

2014

## Trend - Retirement planning for quality retirement life

Pak Hang TANG

*Lingnan University, Hong Kong*

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### Recommended Citation

Tang, P. H. (2014). Trend: Retirement planning for quality retirement life. Asia Pacific Institute of Ageing Studies Newsletter, 5, 9-10. Retrieved from [http://commons.ln.edu.hk/apias\\_nlj/vol5/iss1/17/](http://commons.ln.edu.hk/apias_nlj/vol5/iss1/17/)

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# Retirement Planning for Quality Retirement Life

Eric Tang

The Wong couple is in their 50s now and has a son in secondary school. Earning around HK\$30,000 per month, they don't find it too difficult to afford their \$10,000 monthly rent and other living expenditures. However, they can't help but give a frown upon their future: After their retirement in 10 years, their living expenses will solely depend on their son whose income is yet unpredictable, yet their personal saving and Mandatory Provident Fund (MPF) may not last for long.

Many Hong Kong citizens are facing similar situations. With the extending longevity, many have more than 20 years of retired life. The concept of "bringing up children to provide against old age" may not work well in the current social context even if the children still adhere to the Filial Piety tradition: The average starting salary of most university graduates is around \$10,000, which can hardly manage to support the parents while first covering one's personal expenses. To make matter worse, the expenses of the children will dramatically increase after they started their own family.

## Save Early - Store up grain against famine

With the persisting inflation, affording life after retirement seems disquieting. The importance of planning for retirement is often emphasised in advertisements of retirement and life insurance scheme. While saving for retirement has become a necessity, the questions remain will be "how to save?", "how much to save?", etc. These questions are best to be answered by financial experts. However, "save early" is what they will suggest for sure. Studies found that with every decade earlier that you start to save, you can save \$4,000 less a month, and hence relieving the stress in saving.

## Stay Active - Maintaining healthy body and mind

According to the "Active Ageing" concept promoted by the World Health Organization, besides financial stability, health and social participation are also crucial factors for an ideal later life. Same as money, both of the factors are best to be prepared and nurtured early. Taking health as an example, cultivating healthy lifestyle from young age, such as regular exercise, optimal diet and rest, etc., can help reduce the prevalence of common elderly diseases, and can thus improve the quality of life and while reducing medical expenses. Therefore, one should foster a healthy lifestyle and good health management as soon as possible.

Apart from physical health, mental wellbeing also plays a great role in retired life. The end of career may make one feels empty and doubts his or her self-worthiness, which may put one in psychological distress. Hence, gerontologists suggested adopting "Continuity Theory"





which states that elderly would prefer continuing the life pattern and habits as before. For the busy Hongkongers, retirement change the pace of life drastically and make it hard to adapt. The WHO suggests that participating in more social activities can help retirees to keep on to their usual living arrangement and adapt the retirement life.

## Adjust mindset - Enjoy your splendid retired life

Prepare your retirement early can lead to your golden later life. Do you want to have a good relationship with your family after your retirement? Then you have to start caring and communicating more with your children to nourish a good family bonding, for which they will be more likely to support you when you get old. Do you want to be accompanied by good friends? Then you need to meet more people in your youth to find your lifelong companions. Do you want to spend your leisure time on your hobbies? Then you have to find your own interests early. Or do you want to go traveling? Then you need to save early as well! The most important thing is that you must plan ahead your post-retirement activities that whether you want to have fun, to be with your family, to learn, or to continue working.

Sports, hobbies, learning and volunteering can help add colours to your retirement life. They can help you stay healthy, broaden your social network, and you may as well have the opportunity to contribute to the society. The new generation of elderly in Hong Kong stays strong even in their 70s, therefore they have the option to continue working too. Apart from providing income to improve the quality of life, working can also provide older persons with a sense of self-achievement which can improve their mental wellbeing.

## Income and Retirement Planning

Thorough understanding and planning can help one adapt to retired life. You may ask, “How can I prepare for my own retirement when I can barely make the living?” This is not only grass-root pre-retirees’ concern, but also ours. Therefore starting from June of 2014, commissioned by the Central Policy Unit, a research project investigating the relationship between income and retirement planning is being conducted by the Asia-Pacific Institute of Ageing to find out the most feasible and beneficial way for people from different income cohorts to prepare for their retirement. We look forward to presenting you the results soon.

