

**The “Principal Hong Kong Retirement Health Index” findings show
A Happy & Healthy Retirement Life driven more by Financial Literacy - not just wealth**

Hong Kong, 30 November 2021

The “Principal Hong Kong Retirement Health Index 2021” survey¹ (Principal HK RHI) reveals Hongkongers’ retirement readiness is strongly correlated with the level of financial literacy but not simply wealth. According to Principal HK RHI¹, financial literacy may determine how a person plan finance directly, and subsequently impacts health, social aspects, and activities in a certain extent, which are the key areas a healthy and happy retirement life composed of.

Financial Standing & Attitudes, Health, Social, and Activities, are the key building blocks of the Principal HK RHI. The overall score of RHI is 56². Respondents with **higher financial literacy are RHI 9 points higher** than those with lower financial literacy on average. Interestingly, people have confidence in financial knowledge are not just clinging onto finances but are more aspired to a more well-balanced life across the other three key areas.

65% indicated to have no or only slight knowledge in terms of financial literacy – and even among the highest income group (HKD100K+ per month). When asked about expected return, these **financially less informed respondents have a less realistic view, 10% annual return compared with 7% among those who are more financially literate**. As a financial hub of Asia, access to financial product offerings is considered as abundant in Hong Kong, however, when we want to turn our wealth into retirement readiness in a wholistic way, financial education adequacy and accessibility is another area of focus.

More surprisingly, **72% have no clear idea about how to use MPF savings at retirement**. And 51% claim both non-MPF and MPF savings would be the means to support their living after retirement. Their inactive attitude and behavior reflecting the reality of retirement unpreparedness, is a contrary to their perception - 49% think they are prepared or totally prepared with their finances for retirement.

Mr. Derek Ching, CEO of Principal Investment & Retirement Services Limited, said “This survey clearly indicates that there’s a wide gap between our perception and reality, lack of financial literacy maybe the cause. Investor education has been always our key focus to invest in, for financial wellbeing of our customers that can sustain in the long run.”

Financially satisfied is not only applicable to pre-retirement wealth accumulation, continued investing through decumulation after retirement is just as important. Derek added that “There are some products and solutions with monthly pay out features that may offer passive income streams, and this would help safeguard people’s lifestyle and help them retain flexibility to reallocate money when they need.”

With the RHI, we target to keep track of Hong Kong’s retirement situation regularly - offering insights for customers to help them feel more secure by realizing the fuller picture, managing financial well-being better through both pre and post retirement journeys.

¹The “Principal Hong Kong Retirement Health Index 2021” survey was conducted by **Intuit Research Consultants Limited**. 1000 Hong Kong consumers between 35 - 60 years old and are aware of their entire household’s financial situation, were interviewed via Quantitative Online surveys (1 Sept – 8 Sept 2021), using access panels.

²Hong Kong scores 56 out of 100 on the RHI while the average score for each of the categories is 63 for Financial Standing & Attitudes, 53 for Health, 49 for Social, and 53 for Activities.



From Left to Right:
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Mr. Derek Ching, Chief Executive Officer, Principal Investment & Retirement Services Ltd.
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About Principal

In Hong Kong, we are a provider of investment and retirement solutions. Our member companies, including Principal Trust Company (Asia) Limited, Principal Investment & Retirement Services Limited and Principal Asset Management Company (Asia) Limited, combine our capabilities in global investment management, retirement leadership and asset allocation expertise to provide retirement and asset management services as well as award-winning mutual funds and investment products to businesses, individuals and institutional investors. All the above companies are member companies of the Principal Financial Group.

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