Retirement Planning Toolkit

Many working adults hope to retire early and live a carefree life. Are they financially prepared to do so? Take this quiz to find out how ready you are for retirement!

Are you ready to retire?

1 Have you set yourself a retirement goal?

- A Yes
- B Just some initial ideas
- C Never thought of it

2 When do you think one should start preparing for retirement?

- A At the beginning of career
- B 5-10 years before retirement
- C When having some savings

3 Have you calculated how much retirement savings you will need?

- A Yes, I have done it in detail
- B Have estimated roughly
- C No, never

4 Do you know your net worth?

- A Yes
- B Just some rough ideas
- C Not sure

5 Do you have a good idea of your monthly income and expenses?

- A Yes
- B Just some rough ideas
- C Not sure

Point Calculation

In each question, you get 3 points for choosing option A, 2 points for option B and 1 point for option C. Please sum up your total score and see how ready you are.

Laid-back thinker

You may have some ideas about retirement planning, but are not familiar with your financial situation nor how to prepare for retirement. On the bright side, there is plenty of room for improvement! It's never too late. Act now!

5-8 points

Passive planner

You have a rough idea about your financial situation and retirement plans, but you are not quite prepared. Don't worry. You've got the potential to work towards a decent retirement.

9-13 points

Action taker

Congratulations! You are well-prepared, aware of your financial situation and have begun planning for your retirement. Keep up the good work and you will achieve your retirement goal!

14-15 points

The following are a few simple steps to get you started on your retirement planning with ease.

Six steps to retirement planning

Step 1

Calculate your net worth

Understanding your assets and liabilities can help you identify the gap between your net worth and retirement fund. Use Net Worth Calculator to get your personal financial situation sorted!

Step 2

Set a budget and savings plan

You need sufficient retirement fund to enjoy your retired life. By using the IFEC Money Tracker mobile app, you can set a budget, track expenses to avoid overspending and cut unnecessary expenses. You can also set saving goals and work out how long you will take to achieve them. Act now!

Download:

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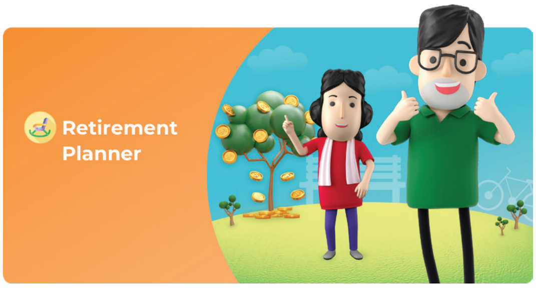


Step 3

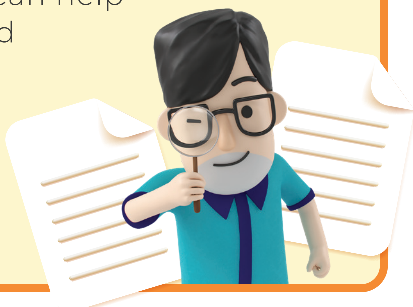
Calculate how much you need for retirement

Your lifestyle, medical and housing needs will affect your retirement spending. Inflation, life expectancy and legacy planning will also impact on retirement savings required. Use Retirement Planner to calculate the retirement fund you need and obtain an action plan to achieve your retirement goal.

Step 4

Understanding financial products

Retirees face numerous risks such as health risk, market risk and longevity risk. If you wish to use financial products to manage these risks, you have to understand their features. For example, the eligibility and tax benefits of Tax Deductible MPF Voluntary Contributions, protection offered by the Voluntary Health Insurance Scheme, and how Qualifying Deferred Annuity Policy operates. Having a better understanding of financial products can help you making informed decisions.



Step 5

Act upon your plan

When you have a better understanding of your financial situation and different financial products, it is time to work towards your retirement plan. When you invest, which includes your MPF portfolio, the first thing to do is to assess your level of risk tolerance and determine your investment objectives. You should also consider building a diversified investment portfolio through asset allocation.

Step 6

Review your plan regularly

Review your retirement plan on a yearly basis to ensure it is in line with your current retirement needs.

Retirement planning action checklist

	6 steps of retirement planning	Action
1	Calculate your net worth	☐ Stocktaking your assets and liabilities
2	Set a budget and savings plan	☐ Set a monthly budget
		☐ Track daily expenses
		☐ Cut back on unnecessary spending
		☐ Set a monthly savings goal
3	Calculate how much you need to retire	☐ Think about your lifestyle, medical and housing needs, and your legacy plan
		☐ Factor in inflation and life expectancy to your calculation
4	Understanding financial products	☐ Understand medical and annuity insurance products
		☐ Understand investment products
		☐ Understand retirement-related products, e.g.: • Creating lifelong retirement income • Tax deductions for qualifying deferred annuity premiums & tax deductible MPF voluntary contributions • Voluntary Health Insurance Scheme
5	Act upon your plan	☐ Determine your investment objectives based on your risk tolerance level
		☐ Select appropriate financial products to build a diversified portfolio, including MPF portfolio
		☐ Adopt investment strategies, e.g. risk diversification and dollar-cost averaging
6	Review your plan regularly	☐ Review your latest financial position
		☐ Review your investment and MPF portfolio to in-line with your risk tolerance level
		☐ Adjust your retirement plan if needed

Visit www.ifec.org.hk/retirement to learn more!

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