

Travel the world
Embrace life after retirement



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Foreword

It's never too early to plan your retirement.

According to the HSBC Quality of Life Report 2023¹ jointly published by HSBC and Bloomberg, 60 is the average age respondents would like to retire at. However, 70% of them say that they expect to continue working after retirement, citing declining health, inflation and rising medical costs as the main concerns.

People in Macau have long been the envy of the world when it comes to living a long life. After all, they have an average life expectancy of over 85 years². Such longevity would mean that, to be able to stop working at the age of 60, you may require a retirement reserve large enough to support a reasonable standard of living for up to several decades. That's why early retirement planning is crucial. An important ingredient in any successful wealth growth strategy is probably time.

That is exactly the thinking at the core of F.I.R.E. (Financial Independence, Retire Early), the movement that has been gaining traction in retirement planning circles in recent years. F.I.R.E. advocates the committed building-up of financial resources over time as a way to achieve an early and carefree retirement. Everyone has their own definition of a good retirement life, but few would disagree that the earlier you start planning, the greater your chances of creating the right financial conditions for realising your life goals. For many people, a retirement spent travelling the world and experiencing life in different places would be an ideal scenario, one that needs to be anchored in various passive incomes that have been proven effective. On the other hand, as long as you stay mentally engaged and physically active after retiring, who is to say you can't create an active income again in Macau or elsewhere?

This booklet also includes case studies and featured interviews to help you realise your retirement planning and wealth management goals. Take action today. The earlier you start curating your retirement life, the greater the journey that lies ahead.

1. HSBC: Paving your way to Quality of Life (19 October 2023).
2. World Population Review: Life Expectancy by Country 2023.

Retire, not retreat

Understanding F.I.R.E. and its emphasis on an early start



Before you start formulating a retirement plan, you may want to examine some current issues and their causes, and how these impact the retirement plans for people. That may well give you the impetus you need to turn mere talk into concrete action.

Senior citizens in Macau receive pension and Subsidy for Senior Citizens payments totalling MOP57,620^{1,2} a year. That, however, is far short of the approximately MOP190,000³ needed to cover annual living expenses. This is a sign that insufficient retirement savings may become one of the problems Macau citizens will have to contend with in the future.

Retirement survey insights and learnings

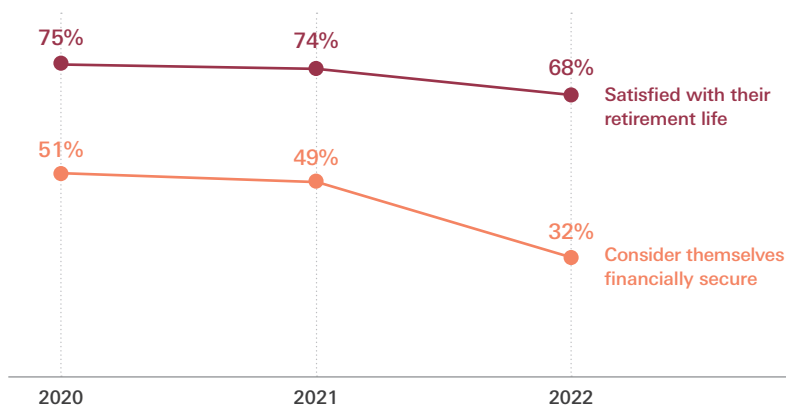
Referencing the findings of retirement surveys conducted in neighbouring Hong Kong can also help bring Macau public opinion into focus. The 2023 Hong Kong Retirement Expense Index compiled by the Institute of Financial Planners of Hong Kong presents 5 key discoveries⁴:

1 Hong Kong people's retirement income ratio is less than ideal

40% of respondents say their post-retirement income is less than half of their pre-retirement income, a clear indication that many retirees would be well-advised to keep a tighter rein on expenses.

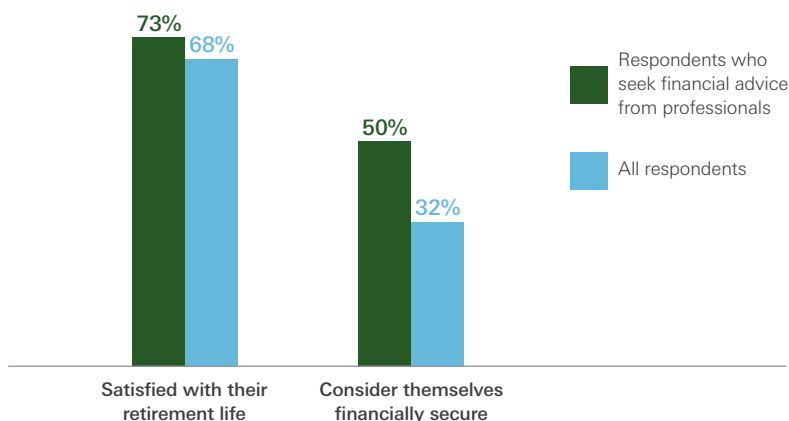
2 Hong Kong retirement satisfaction decreases amidst concerns about financial security

As a result of the prevailing volatility in international financial markets, people's satisfaction with the quality of their retirement life has fallen for two consecutive years – from 75% in 2020, to 74% in 2021, to 68% in 2022. The percentage of citizens who consider themselves financially secure has also taken a tumble, to a three-year low of only 32%. Compared to 49% in 2021 and 51% in 2020, representing a fall of 17% and 19%, respectively.



3 Relationship between the use of professional financial advice and financial security

Among the respondents who make use of professional financial advice, 73% say they are satisfied with their retirement life, which is higher than the 68% for the entire survey sample. At the same time, 50% of the satisfied respondents consider themselves financially secure, a significantly higher percentage than the 32% overall. These respondents also hold more liquid and fixed assets and enjoy higher post-retirement income levels than those who don't seek professional financial advice.



4 Higher intent to relocate

While life after the pandemic is gradually returning to normal, the number of people looking to move overseas has risen sharply, with 20% of the respondents expressing a desire to relocate, more than double last year's 9%. Many of these respondents will likely have to prepare for higher retirement living expenses.

5 Basic retirement reserve: HKD4 million

To gauge retirement readiness, the institute assumes a target retirement age of 60 and a life expectancy of 85. Even excluding inflation and other factors, it is estimated that people would need at least HKD4 million in savings to maintain an ideal standard of living in their retirement years. The factors that contribute to the rising cost of retirement include: (1) Drastic increases in the prices of food staples; (2) People are dining out more often and spending more in general after the pandemic; (3) The butterfly effect from the government's consumption vouchers.

1. Talent Development Committee of Macau SAR Government: Social Security.
 2. Macau SAR Government: Disbursement of 2023 Subsidies for Senior Citizens to start in October (26 July 2023).
 3. Numbeo: Cost of Living in Macau (April 2024)
 4. Institute of Financial Planners of Hong Kong: Hong Kong Retirement Expense Index (6 June 2023)

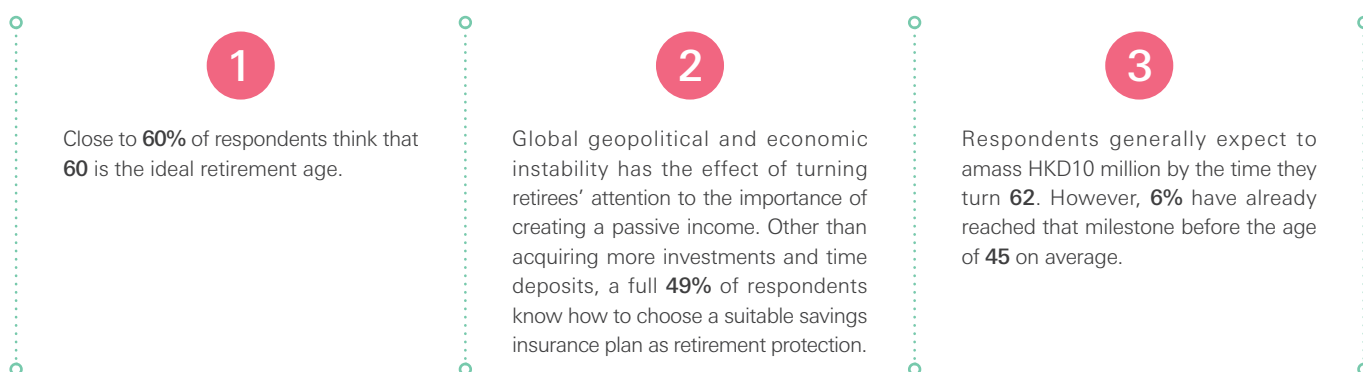
Never under-estimate how destructive inflation can be

If time is your friend during the wealth accumulation process, then inflation is your enemy. Indeed, inflation is a variable that can, and often does, have a major impact on retirement planning.

In the 4th quarter of 2023, inflation in Macau stood at 1.2%¹. Benchmarking this rate, spending of MOP10,000 at present will become MOP11,267 after 10 years, rising further to MOP12,694 in 20 years' time, increases of 13% and 27% respectively. Inflation is therefore one of retirees' biggest enemies. And the longer the retirement, the bigger the impact of inflation, so this is clearly an issue that pre-retirees in Macau cannot afford to overlook.

The above findings are stark reminders of the need for early wealth management planning if post-retirement financial difficulties are to be prevented. Indeed, many people may just now be realising that they have been under-estimating the impact of inflation on the quality of retirement life.

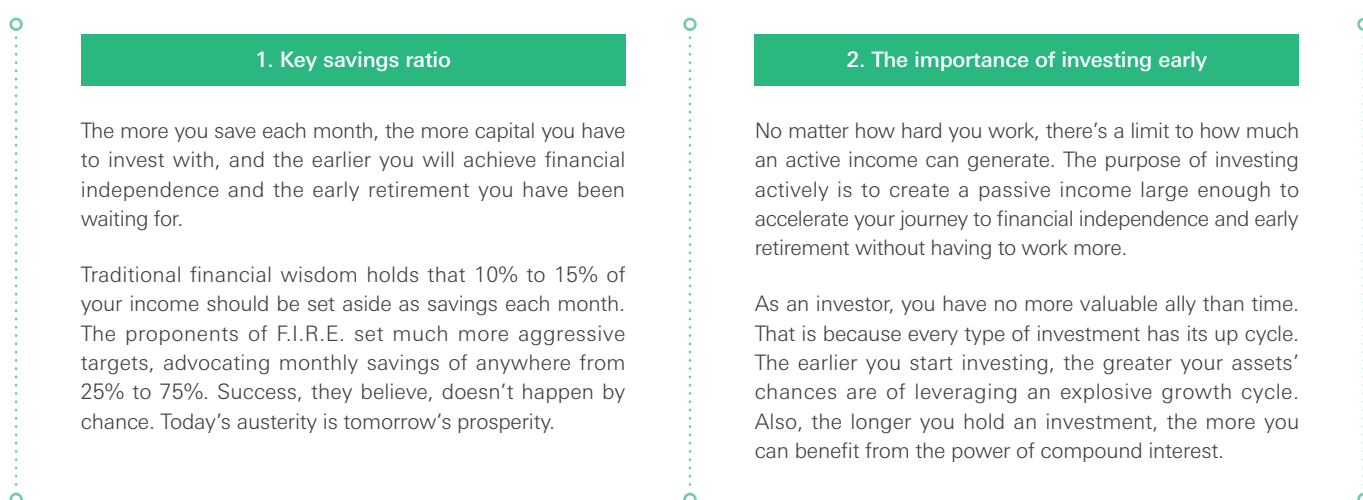
On the other hand, the HSBC Premier 2023 Affluent Survey² finds that:



Understanding F.I.R.E.^{3,4,5} and choosing the type of financial independence that's right for you

Some people call F.I.R.E. a wealth management movement. That's because it's not the brainchild of a single person. During the more than 30 years since 1992, the movement has been accumulating the wisdom, time and reformative energy of a large number of wealth management experts. Among them are authors of bestselling books on finance and investment, blog writers, hosts of online forums as well as key opinion leaders on social media.

The 2 pillars of F.I.R.E.: commitment to saving and commitment to investing



1. Economic and Technological Development Bureau of Macau SAR Government: 2023 Macau Economic Overview.
 2. HSBC Premier 2023 Affluent Survey.
 3. Wikipedia: FIRE movement (8 November 2022).
 4. Business Insider: What is the FIRE movement? (9 March 2023).
 5. MoneyHub: The Five Different Types of FIRE Plans (26 February 2022).

Choose your own F.I.R.E. target^{5,6}

Rule of 25

Let's assume you want an annual retirement income of MOP400,000. According to the Rule of 25, **your F.I.R.E. target would be MOP400,000 x 25 = MOP10,000,000**. Since it involves very significant trade-offs between the present and the future, moderation and gratification, F.I.R.E. is much more than a wealth management strategy. It is, in fact, a lifestyle that requires commitment. That is why you should ask yourself honestly which F.I.R.E. model is a realistic target for you.



No matter which F.I.R.E. tribe you want to join, having a long-term plan is essential. The future is unknown, but one thing is certain: only sufficient preparation will enable you to cope with change and build a rewarding future.

Travelling the world as a roving retiree



Achieving financial independence gives you the freedom to choose your future lifestyle, regardless of whether you decide to retire early. But have you thought about embracing a more adventurous lifestyle and further enriching your life story by dividing your retirement between different locations?

For many, “travel the world” may conjure up images of exotic locations and luxury cruise ships. In recent years, though, a more spontaneous way of experiencing foreign cultures has emerged.

With the rapid development of transportation and communication technology, the world is shrinking fast. You can now choose 2 to 4 retirement destinations, and stay in each of them for up to several months each year. When you were young, travel was a hurried affair. The demands of work back home often meant that short trips and hectic itineraries were all you had time for. Now all those constraints are gone, and there is nothing to stop you from travelling slowly and experiencing each destination to the full as a short-term “local”.

You would be free to decide how long to stay in each location. Even if a destination falls short of your expectations, you can always just pack up and fly off to another city on the next day or even the same day. That would be your lifestyle if you become a roving retiree. Isn’t that what you have always wanted?

What is a roving retiree?

As the name suggests, **a roving retiree is someone who has retired and spends their time travelling**, staying in each destination of their choice for a while as a foreign national or non-resident. The length of stay in each location is typically determined by visa restrictions and can be anywhere from 3 weeks to 6 months.

As for accommodation, you have a range of options: 5-star hotels, serviced apartments, long-term rentals and more. You can even purchase a property in your favourite city. It’s all a matter of personal preference, financial capability and planning.



Advantages of a roving retirement



If you commit to a single home country, there is always the risk that you'll discover a big gap between perception and reality after getting settled. As a roving retiree instead of a permanent resident, you'll have to cope with a lot less of the pressure that comes with making a major life decision.



Whether you like hot or cold countries, you can always plan with the right seasons and locations in mind.



You enjoy a lot of variety in terms of scenery, cuisines and entertainment. The life of a roving retiree is anything but monotonous.



Staying in locations with a lower cost of living will give you a higher quality of life.



If you have children, you can give them the benefit of a well-rounded development through different education systems.



Make friends everywhere you go.

Roving retirees on their lifestyle:



Living in different locations makes for a fuller lifestyle. When I'm staying in Taiwan, I'm frequently visited by friends and relatives from Macau or elsewhere. Because you tend to arrange a lot of activities, you end up seeing them more often than if you just stay in Macau year-round!



I've always been drawn to the small towns in Europe. I also like Japan and Thailand. Staying in Taiwan, the UK and Macau, I feel like I have a home base in different parts of the world. When I'm in Taiwan, it takes only a short flight to visit Japan, and plane tickets are cheap. When I'm staying in the UK, I can take frequent 10-day trips to other European cities – Paris, Barcelona, Rome...all of Europe is just a short flight away! And when I come back to Macau, I catch up with family and friends!



Living in different countries, I feel like I can control the seasons. I don't like it too hot or too cold, so from April to June, you'll usually find me in Australia. From July to November, I'm in the UK. And from December to March, I'm back home in Macau!



No matter how many countries you travel to, home is always the one place where you feel most at ease. The city you choose as your temporary home is naturally one of your favourite places. As such, it is probably an ideal retirement destination as well. And a great retirement starts not on the day you stop working, but many years before, when you start putting a plan together. With early planning, you will be able to turn all your ideas into stops along a wonderful life journey.



Where would you like to live as a roving retiree?

Every roving retiree has a shortlist of target destinations. But there are great variations between destinations in terms of climate, culture and cost of living. How should you choose? It's a good idea to learn more about various destinations, and then finalise your list of temporary homes for the adventures to come.



Popular destinations for roving retirees



Japan

Things to do/
places to go

- Many picture-perfect regions, including Kyoto, Nagano, Hokkaido, Mt. Fuji, Gifu, Shizuoka, Okinawa, etc., make Japan an ideal destination for retirees who like travelling and sightseeing.
- The country boasts a rich and varied agricultural output that makes you want to be there to enjoy the exquisite flavours of the premium fruits that are in season.
- Distinctive seasons provide ideal settings for viewing cherry blossoms and maple leaves, water skiing, surfing, skiing and snowboarding, and many other activities.

Best travel
seasons[#]

Japan is a good destination for year-round travel. Actual conditions depend on the destination and activity:

- Hokkaido – cool summers and great skiing in winter
- Kyoto – view cherry blossoms in spring and maple leaves in autumn
- Okinawa – surfing in summer



Thailand

Things to do/
places to go

- Bangkok is a thriving metropolis with an array of upscale shopping centres and 5-star hotels.
- From street food stalls offering mouth-watering fare to award-winning restaurants serving culinary masterpieces, the country has it all.
- If you like sun and sand, you will love Pattaya, Phuket and Krabi. There are so many water sports and other activities to choose from, you won't want to leave.
- World-famous for its countless massage and spa options, Thailand is the place to go if you want to relax and unwind.

Best travel
seasons[#]

Thailand is a tropical country with very mild winters. Unless hot weather is not for you, the country is good to visit year-round. Seasonal variations include:

- Hot: March to May
- Rainy: June to October
- Cool: November to February

Remarks:

[#] Weather is unpredictable and is for reference only.



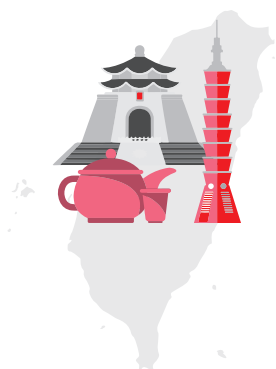
Greater Bay Area (GBA)

Things to do/ places to go

- Travelling between Jiangmen, Zhongshan, and Zhuhai in the GBA, you'll come across several hot spring resorts. Some people say hot spring water can help relieve skin, joint and other problems.
- Many cities offer leisure and recreational facilities tailored to seniors' lifestyle. Hengqin, for example, boasts a holiday and wellness resort for the elderly, while Zhaoqing and some other cities have built Elderlies Park, complete with geriatric health centre, cafeteria and more to cater to seniors' needs.
- There's a saying, "For good food, go to Guangzhou." Indeed, eating well is part of the Guangdong lifestyle. Other than Guangzhou, Zhongshan, Foshan, Jiangmen, etc., are also havens for food lovers, where both traditional and modern Cantonese cuisines are on offer.
- As a result of the GBA's rapid development in recent years, a wide variety of new residential projects have come onto the market. Retirees can purchase a property in the GBA that will give them easy access to the countless dining and travel options in the region. Some experts point out that these new residential developments offer potential appreciation in value, but be sure to evaluate the risks.

Best travel seasons[#]

Its proximity to Macau makes southern China ideal for year-round travel.



Taiwan

Things to do/ places to go

- A vibrant cultural scene. In the big cities, chain bookstores are everywhere, while small independent ones wait to be discovered on busy streets and quiet alleys. Cafes of every description attract both visitors and cultural hipsters.
- There is great topographical variety. Well-known mountains include Alishan, Hehuanshan and Yu Shan. For beautiful water views, head to Hualien, Sun Moon Lake and Kenting. Other interesting geological features and scenic places also shouldn't be missed.
- There are plenty of activities to suit everyone. There are great locations for watching fireflies, whales and dolphins; scuba diving, paragliding, cycling trips around the island, flower exhibitions in different seasons and hot air balloon carnivals are just some of the other options on offer.
- Beitou, Wulai and Yilan are all popular hot spring resort towns; thanks to a convenient transportation network, day trips are also recommended.

Best travel seasons[#]

Generally, Taiwan is suitable for travel year-round, but it's best to avoid the hot summer and typhoon season and visit from January to April, or from October to December. The best season to go depends on the specific location and activity:

- April to October – watching whales and dolphins
- March to May – watching fireflies
- December - viewing the changing colours of maple trees

Remarks:

[#] Weather is unpredictable and is for reference only.



Malaysia

Things to do/ places to go

- Malacca is distinguished by an architectural style that vividly evokes its colonial past; its many well-preserved historic streets offer a fascinating contrast to the metropolitan skyline of Kuala Lumpur.
- Famed for its tea plantations, the Cameron Highlands is a popular summer getaway for local people. Because its climate is eminently suited to growing vegetables and fruits, visitors will have plenty of opportunities to savour the freshest farm-to-table produce during their stays.
- Malaysia encompasses a great multitude of islands and atolls, including such holiday havens as Langkawi, Tioman Island and Pangkor Island. Whether you like scuba diving, rock climbing or exploring primeval forests, there's an island for you!
- If you're a nature lover, then Sabah is your paradise on earth. Rare flowers and plants flourish here, while encounters with sea turtles, orangutans and macaques are always a possibility.

Best travel seasons[#]

Malaysia's tropical weather makes it a popular travel destination throughout the year. In particular:

- From June to September, the monsoons in Penang make for many balmy, refreshing evenings.
- If you're going to Langkawi for water sports, try to avoid the rainy season that lasts from July to October.



Australia

Things to do/ places to go

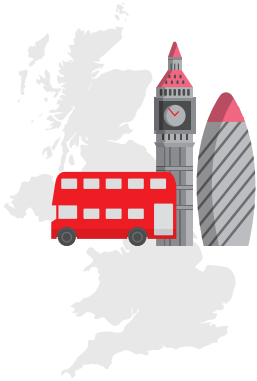
- Australia has unique flora and fauna. From the magnificent Uluru monolith to the dazzling corals of the Great Barrier Reef, unforgettable views abound.
- A great number of islands host a range of activities. Snorkelling famous shipwreck sites and golfing are just two of the many options that will fill your itinerary.
- The cities exude a unique cosmopolitan charm. In Sydney, for example, the iconic Opera House, the Blue Mountains, Darling Harbour, Manly Beach and an array of shopping hotspots await your arrival. The photo album on your phone will be as full as your shopping bags!

Best travel seasons[#]

Australia has distinct seasons. From March to May, the beginning of autumn brings cooler temperatures, and from September to November, spring starts and warm weather returns. These are the best times of the year to visit the country.

Remarks:

[#] Weather is unpredictable and is for reference only.



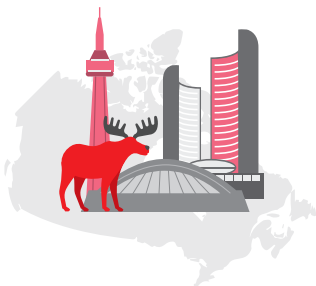
UK

Things to do/ places to go

- An endless array of museums in London and throughout the rest of the country, encompassing a wide variety of subject matter, including the natural sciences, the arts, history, even transportation, toys and many more.
- London is the place to go for large-scale stage productions, including operas, musicals and concerts. Catching all the best shows and performances in one of the world's most famed cities will surely be something to remember.
- Countless small towns are worth a trip or even a short stay – Cambridge and its idyllic surroundings, Bath with its ancient Roman vibes, and the Cotswolds' fields and meadows...there are attractions throughout the country waiting to be discovered.
- Are you a Manchester United, Liverpool or Nottingham Forest supporter? Soaking up the atmosphere at a grand stadium, cheering on your team, singing the team song at the top of your lungs with tens of thousands of other supporters – for a football fan, that is probably bucket list item no.1.

Best travel seasons[#]

The weather is warmer from May to September, and suitable for travel throughout the country.



Canada

Things to do/ places to go

- Vancouver and Toronto are showcases for the exuberance of city life. For nature at its most spectacular, head to Yellowknife to feast your eyes on the northern lights, or visit Banff National Park for sweeping views of the majestic Rocky Mountains cradling pristine lakes.
- Avid skiers will have a full itinerary that spans much of the country and includes Whistler, Blackcomb, Lake Louise, Big White and more.
- Besides its metropolitan vibrancy, there's another reason to visit Toronto – one of the 10 natural wonders of the world, Niagara Falls, is nearby. And Montreal, thoroughly French and uniquely romantic, is just a short flight away.

Best travel seasons[#]

The period from early summer to early autumn runs from May to October when the fresh, balmy air attracts many visitors.

Remarks:

[#] Weather is unpredictable and is for reference only.

Costs of living at popular destinations

Cost of living is also a major consideration for anyone planning an extended stay at an overseas destination. Generally, Asian destinations are more budget-friendly than European ones, but everybody has different preferences and expectations when it comes to food, accommodation, etc. Since staying in a foreign country involves more than just going there for a holiday, it's best to mark the important dates after fixing your itinerary and make a to-do list as a reminder.

(MOP)	Purchasing a 600sq.ft unit, downtown area ¹	Renting a one-room unit, downtown area ¹	Monthly living expenses per person ¹	Dining at an affordable restaurant ¹	Annual medical expenses per person
Macau	5,800,000	8,400	7,200	53	14,600 ²
Hong Kong ³	13,800,000	18,600	9,200	70	33,800 ⁴
Guangzhou ³	4,950,000	3,400	4,400	28	6,700 ⁵
Tokyo ³	3,880,000	7,900	7,600	52	42,400 ⁶
Bangkok ³	2,450,000	5,000	5,100	22	2,500 ⁷
Taipei ³	5,980,000	5,300	6,400	50	12,000 ⁸
Kuala Lumpur ³	1,190,000	4,100	4,400	30	3,400 ⁷
Sydney ³	8,030,000	17,700	9,300	129	51,400 ⁶
London ³	8,510,000	22,600	11,000	196	44,300 ⁶
Vancouver ³	5,710,000	16,300	9,400	147	51,000 ⁶



1. Numbeo: Cost of living (April 2024).

2. Information of Statistics and Census Service of Macau SAR Government and Health Bureau of Macau SAR Government.

3. MOP amounts based on exchange rates published by xe.com on 18 April 2024.

4. Department of Health of Hong Kong SAR Government: Health Facts of Hong Kong (2023 edition).

5. National Health Commission of the People's Republic of China: 2022 National Health Care Development Statistics (12 October 2023).

6. OECD: Health at a Glance 2023 (7 November 2023).

7. World Bank: Current health expenditure per capita (7 April 2023).

8. Statistics Department of Taiwan Ministry of Health and Welfare: 2022 NHE Statistical Tables (12 March 2024).

Examples of the roving retiree lifestyle*

Mr and Mrs Chan

The couple is semi-retired. Since they have been working essentially as digital nomads in recent years and are not tied down to one place by a regular job, they have been dividing their time between Macau and numerous overseas locations. Their son is going to university in Australia, so they stay there for a few months each year. At the same time, because they like the lifestyles in Japan and Taiwan, they also spend some of their time in these two places.

Location	Taoyuan, Taiwan	Fukuoka, Japan	Adelaide, Australia	Macau
Length of stay per year	Approx. 6 months	Approx. 2 – 3 months	Approx. 3 months	Approx. 1 month
Monthly expenses				
Accommodation	Rent: approx. MOP8,000	MOP0 (purchased a property years ago, valued at approx. MOP400,000)	Rent: approx. MOP16,000	Hotel: approx. MOP30,000
Food	Approx. MOP9,700	Approx. MOP10,000	Approx. MOP10,000	Approx. MOP15,000
Transportation	Car rental: approx. MOP7,300	Car rental: approx. MOP8,000	Purchased car: approx. MOP150,000	Taxi rides: approx. MOP6,000
Total annual expenses: Approx. MOP315,000				

Mr Wong

He is 57 years old and has been retired for five years. His family lives in the UK, so he stays there for about 6 months a year. The rest of the time, he lives in Taiwan, where the cost of living is lower. He only returns to Macau occasionally for a brief stay to tend to personal matters.

Location	Tamsui, Taiwan	Cambridge, UK	Macau
Length of stay per year	Approx. 5 months	Approx. 6 months	Approx. 1 month
Monthly expenses			
Accommodation	Rent: approx. MOP5,400	MOP0 (purchased a property 2 years ago: approx. MOP7,000,000)	Hotel: approx. MOP20,000
Food	Approx. MOP28,000	Approx. MOP40,000	Approx. MOP16,500
Transportation	Public transports: approx. MOP1,000	Public transports: approx. MOP4,000	Public transports: approx. MOP800
Total annual expenses: Approx. MOP473,300			

Note:

* The above examples are based on personal experiences and are provided for reference only.

Financial considerations for roving retirees

In any given location, a roving retiree is part traveller and part resident. Unlike a short holiday, a months-long stay in a foreign location requires a more accurate yearly budget. That's because:

Accommodation	Short-stay visitors can only choose hotels or serviced apartments. Roving retirees, on the other hand, can rent accommodation by the month. They have more options to suit their budgets.
Food	Once you have gotten to know a city better, you will start buying ingredients and cooking your own meals. That is not only a healthier and more affordable alternative to dining out all the time, but an enjoyable daily routine.
Transportation	Choose from various multi-ride and monthly passes for the significant savings they offer.



Regular check-ups for peace of mind

You can only enjoy life if you're in good health. Many overseas hospitals provide health examination packages. Thailand, Taiwan and Malaysia, for example, provide comprehensive services at reasonable prices. But if a particular hospital or doctor in Macau has already earned your trust, it's also a good idea to have a body check when you return to Macau each year. Having different locations to choose from for your health examinations is another advantage of the roving retiree life.

Health examination costs – selected Asian cities¹



Bangkok²

Cost of health examination
at private hospital
(approx. MOP)

800 – 14,100

Taipei²

Cost of health examination
at private hospital
(approx. MOP)

2,000 - 30,300

Kuala Lumpur²

Cost of health examination
at private hospital
(approx. MOP)

900 – 3,800

Don't forget: purchase a policy that's valid in your host country

Since roving retirees are typically not citizens in their host countries, they probably can't access the medical benefits enjoyed by local citizens. For them, a medical policy with global coverage, such as HSBC Flexi Medical Insurance Plan, can be a good solution. Before leaving Macau, they can also purchase travel insurance, which covers loss of personal belongings, flight delays, etc. and is specifically designed for travellers.

To those who travel frequently, year-round global travel coverage may make more financial sense, but there are things to keep in mind:

- Every insured trip is subject to a time limit, for example, a maximum of three months.
- Coverage is only applicable to trips that start from the location where the policy is applied for and issued.

Long-term medications affect the length of travel

Having a medical condition doesn't necessarily mean you can't travel, but there are more things to consider. If you are on a medication routine, for example, are the medicines easily obtainable in your host country? Are prices reasonable? Some medicines, even if they are prescribed by a Macau doctor, can only be purchased in limited quantities. In addition, some countries have very strict entry rules regarding medicines, and buying online or having them mailed to you by family and friends is not feasible either. Given all that, if your doctor can only prescribe three months' worth of the medicines you need to take regularly, then that's the maximum length of your stay in a particular overseas location. With that in mind, putting a comprehensive plan in place will help lighten your financial burden and allow you to travel back to Macau from overseas locations to buy or collect medications without being affected by price differences.

1. Websites of selected private hospitals in various cities (Fees shown above are for reference only. Please request the latest information from the relevant hospital).

2. MOP amounts based on exchange rates published by xe.com on 18 April 2024.

Creating multiple passive + active incomes to support a roving retiree lifestyle

As a retiree, you have time on your side. As long as your mind stays sharp and your body healthy, you can deploy a combination of passive and active incomes to cover your travel budget, wherever you want to go.



A range of passive incomes for different needs



Turning your passion into an active income

Roving retirees who have a stable passive income can pursue their dreams with peace of mind or even turn their passions into a source of active income. In that sense, slow living can in fact inspire an even more upbeat, fulfilling lifestyle. Ball games, scuba diving, yoga, cooking, etc. are not only for your own enjoyment. Why not use your expertise to teach others and create an active income?

Everyone has a passion. You may like making soaps, knitting sweaters, meditating with singing bowls, or maybe you spend your spare time perfecting your golf swing, playing drums or practicing martial arts. Regardless of where your interests lie, if others want to learn, there's no reason why you can't be a maestro! All that is missing is a suitable venue, a licence and some determination!

If you don't try, you don't know. Give your potential a chance. Who knows? Maybe you will turn out to be a yoga guru or tennis master who has been sidetracked by a day job all these years!

Calculating your travel budget

After the first year of travel, you will have a fairly good idea of how much each destination costs, as long as you have kept a detailed record. Just add up all the expenses for all the locations where you have stayed, and you have your total annual travel budget.

Macau people have an average life expectancy of over 85 years. Retiring at 60 means you'll need a financial reserve that can support your travels for 25 years. Just to be safe, you might want to add another five years to that estimate, in case you outlive the average person. That's a 30-year travel budget, one that also needs to allow for 25 to 30 years of inflation (see official inflation statistics for reference). Once you know how much you need, you can adjust the time frame for creating an active income or even change your spending habits to support your wealth management strategy.

Case study

Flexible Currency Switch Option to meet evolving needs

Nick, 32¹, is an accountant. He and his wife Hazel have an 8-year-old¹ daughter, Esther. He has always wanted to experience life in another country and is, therefore, planning for his eventual relocation. He is looking for an insurance plan that offers long-term returns and can help him accumulate wealth for the future and cover the costs of living a good life abroad with his family.

In addition, he plans to send Esther to one of the top universities in Canada, while he and his wife will move to the UK. He wants a plan that can guarantee a good quality of life for himself and his family while accumulating sufficient funds that he can use for his retirement.

Nick needs a plan that can help him reach these objectives:

Build up his financial prospects by accumulating wealth steadily through the policy.

A range of currency options that would allow him to change his policy currency at any time to accommodate his relocation plan.

Different policy management options that enable effective wealth allocation in response to future uncertainties and evolving needs.



Note:

- The above examples are hypothetical and non-guaranteed. They are for illustrative purposes only.
- No extra cost and market value adjustment will be charged and applied for exercising Currency Switch Option and Policy Split Option.
- In respect of any application for exercising the Currency Switch Option or Policy Split Option, the Company shall have the absolute right and discretion to approve or reject the application. Please refer to the product brochure for detailed features and the policy provisions for the detailed terms and conditions.

1. Age refers to the age on the next birthday of the life insured or policyholder (whichever is applicable).

To support his goals, Nick chooses HSBC Eminent Goal Multi-Currency Insurance Plan, denominated in USD.

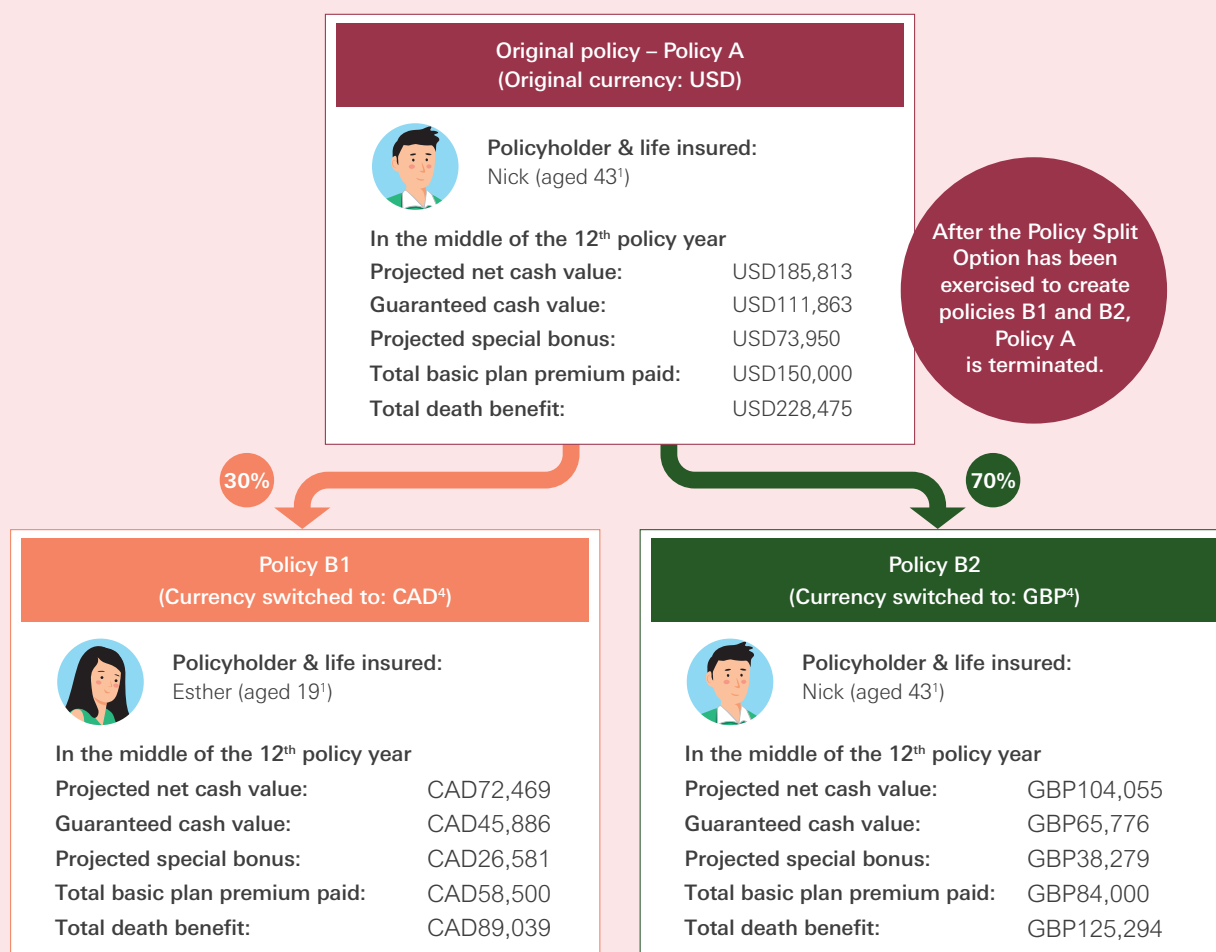
Policyholder & life insured:	Nick	Premium payment period:	5 years
Annual premium:	USD30,000	Total basic plan premium paid:	USD150,000

In the middle of the 12th policy year, Nick is 43 years old¹. His daughter Esther, now 19¹, has gained admission to the University of Toronto in Canada. At this time, Nick's friend wants to open a restaurant in the UK and invites him to be his partner, giving Nick a great opportunity to realise his dreams. So, he starts preparations to move to the UK with his wife once Esther has graduated from secondary school. His preparations coincide with a period of drastic falls in the value of the British pound against the US Dollar.

Policy Split Option² & Currency Switch Option³

Since he needs funds to relocate to the UK and to cover his daughter's living expenses in Canada, Nick exercises the Policy Split Option² to divide the original Policy A into Policies B1 and B2. At the same time, he switches the currency of Policy B1 to the Canadian dollar, and exercises the transfer of policy ownership and change of life insured, making Esther both the policyholder and life insured of Policy B1 to help meet her needs.

In addition, Nick converts Policy B2 to a GBP policy for his family's protection, so he can have the peace of mind to focus on running his restaurant in the UK. Subsequently, by taking advantage of the changes in GBP exchange rates, he further accumulates his policy's value to build his retirement reserve and prepare for his needs at different life stages.



2. Policy Split Option can be exercised starting from the 3rd policy anniversary or when the Policy is fully paid at the end of the premium payment period (whichever is later). Each Policy can be segregated into at most 3 split policies with a new policy number assigned for each split policy. The policyholder of the split policies can further apply for Policy Split Option to split into a maximum of other 3 split policies.

3. Currency Switch Option can be exercised starting from the 3rd policy anniversary or when the Policy is fully paid at the end of the premium payment period (whichever is later). By exercising the Currency Switch Option, you can switch the policy currency to a different currency that the Company makes available at the time of the application for Currency Switch Option.

4. The projected net cash value and total basic plan premium paid are calculated based on the following hypothetical exchange rates: USD to CAD = 1:1.3, USD to GBP = 1:0.8. These hypothetical exchange rates are provided for reference only. The actual exchange rate used will follow the exchange rate that is adopted on the day the Currency Switch Option becomes effective. The exchange rate that is adopted on any given day is determined by the Company, from time to time, at its absolute discretion.

Case study

Making use of flexible options to accumulate capital for retirement and legacy planning

Dominic, 36¹, understands that people are now living longer than ever. That's why he intends to accumulate his wealth through a relatively low-risk wealth management solution as a way to realise his retirement goal.

He also wants to prepare an adequate reserve as a gift of love for his 7-year-old¹ daughter Beatrice, to help support her in the future or equip her for starting her own business.

Dominic decides to take out HSBC Eminent Goal Multi-Currency Insurance Plan with MOP as the policy currency, adding it to his investment portfolio as an extra wealth planning solution.

Policyholder & life insured:	Dominic	Premium payment period:	3 years
Annual premium:	MOP100,000	Total basic plan premium paid:	MOP300,000

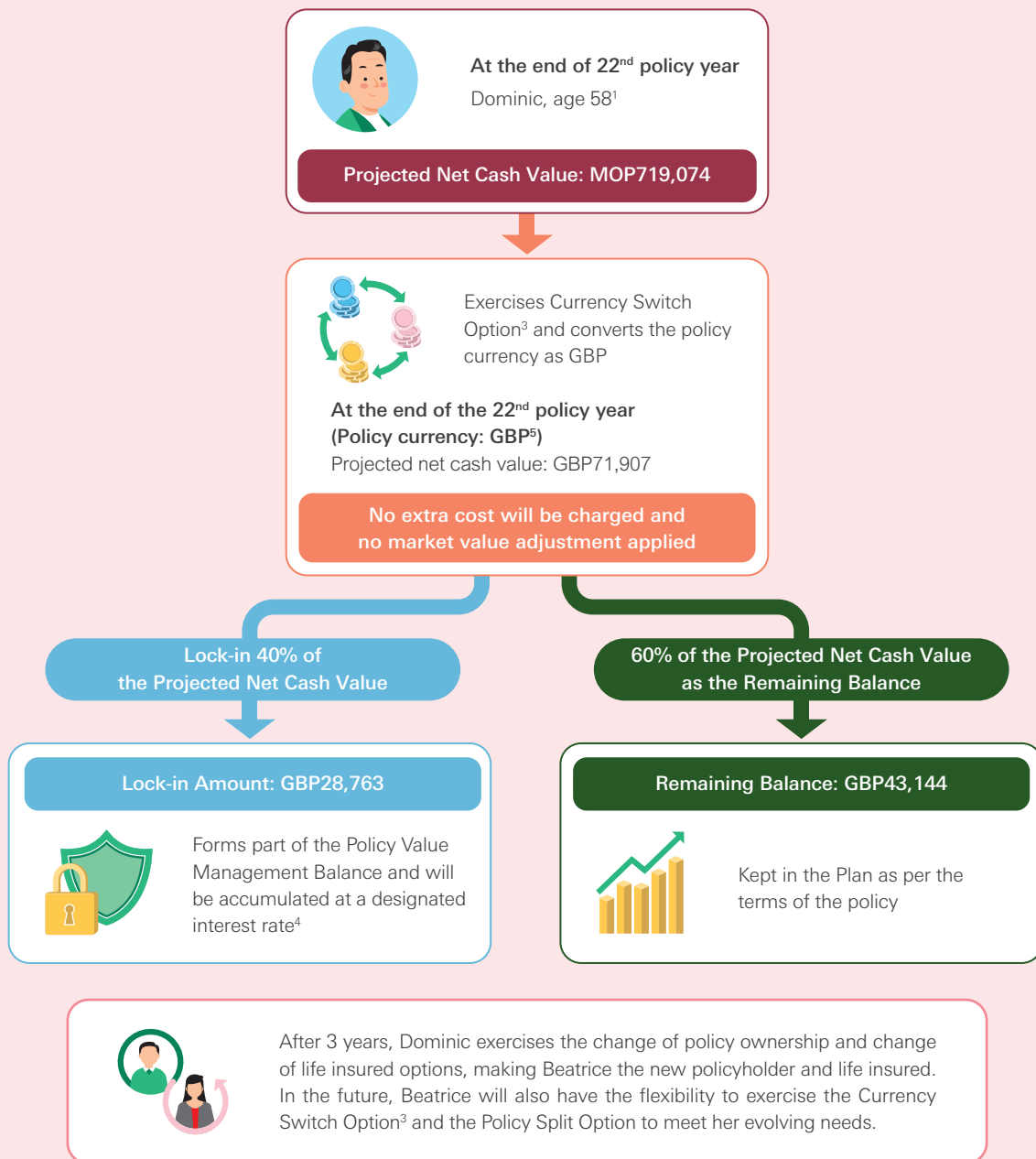


Note:
The above example is hypothetical and non-guaranteed. It is provided for illustrative purposes only. Please refer to the relevant product brochure for policy features, provisions and detailed terms and conditions.
1. Age is defined as the policyholder's age on his next birthday.

Policy Value Management Option² and Currency Switch Option³

When he turns 58¹, Dominic becomes a grandfather. Looking to the future, he starts planning for his grandson's eventual move to the UK for education and career. He decides to exercise the Currency Switch Option³ and change the policy currency as GBP to build up a GBP reserve for Beatrice and his grandson.

Also, Dominic decides to retire after a few years. He therefore chooses to exercise the Policy Value Management Option² to lock in a portion of the policy's net cash value, then allocate it to the Policy Value Management Balance⁴ to protect his accumulated wealth from the impact of market fluctuations.



2. You may apply to exercise the Policy Value Management Option to allocate a portion of the Net Cash Value as of the date on which such request is processed to the Policy Value Management Balance, provided that the policy has been in force for 20 policy years or more, all premiums have been paid when due, and there is no Indebtedness under the policy.

3. Currency Switch Option can be exercised starting from the 3rd policy anniversary or when the Policy is fully paid at the end of the premium payment period (whichever is later). By exercising the Currency Switch Option, you can switch the policy currency to a different currency that is offered by the Company at the time of the application for exercising Currency Switch Option. No extra cost will be charged and no market value adjustment applied with regard to the exercise of Currency Switch Option and Policy Split Option.

4. Policy Value Management Balance means the amount of the accumulated proceeds which, as a result of the exercise of Policy Value Management Option, is allocated to the policy to accumulate at an interest rate(s) determined at the Company's discretion from time to time, less any previously withdrawn amounts.

5. The projected net cash value and total basic plan premium paid are calculated based on the following hypothetical exchange rate: GBP to MOP = 1:10. This hypothetical exchange rate is provided for reference only. The actual exchange rate used will follow the prevailing exchange rate on the day the exercise of the Currency Switch Option becomes effective. The prevailing exchange rate on any given day is determined by the Company from time to time at its absolute discretion.

Featured interview

Roving expat experienced life in 3 countries over 10 years



Matthew Shum

Roving retiree

Some Hong Kong people have relocated to other countries in recent years. On the other hand, some have chosen to make different overseas locations their temporary homes. What does this lifestyle require? How should one prepare for it? Matthew is a well-known modern-day nomad from Hong Kong. Since achieving financial independence, he has lived in Bangkok, Chengdu and Okinawa. He talks to us about his experiences and answers frequently asked questions about his lifestyle.



What do you define “living abroad” as a roving retiree? Is it the same as immigrating?

My definition of “living abroad” and other options:

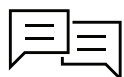
Living abroad	Travelling to different places, staying in each place for anywhere from six months to several years. You are not visiting a country as a tourist, but living there temporarily and experiencing the local lifestyle.
Travelling	Visiting a place for several days to several weeks for pleasure.
Relocating	Immigrating to another country and becoming a citizen there.

My wife and I wanted to travel around as Hong Kong people, moving from place to place, staying in each temporarily to experience the local culture and lifestyle, like modern-day nomads. The foundation of a lifestyle like that is financial independence, and a desire to experience the unfamiliar and explore the unknown. That was what we set out to do.



Being a roving expat is not easy. You have a lot of expenses to cover, among other things. What keeps you going?

Originally, I wanted to go overseas with my wife for further studies after we got married. We also wanted to travel to different places and accumulate life experiences. I worked in a bank years ago. My job was to help customers with their wealth management planning, and I learned a lot about investment and sales and marketing myself. About 10 years ago, we realised that our properties and other investments were already generating a large enough passive income to let us achieve financial independence. So we chose a few popular destinations we wanted to live in and started our nomadic life.



You’ve lived in different countries. Which one is your favourite?

That’s hard to say. Relatively speaking, Thailand is a good place to live in. It’s either warm or hot year-round, so it’s suitable for retirees in their 50s as well as elderly people. They can go out for walks, meals and entertainment all the time. Okinawa has mild weather. Many people living in Japan choose to move south for their retirement. But the cold fronts from Hokkaido in winter can make it feel like the temperature is 5 to 7 degrees lower than it actually is. Chengdu is a good place to start a small business. Economic growth in the western parts of the country

has brought many opportunities, and people are looking forward to accelerating the development further. In 2019, we were considering moving to Germany or Bali in Indonesia, but because of the years-long pandemic, we had to shelve the plan.

We've been to many places, but if I have to pick a favourite, it's still Hong Kong. The food, for example. Hong Kong food, including what you get at the cha chaan tengs, is my first love. It's more to my taste than even Japanese cuisine. Living in Hong Kong, you are so close to everything, including daily necessities, entertainment options, medical care, education and all sorts of facilities. That kind of convenience is a unique advantage.



Why do you choose this nomadic lifestyle instead of settling in a particular country? Why do you keep your Hong Kong identity?

Hong Kong people, even when they are living in other countries, have their own unique tastes and sensibilities. Their sophisticated lifestyle, culture and ability to communicate in both Chinese and English are all considerable advantages when they are abroad. And back in Hong Kong, the simple tax system makes it much easier to plan your financial future. I'm not a tax resident of any other country; my rental income, investments and columnist's fees, none of these has any tax implications in any of the countries I live in. That makes financial planning even simpler.



After so many years, what do you think is the biggest benefit of your lifestyle? And what is the main challenge?

In addition to learning the local language in different countries, we've met and become friends with other roving expats from different countries. As they say, connections are more useful than knowledge. Knowing the local language can help protect you from scams and open doors while knowing people will allow you to learn from their experiences. We have many friends who have been living this lifestyle longer than we have, and they share what they know with us, including information on different countries, visa requirements, and even parenting tips. We've learned a lot from them.

They are a different breed. They don't play by the rules. But we find that our mindset is similar to theirs. Their stories and insights provide a lot of inspiration and enable us to realise that we are not eccentrics.

There are challenges, of course. One of the biggest ones is visa requirements. The kind of visa you get determines how long you can stay in a country and your status. Based on general experience, I would say that a student visa is quite a good choice. You can apply for one through the foreign language school you attend in Hong Kong. One big advantage of going to school in an overseas country with a student visa is that it may be renewable in the future. In countries like Japan, students can even work at the same time. The salary is usually enough to live on. As for applying for admission to a school for your children, it's generally not a problem. International schools typically admit students of different nationalities, but parents must reserve more funds.



Do you have more expenses than if you just lived in Hong Kong? What's your wealth management strategy?

The expenses are actually at a similar level. The main difference is that mortgage payments are higher in Hong Kong. In other countries, accommodation is typically cheaper. When you're living overseas,

you can rent out your Hong Kong property to boost your income and retirement reserve.

Currently, our income is divided mainly into 4 categories: 40% is from property rental, 30% is from the options that we use to generate cash flow, real estate investment trusts make up 20%, and my income from hosting radio programmes and writing a column accounts for the remaining 10%. With these income sources, we can support our living expenses and grow our wealth steadily. My portfolio focuses primarily on HKD and RMB assets. The HKD offers potential gains because of the current strength of the USD. For instance, we enjoy the equivalent of a 10% discount on the rent we pay.



Do you have any suggestions for people who want to adopt your lifestyle?

Based on our 10 years of experience and what we've heard from others, several points are particularly noteworthy. There are 3 key requirements.

1

Mentality

- Living in a place is not the same as going there for a holiday. Just because you've had a good time there before as a tourist doesn't necessarily mean that living there will suit you.
- In terms of facilities and the kind of experiences you can expect, a tourist area and a residential area are very different. Sometimes, they can be worlds apart.

2

Language

- Keep in mind the language barrier. It's also normal for the locals to keep a distance initially. Make sure you are capable of basic communication within three months.
- When taking a taxi in Thailand, for example (based on personal experience), speaking Thai to specify the destination can help prevent over-charging.
- If you need to get something done at a government office in Japan, ask for assistance in Japanese first. You will find the staff more receptive to your needs.

3

Medical care

- Not every city is like Hong Kong, where there is a hospital near the community. You may need to travel quite far or even fly to another city to receive the treatment you need.
- Find out how to settle your bills at private hospitals, especially for services that need to be covered by medical insurance.



What kind of people are suited to the roving expat lifestyle? Any specific traits?

People particularly suited to the lifestyle tend to:



Featured interview

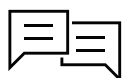
Achieving financial independence for an early start to a wonderful journey



Lam Pun Lee

Founder, Living Word Education Centre

“Financial Independence Retire Early” has become not only a frequent talking point — many people have made it their goal. Lam Pun Lee is a well-known economist, financial independence proponent and wealth management coach in Hong Kong. What are his thoughts on this topic? What can the average person do to achieve financial independence? Mr Lam shares his experience and sheds light on the importance of financial prudence in securing a worry-free early retirement.



What constitutes financial independence? Is it early retirement?

When you’ve reached the point where your passive income alone is large enough to support the lifestyle you have chosen, and you no longer need to work harder for more money, you can be considered to have achieved financial independence. For the average Hong Kong person, a passive income is typically generated by a rental property or reverse mortgage, interest from stocks and bonds, interest from time deposits, insurance policies, etc.

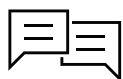
When you can retire depends on your spending habits. After all, some people like to spend, others like to save. Personally, I believe contentment is happiness. Also, you can choose to just retire, or retire and stay active. To each his own.



Following your early retirement from the Hong Kong Polytechnic University, what prompted you to start an education centre?

Actually, that was always my plan. Since the 1990s, I have been a youth counsellor at my church. For young people, it wasn’t an easy time. The economy was in a slump, the property and stock markets were plummeting. Finding a job and a place to live was a challenge for university graduates.

I started saving and buying insurance back in the 1980s. When I was around 45 (in 2007), I had become financially independent, thanks to my investments in property, stocks, bonds and foreign currencies, plus my income from writing textbooks, royalties, etc. That’s why I wanted to open an education centre, to provide a rent-free venue (only miscellaneous fees are charged) for young instructors, tutor students on different academic subjects, and teach them wealth management in the hope that they would eventually achieve financial freedom.



What wealth strategy would you recommend for young people who want to achieve financial independence? Are there any investment principles they should follow?

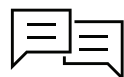
Whether you are a fresh graduate or in your 50s, you should start saving and investing as soon as possible.

<p>1</p> <p>Focus on long-term planning</p>	<ul style="list-style-type: none"> • Divide your investment journey into 10-year periods, start making long-term investments, and avoid speculation. For instance, other than cash and insurance policies, you can consider investing in overseas property, US stocks and bonds, etc. to try to reach your 10-year wealth growth target. • Decades later, the effect of compound interest will be obvious and could make you a multi-millionaire. Some of my students have reached their targets, and are now retired and living abroad.
<p>2</p> <p>Spend wisely</p>	<ul style="list-style-type: none"> • Young people should exercise financial restraint in order to inject more capital into their future. • Don't over-use your credit cards.
<p>3</p> <p>Persist with stable investments</p>	<ul style="list-style-type: none"> • Even a low-risk investment strategy can deliver a reasonable level of potential wealth growth. Speculating is like gambling, the dealer always wins it all in the end. • Time deposits are low-risk investments, but because of possible interest rate cuts, bonds and other investments are worth considering. • Stocks are high-risk but offer higher potential return. But don't speculate or buy on margin. Hold on to the quality stocks and bonds in your portfolio, because they may still bounce back or pay dividends even if the market falls. Don't sell them all at bargain-basement prices.
<p>4</p> <p>Don't forget to diversify risks</p>	<ul style="list-style-type: none"> • If you have enough cash, you can consider diversifying into assets like bonds, stocks and insurance policies. • If you want to invest in stocks, buy at least 10 different ones or more. Each stock should make up no more than 10% of your portfolio. • Avoid focusing too much on one market. Diversify your assets instead.

5

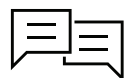
Make good use of insurance policies

- Relatively low-risk investments with long-term growth potential. Some plans provide guaranteed return.



Is it more difficult to achieve financial independence now than it used to be?

It is indeed more difficult. Times are changing, and so is society. And you also have the pandemic and other disruptions. These are all challenges people are facing. To enhance their prospects, people should develop a global vision and seek additional wealth growth opportunities, such as overseas properties and stocks.



What's the difference between teaching others to invest and investing for yourself? Any memorable incidents to share?

I practice what I preach. What I advise others to do is the same as what I do for myself. That includes stable investments. As for memorable incidents, there was a student who took my class in 2019. Subsequently, he started investing himself and stopped coming to class. In March 2020, the US stock market was hit by four trading curbs in a row, so he sold all his stocks and ended up losing several million dollars.

Even though he still had a lot of assets, he couldn't accept the loss, and that led to some psychological issues, for which he is planning to see a psychiatrist. I did my best to cheer him up, but the episode was another stark reminder of how difficult it is to predict market movements, and the importance of managing your risk exposure and persisting with a long-term, low-risk investment strategy. My investment portfolio is now spread out over different assets, including property, stocks, bonds, insurance policies, etc.



What's the key to achieving financial independence?

Sow the seeds with tears in your eyes, reap the harvest with cheers in the future. Make some sacrifices when you're young, put aside money for investment, and you may get back even more in the future. I used to travel only once a year. Since the start of my retirement, the value of my investments has increased several times. By now, I've been to over 60 countries around the world.

Now is the best time to start cultivating a prosperous future. As long as you're willing to make the effort and be patient, a harvest will arrive sooner or later, and you'll see it's worth the wait.




A photograph of a tropical scene with palm trees and a woven bag in the foreground. The image is split vertically. The left half shows a lush tropical landscape with several tall palm trees against a clear blue sky. In the bottom left corner, a portion of a light-colored woven bag with a brown handle is visible. The right half of the image is white and contains the text of the 'Afterword' section, framed by a pink border. Large pink quotation marks are positioned at the top left and bottom right of the text area.

“Afterword

Retirement is not as remote as we imagine. Many people gave in to the temptation of instant gratification and spent too much on indulgences when they were young. So they kept postponing their retirement plans until old age arrived and financial difficulties followed. The fact is, however, that as long as you start planning early, retirement can be a reward, not a challenge.

Macau people have an average life expectancy that is the envy of the world. But how much you can enjoy your retirement depends on how much you can spend. Most people don't have the advantage of being backed by a family inheritance. That means early planning is essential. F.I.R.E. advocates not only saving and investing as much as you can but starting as early as possible. That's because time is an investor's best friend. The earlier you start, the better your chances of growing your assets exponentially through the power of compound interest. And if you stay healthy, you can always create an active income after retirement too. That would not only allow you to stay on top of the rising cost of living, but give you the freedom to live the life you want, in all the places you love.

A large, stylized pink closing quotation mark is located at the bottom right of the text area, mirroring the opening quote at the top left.

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Publication date: July 2024.



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