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# Post-80s generation in Hong Kong are falling into debt and failing to manage their long term finances, Manulife Investor Sentiment Index (MISI) shows

- ***1 in 4 post-80s in Hong Kong is in debt***
- ***8 out of 10 post-80s regret poor investment planning***
- ***Investor debt in Hong Kong is largely fuelled by investment loss, with medical expenses and children's education also key factors***
- ***Post-80s hold more than 40% of their savings for no specific purpose***

**Hong Kong –** The latest Manulife Investor Sentiment Index (MISI)* survey shows that a quarter of Hong Kong investors born in the 1980s – or post-80s aged under 35 – are in debt and do not have an effective plan for managing their finances long term. The findings also reveal that the post-80s, similar to older investors (aged 35 or above), tend to rely heavily on their own decision-making and their family for financial advice, with 80% of them having expressed regret for not doing better in investment planning.

## Hong Kong post-80s amassing debt

According to the survey findings, 1 in 5 investors in Hong Kong is in debt (excluding mortgage), rising to 1 in 4 among post-80s investors aged under 35. Younger investors have an average debt of about HK$130,000, which is more than 4 times their average monthly income. The top reasons for debt accumulation among this group include investment loss (23%), discretionary expenses (16%) such as travel and entertainment, and daily living costs (12%). Post-80s are also more than twice as likely to rank discretionary expenses as the number one cause of their debts when compared with older investors (aged 35 or above), suggesting some of the debt they are amassing can be easily avoided through better financial management. This debt is also long term, as 40% of the post-80s expect to take more than 19 months to pay off their debt.

**Younger investors failing to set appropriate financial goals**

The survey reveals that younger investors are failing to adequately plan for their financial future. When making financial planning decisions, the majority of younger investors rely on themselves (78%), their spouse (53%) and their parents (38%), with investment experts (23%) and the media (14%) playing a much less influential role in their decisions.

Despite 63% of younger investors setting a specific time frame for achieving their target savings amount, they lack any clear focus to their savings plan, saying more than 40% of their money is held in either cash or investments for no specific purpose. In addition, only about a fifth (21%) of younger investors surveyed who had a target saving amount have achieved more than 50% of their savings goal to date, suggesting they may be setting unrealistic savings targets, particularly given their high levels of debt accumulation.

The survey finds that 8 out of 10 post-80s investors regret not having better investment planning, which suggests they and their families may be ill equipped to make the best financial decisions. 73% of post-80s who have children said they would teach them on financial planning, with higher importance given to the topic of investment risk, followed by regular savings and expenses control.

**Gender and age differences in attitudes towards debt**

The survey also reveals differences in attitudes towards debt by gender, with male investors of all ages having almost twice as much debt as women. In addition, 34% of male investors identify investment loss as the main contributor to their debt, against only 17% of women. This difference between genders in the approach and causes of their debt may explain why significantly more men see Investment Risk as the most important financial education topic (30% of males vs 8% of females), while female investors are more likely to rank Regular Saving as the most important (32% of females vs 16% of males).

There are also differences in attitudes towards debt across age groups, with older investors aged 35 or above more likely to say that medical expenses (37%) and paying for children's education (31%) are key contributors to debt. In addition, whilst increasing costs of medical care is the greatest worry for older investors, the post-80s rank housing as their biggest concern in terms of affordability.

Paul A. Smith, Vice President and Head of Individual Financial Products, Manulife (International) Limited, commented: “The survey shows that investors of all ages need to better manage their cash flow. The post-80s generation in particular should consider seeking professional advice to ensure they have an effective financial plan for the long term. This should include regular tracking of expenses to manage discretionary spending, and the setting of clear financial goals that enable them to pay back their debt quickly and start saving for the future as soon as possible.”

“It is important for investors to set financial goals that are right for them at that point in their life,” added Smith. “The way a younger investor with no family or mortgage approaches their investment risk and savings plan, is unlikely to be appropriate for an older investor that may need to prioritize funding their children’s education or saving for medical expenses in retirement. Ultimately investors need to be less fixated on short terms gains and the endless quest to buy at ‘the right time’, and instead focus on developing a longer term approach to financial planning, that takes into account changing priorities at different life stages”.

*For more findings and related information from the Manulife Investor Sentiment Index, please visit www.manulife.com.hk*

***About Manulife Investor Sentiment Index in Asia**

Manulife’s Investor Sentiment Index in Asia is a half-yearly proprietary survey measuring and tracking investors’ views across eight markets in the region on their attitudes towards key asset classes and issues related to personal financial planning. The Index is calculated as a net score (% of “Very good time” and “Good time” minus % of “Bad time” and “Very bad time”) for each asset class. The overall index is calculated as an average of the index figures of asset classes. A positive number means a positive sentiment, zero means a neutral sentiment, and a negative number means negative sentiment.

The Manulife ISI is based on 500 online interviews each in Hong Kong, China, Taiwan, Japan, Singapore, Malaysia and the Philippines, and 500 face-to-face interviews in Indonesia. Respondents are middle class to affluent investors, aged 25 years and above who are the primary decision maker of financial matters in the household and currently have investment products.

The Manulife ISI is a long-established research series in North America. The Manulife ISI has been measuring investor sentiment in Canada for the past 17 years, and extended this to its John Hancock operation in the U.S. in 2011 and Asia in 2013. Asset classes taken into Manulife ISI Asia calculations are stocks/equities, real estate (primary residence and other investment properties), mutual funds/unit trusts, fixed income investment and cash.

The latest survey was conducted between mid-October 2015 and early November 2015 by TNS, a leading global research firm.

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