



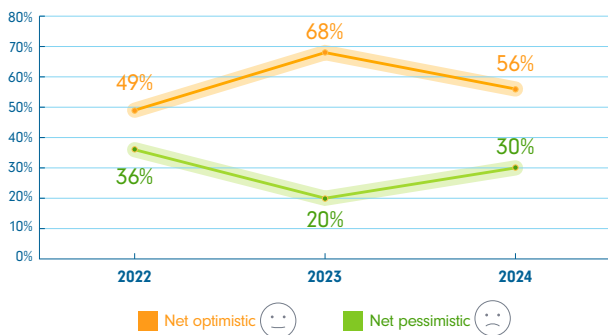
### Hong Kongers remain cautious amid global economic slowdown

In 2024, Hong Kong's economic growth has slowed to 2.5%, down from 3.2% in 2023<sup>1</sup>. Alongside uncertainties stemming from geopolitical risks and other factors, Fidelity's latest Global Sentiment Survey reveals that Hong Kong workers are less optimistic about the future than they were the previous year. With shifts in global policies and the investment landscape, coupled with the city's rising living costs, locals are adopting more cautious spending habits.

### Living within means to cope with rising living costs

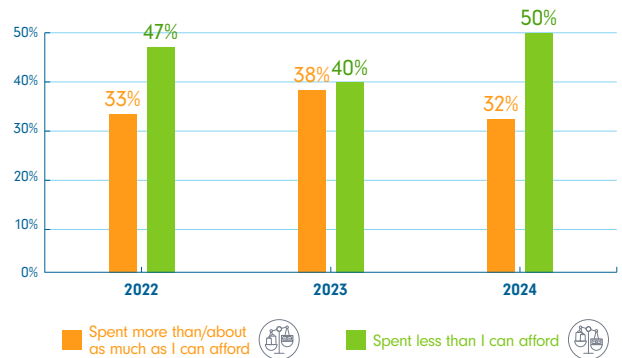
The survey aims to understand the working population's situation across four key areas of well-being, financial wellness, retirement and workplace benefits in 34 regions. The report highlights that while the overall well-being of Hong Kong respondents declined in 2024 compared to the previous year, the majority remain optimistic. Notably, 56% of the respondents are optimistic about the future in the next six months, improvement from the 49% recorded during the pandemic in 2022. The survey also shows that, as in last year, 'the state of economy' (72%) and 'the cost of living' (63%) remain the main causes of stress for Hong Kongers, followed by concerns about 'achieving long-term financial goals' and 'preparing for retirement' (both at 59%).

### Sentiment index



Indeed, the pressure from soaring living costs continues to intensify. In December 2024, electricity, gas and water prices within the Consumer Price Index rose by 11.4% year-on-year<sup>2</sup>. Amid climbing living expenses and an uncertain economy, Hong Kongers have also adjusted their spending habits. 50% of respondents reported that their spending over the past six months fell below affordable levels, reflecting a heightened sense of caution compared to the previous two years (40% in 2023 and 47% in 2022).

### Spending habits



### Younger workers want to save more

When it comes to savings, 62% Hong Kongers have either increased or maintained their savings levels over the past six months, a figure similar to last year (64%). This is primarily due to 'taking a higher-paying job' (41%) and 'reducing spend on extras' (38%). Meanwhile, younger workers aged 20-38 are more proactive in saving, with 35% reporting an increase in their savings over the past six months, which is higher compared to 31% of middle-aged workers and 30% of older workers<sup>3</sup>.

### Challenges on managing MPF

A growing number of Hong Kong respondents (41%) are worried about not saving enough for retirement, marking a 6-percentage point increase from the previous year. Notably, over 60% of respondents indicate that their MPF savings account for 30% or less of their total retirement reserves, implying that many rely on other savings or investment sources to fund their retirement.

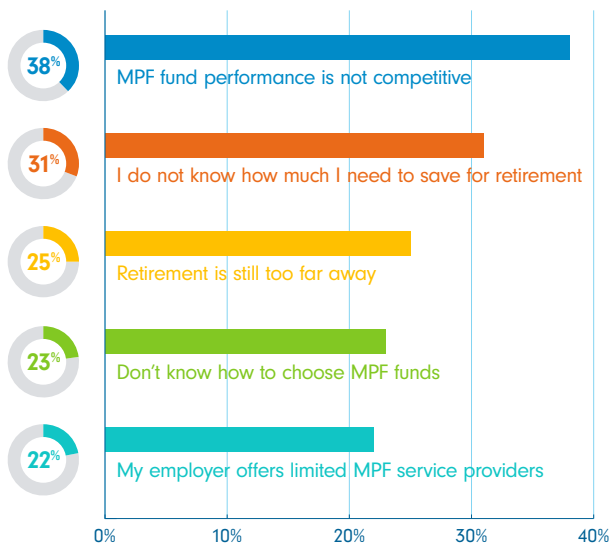
Contributed by





In terms of MPF management, Hong Kongers face several challenges, including the lack of competitiveness of MPF fund performance (38%), not knowing how much to set aside for retirement (31%), believing retirement is still far off (25%), and are uncertain as to how to choose the right MPF funds (23%). The findings highlight the need for enhanced investor education. Additionally, 22% of respondents noted that their employers offer limited MPF service providers for selection.

### Challenges on managing MPF



### Anxiety about later life and lack of investment confidence

Regarding confidence in achieving long-term financial goals, Hong Kongers feel the most assured about 'maintaining the current lifestyle/income' (44%), 'achieving a better work-life balance' (42%), and 'being financially prepared for an emergency' (40%). On the other hand, they feel less confident about 'being financially comfortable in retirement' (32%), 'preparing for later life' (31%), and 'making good investment decisions' (29%).

### A four-step guide for achieving a dream retirement

The primary cause for Hong Kongers' struggle with MPF management is a lack of understanding of investment products. For example, the overall investment performance of the MPF in 2024 delivered an average net return of 8.6%<sup>3</sup>, showcasing its competitiveness. By effectively managing their MPF, members can have the potential to secure more attractive returns in the long run.

The rule of thumb for tackling the fear of an insufficient pension is to plan ahead. Here are four essential steps to embark on your financial planning journey:

#### 1. Understand your financial wellness

Assess your financial wellness across four determinants: budgeting, debts, savings and protection.

#### 2. Develop saving plans and scale up reserves

Find out the annual savings goal and evaluate whether your current saving methods are adequate. Where necessary, consider exploring additional options, such as Tax Deductible Voluntary Contributions (TVC) offered by various MPF service providers. Members are encouraged to learn about the benefits of diversification and the compounding effect, and choose the right retirement saving tools that best align with your retirement goals.

#### 3. Track retirement savings

Regularly review your progress to make sure you are on track.

#### 4. Stay invested

By withdrawing MPF accrued benefits by instalments, retirees can extend their savings to support a longer retirement. Moreover, staying invested post-retirement can generate steady income and potential capital gains.

Start early to ensure you are best placed to enjoy a care-free retirement.

<sup>1</sup>Census and Statistics Department, February 2025. <sup>2</sup>Census and Statistics Department, January 2025. <sup>3</sup>Mandatory Provident Fund Schemes Authority, January 2025. \*Younger workers: aged 20-38; Middle-aged workers: aged 39-54; Older workers: aged 55+.



### About the Fidelity Global Sentiment Survey

The sample consisted of 37,000 respondents with the following qualifying conditions: aged 20-75, employed full-time or part-time and had a minimum household income of: Australia: AUD \$45,000 annually; Brazil: BRL \$1,501 monthly; Canada: CAD \$30,000 annually; China: CNY ¥5,000 monthly; Denmark: DKK Kr.100,000 annually; France: EUR €20,000 annually; Germany: EUR €20,000 annually; Hong Kong: HKD \$15,000 monthly; India: INR ₹55,001 annually; Republic of Ireland: EUR €20,000 annually; Italy: EUR €15,000 annually; Japan: JPY ¥1.5m annually; Mexico: MXN \$4,500 monthly; Netherlands: EUR €20,000 annually; Saudi Arabia: SAR ر.س.4,000 monthly; Singapore: SGD \$2,000 monthly; South Korea: KRW ₩1.0m monthly; Spain: EUR €15,000 annually; Sweden: SEK kr200,000 annually; Switzerland: CHF F20,000 annually; United Kingdom: GBP £10,000 annually; United Arab Emirates: AED ا.د. 5,000 monthly; United States: USD \$20,000 annually; New markets surveyed in 2024: Argentina: ARS \$3,000,001 annually; Chile: 3,000,001 CLP annually; Colombia: COP \$7,000,001 annually; Kuwait: KWD ك.د. 6,000 annually; Nigeria: NGN ₦1,000,000 NGN annually; Philippines: PHP ₱10,001 monthly; Poland: PLN zł20,000 PLN annually; South Africa: ZAR R20,000 annually; Thailand: 60,000 baht annually; Vietnam: VND ₫24,000,000 VND annually; Taiwan: TWD NT\$300,000 annually.

The data collection, research and analysis for the above markets was completed in partnership with Opinium, a strategic insight agency. Data collection took place between June and September 2024. Reporting and analysis took place between August and October 2024.

### About Fidelity International

Fidelity International offers investment solutions and services and retirement expertise to more than 2.8 million customers globally. As a privately-held, purpose-driven company with a 50-year heritage, we think generationally and invest for the long term. Operating in more than 25 locations and with \$893.2 billion in total assets, our clients range from central banks, sovereign wealth funds, large corporates, financial institutions, insurers and wealth managers, to private individuals.

Our Global Platform Solutions business provides individuals, advisers and employers with access to world-class investment choices, third-party solutions, administration services and pension guidance. Together with our Investment Solutions & Services business, we invest \$625.4 billion on behalf of our clients. By combining our asset management expertise with our solutions for workplace and personal investing, we work together to build better financial futures. Data as at 31 December 2024. Read more at [fidelityinternational.com](http://fidelityinternational.com).

### Important information

Investment involves risks. This material contains general information only. It is not an invitation to subscribe for shares in a fund nor is it to be construed as an offer to buy or sell any financial instruments. The information contained in this material is only accurate on the date such information is published on this material. Opinions or forecasts contained herein are subject to change without prior notice. Reference to specific securities mentioned within this material (if any) is for illustrative purpose only and should not be construed as a recommendation to the investor to buy or sell the same. Any person considering an investment should seek independent advice. FIL Limited and its subsidiaries are commonly referred to as Fidelity or Fidelity International. Fidelity, Fidelity International, and the Fidelity International logo and F symbol are trademarks of FIL Limited. This material is issued by FIL Investment Management (Hong Kong) Limited and has not been reviewed by the Securities and Futures Commission.

### About Pension Schemes Association

Pension Schemes Association (the "PSA") was established in February 2018. As the most prominent MPF sponsor association in the industry, the PSA assumes the bridging role among stakeholders as to ensure our MPF system can fulfil public and industry interests, and acts as a consultative body in liaising with relevant policy makers and regulatory bodies on matters related to the development of the MPF system in Hong Kong.

### Mission & Vision

**Representing the MPF Community** - To act as the representative body for all MPF Scheme Sponsors and industry stakeholders in Hong Kong.

**Providing thought leadership** - To act as a consultative body in liaising with relevant policy makers and regulatory bodies on matters related to the development of the MPF system in Hong Kong.

**Enhancing Trust in the system** - To enhance the trust and confidence in the MPF industry by partnering with industry stakeholders to cultivate public awareness of MPF.

### Disclaimer (for PSA):

This document is intended to be for information purposes only and is not intended as promotional material in any respect. It does not constitute any solicitation and offering of investment products. The views and opinions contained herein are those author(s), and do not represent views of Pension Schemes Association (the "PSA"). The material is not intended to provide, and should not be relied on for, investment advice or recommendation. Information contained herein is believed to be reliable, but the PSA makes no guarantee, representation or warranty and accepts no responsibility for the accuracy and/or completeness of the information and/or opinions contained in this document, including any third-party information obtained from sources it believes to be reliable but which has not been independently verified. In no event will the PSA be liable for any damages, losses or liabilities including without limitation, director in direct, special, incidental, consequential damages, losses or liabilities, in connection with your use of this document or your reliance on or use or inability to use the information contained in this document. This document has not been reviewed by the Securities and Futures Commission. Any link to other third-party websites does not constitute an endorsement by the PSA of such websites or the information, product, advertising or other materials available on those websites and the PSA accepts no responsibility for the accuracy or availability of any information provided by linked websites.

Contributed by

