

PREMIER SPONSOR ARTICLE SERIES



Living in the Now, Preparing for the Future Seize the Day and Save for Your Desired Retirement

The COVID-19 pandemic has had a major impact on every aspect of our lives and taken a toll on our physical and mental health. After two years of working from home, facing income cuts, and having to dip into retirement reserves to meet daily expenses; experiencing negative emotions and stress from isolation and social distancing, many working adults, especially young adults aged between 18 and 29, are re-evaluating their lives and careers. Driven by a desire to live their lives to the fullest, some have become more nonchalant and carefree about their finances, even engaging in riskier behaviours.

The YOLO Movement

Embracing a YOLO (You Only Live Once) mindset, these young adults are stepping off the career track to make bolder, riskier career moves. Determined to seize the day, they risk it all in their aspiration to become “slashers”, pursuing multiple careers at the same time; or entrepreneurs, creating and growing new businesses.

While this ‘dare to dream’ mentality is inspiring, it has also affected their attitudes to retirement planning and influenced their investment appetites. In the latest AIA Desired Retirement Tracker (the “Survey”), we look at the current state of retirement readiness and attitudes of working adults in Hong Kong and observe how, especially among young adults, the way we think, our priorities and even our values have evolved.

Living in the ‘Now’ - Dream Big, Risk More

Among the Survey’s starkest findings are that 80% of young adults have the YOLO mindset, and more than 60% aspire to be entrepreneurs (65%) or slashers (62%).

Their concept of life planning is quite a departure from the traditional; they dare to reach for the stars, prioritising short-term goals over long-term goals for instant gratification versus longer-term planning. With their desire to lead an extraordinary life, they are willing to do away with stability and do not have a clear goal of saving for their future.

Among aspiring entrepreneurs and slashers, therefore, there is a lack of understanding and motivation to save and plan for retirement, with 45% not aware of their MPF obligation as an entrepreneur or slasher.

Moreover, they have a greater risk appetite for investment and are unafraid to invest in high-risk emerging investments to fund their dreams. 70% of young adults indicated a preference for aggressive investment chasing quick returns. While half (49%) expressed interest in highly volatile cryptocurrencies, a quarter (24%) said they had previously invested in or are currently investing in emerging investments like cryptocurrencies.

YOLO **80%**
embrace the
You-Only-Live-Once (YOLO)
mindset

62%
interested in
becoming **slashers**

70%
see **short-term gains**
more **attractive** than long-term investment

1 in 4 people
are currently
investing or have invested in **emerging assets**
like **cryptocurrencies**

These riskier investment behaviours and life decisions can have a major impact on financial wellbeing and may significantly affect their retirement planning and protection.

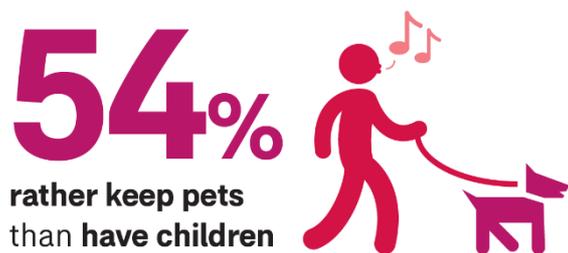
Shifting Values and Changing Psyche – Child-free Lifestyle and Sustainable Investment

Crises, such as the COVID-19 pandemic, have the potential to re-shape our values and psyches, leading to priorities and beliefs that may have been unthinkable before.

An overwhelming majority of young adults (76%) think that the concept of ‘raising children to provide against old age’ is outdated. Half prefer to keep pets rather than have children. Beyond cost concerns, 54% said they would rather keep a pet than raise a child, and that they would feel happier with a pet than a child.



say concept of **raising children to provide against old age** is **outdated**



rather **keep pets** than **have children**

Another interesting finding is that 70% of young adults value ESG¹ investment, and that a vast majority of respondents welcome retirement investment that consists of sustainable elements.



embrace **ESG investment**



want future retirement investments to consist of **sustainable investments**

Staying Protected Amidst Winds of Change

While these potentially seismic shifts in values and priorities are a natural part of sociocultural evolution, it is critical that we continue to meet and satisfy our essential and unchanging needs, such as maintaining a home, having a good protection plan and adequate retirement savings.

However, 60% of those who expressed interest in becoming an entrepreneur or slasher do not have a clear retirement savings or investment plan.



But **lack** a clear **retirement savings** or **investment plan**

Striking the Right Balance Between YOLO and YORO

The YORO (You Only Retire Once) movement appears at first glance to be at odds with YOLO. But in fact, they go hand in hand. One can choose stability and spontaneity at the same time, just by taking a few simple, smart steps.

The YORO YOLO

While staying present and living your best life, keep in mind that neglecting to plan for medical and retirement savings may affect your ability to YOLO. Be wise and ensure you have basic planning. For example, manage your MPF better by consolidating accounts scattered among multiple providers, depending on your needs, risk tolerance and ability to make voluntary contributions or acquire medical protection, etc. While working, consider purchasing VHIS (Voluntary Health Insurance Scheme) or portable group medical protection products. These fundamental building blocks will help you YOLO not just today, but tomorrow as well.

Aspiring entrepreneurs or slashers should also understand that while you may enjoy a relatively freer, more flexible lifestyle, you would lack the support of employers and the predictability of a steady income. To mitigate the risks these circumstances pose, you should have more discipline in accumulating wealth for retirement, perhaps via a savings/investment plan, making MPF contributions and maintaining an emergency fund.

¹ESG investments incorporate elements of Environmental, Social, and Governance into the investment decision-making process



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Take advantage of voluntary contributions during retirement planning as they are very flexible and easily managed in all kinds of careers, especially those with unpredictable incomes. Making TVC (tax-deductible voluntary contributions) can help you effectively narrow the savings gap while enjoying tax deductions.

The Smart YOLO Investor

This wise approach is also important in investing. Aggressive investing isn't necessarily wrong but understanding the investment product features and conducting thorough risk management is critical.

While chasing quick returns in short-term investments, be smart and include long-term planning to build a diversified investment portfolio. With the compound interest effect, your retirement savings can grow more easily over time, and you can build wealth via long-term fixed savings plan.

The older generation should note their investment strategies should not be too conservative, as returns might not meet their expectations. They should also plan holistically to enhance their retirement planning and protection.

The Sustainable YOLO

If you make the decision not to have a child, for sustainability, financial, or other reasons, you may lack support from your siblings upon retirement. Therefore, you may need to have more thorough retirement planning.

ESG concepts can also be integrated in your MPF investments, for example, you can invest in MPF funds with ESG elements, manage your MPF via electronic channels to reduce paper consumption, etc. There are now a few MPF funds featuring sustainability elements available in the market to choose from.

You only live once – and you only retire once. You can enjoy the moment while saving for the future. Act today for a secure and happy retirement that you can live to its fullest!



About HKRSA

The Hong Kong Retirement Schemes Association (HKRSA) was established in 1996 to promote the interests and best practices of retirement schemes in Hong Kong including provident and pooled retirement funds. The HKRSA is a not-for-profit, non-political association, which represents retirement schemes and their members, providing a forum for discussion of issues of current and topical interest.

About AIA

AIA has provided employee benefits solutions to companies in Hong Kong and Macau for over 60 years. Our customer-centric values have made us an industry leader known for one-stop group insurance and pension solutions that stand for value, choice and simplicity. Our solutions benefit companies of all sizes, helping them meet their HR objectives in a flexible and cost-effective manner.

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