

Retirement income needs: Investing for life after work

Marketing communication.

Longer lives, rising costs and unpredictable expenses are reshaping retirement in Hong Kong. A diversified financial strategy can potentially help turn accumulated savings into income while retaining flexibility and long-term growth potential.

A salary may stop at retirement but the bills don't. Savings built over decades must cover everyday expenses, the occasional surprise and, for many people in Hong Kong, a long life after work. The challenge is to turn those savings into income without losing the ability to adapt.

Retirement preferences also vary. The HSBC Affluent Survey found that nearly 70% of Hong Kong based respondents preferred a flexible retirement, while 29% envisaged dividing their time between different places.¹

Such plans come at a cost. Survey respondents expected HKD 48,580 a month in passive retirement income, rising to HKD 160,000 among multi-millionaires.¹ Their intended retirement reserve averaged about 10 years of annual income.¹

But a financial target, however carefully chosen, cannot account for everything that happens after work.

A long retirement may have several distinct phases. In the first years, travel and leisure may account for a larger share of the budget, while later years may involve more spending on healthcare or help at home. Income needs are unlikely to stay flat throughout – which makes it useful to plan for changing demands, rather than assume that the first year's spending will repeat indefinitely.

Note 1: Respondents are those with HKD 1 million or above in liquid assets, aged 25-64. Figures are based on key assumptions that these individuals already own property and the passive retirement income is not required to cover rental expenses. Source: HSBC Affluent Survey, November 2025.

Source: HSBC Asset Management, September 2026.

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What retirement might cost

Some expenses fall when people leave work, while others persist or rise. HSBC’s Retirement Monitor, estimates that a retired person in Hong Kong needs roughly HKD 8,685 a month for a basic lifestyle, HKD 25,385 for a comfortable one and HKD 45,085 for an affluent one. Housing, travel, family commitments and health can move any household well outside those averages.² Overall, affluent investors estimated they would need HKD 8.6 million, on average, for a comfortable and secure retirement.³

Then there may be unplanned bills, including unexpected medical expenses, which could become more frequent. Insurance may help, but exclusions, deductibles and uncovered care can still leave retirees paying out of pocket. Home adaptations, domestic help or long-term care may add to the bill. Some retirees will also support children, grandchildren or elderly parents.

A budget should therefore distinguish between predictable costs and a reserve for surprises.

This does not require guessing the date or price of every future expense. It means recognising that an emergency can coincide with a volatile investment market and keeping enough readily available money to avoid selling long-term holdings at an awkward time.

Making savings last

Retiring at 60 may mean funding another 25 or 30 years, perhaps more. Hong Kong’s Centre for Health Protection reported life expectancy at birth of 83.3 years for men and 88.7 for women in 2025.⁴ These are population figures, not a forecast for any one retiree, but they show why planning for a long retirement matters.

Inflation also chips away at retirement savings. Consumer prices in Hong Kong have risen by an average of 1.7% a year over the past decade. During retirement, even relatively modest inflation can make a meaningful difference to what those savings can buy.⁵

But preserving purchasing power is only part of the challenge. Retirees also need to consider how much investment risk they can afford to take, particularly when they are drawing income from their portfolio. A sharp market fall when money is needed for living expenses can force investors to sell assets at a loss, leaving less invested to benefit from any subsequent market recovery.

The order in which returns arrive matters as much as the long-term average.

Note 2: This is the monthly budget for retired people aged 65-79, based on key assumptions that these individuals already own property and the passive retirement income is not required to cover rental expenses. Source: HSBC Retirement Monitor, September 2026.

Note 3: Source: HSBC Affluent Investor Snapshot 2025.

Note 4: Source: Hong Kong Centre for Health Protection, September 2026.

Note 5: Based on the average year-on-year increase in the monthly Consumer Price Index (CPI) from August 2016 to August 2026. Source: Hong Kong Census and Statistics Department, August 2026.

Source: HSBC Asset Management, September 2026.

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A portfolio for income and flexibility

A post-retirement investment solution needs to reflect a different stage of life, where the priority is no longer simply to accumulate assets. Retirees may want a measured level of risk, a way to draw regular income, scope for their money to grow over time and access to savings when plans change. The right balance depends on other income, health, family responsibilities and the amount held in cash or property.

For retirees with a low-to-medium risk profile, investment solutions can be designed to balance the need for income, capital preservation and longer-term growth. As with any investment, individuals should consider whether the risks involved are appropriate for their own circumstances.

Global, multi-asset diversification gives that investment portfolio multiple potential sources of return and spreads risk across regions, asset classes and issuers. A mix of government bonds, investment-grade corporate bonds, global equities and other assets, with the allocation actively adjusted as conditions change, aims to combine income and capital growth potential while helping the portfolio remain resilient across market cycles.

Regular payouts are another way to help turn a portfolio into a monthly budgeting tool, assuming investors understand how they are funded.⁶ Further, retirees should weigh the likely income alongside fees, capital risk and the prospect of inflation reducing what that income can buy.

Flexibility is also important in retirement, particularly when unexpected expenses arise. Investments that can be redeemed when needed, without lock-up periods, can give retirees greater flexibility to respond to changing circumstances.

A suitable solution is one that fits the spending plan and can be revisited when circumstances change.

A plan that can change

There is no single sum that guarantees a comfortable retirement. A realistic monthly budget, an allowance for healthcare and other surprises, and a plan for a longer life provide a starting point.

An investment option tailored to retirees can potentially bring together measured risk, global diversification, regular income and the flexibility to make withdrawals. It should then be reviewed as spending needs, family circumstances and market conditions change.

Note 6: Distributions are not guaranteed; depending on the investment, distributions may come partly from capital, reducing the investment's value over time.

Source: HSBC Asset Management, September 2026.

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