

Chapter 3

Personal Financial Planning and investments

Risks and returns

The concept of return

- Return on investment (rate of return) is the ratio of money gained or lost on an investment relative to the money **invested**.
- The return is **positive** when the selling price of an investment is higher than the purchase price.
- When the selling price is lower than the purchase price, the return is **negative** and is called a '**loss**'.

The concept of risk

- Risk is the **uncertainty** of an outcome. Different people may feel different levels of risk about the same investment.
- Most people are **risk averse**. This means that when choosing among investments with similar expected returns, an investor prefers the one with the **lowest** risk.
- Thus, in finance, risk can also be defined as the uncertainty of a **negative** outcome.

People tend to avoid risk

- As most people are **risk averse**, individuals tend to avoid risk, other things being equal.
- If investor is given two financial product A and B,
 - Product A : High risk, guaranteed return of 10%.
 - Product B : Low risk, guaranteed return of 10%.
- Since both products' guaranteed return are 10%, the investor will choose the one with low risk.

Types of risk

1 Firm-specific risk

- Firm-specific risk is the risk that is specific to a firm. This kind of risk **can** be diversified.
- Examples include a **strike** or **bankruptcy**.

2 Market risk

- Market risk is the risk affected by **overall financial market** which is **uncontrollable**. This kind of risk **cannot be diversified**.
- Market risk can be incurred from changes in the general **economy** or major political events

第 3 章

個人理財策劃及投資

風險和回報

回報的概念

- 投資回報率（又稱回報率）是投資的利潤或虧損佔最初投資額的比率。
- 當金融產品的賣出價高於買入價時，回報率便是**正數**。
- 當賣出價低於買入價時，回報率便是**負數**，代表出現**虧損**。

風險的概念

- 風險可定義為結果的**不確定性**。面對同一項投資，不同的人可能會感到不同程度的風險。
- 大部分人都是**風險逆向**的，即大部分投資者在面對回報率相近的投資時，會選擇風險**最低**的項目。
- 因此在財務學上，風險可以定義為**負面**結果的不確定性。

人們傾向迴避風險

- 大部分人都是**風險逆向**的，只要其他因素不變，人們都會傾向迴避風險。
- 假如投資者有兩個金融產品 A 和 B，
 - 產品 A：高風險，保證回報率有 10%.
 - 產品 B：低風險，保證回報率有 10%.
- 由於兩項產品的回報率都是 10%，投資者會選擇風險較低的產品。

風險的類型

1 企業特有風險

- 企業特有風險是個別企業所面對的風險。這類風險是**可分散**的風險。
- 企業特有風險的例子包括**罷工**和**破產**。

2 市場風險

- 市場風險是受**整體金融市場**影響的風險，不能控制。這類風險**不能**分散。
- 整體**經濟**轉變或重大的政治事件均可產生市場風險。

Risk-return trade-off

- **Risk-return trade-off** means that if an investor wants to earn higher returns, he has to bear a greater risk.

Points to note about risk-return trade-off

1 High risk, high return

- Risk and return are **positively** related in the long-term.
- This is because if the return on risky products is **lower** than that on less risky products, no one would be interested in the risky products.
- The higher return offered by risky investment products **compensates** investors for bearing greater risk, and is also a means of **persuading** more investors to take greater risk.
- If an investor wishes to receive higher returns, he should also expect to bear **higher** risks.

2 High risk may also lead to huge losses

- Higher risks of investments **may not** bring higher returns.
- While risky investment products can produce high actual returns, they can also lead to **huge losses**.

3 No risk, no return

- If one wants to earn a profit from investment, he has to take some **risks**.
- Taking **calculated** and **acceptable** risks is a very important part of the financial decision-making process.

Making investment choices according to risk-return trade-off, risk-bearing ability, liquidity of the financial products and time and effort involved in monitoring the investment.

Risk-bearing ability

- Risk-bearing ability refers to an individual's ability to suffer **capital loss**.
- The risk-bearing ability of an individual may also change when he enters a different **stage of life**.
- It can also help an investor choose a suitable **investment**.

Investor's risk-bearing ability	Action
Highly risk averse	Only invests in financial products with a very low level of risk, such as those with a guaranteed return
Does not mind taking an acceptable level of risk	May consider buying low-risk financial products
Willing to accept a high level of risk	May invest in high-risk financial products

風險回報取捨

- **風險回報取捨**指投資者若要賺取較高回報，就必須承受較高風險。

有關風險回報取捨的重點

1 高風險，高回報

- 風險與回報長遠而言會呈**正向**關係。
- 如果高風險投資產品的回報比低風險產品的**低**，就不會有人購買高風險產品了。
- 高風險產品所提供的高回報率，是對投資者承擔高風險的**補償**，也是**吸引**更多投資者冒較高投資風險的方法。
- 因此，如果投資者想賺取較高回報，就須承擔**較高**風險。

2 高風險可造成龐大損失

- 較高的投資風險**未必一定**帶來較高的回報。
- 高風險投資產品雖然可帶來高實際回報，但也有機會造成龐大的**損失**。

3 不冒險就沒有回報

- 假如你想在投資中獲利，就必須承擔某程度的**風險**。
- 投資者應學會在財務決策過程中，考慮自己對風險的**接受程度**，並承擔**一定程度**的風險。

根據風險回報取捨，風險承受能力，金融產品的變現能力及處理投資項目所需的時間和精力作出投資選擇

風險承受能力

- 風險承受能力指個人承受**資本損失**的能力。
- 我們踏入不同的**人生階段**時，風險承受能力也可能會轉變。
- 它有助投資者選擇合適的**投資產品**。

投資者的風險承受能力	行動
高度風險逆向	只會投資風險很低的金融產品，例如提供保證回報的產品
不介意承擔可接受程度的風險	可能考慮投資低風險的金融產品
願意承擔較高風險	可能選擇高風險的金融產品

Liquidity of the financial products

- The higher the **liquidity**, the better the financial products.

Time and effort involved in monitoring the investment

- Investors should consider their time and effort for monitoring the investment.

Risk-return relationships of common financial products

Bank deposits

- The two major types of deposits which offer interest (usually at a fixed rate) are:
 - **Saving deposit**: can be withdrawn at any time but the interest earned is very **low**.
 - **Term deposit**: cannot be withdrawn until the saving term has ended. Interest earned on a term deposit is **higher** than that on a saving deposit.
 - ✧ **Term deposit** also called time deposit or fixed deposit
- Risk-return trade-off of bank deposits:
 - The risk of losing a bank deposit is extremely **low**.
 - Because of the risk-return trade-off, the interest rate on a bank deposit is also very low.
 - Among various financial products, bank deposits have the **lowest** risk-return trade-offs.

Bonds

- Bonds are interest-bearing long-term debts (normally 10 years or longer) issued by
 - governments (i.e., **government** bonds)
 - companies (i.e., **corporate** bonds)
- They offer a **fixed** percentage of return.
- The bond-issuing institution has to pay back the principal to the bondholders on the **maturity date**.
- If investors hold the bonds to maturity and the bond-issuing institution does not go bankrupt, the returns on the bonds are **guaranteed**.
- Risk-return trade-off of bonds:
 - As the returns on bonds are guaranteed, the risk-return trade-off of bonds is generally **low**.
 - Corporate bonds have a **higher** risk-return trade-off than bank deposits because companies are more likely to go bankrupt than banks.
 - Government bonds issued by financially strong governments usually have a **lower** risk-return trade-off than corporate bonds.

Types of bonds	Risk-return trade-off
Government bonds	Lower
Corporate bonds	Higher

金融產品的變現能力

- **變現能力**越高，金融產品越好。

處理投資項目所需的時間和精力

- 投資者應該考慮他們處理投資的時間和精力。

常見金融產品的風險回報關係

銀行存款

- **儲蓄存款**和**定期存款**是兩種主要的生息銀行存款，利率通常是固定的。
 - 儲蓄存款：利息很**低**，但存戶可隨時提取存款。
 - 定期存款：利息比儲蓄存款**高**，但存戶在存款期完結前不能提取存款。
- 銀行存款的風險回報取捨：
 - 損失銀行存款的機會**極低**。
 - 由於風險回報取捨關係，所以銀行存款的利率很低。
 - 在各類金融產品中，銀行存款的風險回報取捨**最低**。

債券

- 債券是**政府**或**企業**發行的生息長期債務票據（一般為期十年或以上）。
 - 政府發行的債券稱為**政府債券**；
 - 企業發行的稱為**公司債券**。
- 債券的回報率是**固定**的。
- 債券發行機構必須在**到期日**向債券持有人發還本金。
- 只要投資者持有債券直至期限，而發行債券的機構又沒有破產，他所獲得的回報就能得到**保證**。
- 債券的風險回報取捨：
 - 債券保證提供回報，所以債券的風險回報取捨普遍**較低**。
 - 由於一般企業破產的機會比銀行**高**，所以公司債券的風險回報取捨比銀行存款高。
 - 由財務狀況穩健的政府所發行的政府債券，其風險回報取捨通常比公司債券**低**。

債券類別	風險回報取捨
政府債券	較低
公司債券	較高

Stocks

- Also called **shares**
- Stocks entitle holders to part of the **ownership** of limited companies.
- Investors (stockholders) may earn **dividends** and **capital gains**. However, they may suffer a **loss** if stock prices drop.
- **Dividends** are usually distributed when a limited company earns profits. However, the company may decide whether or not to pay dividends and the amount to be paid.
- **Capital gains** are the difference between the purchase price and the selling price of an investment.
- There are two types of stocks: **common** stocks (**ordinary shares**) and **preferred** stocks (**preference shares**).
- Dividends for preferred stockholders are **guaranteed** but those for common stockholders are not.
- Enjoy voting rights in the Annual General meeting.
- Preferred stocks also have a priority over common stocks in **dividend** payments.
- Risk-return trade-off of stocks:
 - As the returns on stocks are uncertain, stocks have the **highest** risk-return trade-offs compared with bank deposits and bonds in general.
 - Among the two types of stocks, **preferred** stocks have a lower risk-return trade-off as their **dividends** are guaranteed.
 - Common stocks issued by large companies also have a **lower** risk-return trade-off than those issued by small companies as the stock prices of large companies are less likely to drop sharply.

Type of stocks	Risk-return trade-off
Preferred stocks	Lower
Common stocks	Higher

- Comparison of the risk-return relationships of bank deposits, bonds and stocks:

Financial product	Risk-return trade-off
Bank deposits	Lowest
Bonds	Medium
Stocks	Highest

股票

- 又稱股份
- 股票給予持有人有限公司的部分**擁有權**。
- 股票投資者（即股東）有機會賺取**股息**和**資本增值**，但亦可能因股價下跌而**虧蝕**。
- **股息**通常在有限公司賺取利潤時派發，不過有限公司可決定是否派發股息和股息的金額。
- **資本增值**指一項投資的買入價和賣出價之間的差額。
- 股票有兩種主要類型：**普通股**和**優先股**。
- 優先股股東**保證**獲發股息，普通股股東則不然。
- 在股東週年大會享有投票權。
- 此外，與普通股股東相比，優先股股東享有獲發**股息**的優先權。
- 股票的風險回報取捨：
 - 由於股票的回報是**不確定**的，所以股票的風險回報取捨一般比銀行存款和債券**高**。
 - 優先股股東保證獲發**股息**，所以在兩類股票中，**優先股**的風險回報取捨較低。
 - 由於大型企業股價大跌的機會比小型企業低，所以與小型企業的普通股相比，大型企業所發行的普通股的風險回報取捨較**低**。

股票類別	風險回報取捨
優先股	較低
普通股	較高

- 下表展示銀行存款、債券和股票的風險回報關係比較：

金融產品	風險回報取捨
銀行存款	最低
債券	中等
股票	最高

Risk diversification

- Risk diversification is the strategy used to **reduce** the risk of investment through investing in different financial products that are **not correlated**.
 - For example, Investors invest in different stocks which are not correlated (e.g., from different industries and countries).
 - As the prices of these stocks do not move up and down together all the time, some of the **firm-specific** risks of the different stocks will cancel each other out.
 - As a result, the **overall** risk of the investment is reduced.

How to achieve risk diversification?

Exhibit 3.1

Patrick bought three company stocks on 1 April 2013. The value of his investment is shown below:

		\$
Lenovo Group	(\$7.71 × 1,000 shares)	7,710
Hong Kong and China Gas	(\$22.65 × 1,000 shares)	22,650
Bank of China (Hong Kong)	(\$25.90 × 500 shares)	12,950
		<u>43,310</u>

On 30 April 2013, because of the firm's specific risk, the stock price of Lenovo Group dropped sharply to \$7.09. The other two stocks were not affected, and their prices rose on the same day.

What was the value of Patrick's investment as at 30 April 2013?

		\$
Lenovo Group	(\$7.09 × 1,000 shares)	7,090
Hong Kong and China Gas	(\$23.35 × 1,000 shares)	23,350
Bank of China (Hong Kong)	(\$26.70 × 500 shares)	13,350
		<u>43,790</u>

Since the three companies that Patrick invested in are in different industries, their stock prices are not correlated. Although the stock price of Lenovo Group dropped sharply, the increase in the stock prices of the other two companies compensated for the loss. Thus, Patrick's investment achieved risk diversification.

風險分散

- 風險分散是透過同時投資各種不相關的金融產品，減低投資風險的策略。
 - 例如，投資者同時購買各種不相關的股票（如來自不同行業或國家的公司的股票）。
 - 由於這些股票的價格不會永遠同時上升或下跌，不同股票所涉及的企業特有風險可互相抵銷。
 - 結果，減低投資的整體風險。

怎樣達致風險分散？

示例 3.1

家輝在 2013 年 4 月 1 日買入三家公司的股票。他所投資的股票總值如下：

		\$
聯想集團	(\$7.71 × 1,000股)	7,710
香港中華煤氣	(\$22.65 × 1,000股)	22,650
中銀香港	(\$25.90 × 500股)	12,950
		<u>43,310</u>

在 2013 年 4 月 30 日，聯想集團的股價因企業特有風險而下跌至 7.09 元。其餘兩隻股票則沒有受到影響，它們的股價在同一天上升。

在 2013 年 4 月 30 日，家輝所投資的股票總值是多少？

		\$
聯想集團	(\$7.09 × 1,000股)	7,090
香港中華煤氣	(\$23.35 × 1,000股)	23,350
中銀香港	(\$26.70 × 500股)	13,350
		<u>43,790</u>

由於家輝所投資的三家公司來自不同行業，所以它們的股價並不相關。

雖然聯想集團的股價大跌，但是其餘兩家公司股價卻上升了，彌補了有關損失。

結果，家輝的投資達至風險分散。

Personal financial planning using the life-cycle approach

Personal financial planning

- Personal financial planning is a comprehensive process which evaluates all aspects of an individual's financial needs in order to achieve his **financial goals**.
- These financial needs include consumption, taxation, insurance, investment, retirement and estate planning.
 - **Consumption planning:**
How much of your income should be allocated to current consumption? How much should be kept for safety cash?
 - **Taxation planning:**
How can you minimise your tax payment legally?
 - **Insurance planning:**
Which kinds of insurance products do you need?
 - **Investment planning:**
How will you invest your savings so that your goals can be achieved?
 - **Retirement planning:**
How much money do you have to save so that you can enjoy your preferred lifestyle after retirement?
 - **Estate planning:**
How will your wealth and assets be arranged after you die?

Importance of personal financial planning

1 Achieve financial goals in life

- Most of us need financial planning in areas such as **consumption** and **retirement**.
- With personal financial planning, people can set **realistic** financial goals for themselves and achieve them by following a workable **plan**.

2 Avoid financial mistakes

- Without financial planning, it is more likely that one will make serious financial mistakes such as **overspending** and misusing consumer credit.
- Proper financial planning can help **minimise** these negative financial outcomes.

3 Maintain living standards

- An individual's income and wealth distribution are **even** throughout life.
- Financial planning helps prevent a decline in **living standards** when income levels are low (e.g., during retirement).

運用生命週期的概念作理財策劃

個人理財策劃

- 個人理財策劃是透過評估個人各方面的財務需要，達成**理財目標**的過程。
- 個人的財務需要包括消費、稅務、保險、投資、退休和遺產策劃等。
 - **消費策劃:**
應把多少收入用作現時消費？應預留多少收入以應付不時之需？
 - **稅務策劃:**
如何合法地把稅款減至最少？
 - **保險策劃:**
須要購買哪種類型的保險產品？
 - **投資策劃:**
如何將積蓄用作投資，以達成人生目標？
 - **退休策劃:**
須要儲蓄多少才可享有理想的退休生活？
 - **遺產策劃:**
死後的財富和資產應如何安排？

個人理財策劃的重要性

1 達成人生中的財務目標

- 大部分人都有理財策劃的需要，例如在**消費**和**退休**等方面上。
- 透過個人理財策劃，我們可為自己訂立符合**現實**的財務目標，並按照可行**計劃**達成目標。

2 避免犯下財務過失

- 假如沒有理財策劃，我們會較容易犯下嚴重的財務過失，例如**過度消費**和濫用消費者信貸，最終可能陷入財務困難。
- 適當的理財策劃有助**避免**發生這些錯誤。

3 維持生活水平

- 人們在不同的人生階段中，收入和財富的多少會**不同**。
- 理財策劃可避免我們的**生活水平**在收入處於低水平時（例如退休後）下降。

Life cycle in financial planning

What is a life cycle?





- The life of an individual consists of many significant events and behaviour that mark different stages, e.g., getting married or retirement.
- Collectively, these life stages combine to form the **life cycle**.
- Different individuals may have a different number of life stages. The **length** of each life stage may also vary.
- As financial planning focuses on income and wealth, the **childhood** stage is normally excluded from the analysis.
- Six life stages are normally used in financial planning:
 - Young single
 - Just married
 - Married with young children
 - Married with older children
 - Pre-retirement
 - Retirement

Financial needs at different life stages

- Individuals usually have different financial **needs**, **priorities** and **objectives** at different life stages. These have a strong effect on financial planning decisions.
- Therefore, when planning their finances, individuals should consider their financial needs at different life stages.

1 Young single

- The major financial planning objective for young singles is creating and accumulating **wealth**.
- If they are financially supporting their parents and families, they should also take out **insurance** protection against any possible financial burden due to death or disability.
- For those who have strong financial discipline, saving for a flat and retirement should be considered.

Pay \$3,000	Pay \$500	Pay \$2,000	Pay \$3,000
			
Credit card debt	Monthly payment for insurance	Monthly savings for marriage	Salaries tax

生命週期在理財策劃上的應用

生命週期是甚麼？





- 人生中有很多重要的**事件**，標誌着人生的不同階段，例如結婚或退休。
- 不同的人生階段集合起來組成**生命週期**。
- 人生階段的數目和每個階段的**長短**因人而異。
- 由於理財策劃主要與收入和財富有關，**孩童**階段一般不包括在理財策劃分析內。
- 理財策劃分析通常包括六個人生階段：
 - 年青而未婚
 - 新婚
 - 已婚而育有年幼子女
 - 已婚而育有較年長子女
 - 退休前
 - 退休

不同人生階段的財務需要

- 人們在不同的人生階段有不同的財務**需要**、**目標**和**優先考慮**的事情，它們都會直接影響個人的理財策劃決定。
- 因此，我們在策劃財務事宜時，應考慮自己在不同人生階段的財務需要。


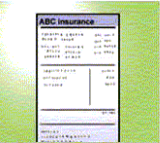


1 年青而未婚

- 對於年青而未婚的人士而言，理財策劃的主要目標是創造和累積**財富**。
- 假如他們須要供養父母和家庭成員，便應購買人壽和傷殘**保險**，以免一旦去世或傷殘，會為家人帶來額外的財務負擔。
- 有財務紀律的人亦應考慮通過儲蓄來置業和訂立退休計劃。

付 \$3,000	付 \$500	付 \$2,000	付 \$3,000
			
信用卡債務	保險每月供款	應付結婚開支的每月儲蓄	薪俸稅

2 Just married

- If both the husband and wife are employed, the family will have more money to meet their financial planning needs. They can start saving for **retirement** and planning their **investments**.
- If only one of them works, they should take out **insurance** to protect their earning ability against any possible financial burden because of death or disability.

Pay \$900,000	Pay \$2,000 per month	Pay \$3,000	Pay \$2,500 per month
			
Down payment on a flat	Take out another insurance plan	Monthly savings for retirement	Investment




3 Married with young children

- The birth of children greatly increases a family's **financial burden**. Therefore, the need for financial protection is even stronger and **insurance** is a must.
- The couple should also reserve a proportion of their income to pay for their children's **educational** expenses.
- If there is money left, the family may want to save for major purchases and retirement.
- However, if the mother or father wants to stay at home to take care of the children, the family's income will be greatly reduced.

Pay \$2,000 per month	Pay \$200,000	Pay \$3,000 per month
		
Educational Expenses	Car purchase	Take out another insurance plan

4 Married with older children

- Normally, as the children grow older, parents would have reached the **middle** stage of their careers and would be earning higher incomes. They should have more **surplus funds**.
- Financial planning priorities at this stage include repaying **loans**, saving for their children's **university** education, preparing for retirement, and paying for leisure activities.

Pay \$500,000	Pay \$150,000	Pay \$30,000
		
Repaying mortgage	Savings for children's education	Vacation

2 新婚

- 假如夫婦都有工作，他們會有較多金錢滿足理財策劃需要。他們可以開始為退休生活作儲蓄，以及進行投資。
- 假如夫婦之中只有一人工作，便應購買人壽和傷殘保險，以免家庭因驟然失去收入而陷入財務困難。

付 \$900,000	每月付 \$2,000	付 \$3,000	每月付 \$2,500
			
住宅單位首期	購買另一份保險計劃	為退休作準備的每月儲蓄	投資

3 已婚而育有年幼子女

- 子女的出生會大大增加家庭的財務負擔，夫婦需要更大的財務保障，所以必須購買保險。
- 此外，他們亦應預留部分收入，以應付子女的教育開支。
- 假如還有剩餘的金錢，他們可儲起來留待購買昂貴物品或退休時使用。
- 如果夫婦其中一方希望留在家中照顧孩子，家庭的收入更會因而大減。

每月付 \$2,000	付 \$200,000	每月付 \$3,000
		
教育開支	購買汽車	購買另一份保險計劃



4 已婚而育有較年長子女

- 一般來說，隨着子女日漸長大，夫婦的事業發展將踏入中期，賺取的收入應相對較高，並應有較多的剩餘資金。
- 這個階段的理財策劃須優先處理的事項包括償還貸款、儲蓄子女的大學教育經費、為退休生活作準備，以及支付消閒開支。

付 \$500,000	付 \$150,000	付 \$30,000
		
償還按揭貸款	應付子女教育經費的儲蓄	旅遊



5 Pre-retirement

- At this stage, the children would have grown up and become financially **independent**. Therefore, the need for insurance which provides financial protection to the children and the non-working spouse gradually **decreases**.
- Now, the couple's first priority is saving for **retirement**.

Pay \$30,000	Pay \$100,000
	
Vacation	Savings for retirement



6 Retirement

- For retirees, it is important to **pay daily expenses** and **maintain their desired lifestyle**. e.g. leisure, transportation, food, vacation.
- They also need to have enough money for **meeting contingencies**. e.g. **medical expenses, accidents**
- **Estate planning**. e.g. expenses on funeral, burial arrangement

All money	All money
	
Maintain desired lifestyle	Estate planning



5 退休前

- 到了這個階段，子女已長大和經濟**獨立**。因此，為子女和無業配偶提供財務保障而購買保險的需要會逐漸**減少**。
- 在這個階段，夫婦應把**退休保障**列為理財的首要目標。

付 \$30,000	付 \$100,000
	
旅遊	為退休作準備的儲蓄

6 退休

- 對退休人士來說，**支付日常開支及維持理想的生活方式**是十分重要的。例如，休閒，交通，食品，度假。
- 他們也必須保留足夠的金錢應付**突發事件**。例如，**醫療開支，意外**
- **遺產策劃**，例如，葬禮，葬禮費用

所有金錢	所有金錢
	
維持理想的生活方式	遺產策劃

Rights and responsibilities of individual investors and consumers of financial services

- Before investing in or purchasing financial products, one should first understand the **rights** and **responsibilities** of individual investors and consumers of financial services.
- By understanding their rights and responsibilities, investors can better protect their **interests** and avoid unnecessary **losses**.

Rights

Individual investors and consumers of financial services have the following rights:

- 1 Right to be **informed** of the licence status of services providers, as well as the fees and charges on the investment products and services provided.
- 2 Right to **receive** transaction documents (contract notes, statements of account) and to ask for clarification of all financial documents that they sign.
- 3 Right to seek **clarification** about the rationale behind the recommendations that a broker or financial planner makes and to ask for **alternatives** to those recommendations.
- 4 Right to **complain** in case their investments are mishandled by financial institutions or intermediaries.

Responsibilities

Individual investors and consumers of financial services have the following responsibilities:

- 1 **Understand** the terms of a contract before signing it.
- 2 **Understand** the return and risks of financial instruments
- 3 **Check** account statements and transaction documents
- 4 Do not allow others to **trade** on their accounts.
- 5 Give **clear instructions** to their broker or financial planner.

Rights and responsibilities of employees under the Mandatory Provident Fund (MPF) System

Mandatory Provident Fund System

- The MPF System is a **compulsory** employment-based retirement protection system.
- The purpose of the MPF System is to help working individuals in Hong Kong save for their retirement through gradual savings in **long-term** investment plans at an appropriate **risk** level.

個人投資者和金融服務消費者的權利和責任

- 我們在投資前，應先了解個人投資者和金融服務消費者的**權利**和**責任**。
- 投資者如能了解自己的權利和責任，便可以更清楚如何保障自己的**權益**，避免不必要的**損失**。

權利

個人投資者和金融服務消費者有以下權利：

- 1 **知悉**服務商的牌照狀況，以及投資產品和服務的各项收費。
- 2 **獲取**交易文件(買賣單據和帳戶結單)，並要求經紀或財務策劃師詳細解釋所有消費者須簽署的財務文件。
- 3 要求經紀或財務策劃師**解釋**所提出的投資建議背後的理念，並提供**建議以外**的其他選擇。
- 4 就金融機構或中介人在投資上處理不當而作出**投訴**。

責任

個人投資者和金融服務消費者有以下責任：

- 1 簽訂合約前**了解**合約條款。
- 2 **了解**不同金融產品所涉及的回報和風險。
- 3 **查閱**帳戶報表和交易文件
- 4 不要讓他人使用自己的帳戶進行**交易**。
- 5 向經紀或財務策劃師給予**清晰的指示**。

僱員在強制性公積金制度下的權利和責任 強制性公積金制度

- 強積金制度是以僱傭為基礎的**強制性**退休保障制度。
- 強積金制度的目的是讓香港的工作人口可透過 參與**風險**水平合理的**長線**投資計劃，逐步 儲蓄，為自己的退休生活提供基本保障。

Features of the MPF System

- All employees and **self-employed** persons aged 18 to below 65 who have been employed for a continuous period of not less than **60** days are required to join an MPF scheme.
- Domestic employees and self-employed hawkers are exempted from joining an MPF scheme.
- Under the MPF System, both the employer and the employee make **monthly** mandatory contributions to an MPF scheme.
 - The mandatory contribution is **5%** of the employee's relevant income each month, with a maximum relevant income level of **\$30,000**.
- Employees with a monthly relevant income of less than **\$7,100** are not required to contribute to the scheme.
 - However, their **employers** are still required to make contributions for them.
- In addition to mandatory contributions, both the employer and the employee can opt to make **voluntary** contributions.
- Under the MPF System, employers are required to **enrol** their employees in an MPF scheme. Employees can then choose **MPF funds** provided under the scheme.
- **MPF funds** represent the pooling of contributions from many employers and employees. They are managed by professional fund managers who invest the money in various investment products. Employees can then enjoy investment returns and risk diversification.

Rights and responsibilities of employees and self-employed persons

Rights

1. Choose MPF funds under the MPF scheme chosen by employers
2. Transfer the employee's portion of mandatory contributions and investment returns to any MPF trustee and scheme once every calendar year
3. Make voluntary contributions to the MPF scheme
4. Withdraw the accrued benefits at age 65

Responsibilities

1. Contribute 5% of monthly relevant income to the MPF scheme up to an income level of \$30,000 (except those who have a monthly relevant income of less than \$7,100)
2. Bear the investment risk of the MPF funds and the outcome of the investment
3. Choose MPF funds according to their risk tolerance level

強積金制度的特點

- 所有年滿 18 歲至未滿 65 歲，並連續受僱不少於 **60** 日的僱員和**自僱人士**必須參加強積金計劃。
- 家務僱員和自僱小販可獲豁免參加強積金計劃。
- 根據強積金制度，僱主和僱員都須向強積金計劃作**每月**強制性供款。
 - 僱主和僱員的供款額均是僱員每月 有關入息的 **5%**，最高有關入息水平為**\$30,000** 元。
- 每月有關入息少於**\$7,100** 元的僱員毋須供款。
 - 但**僱主**須為僱員供款。
- 除作出強制性供款外，僱主和僱員都可選擇作**自願性**供款。
- 在強積金制度下，僱主須安排僱員**參加**強積金計劃，僱員可自行選擇有關計劃所提供的**強積金基金**。
- **強積金基金**匯集眾多僱主和僱員的供款，然後交由專業基金經理管理，基金經理會將供款用作投資各種投資產品，僱員可賺取回報和分散風險。

僱員和自僱人士的權利和責任

權利

1. 從僱主選擇的強積金計劃中選擇強積金基金
2. 每年一次將僱員強制性供款和投資回報轉移至任何強積金受託人及計劃
3. 向強積金計劃作自願性供款
4. 在 65 歲時提取累算權益

責任

1. 向強積金計劃作出等於每月有關入息 5%的供款，入息水平上限為 30,000 元（每月有關入息少於 7,100 元的僱員除外）
2. 承擔強積金基金的投資風險和後果
3. 根據自己的風險承受能力選擇強積金基金