

# FINANCIAL WELLNESS SURVEY

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Hong Kong Full Report

22 October 2021



GAME CHANGERS



# EXECUTIVE SUMMARY

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## PERSONAL FINANCES

### **Hong Kong residents could benefit from financial planning**

Hong Kong residents believe they need to save more for retirement.

However, many are reluctant to do any formal financial plans. One in three have never conducted a plan with a financial services professional

## FINANCIAL EXPECTATIONS

### **They overestimate the performance of property**

They are likely to overestimate how much property has increased in value since 1997

Over half think that property has outperformed the S&P 500 (when in reality the reverse is true)

They are likely to believe that property will remain the best performing investment in the future.

## THE ECONOMY

### **They have many concerns about the future of the economy**

Residents recognise that the population is getting older.

They believe they will be affected increasing healthcare costs and in having insufficient finances, and to suffer from inflation.

# EXECUTIVE SUMMARY

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## HEALTH AND LONGEVITY

**Residents appreciate the benefits of healthy living, but often struggle to do so**

Most over-estimate people's lifespans and the chance they will live to 100.

They underestimate the negative effects of a sedentary lifestyle, such as watching television

Even so, they struggle with maintaining healthy habits. More than two in five watch an hour of TV each day.

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## RELATIONSHIPS

**Many feel vulnerable if something were to happen to them**

One in five feel they have no one to look after them financially when they retire. 16% have no financial back-up if they lose their job.

Less than one third of couples make financial plans with each other.

Many parents are not yet socialising their children to financial matters.

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## GOALS

**Hong Kong residents main goals are to achieve comfort and contentment**

Comfort and contentment is the aspect they most define as a life well lived.

Linked to this, the main goal for most is to achieve financial freedom. However, only one in three feel they have achieved this goal already.

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# METHOD: ONLINE SURVEY WITH HONG KONG RESIDENTS

**To find what misconceptions residents in Hong Kong have about the future**

**To understand what are their key concerns about the future, and how prepared they are to deal with those concerns**

## **Affluent Pre-Retirees**

N=604

Ages 35-65 with at least HK\$1 million in investible assets

## **Mass-Affluent Pre-Retirees**

N=402

(ages 35-65 with less than HK\$ 1 million in assets)

## **Generation Z / Millennials**

N=403

(Ages 21 to 34 with less than HK\$1 million in assets)

Fieldwork Dates: 25 January to 14 February 2022

Soft age and gender quotas were applied for a balanced sample.

# PERSONAL FINANCES

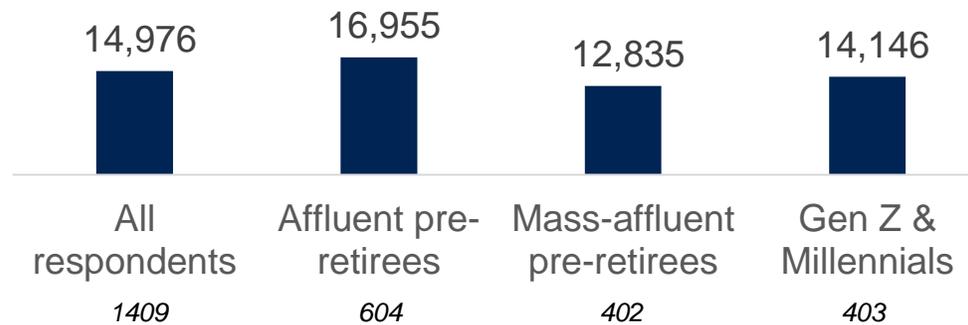
# 1

# HONG KONG RESIDENTS THINK THEY NEED TO SAVE MORE

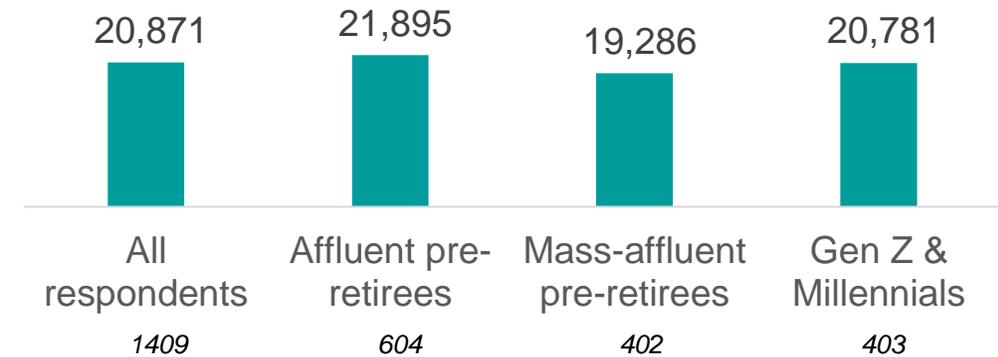
On average residents thought they needed to save 40% of their income to retire comfortably, while currently they only save on average 28%.

Gen Z and Millennials expect on average think they need to save more than half their income.

## How much is needed to save to retire comfortably by yourself... (HK\$)



## How much is needed to save to retire comfortably with family (HK\$)



How much they say they need as a share of their income:

40%      33%      48%      55%

Share of income they actually save:

28%      32%      21%      28%

Difference:

-12%      -1%      -27%      -27%

56%      43%      71%      81%

*How much do you think you need to save each month to be able to retire comfortably by yourself?*

*How much do you think you need to save each month to be able to retire comfortably with your family, including spouse or partner and any children?*

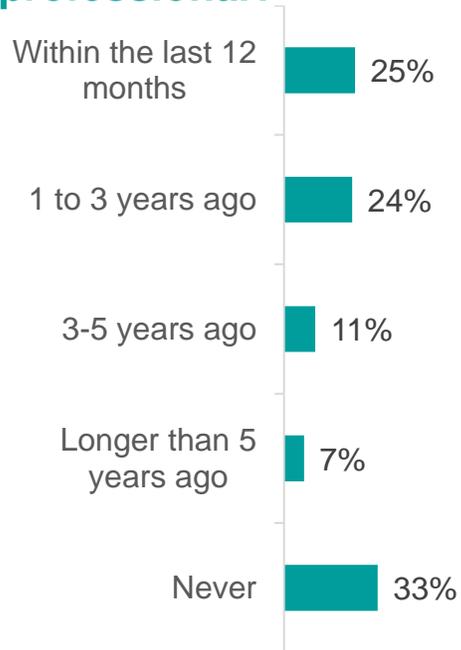
*What proportion of your income are you saving each month?*

*Base: All respondents*

# THEY ARE RELUCTANT TO MAKE FINANCIAL PLANS

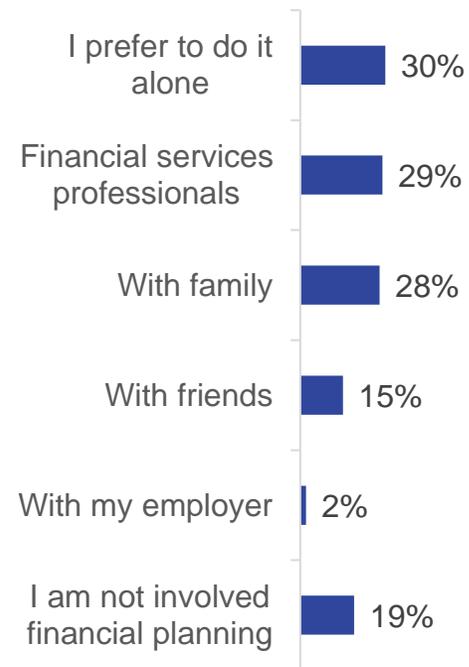
33% have never consulted a financial advisor to make a plan

**When did you last make a financial plan with a FS professional?**



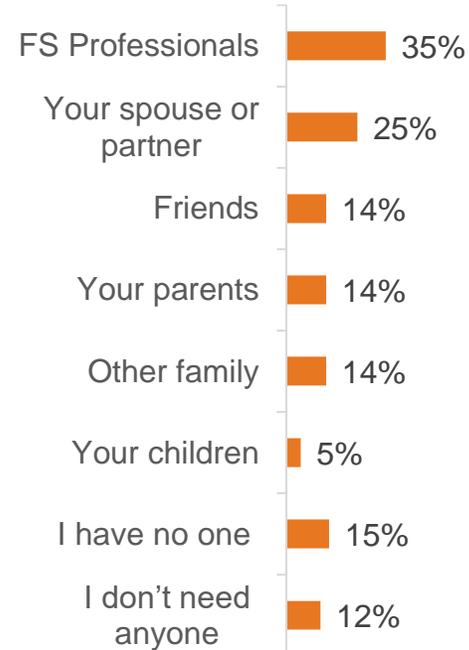
30% prefer planning alone

**Whom do you consult when making financial plans?**



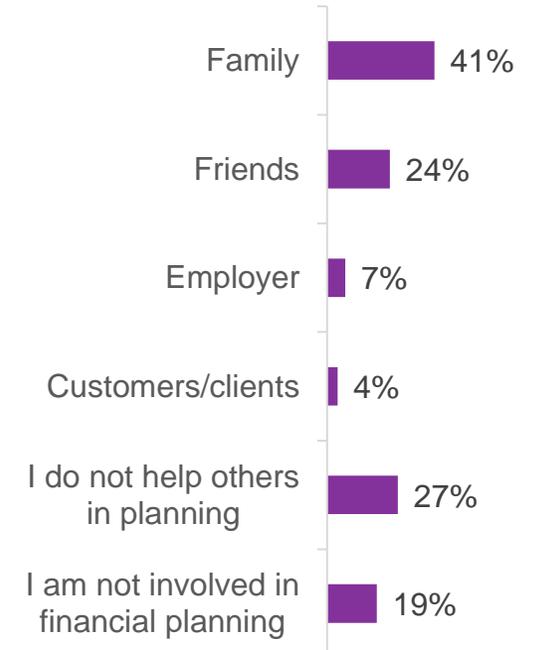
15% have no one to rely on for financial advice

**Whom can you rely on for good financial advice?**



54% help others in making financial plans.

**Whom do you help in making financial plans?**



*When, if ever, did you last conduct a financial plan with a professional, bank staff, insurance agent or financial advisor?  
 Which of the following do you consult when making financial plans for yourself?  
 Whom can you rely for the following...? (providing good financial advice)  
 Which of the following do you help in making financial plans for them?  
 Base: All respondents (n=1409)*

# THOSE WHO HAVE MET FINANCIAL PLANNERS ARE MORE LIKELY TO USE SAVINGS INSURANCE PLANS

	All respondents	Have consulted financial planners within the past 3 years	Have NOT consulted financial planners within the past 3 years
Mean Age	41	41	41
Single, never married	39%	34%	44%
Median Personal Income (HK\$ per month)	HK\$37,157	HK\$42,884	HK\$31,662
Median Investible Assets (HK\$)	HK\$1,088,360	HK\$1,273,550	HK\$910,639
Mean savings rate	28%	29%	27%
Cannot rely on someone if they cannot work	16%	11%	20%
Have savings or investment insurance	37%	44%	31%
Have set up a life insurance plan as part of a legacy plan	50%	61%	35%

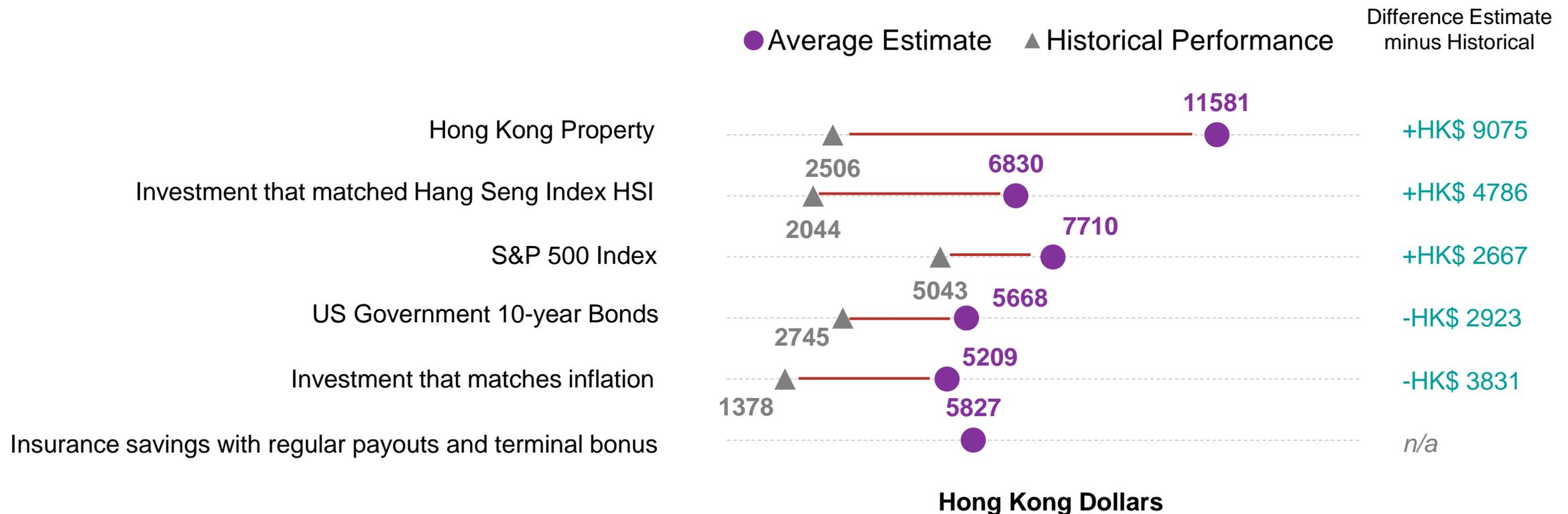
# FINANCIAL EXPECTATIONS

# 2

# HONG KONG RESIDENTS VASTLY OVERESTIMATE THE HISTORICAL PERFORMANCE OF PROPERTY

On average estimates for asset performance since 1997 are much higher than actual performance.

**If you invested HK\$1000 in 1997, how much would it be worth in 2020?**



*If someone had invested HK\$ 1000 in each of the following in 1997, how much do you think those investments would have been worth by 2020 ?*

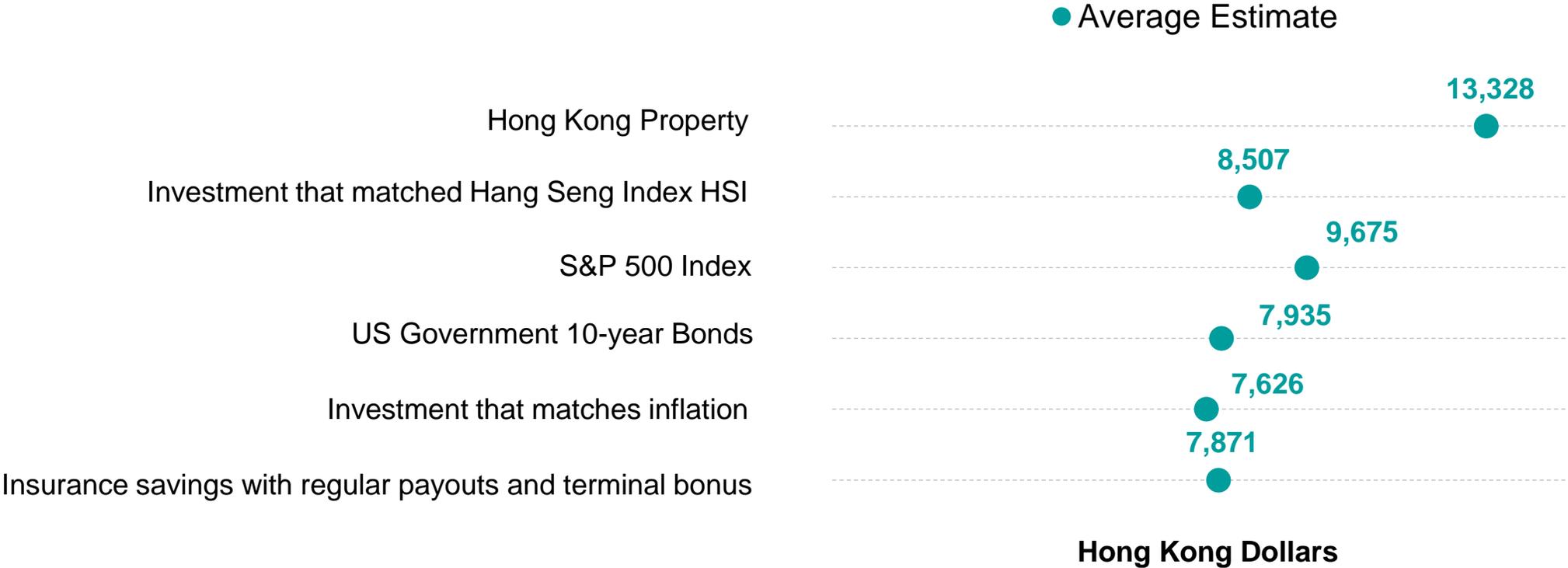
*(Base: All respondents n=1409)*

*PLEASE SEE SLIDE NOTES FOR REFERENCES ON HISTORICAL PERFORMANCE*

# ON AVERAGE THEY THINK PROPERTY WILL OUTPERFORM ALL OTHER INVESTMENTS

They think that insurance plans and bond investments will only slightly beat inflation.

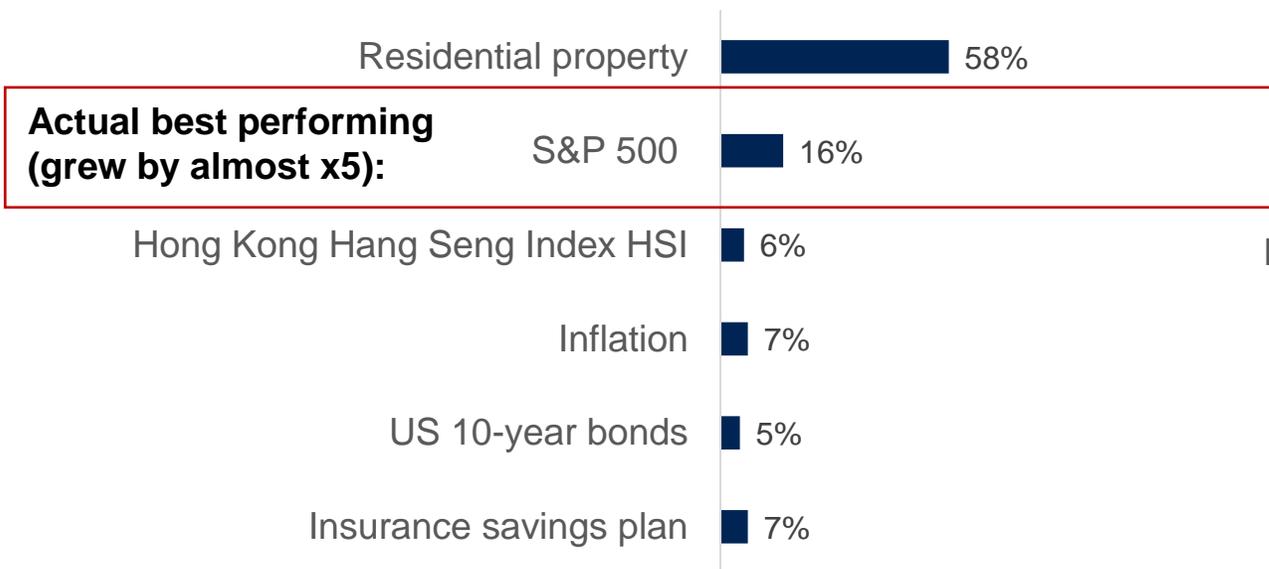
**If you invested HK\$1000 now, how much would it be worth in 2050?**



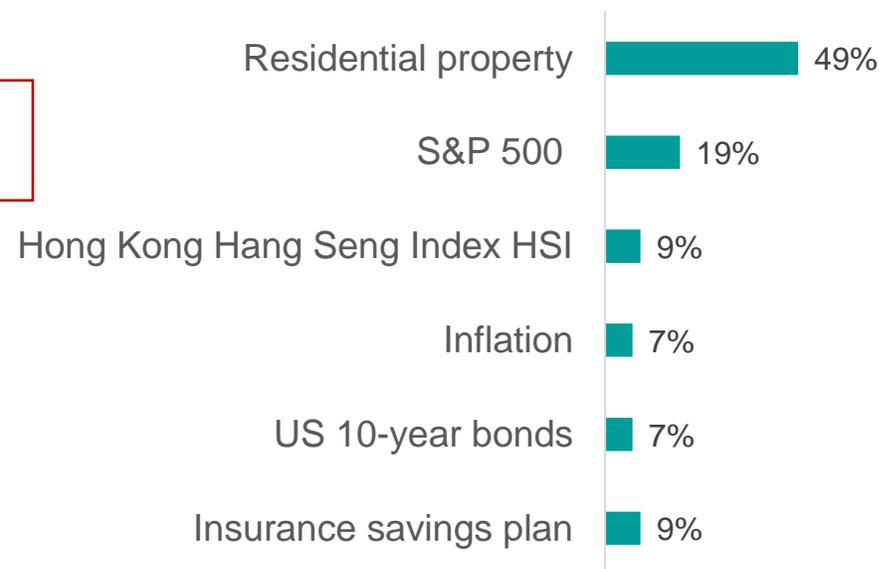
# ALMOST HALF BELIEVE PROPERTY WILL OUTPERFORM STOCKS

Only 16% correctly identified that the S&P 500 was the best performing investment from the list below. 49% believe that property will remain the best investment up to 2050.

## Which performed best from 1997 to 2020...



## Which will perform best from now to 2050...



*If someone had invested HK\$1000 in each of the following in 1997, how much do you think those investments would have been worth by 2020 ?*

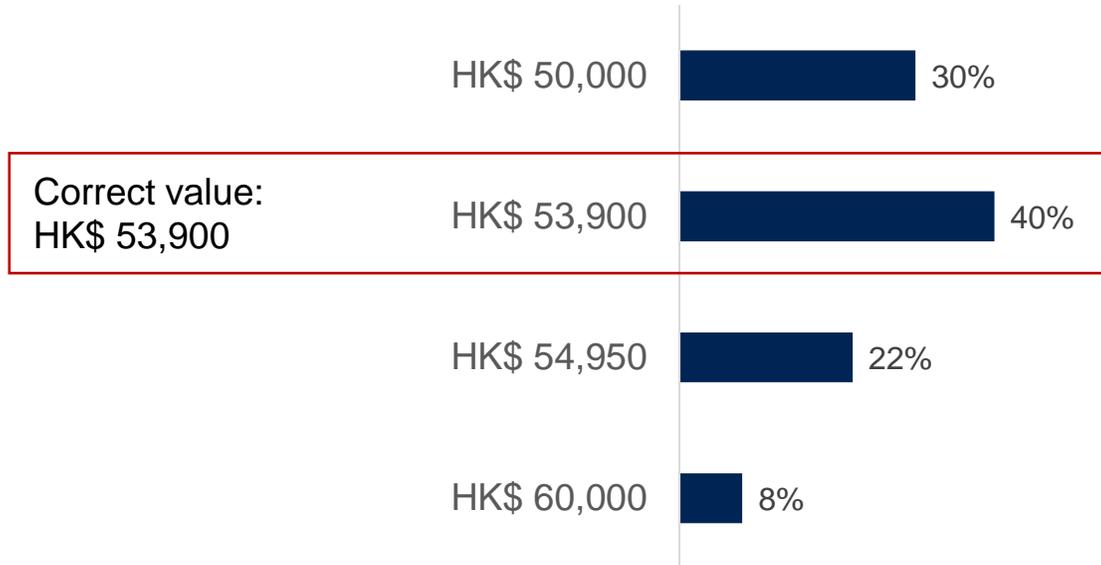
*If someone were to invest HK\$1000 today in each of the following, how much do you think the investments would be worth by in the year 2050? (Base: those who chose one investment that performed exclusively best (n=1010) and will perform exclusively best( n=958)*

# MOST HAVE DIFFICULTY UNDERSTANDING HOW SAVINGS WILL GROW WITH INTEREST

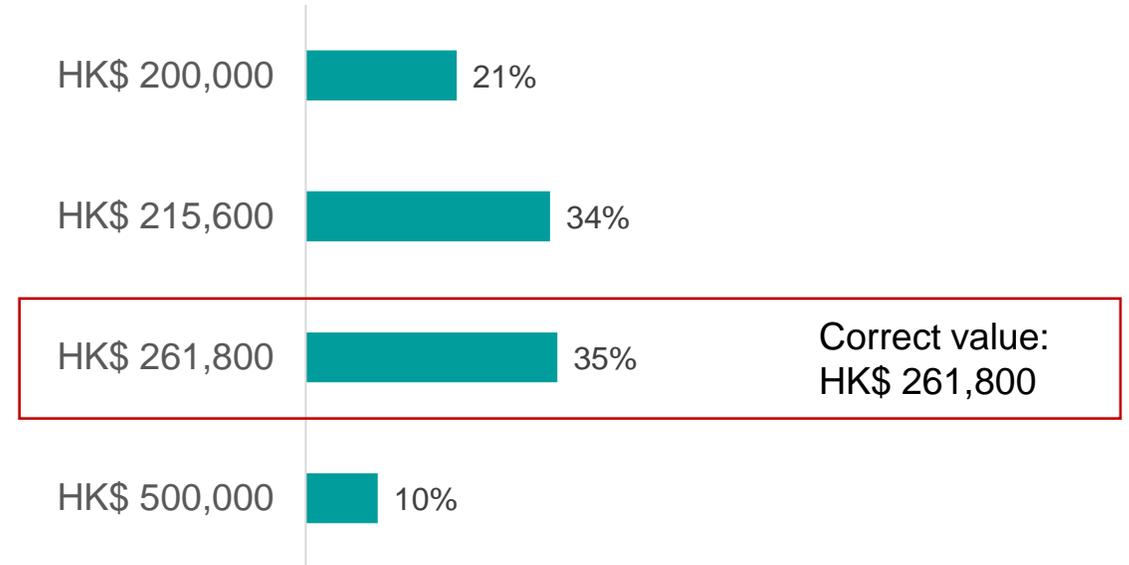
Given a choice of answers, 60% could not correctly estimate value of savings after interest after five years.

## How will HK\$ 10,000 saved each year grow in an account with 2.5% interest

### Estimate of Value after 5 YEARS



### Estimate of Value after 20 YEARS



Only 16% provided right answers to both time periods

*If a person were to save HK\$10,000 at the beginning of each year in an interest-bearing account paying 2.5% per year interest, how much do you think would be the total amount of savings after FIVE years/after TWENTY years?*

*(Select from values shown)  
Base: All respondents n=1409*

# POPULATION AND SOCIETY

# 3

# RESIDENTS ARE (MORE THAN) AWARE THAT THE POPULATION IS GETTING OLDER

Most are conscious that the population of those over 65 will grow in Hong Kong to the year 2050, although a sizeable proportion are expecting it to decrease or stay the same.

## What percentage of the population do you think...?

● Estimated Proportion (%) ▲ Actual Proportion (%)

Difference Estimate minus Actual

have Net Worth of at least SGD 1.35 Million (USD1m)



owns their home



is over the age of 65 years



is under the age of 15 years



will be over the age of 65 years in 2050



will be under the age of 15 years in 2050



0% Percentage 100%

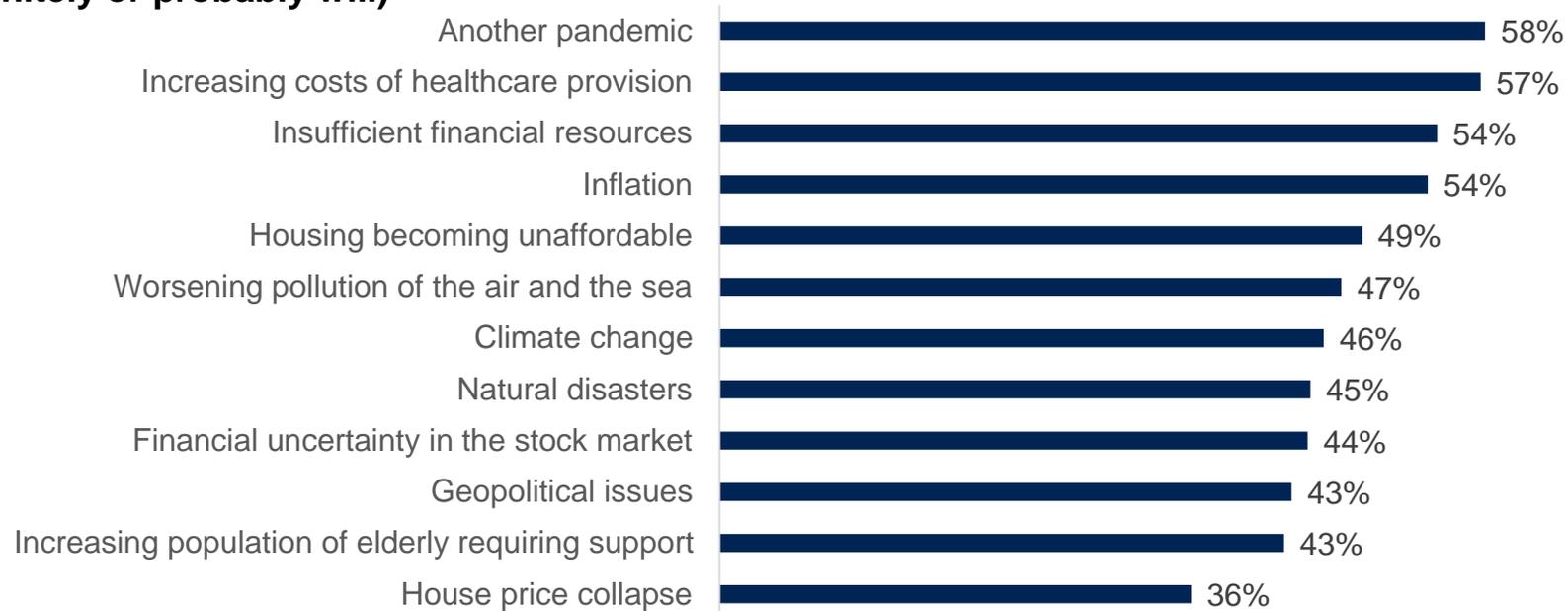
**29%** do NOT expect the population of those over 65 to increase to 2050

What percentage of the population in Hong Kong do you think...?  
 (Base: All respondents n=1409)  
 PLEASE SEE NOTES SECTION FOR SOURCES

# OVER HALF THINK THEY WILL BE AFFECTED BY INCREASED HEALTHCARE COSTS

57% think they will likely suffer from increasing healthcare provision. 54% think insufficient financial resources will be a problem for them.

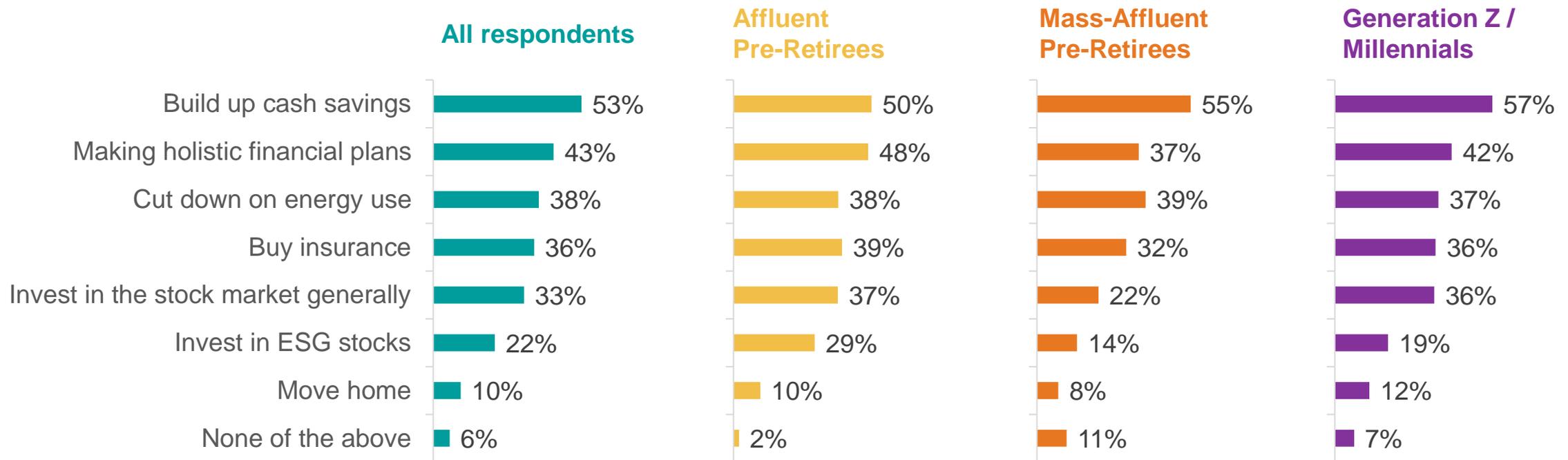
## What likely will these affect you within the next 30 years? (% selecting definitely or probably will)



# MOST WILL PROTECT THEMSELVES IN THE FUTURE BY BUILDING UP SAVINGS

43% want to make better financial plans and 36% would buy insurance.  
 Mass-Affluent Pre-retirees are the least likely to invest for the future

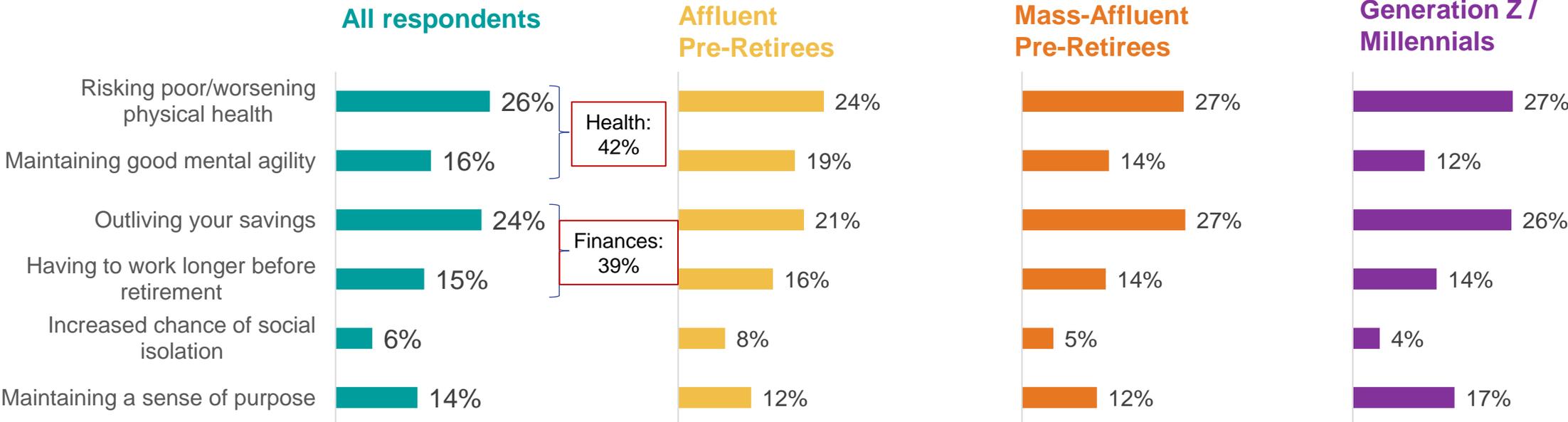
## How will you protect yourself from future risks?



# THEIR BIGGEST CONCERNS ABOUT LIVING LONGER IS WITH HEALTH AND SAVINGS

Hong Kong residents are more concerned about physical than with mental health in old age.

## What are the biggest challenges from living longer?



Which of the following do you think are the biggest challenges from living longer than average?  
 Base All respondents (n=1406);  
 Affluent Pre-retirees (n=604), Mass-Affluent Pre-retirees (n=400), Generation Z/Millennials (n=400)



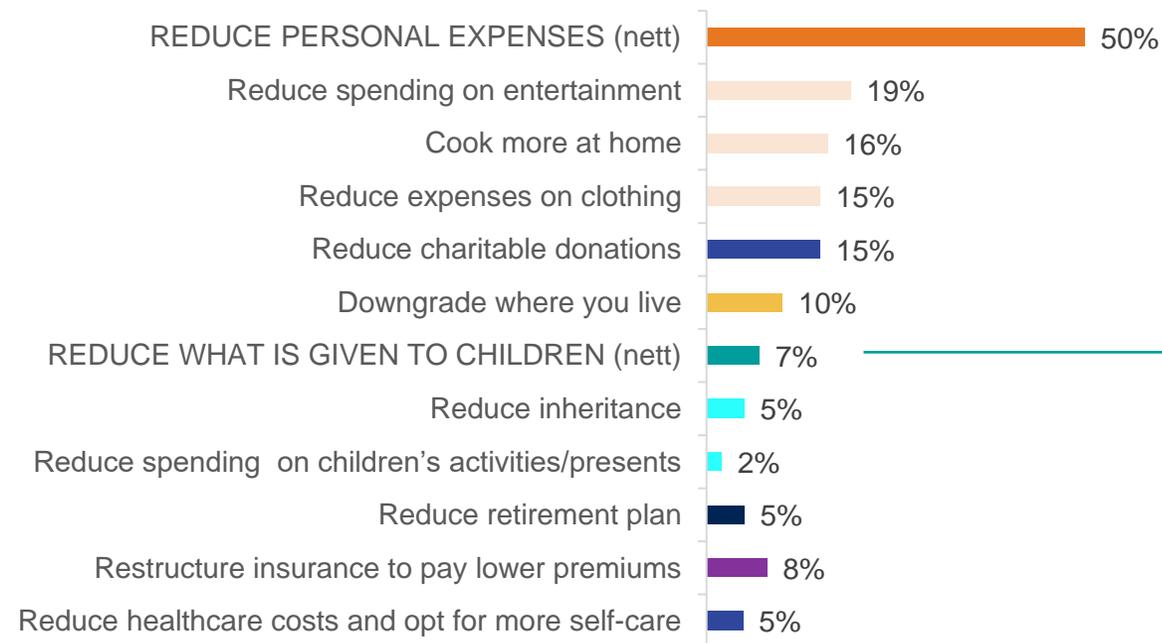
# IF THEY WERE TO RUN OUT OF SAVINGS, THEY'D CUT BACK ON EXPENSES FIRST

When they would run out of savings Hong Kong residents are most likely to cut back on expenses.

10% would consider downgrading their home.

Almost no one wants to cut back on healthcare costs.

## What would you do first if you ran out of savings?



Among parents:  
11% would reduce what they give to children before doing anything else (5% would reduce inheritance, 6% would reduce on children's activities and presents)

# HEALTH AND LONGEVITY

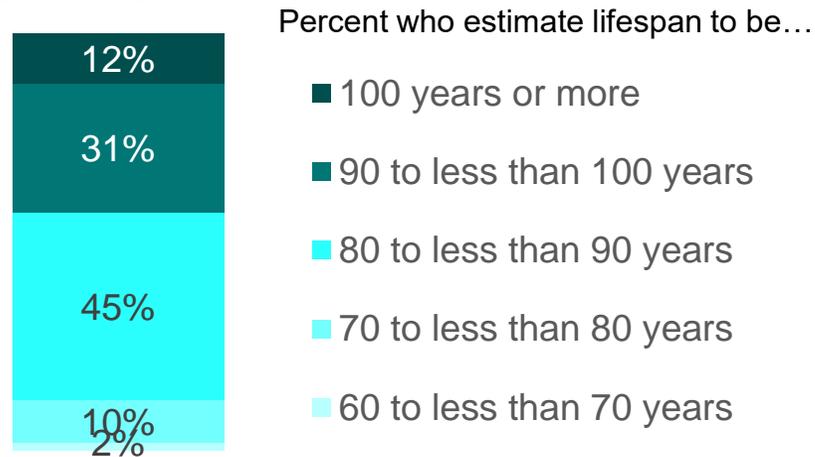
# 4

# HONG KONG RESIDENTS OVERESTIMATE HOW LONG PEOPLE WILL LIVE

One in eight think that average lifespans currently are over 100 years.

They think on average almost one in three children born today will live beyond 100 years.

## What is the average lifespan at birth in Hong Kong?

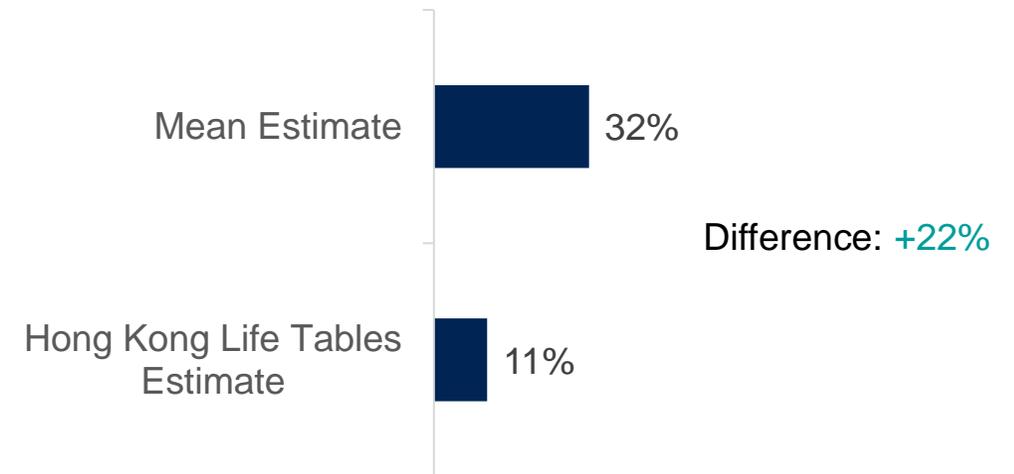


**Mean Estimate:** 88.4 years

**Actual Lifespan:** 85.2 years

**Difference:** +3.2 years

## What proportion of those born in Hong Kong today will live to 100?



*What do you think is the expected lifespan of a child born in Hong Kong today?*

*Out of 100 children born today in Hong Kong how many do you think will live beyond 100 years?*

*Base: All respondents (n=1409)*

*PLEASE SEE SLIDE NOTES FOR REFERENCES ON LONGEVITY PROJECTIONS*

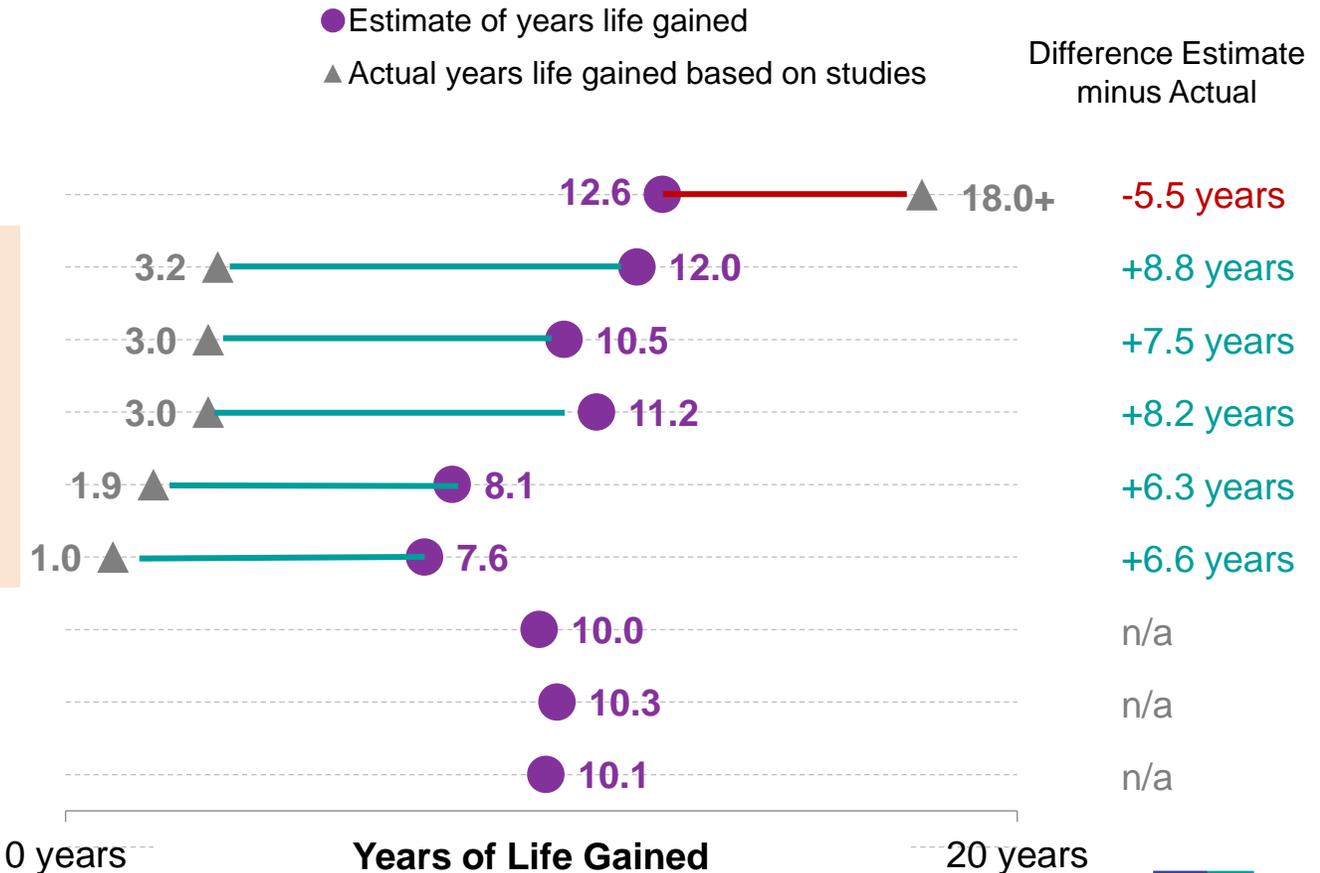
# THEY OVERESTIMATE THE BENEFITS OF HEALTHY LIVING

On average people in Hong Kong hugely over-estimate the benefits of diet and exercise. They underestimate the effects of not smoking.

## How many extra years will someone life if...

31% correctly assessed that out of these, **maintaining healthy weight** is the most beneficial

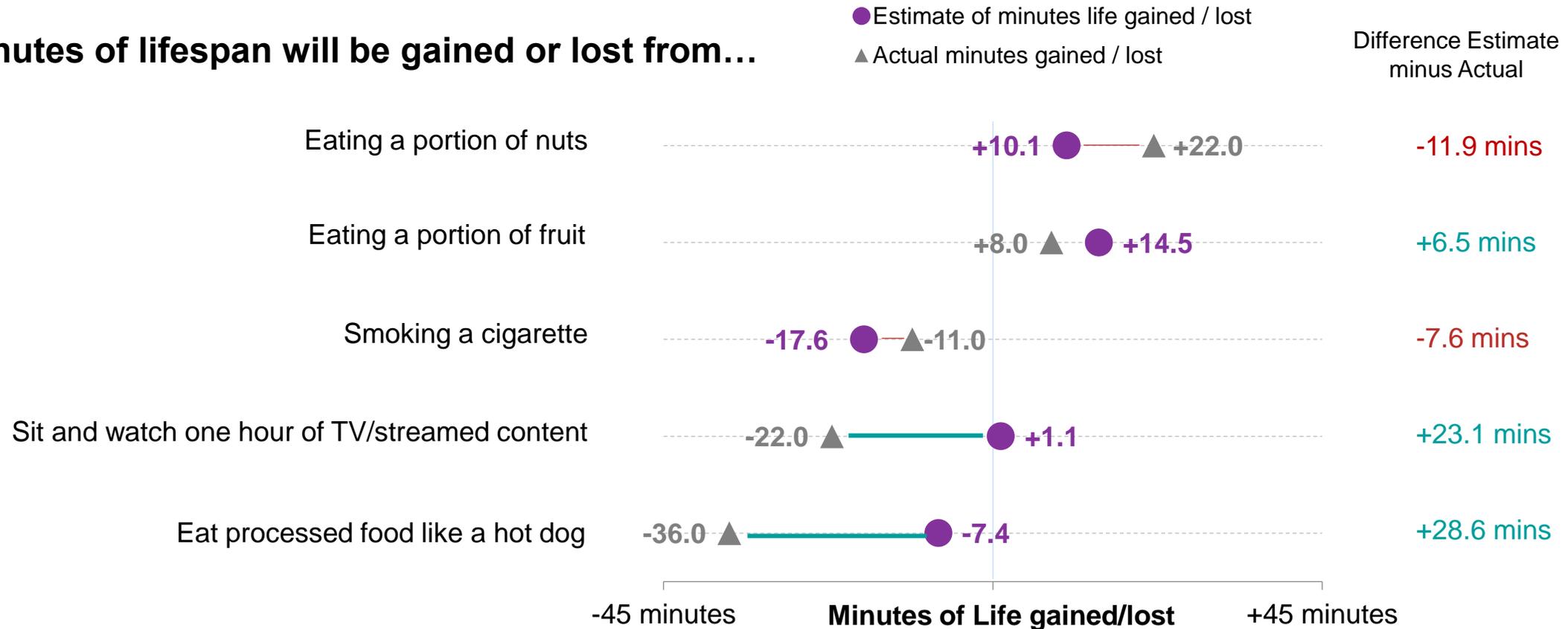
- Not smoking vs smoking
- Maintaining healthy weight vs being overweight
- Exercising 15mins/day vs not exercising at all
- Eating 5 fruit or veg per day vs not eating any at all
- Has a life partner vs has not
- Flosses each day vs does not floss at all
- Exercise vigorously 7 days per week vs no exercise
- Has a health screening each year vs does not
- Sleeps 7-8 hours each night vs sleeps 5-6 hours



# THEY UNDERESTIMATE THE HEALTH EFFECTS OF BEING SEDENTARY OR EATING PROCESSED FOODS

On average people thought that watching one hour of television increased lifespans by one minute, when in reality published papers suggests it reduces lifespans by on average 22 minutes.

## How many minutes of lifespan will be gained or lost from...



How many minutes do you think, on average, would increase or decrease someone's healthy lifespan if they do each of the following?

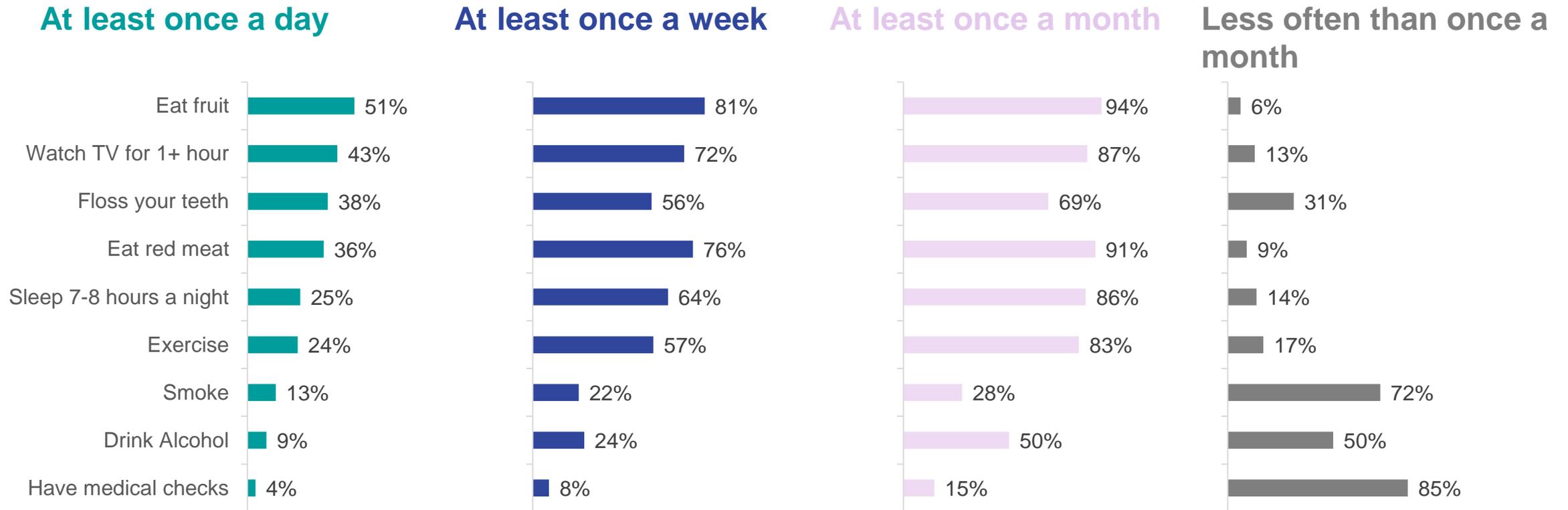
(Base: All respondents n=1409)

LONGEVITY SOURCES IN SLIDE NOTES

# MANY WATCH TOO MUCH TV

43% say they watch TV for at least one hour every day. 72% do so at least once a week. 38% say they floss their teeth daily. 60% have not had a medical check in the past 1 year.

## How often do you do the following?



60% do not have medical checks at least once a year

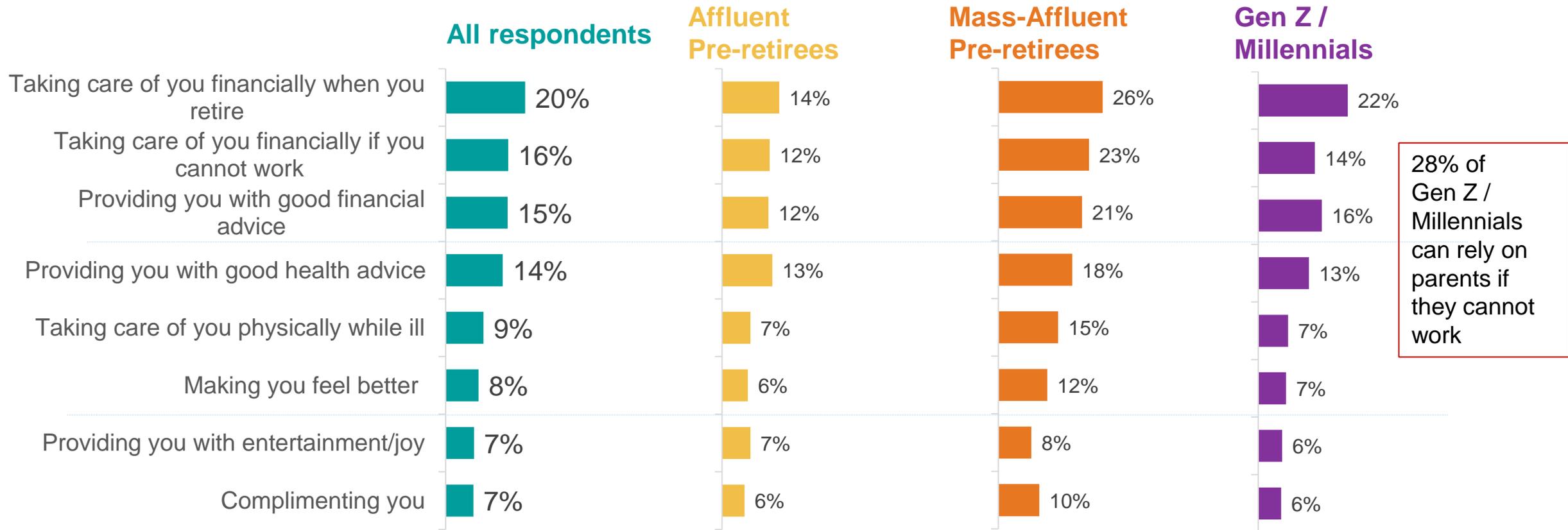
# RELATIONSHIPS

# 5

# ONE IN FIVE HAVE NO ONE TO RELY ON FOR THEIR RETIREMENT

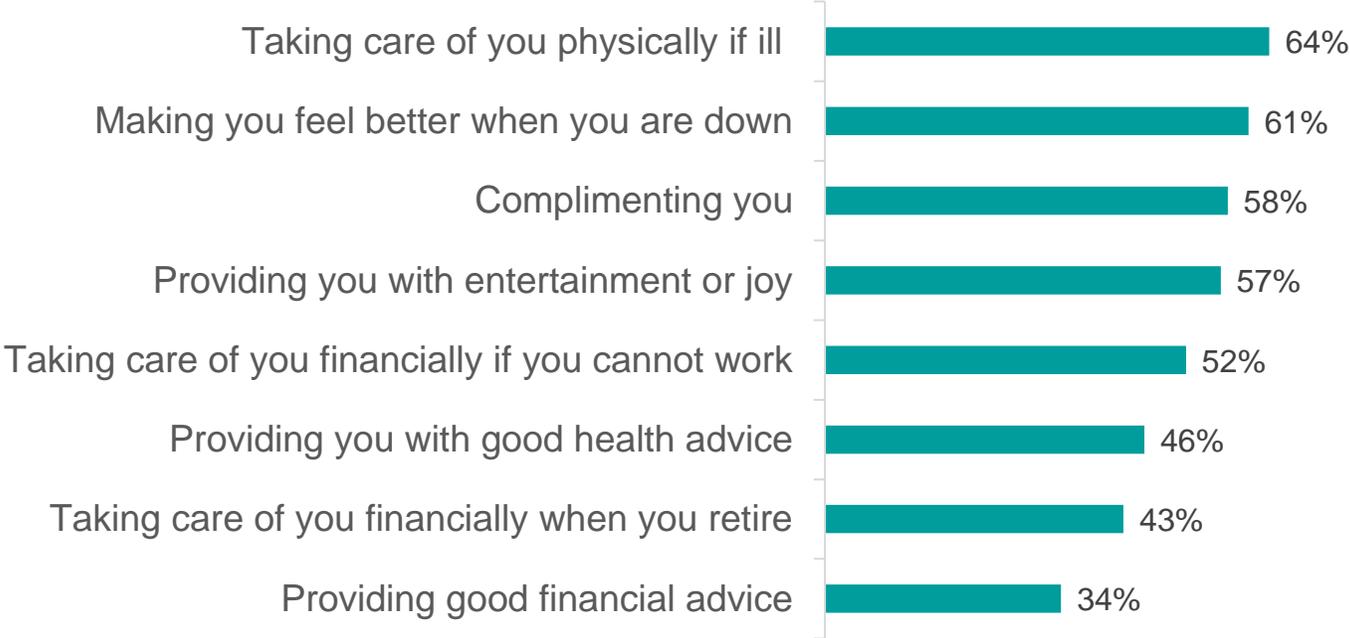
16% are also financially vulnerable if they cannot work.

## Proportions who have no one to rely on for...



# THOSE WITH PARTNERS FEEL THEY CAN RELY ON THEIR PARTNERS FOR WELLBEING, BUT NOT FOR ADVICE

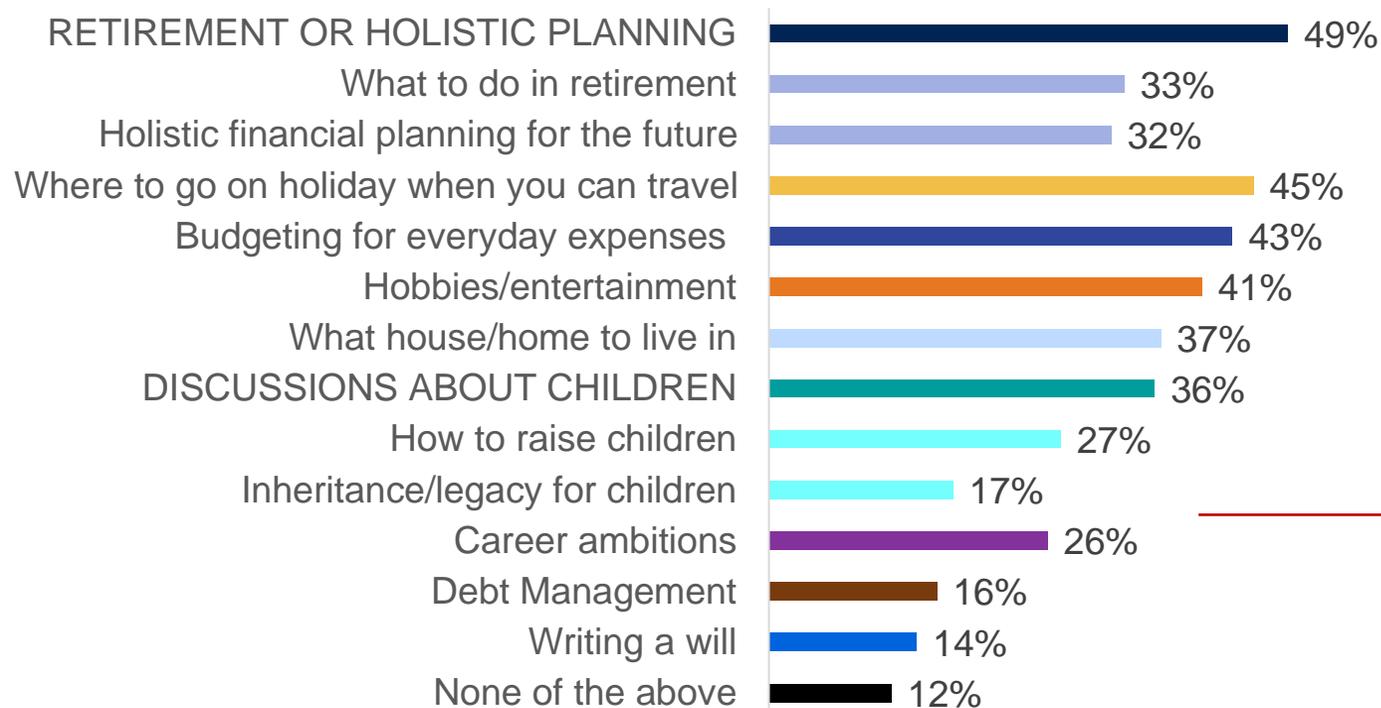
## For what can you rely on your spouse or partner



# ONLY 32% OF COUPLES HAVE DISCUSSED HOLISTIC FINANCIAL PLANS

They are more likely to discuss holidays once they can travel than to do holistic plans.<sup>7</sup>

## Have you had discussions with your spouse or partner on...



Among those with children:  
25% of couples have discussed children's inheritance and 16% have made a will

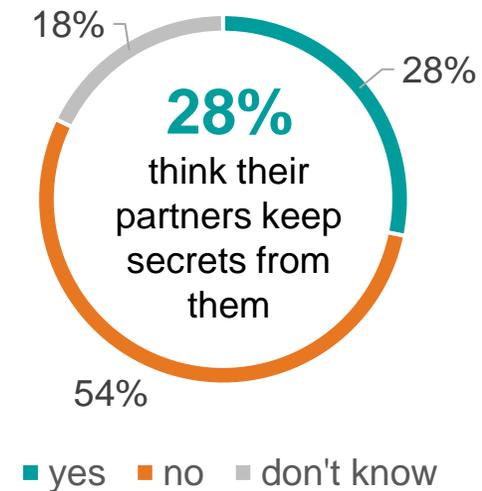
# MORE THAN ONE IN THREE KEEP FINANCIAL SECRETS FROM THEIR PARTNERS

More than one in four believe their partners keep secrets from them, with a further 18% being unsure.

## Whether keep financial secrets from partner



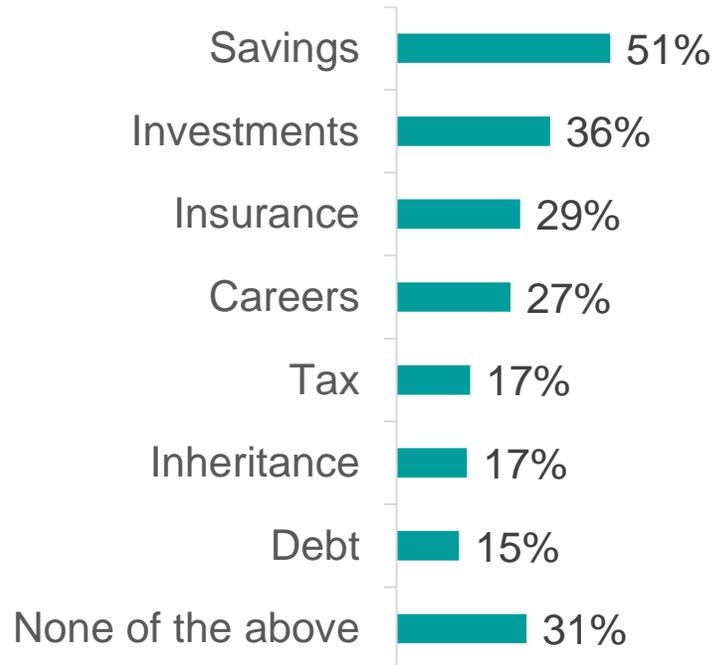
## Whether partner keeps financial secrets from you



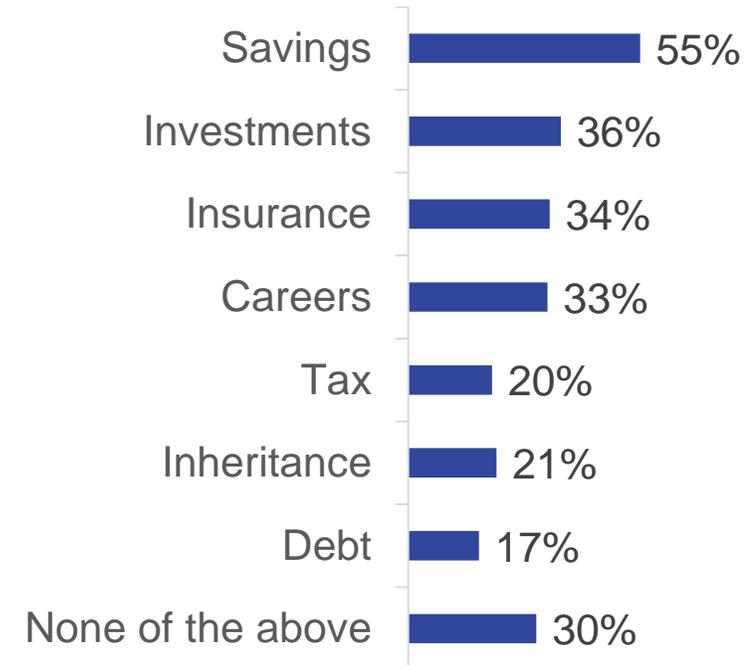
# MANY PARENTS ARE NOT SOCIALISING THEIR CHILDREN TO FINANCIAL MATTERS

Almost half have not ever discussed savings with their children.

## Whether parents have discussed the following with children

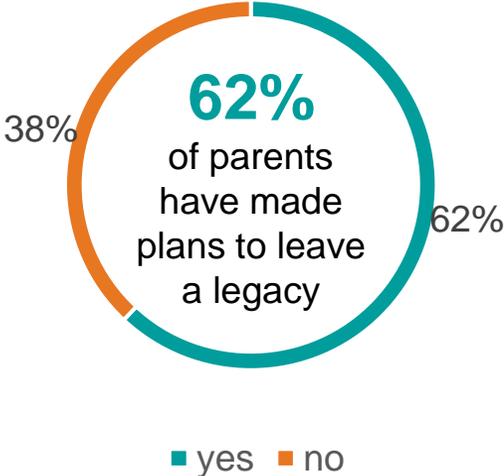


## Whether parents of children age 12-17 have discussed the following with children



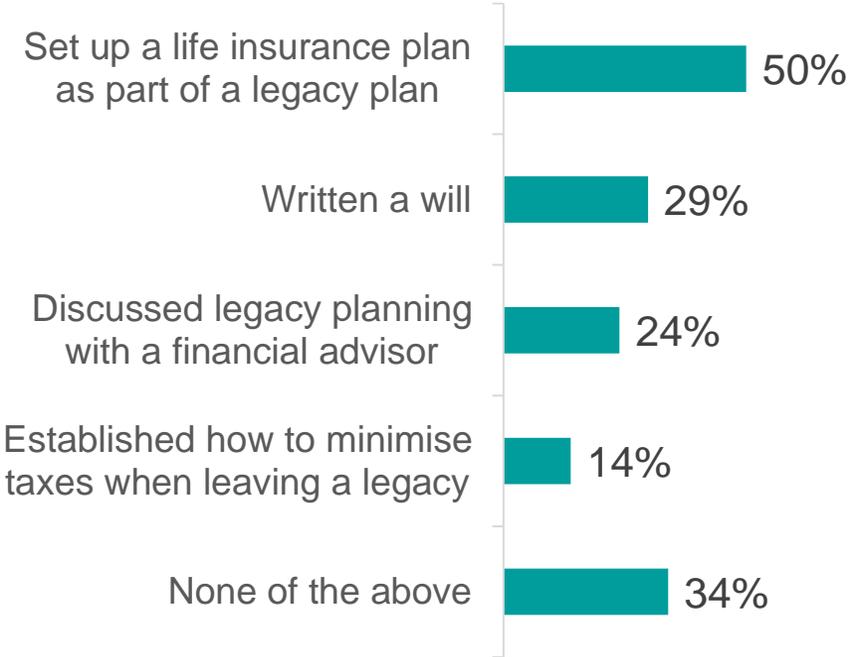
# 62% OF PARENTS PLAN A LEGACY, BUT LESS THAN ONE IN FOUR HAVE DISCUSSED PLANS WITH A FINANCIAL ADVISOR

## Whether planned leaving a legacy to children



Of those who have made plans, they plan to leave on average **65%** of their wealth to their children

## Actions taken as part of legacy plans?



Have you planned leaving a legacy for your child/children?  
 What percentage of your wealth do you plan to leave to your child/children?  
 Have you done any of the following as part of a legacy plan?  
 Base: Parents (n=1058)



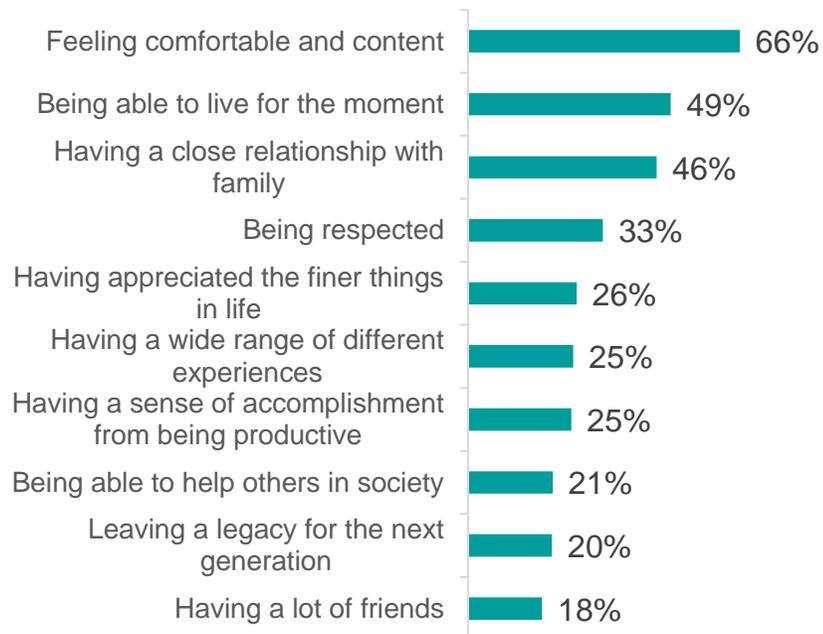
# GOALS

# 6

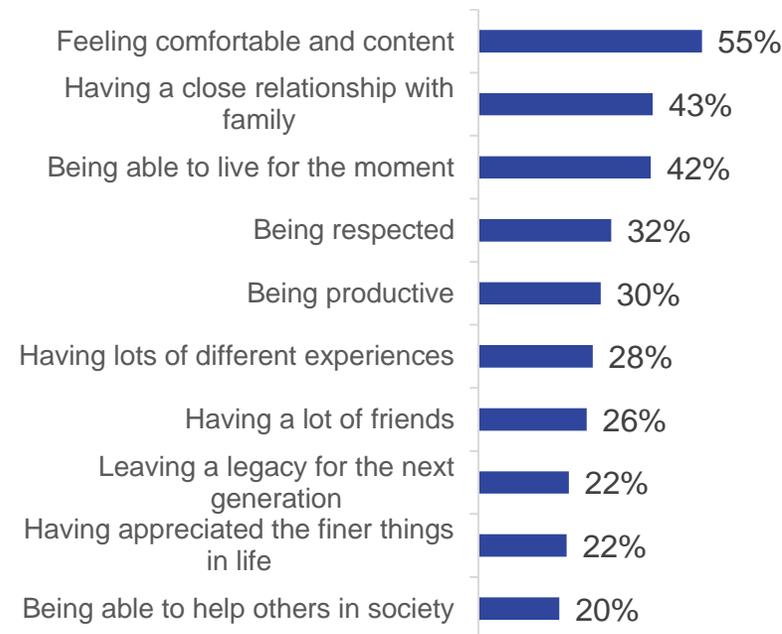
# FOR MOST, A LIFE WELL LIVED IS CONTENTMENT, BUT MANY WANT TO LIVE FOR THE MOMENT

Most change their views over time – highlighting how customers should be prepared for when their own ambitions change.

## Which of these do you consider a life well lived? (Pick top 4 out of 10)



## Which of these would you have considered a life well lived if you were asked in the year 2000? (Pick top 4 out of 10)



**78%** of over 35s changed their opinions since 2000.

*Which of the following would you most consider as defining a life well lived? Please select at most four.*

*(Base all respondents n=1409)*

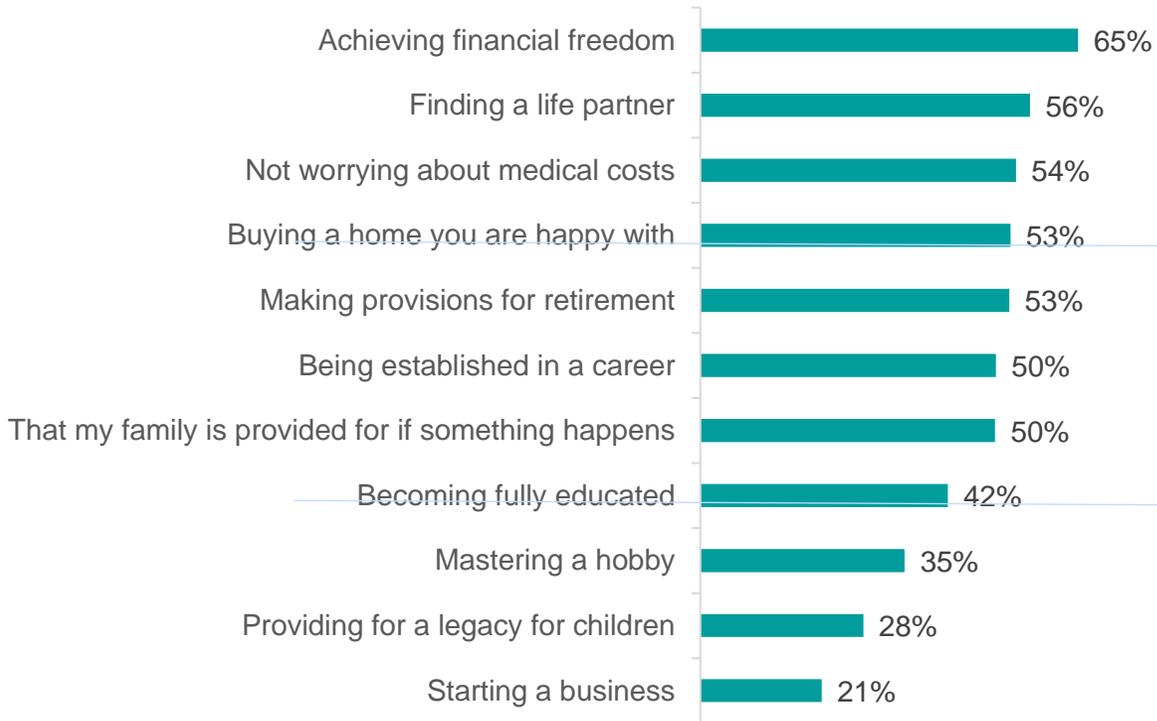
*If we had asked you the same question back in the Year 2000, which of the following would you have*

*chosen as defining a life well lived? (Base: those over 35 years n=1006)*

# RESIDENTS' BIGGEST GOALS ARE TO ACHIEVE FINANCIAL FREEDOM

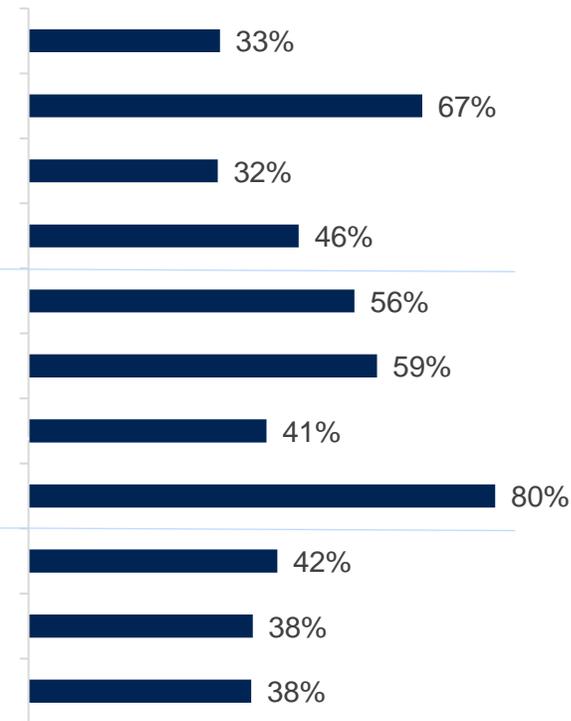
Only 41% of those who want to provide for their family if something happens to them feel they have achieved that goal.

## What are your life goals?



## Have you achieved your goals?

(among those who had each goal)



Among those married or with partners: 14% say that *finding a life-partner* is still an outstanding goal.

Among home owners: 23% say *buying a home they are happy with* is still an outstanding goal.

Among those with Masters or PhDs: 7% say that *becoming fully educated* is still an outstanding goal.

Which of the following do you feel you have completed?  
And which of these are goals in your life?  
Base: All respondents (n=1409)

**THANK  
YOU**

**GAME CHANGERS**

