

Members should continue investing after retirement



Retirement is a new life stage, during which you can devote more time to personal interests and hobbies. From an investment strategy perspective, the fact that employment-related income ceases may mean that you need to re-evaluate your future strategy as it may differ from that prior to retirement. In this article, we discuss our thoughts on investing your MPF savings after retirement.

Retirement is the most common reason for withdrawal

According to the MPFA, retirement and early retirement are the most common reasons for the withdrawal of MPF benefits. In the 2nd quarter of 2021, there were 26,300 and 6,600 applications respectively, accounting for 55% of the total number of withdrawal claims. The amount of asset withdrawn at retirement and early retirement was HK\$417 million, which is about 50% of the total MPF benefits withdrawn. After members become "eligible" to receive their MPF benefits, how should they make best use of their savings post retirement?

Inflation lowers the purchasing power of cash

For most people, income reduces significantly after retirement. Some members resist investing their retirement and other savings because they are afraid of losing their money, and instead deposit their savings in the bank to earn interest, or even reuse cans or bottles for cash storage. However, these are not effective ways to manage your savings after retirement as the purchasing power of your cash will be eroded by "inflation".

Inflation refers to the increase in the price of goods and services over time. Assuming inflation is currently around 3%, this means that an item that was originally priced at HK\$100 will increase to HK\$103 one year later. In other words, the purchasing power of money has "depreciated" by 3%. If you recall how much a can of soda was in childhood, you will now note that the price today has increased by several times since

then. This reflects the long-term impact of inflation on the purchasing power of goods.

Don't be afraid of losses and resist investment

If members do not invest and allow their savings to be eroded over time by inflation, members will face difficulty in future in supporting their retirement expectations. Nowadays, the average life expectancy of men in Hong Kong is 83 years old and that of women is 88 years old. Regardless of whether you retire at 60 or 65, there is still a long way to go after retirement. This period is long enough to withstand a certain degree of short-term investment fluctuation. However, the cumulative impact of inflation over this period is likely to be very significant.

In view of this, a member's investment portfolio should include investments which counter the effects of inflation. This might typically include a mix of long-term investments with a heavier weighting to bonds, supplemented by global and Hong Kong equities. This type of investment portfolio is a better choice for anti-inflation and has low volatility. Also, by keeping your MPF balance invested in the MPF account, the effects of compound interest will help to grow your retirement savings over time.

Members can withdraw their MPF balance in instalments

To encourage members to keep their MPF savings invested in the MPF system, the MPFA has allowed members to withdraw their MPF savings in instalments since 2016. Therefore, members now have a choice either to withdraw their MPF balance in a lump sum or over time in instalments. According to the MPFA, about 95% of members take their MPF savings as a lump sum, and only 5% take instalments. As such, only a small number of members continue to invest through the MPF after retirement, and so some of the remainder may miss the opportunity to grow their retirement funds.

MPF performs better than similar investment plans in the market

Members who withdraw their MPF savings in a lump sum should be aware of the importance of investing after retirement. Some members may prefer other investment channels, but the important point is to continue to make your savings work to counter the effects of inflation. The past returns of the MPF are satisfactory, and the fees are lower than some other investments schemes available in the market. On top of that, the government has strict supervisory requirements for the MPF, and so the MPF is often more diversified and less risky compared to other

investments. Further, some MPF providers have already launched, or soon will, retirement income funds specially designed for retirees.

All in all, a certain amount of cash should be retained for ongoing and emergency use after retirement, but a proportion of the remaining savings should be invested to preserve their purchasing power.

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成員退休後應保持的投資心態



退休，代表人生進入另一階段，有更多時間投放於自己的興趣。然而，由於失去了恆常收入，投資部署及心態應忽較在職時有所變化。今次，讓我們一起探討，於退休後應該如何運用強積金權益。

退休是提取權益的主要原因

根據積金局 2021 年第二季的報告，退休及提早退休是提取強積金權益的主要原因，於第二季的分別有 26,300 及 6,600 宗申請，佔總申索宗數的 55%。當中涉及權益金額共 4.17 億港元，佔總金額約五成。當成員「合資格」取回強積金權益後，他們應如何運用權益呢？

通脹令現金購買力貶值

退休後，大家的收入驟降甚至消失，有些成員會因懼怕虧損而抗拒投資，繼而選擇將資產存放在銀行收取利息，甚或將現金收藏在罐或瓶之中。不過，這些並非合適的退休後理財方式，姑且不論鈔票因收藏不當而發霉的可能性，最蠶食現金購買力而又避無可避的是通脹。

成員對通脹一詞應該並不陌生，通脹指整體物價水平持續上漲。以一年期通脹 3% 作例子，這代表原先售價為 100 港元的物品，一年後的售價將提升至 103 港元，也代表成員手上的現金購買力「貶值」了 3%。回想童年時一罐汽水的價錢，再對比現時已上升數倍的價錢，可見通脹長遠而言對成員購買力的影響。

不要懼怕虧損而抗拒投資

如果成員不進行投資，任由現金儲蓄逐漸被通脹蠶食，就難以支撐理想中的退休生活。現時，香港男性的平均壽命為 83 歲，女性為 88 歲。不論是 60 歲或 65 歲退休，退休後仍然有一段漫漫長路，時間足以承受一定程度的短期投資波動，但通脹累積的影響便會非常顯著。

有見及此，成員的投資組合最低限度也要進行抗通脹的投資部署。混合資產投資組合是比較合適的資產配置，可考慮長遠以債券為主，輔以環球性及香港的股票組合。這類型的投資組合通常是抗通脹的合適選擇，波動性也較低。將權益保留在強積金賬戶繼續投資，更可發揮複息效應，令資產持續增值。

成員可分期提取強積金權益

2016 年起，積金局為了方便及鼓勵成員將權益保留於強積金制度內繼續投資，與業界推出分期提取強積金的方式：成員除了可以一筆過提取權益外，也可以選擇透過分期方式提取。根據積金局的數據，無論是退休或提早退休，約 95% 的權益被一筆過提取，只有 5% 會透過分期方式提取強積金。由此可見，只有少數成員退休後仍有透過強積金投資，意味成員可能錯過可令退休金增值的機會。

強積金較市面同類型投資計劃優勝

一筆過提取強積金權益的成員，也應該要明白退休後有進行投資的必要。也許部份成員寧願於提取權益後自行尋找其他投資渠道。然而從實際效益角度出發，強積金的過往回報其實不差，收費也比市面不少同類型投資計劃便宜，加上政府對強積金有更嚴密的監管，相對其他投資產品相比，強積金可能更多元化及風險更小。而且強積金信託人陸續推出專為退休人士而設的退休收益基金，實為不錯的投資工具。

總而言之，退休後預留一定水平的現金作應急之用後，其餘資產應該進行投資，以保持資產的購買力。