Retirement Planning

Who doesn't want to enjoy crazy rich retirement?

Want to revel in the delightful beachside of Maui, enjoying a round of golf in Marbella, or bask in the beauty of Malta? It is not a wonder that retirement is something that all of us are waiting to come. Retirement is when we can enjoy our freedom in greeting and carrying out opportunities and hobbies that we were not able to do before.

However, we need to prepare our retirement thoroughly before we can enjoy crazy rich retirement.

Let us take a look at HSBC's 2018 global research "The Future of Retirement - Bridging the Gap", which looks at global, and Indonesia, retirement trends and issues that occur with higher life expectancy.

How to manage your wealth?

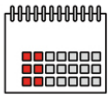
For more information on how we can help you manage and grow wealth with a wide range of market-leading investment and insurance solutions, according to your risk profile.

Working-Age Indonesians are not preparing for their retirement yet

Expectation

2 out of 3
of working age people are predicting a comfortable retirement

Reality



Only **1 out of 3**
of working age people are paying into a retirement account each month

Concerns about affording cost in retirement are common (9 out of 10) for Indonesians

9 out of 10
worry about having enough money to live comfortably

8 out of 10
worry about the rising cost of healthcare

8 out of 10
are concerned about running out of money while in retirement

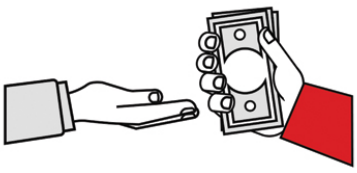
6 out of 10
worry about being reliant on family or friends for financial support

Expectation to rely on financial help from children during retirement

Many Indonesians anticipate support from family network during retirement. However, evidence suggest that this expectation is not met in reality.

3 out of 4
Of working age people expect financial support from their children in retirement

But, **1 out of 4**
Of current retirees receive financial support from their children



Therefore, a lot of people have a plan in mind to increase income during retirement to maintain own standard of living

9 out of 10
Would take some kind of action to recover their standard of living

Preparation is key

With a well-thought retirement planning, crazy rich retirement will no longer just a dream.

Visit nearest branches or contact your relationship manager for further information.

Also find out more our selection of investment and insurance products, which are supported by our trusted partners and global network of financial experts.

Define the dream, document the reality

- **Ask yourself**: What is your desired retirement age? How would you like to spend the rest of your life upon retirement? Where would you like to live? What activities would you like to you explore? What are the projected costs, annually, for the rest of your life? What about your family's protection?
- **Calculate your 'net worth'** by adding up all of your assets (cash, stocks, current retirement savings and the value of your home) and subtracting all of your outstanding debt (mortgage, credit cards, and any loans) to give you an idea
- **Have plans for positive life events and contingencies**Never be sidetracked by expenses related to major life events, such as taking out mortgage and children going to college. The impact of major life events on retirement savings is widespread and the interference to savings will be felt for many years. Never be sidetracked by adverse events, such as unemployment and illness. The impact of adverse life events on retirement savings is widespread and the disruption to saving is more significant for older age groups.

This will give you an idea of how much money you have, how much you will need to save, as well as what type of investments you should make to assure the retirement lifestyle that you have dreamed of.

Disciplined saving

Find ways to maintain a good paying job while keeping your spending under control. Every month, put aside at least 20% of your income before spending the rest of your pay. Keep an eye on your budget and track all expenses. Saving early will showcase the magic of compounding interest.

Invest wisely, invest early, and invest often

The only way to keep on top of the effects of inflation and still have a shot of having assets remaining for 50 years from your retirement age is to have a diversified portfolio, made up of mutual funds to drive growth, invested for the long-term. Invest early and often to enjoy the benefits of compound interest and dollar-cost averaging.

See the tables below to find out how our wealth management products can build the finances to meet your retirement needs.

1. **Insurance**

Your needs in retirement planning	Benefits of using insurance plans as retirement planning tools
Secured retirement income – You will want your savings to have guaranteed returns and provide a regular income flow throughout your retirement years.	**Regular income flow** – Many annuity products in the market can offer a regular stream of monthly annuity payments while offering guaranteed returns and nonguaranteed dividend.
Lump sum withdrawal – You may need the flexibility to withdraw a lump sum to get a comfortable start to your retirement.	**Lump sum payment** – Target saving insurance plans offer lump sum payment at maturity to help achieve wealth accumulation target at the time of retirement.
Enhance potential returns – You will want your money to work harder for you to counter the low-interest rate environment.	**Enjoy growth potential** – Investment-linked life insurance plans combine investment with insurance cover and provide the flexibility to manage the portfolio with a range of investment choices.
Extra protection – You will want your plan to provide extra protection to keep your family secure.	**Extra cover** – Many insurance plans offer additional coverage against major illnesses, hospital cash, accidental death, terminal illness and unemployment to give extra financial support to your family.
Provide capital preservation – You will want to choose low-risk annuity products which allow you to preserve your capital.	**Capital protected** – Choose life protection products that offer guaranteed payment periods and returns to protect your retirement savings.
Flexibility – You will want flexible payment terms to meet your needs at different times.	**Flexible choices** – Insurance plans can provide various choices of payment terms and accumulation period to suit your needs. Insurance plans can provide various choices of payment terms and accumulation period to suit your needs.

2. **Investment**

Your needs in retirement planning	Benefits of using wealth products as retirement planning tools
Potential returns – You will want income source to fulfill your desired retirement lifestyle	**Income source**– Certain wealth products deliver stable and predictable coupons/ dividends as a stream of income and repayment principal at maturity.
	Diversification – You can also build a portfolio with suitable asset allocation tailored to your target return to help provide capital appreciation and/or a regular income source upon retirement.
Secured wealth – You will want to preserve your cumulated wealth to keep your family secured.	**Predictability** – Certain wealth products offer payment principal at maturity and exhibit low correlation to other asset classes, bringing relative stability to a portfolio. Some structured products can provide you with the opportunity to earn higher potential yield at a relative low capital risk.

Note :
Investment involves risks. The income (if any) from investment choices may go down as well as up. In the worst case scenario, the value of the investment choices may be worth substantially less than the original amount you have invested. Please refer to the last page for important notes.

Health

In exchange for a fulfilling retirement, you have to maintain a healthy lifestyle: a nutritious diet, not smoking, regular exercise, and regular health check-ups. Take a look at a health insurance policy that will work the best for you at retirement when unexpected health expenses may put a dent in your finances considerably.

The Magical Retirement Number

The magic number is four. That is, you have to keep your withdrawals to four or five percent of your retirement portfolio annually, and increase the initial amount per year according to the rate of inflation.

Need our Advice?

One of the best ways to ensure a good investment portfolio is to choose the right financial advisor. Our financial advisors can recommend savings and term deposits, investments, and insurances that are appropriate for investing in your retirement.

Tips on How to Prepare

Retirement is often considered the better half of one's life: it is a great chance to start fresh and learn how to re-engage with the world around us. Here are some of the things that you can look forward to in your golden years:

1. **A chance to reconnect**
   Reaching retirement means so much more time to spend with family and friends. After all those years of sacrificing time with you loved ones as a result of work, you will finally have the time to properly thank them for being the better part of your life.
2. **A big world**
   You will no longer be bound by annual leave and piles of paperwork. You can finally take that vacation to explore new places and plan new adventures, without an office to think about or deadline to meet.

Place	Fact	Climate	Annual cost
Abruzzo, Italy	Majestic peaks, leafy hills and golden beaches are just a few of Abruzzo's many charms. The quote "forte e gentile" (strong and gentle) is the city's motto in describing the beauty of the region and the character of its people.	During the summer, the weather in Abruzzo is hot and dry. The winters along the coast can be very mild, but inland can become very cold with plenty of rain and snow.	$28,800/year
Ambergris Caye, Belize	From the beautiful azure waters of the Caribbean, to the Maya Mountains and the Pine Ridge, Belize is a wonderland with people from ten different cultures.	Ambergris Caye enjoys the sun and heat of the tropics, but is cooled by the trade winds off the Caribbean Sea.	$33,600/year
Chiang Mai, Thailand	Chiang Mai is the largest and most culturally significant city in Thailand, and many prefer to settle permanently in this "Rose of the North" because it is green and serene.	Chiang Mai has a tropical wet and dry climate, tempered by the low latitude and moderate elevation, with warm to hot weather year-round, though nighttime conditions during the dry season can be cool and are much lower than daytime highs.	$18,000/year
	This coastal town is the best		

Coronado, Panama	place to retire in beachfront living in the company of fellow expat retirees. Life here would be comfortable, convenient, and turn-key.	Weather in Coronado is generally warm and moist, and it gets particularly humid in the rainy season.	$28,800/year
Copper Coast, Ireland	If you are seeking a superior quality of life, Cooper Coast of the Emerald Isle has a natural setting, surrounded by lush countryside and perched above the sea. A perfect destination for a romantic retirement.	Mild, moist, and changeable. Although Ireland is not known for its good weather, when the sun shines, its beaches are glorious.	$33,800/year
Cuenca, Ecuador	Cuenca is a beautiful colonial city and the cultural heart of the country with expat-friendly communities.	Cuenca has the world's best climate-spring-like weather 12 months of the year.	$21,600/year
Georgetown, Malaysia	With a long and illustrious history under its belt, this interesting and colourful city is the world's most expat-friendly cities to retire.	George Town has a relatively consistent, tropical rainforest climate with no dry season.	$21,000/year
Languedoc, France	With its Roman ruins, medieval towns and castles, ancient olive trees and vineyards, Languedoc offers majestic old world living.	The coastline, sheltered by mountains, provides a varied climate in winter and summer. Further inland, the maritime influence is less, and temperatures are a few degrees cooler in winter and warmer in summer.	$33,600/year
Medellin, Colombia	Medellin is a pretty place with strong Euro-undertones, meaning it's a chance to embrace a sophisticated, cosmopolitan retirement.	Medellin's eternal pleasant Spring-like temperature has earned it its well-deserved moniker: the world's best climate.	$27,600/year
Puerto Vallarta	Puerto Vallarta gives you a chance to enjoy a luxury coastal lifestyle. Life here can be not only comfortable, but easy and fully appointed.	Puerto Vallarta has a typical tropical climate, with nearly constant temperature and humidity year round. Pick up a pair of cool sunglasses and some major sunblock before you come down.	$32,400/year

3. **A renewed sense of wonder**
   Allow yourself to grow by learning new things. Take photography lessons or learn how to speak Spanish. You are no longer running against the clock, and partaking in intellectually stimulating activities will add to your bank of life experiences.

activities	Cost now	20 Year Later
High-end Retirement Community	Rp200 million/year	Rp950 million/year
Annual refresher course	Rp40 million – Rp100 million/year	Rp200 million – Rp470 million/year
Rent a small farm to farm organic vegetables	Rp20 million/year	Rp95 million/year
Golf club	Rp200 million – Rp1 billion / year	Rp950 million/year
Education & development fund for the third generation	Rp200 million/year	Rp950 million/year
Charitable donations	Rp200 million – Rp1 billion/year	Rp950 million – Rp4.7 billion/year
Private clinics	Rp200 million/year	Rp950 million/year
Run a little cafe	Rp1 billion/year	Rp9.5 billion/year

4. **A chance to do good**
   As we progress in age and wisdom, we have more motivation to give back to the wider community. Retirement provides the opportunity to be a part of all the good that money cannot buy. After all, what good you give out will always be paid back a hundredfold.
5. **A healthier self.**
   You will no longer be inundated with the daily stresses of a career, allowing your body and mind to recalibrate itself. Also, say goodbye to any disturbed sleep as a result of worrying about work related issues.

Disease	Average Medical Expenditures per Person
Parkinson's Disease (PD)	$12,800 / year
COPD (chronic obstructive pulmonary diseases and allied conditions)	$4,100 / year
Pneumonia	$7,500 – $21,000 / year
Cancer	$15,000 – $100,000 / year
Diabetes	$2,100 / year
Alzheimer	$40,000 / year
Osteoarthritis	$15,000 – $20,000 / year
Heart Disease	$5,000 – $8,000 / year
Trauma–related disorders	$4,200 / year
Stroke	$5,000 – $8,000 / year

6. **A new boss – yourself**
   Life after work means you being in charge of 'you'. No one else. Is now the time for leisure, or is it still the time for labour? You are now the boss, it's your call.

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