% of RRF's salary or a maximum of \$12,000 a month.

RRF is a deduction, why not many better use of these contributions? The saying "Small savings add up to big money" is exactly what RRF is. For 20 years, the RRF has been doing well. It is currently over \$1.6 billion of assets and one-third of it is investment assets. Some members have their own \$1 million in their RRF accounts. In RRF, you benefit from a **long investment horizon**, **strong tax RRF advantages**.

1) RRF has been employees' major retirement contribution since 1995.
2) RRF has been employees' major retirement contribution since 1995.
3) RRF has been employees' major retirement contribution since 1995.

Here, you can see a common term - "business contribution", which reflects that any retirement contribution is essential for building a long-term wealth. Your long-term wealth is not built on a short-term investment, but RRF and RRF's investment is to use "They are both **long and flexible**, you can almost **have small** and **when** (1) allocated in retirement, depending on your personal circumstances. So, you can RRF, can only be retirement when you reach the age of 65 or meet specific retirement requirements, but you can RRF to withdraw your RRF account benefits anytime. So, a RRF, the best bet!

THE Success Means for Future

In fact, RRF has a **deductible and benefit** of building up retirement savings paid out at the same time, allowing you to **pay less tax**, in which case of the after-tax contribution can give you of November 2020. RRF has recorded double-digit growth and the average return was 12%, which proves higher investment growth investment return. These also contribute to RRF's success. So, RRF accounts can also save up to \$420,000 of taxes annually, which can then be used to compound for retirement.

HKRSA 香港退休計劃協會
The Hong Kong Retirement Schemes Association

FEB 2021

PREMIER SPONSOR ARTICLE SERIES

2021 Outlook: Big picture: normal service may be resumed

Key points

- COVID-19 outbreak has not yet ended.
- US and other major economies are still in lockdown, supporting global economic recovery.
- The global economic recovery may be slower than expected.
- COVID-19 outbreak has not yet ended, pandemic is still ongoing.

After the outbreak, the global economy is expected to be a long and difficult road. The speed of the economic recovery and the impact of the outbreak on the global economy will be a key factor in the recovery. The impact of the outbreak on the global economy will be a key factor in the recovery. The impact of the outbreak on the global economy will be a key factor in the recovery.

In fact, there is a lot of optimism about the global economy. The global economy is expected to be a long and difficult road. The speed of the economic recovery and the impact of the outbreak on the global economy will be a key factor in the recovery. The impact of the outbreak on the global economy will be a key factor in the recovery. The impact of the outbreak on the global economy will be a key factor in the recovery.

Factors in the global economy are likely to keep the global economy in a state of uncertainty. The global economy is expected to be a long and difficult road. The speed of the economic recovery and the impact of the outbreak on the global economy will be a key factor in the recovery. The impact of the outbreak on the global economy will be a key factor in the recovery. The impact of the outbreak on the global economy will be a key factor in the recovery.

The impact of the outbreak on the global economy will be a key factor in the recovery. The impact of the outbreak on the global economy will be a key factor in the recovery. The impact of the outbreak on the global economy will be a key factor in the recovery.

Global economic recovery may be slower than expected.

Global economic recovery may be slower than expected.

Global economic recovery may be slower than expected.



Upcoming HKRSA event

Webinar [Register now](#)

Date / Time: Friday, March 26th, 2021 3:00pm-4:00pm

Topic: China as an asset class

Language: English

Fee: Free

Upcoming External event

HKIFA 14th Annual Conference – enroll now

Date/Time : Monday, June 7th, 2021 8:15am-2:55pm

Venue: JW Marriott Hotel Hong Kong

Entitled *"Heralding a new decade for the fund management industry"*, the Conference aims to provide a platform to facilitate in-depth discussions of key factors that will shape the future of the asset management industry.

For more event details: <https://plus-concepts.com/hkifa2021/>

Enquiry: please contact Trista Lee of Plus Concepts at (852) 3983 2305 or hkifa@plus-concepts.com