

MPF-Whiz



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3 easy steps to go from MPF procrastinator to proactive

Summer's dog days are known for making people feel sluggish and lethargic. But for many of us, this slump is not just seasonal when it comes to managing our MPF.

We tend to procrastinate year-round about keeping tabs on our MPF accounts, coming up with excuses such as "It's so difficult", "I don't care about the returns", "I'm still years away from retirement", or "I'm too busy".

This passive approach, however, can disrupt your long-term retirement plans. Here are a few simple steps to becoming more proactive about your MPF.

Step 1: Determine the total number of MPF accounts you have

One of the main reasons behind procrastination about dealing with MPF is that the sheer number of accounts and amount of information one needs to digest makes the task too daunting.

Multiple accounts arise because many employees don't consolidate their accounts after switching jobs. The more accounts you hold, the more materials you will receive from different trustees each year – including benefit statements, fund fact sheets, updates on schemes, and so on. Some people choose to give up due to this information overload.

Simplify matters by consolidating your MPF accounts. Less is more for successful MPF management.

Step 2: Adopt a reverse planning mindset

Sometimes people procrastinate simply because they don't know where and how to begin tackling an issue. To address this, adopt a reverse planning mindset – start off by setting your goal, then deduce how to realise it.

By formulating a suitable strategy and taking the right steps, you can gradually reach your goal. This method helps you put thought into action.

Let's assume you hope to accumulate HK\$2 million in retirement savings. Work backwards to calculate the amount that can be accumulated based on your investment horizon, monthly contributions and expected returns of funds.

If the numbers and your target don't match, consider changing the fund mix or increasing your voluntary contribution. If there are restraints on both, retirement may have to be delayed to lengthen the investment period. Expected savings may also have to be increased to boost your chances of achieving your goal.

Step 3: Put the right amount of pressure on yourself

In some instances, the best way to deal with procrastination is to put the right amount of pressure on yourself – enough to force you to take the bull by its horns, but not so much that you get stressed and repelled by the thought of MPF.

Your MPF assets have an investment horizon that lasts for decades, and the compounding effect is what helps you accumulate more retirement savings. If you keep procrastinating about managing your MPF and neglect your accounts, you could miss out on the magic of compounding – a lost opportunity that can be a great cost.

Procrastination is often a psychological barrier – managing your MPF is not as hard as it seems. What's important is to take the first step and move forward with perseverance.



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