



投資者及理財教育委員會
Investor and Financial
Education Council

Holistic Approach in Personal Financial Planning

4/6/2019

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What Is Financial Planning?

Financial planning is the process of setting, planning, achieving and reviewing your life goals through the proper management of your finances.

夢想、理想還是空想?

<https://www.thechinfamily.hk/web/tc/tools-and-resources/multimedia/video/life-events-videos-2.html>

Why do you need a financial plan?



Key steps to draw up a basic financial plan





Tools & Resources

Hot topics

Money Management Tools

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Programmes

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e-newsletters

Publications

Glossary

Useful links

Recently Viewed

Debt collection

Debts and borrowing

Managing your Money -
Saving for the future

Home > Tools & Resources > Money Management Tools - The Chin Family



Money Management Tools

A suite of interactive tools for managing your finances

The Chin Family offers a suite of free interactive tools to help you better plan and manage your personal finances anytime, anywhere.

Money Management Tools and Mobile App

HOT

Money Tracker



Plan, budget and track your expenses and income on your smartphone.



Start Now

HOT

Retirement Planner



Work out your retirement budget with action plans.

Savings Goal Calculator



Come up with a plan to achieve your saving goals.

Start Now

Budget Planner



Set your budget and take control of your spending and savings.

Start Now

HOT

Wedding Budgeting Worksheet



Plan and manage your

HOT

Study Abroad Budgeting Worksheet



Parents and/or students

HOT

House Renovation Budgeting Worksheet



Plan and manage

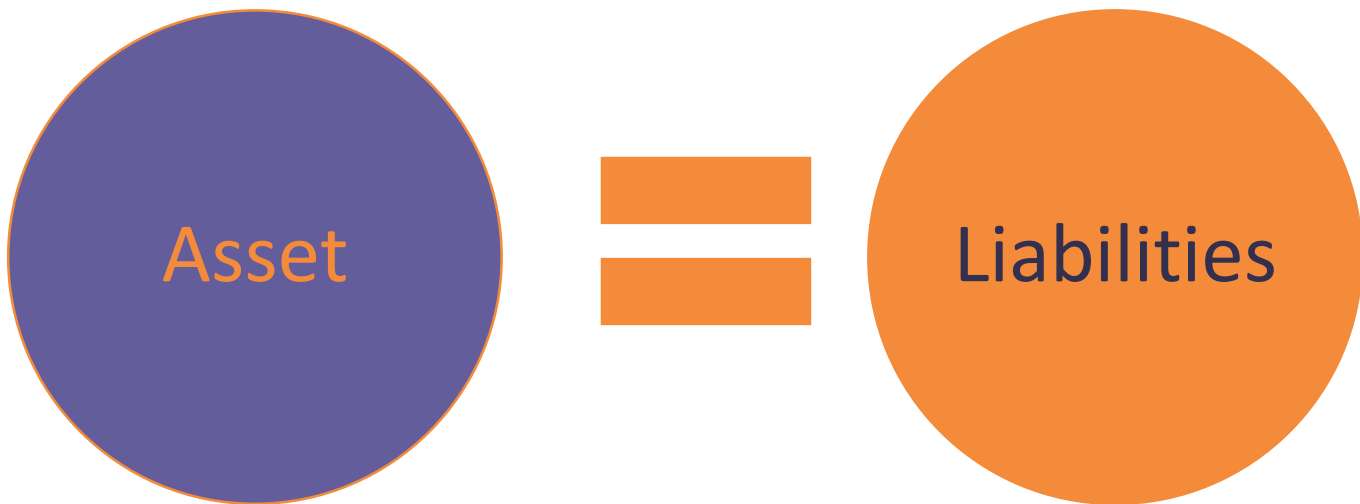
Having A Baby Budgeting Worksheet



Plan and manage



Step 1: Assess your financial situation





Net worth calculator

Knowing your net worth is important to assessing your financial situation and achieving your financial goals. This net worth calculator helps you work out if what you own outweighs what you owe and therefore helping you to check out how good you are at managing your wealth.



Gross annual salary

HKD 0

Gross annual expenses

HKD 0

Annual extra income from
savings and investment

HKD 0

Income tax

HKD 0

Assets

[Collapse all](#)

Liquid assets

Cash

HKD 0

Savings account

HKD 0

Current account

HKD 0

Fixed deposit

HKD 0

Other liquid assets

HKD 0

Liabilities

Outstanding mortgage loan

HKD 0

Outstanding car loan

HKD 0

Outstanding credit card

HKD 0

Outstanding overdraft

HKD 0

Other loan(s)

HKD 0

Step 1: Assess your financial situation



Asset	
Saving	\$128,000
Property	\$2,300,000
Stocks	\$210,800
Bonds	\$20,100
Fund	\$136,000
Insurance (e.g. Annuity, investment-related)	\$320,000
MPF / P-fund	\$250,000
Other (e.g. gold)	-
Total Asset	\$3,364,900
Liability	
Mortgage	-
Credit	\$3,000
Loan	\$50,000
Other	-
Total liability	\$53,000
Net Asset	\$3,311,900

Step 2: Create a budget

Dining

Transport

Education

Shopping

\$

\$

\$

\$

Family

Insurance

Loan

Other

\$

\$

\$

\$

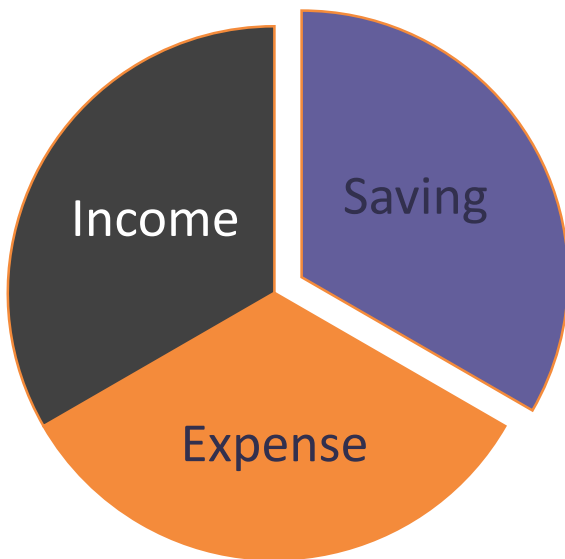
Step 2: Create a budget

錢家有道
the Chin family



Budget planner

Create a budget to understand your money habits and take control of your spending and savings. Our Budget Planner helps you keep track of your finance. You can save the results on your computer, print out and do it later, or you can set up a budget by downloading our budgeting spreadsheet into your computer.



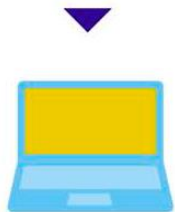
Income	Savings and investments	Expenses	?
Salary			
Collapse all			
Basic salary	Monthly	HKD	20000
Allowances or subsides	Monthly	HKD	1000
Commission	Monthly	HKD	0
Bonus	Monthly	HKD	0
Others	Monthly	HKD	0
Top			
Spouse's salary			
Basic salary	Monthly	HKD	15000
Allowances or subsides	Monthly	HKD	0
Commission	Monthly	HKD	0
Bonus	Monthly	HKD	0
Others	Monthly	HKD	0
Top			
Other income			
Summary			
Income per month			
HKD 36,000.0			
Salary:			
HKD 21,000.0			
Spouse's salary:			
HKD 15,000.0			
Other income:			
HKD 0.0			
Savings and investments per month			
HKD 4,000.0			
Expenses per month			
HKD 3,500.0			
Result			
HKD 28,500.0			

Step 3: Set your financial goals

- Short-term goal
(e.g. buy a mobile phone, computer and travelling)
- Medium-term goal (1 to 5 years)
(e.g. further studies, working holiday, marriage)
- Long-term goal (more than 5 years)
(e.g. education fund for your children, retirement)
- How to turn your 'wants' into financial goals?

Step 3: Set your financial goals

Setting SMART goals



Ⓢ

Specific



Ⓜ

Measurable



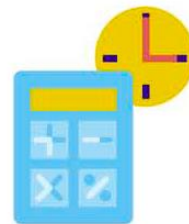
Ⓐ

Attainable



Ⓡ

Realistic



Ⓣ

Time-bound



Savings goal calculator



How much
you need to save



How much
you will have











How long will
it take



How much do you need to save?

This calculator helps you find out how much you'll need to save regularly to reach your goal in time.

- ☒  Education
- ☐  Starting a business
- ☐  Saving for a rainy day
- ☐  Wedding
- ☐  Setting up home
- ☐  Buying a car
- ☐  Having a baby
- ☐  Holiday
- ☐ Others

Your savings goal ?

HKD

Amount you have already

HKD

Expected rate of return ?

% p.a. (Up to two decimal places)

Saving period

Year(s)

Month(s)

Compounding frequency ?

☐ Yearly ☒ Monthly ☐ Weekly

Calculate

Reset

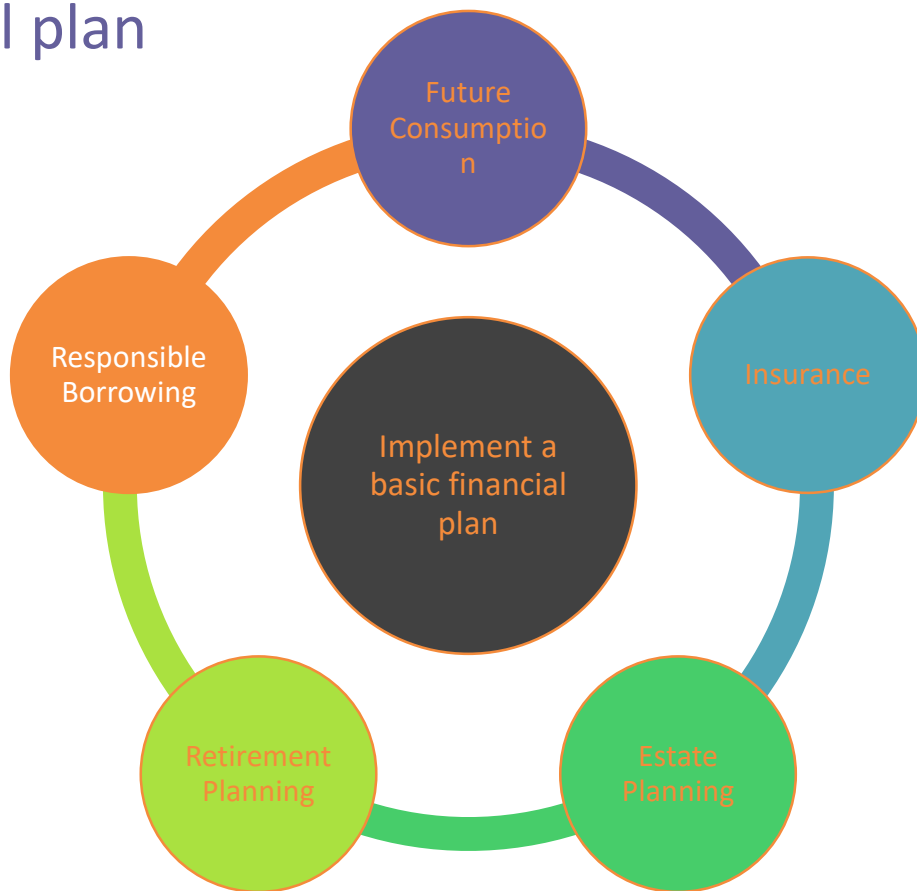
Step 4: Know your risk tolerance

1. Investment Target

- Expected return?
- Investment horizon?

Factor	Situation	Risk tolerance
Age	↑	↓
Investment horizon	↓	↓
Asset	↓	↓
Financial burden	↑	↓

Step 5: Work out and implement a basic financial plan



Step 5: Work out and implement a basic financial plan

- Prioritization of your needs and targets
- Choose suitable investment products
- Understand consumer rights and responsibilities
- Diversification in investment

Step 6: Regularly review and adjust your financial plan

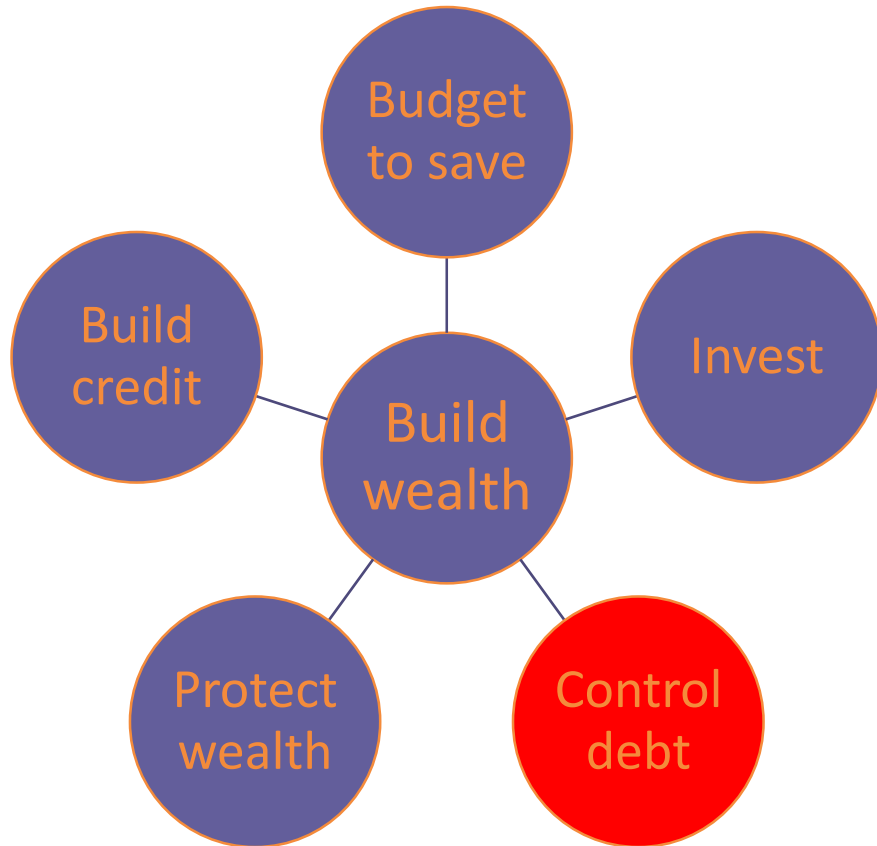
- Review your existing budget and investment portfolio from time to time
- Review the performance of your portfolio regularly and rebalance your investments when necessary.
- Avoid keeping a portfolio that may over-concentrate on certain asset classes.

Building an investment portfolio and managing risk

Retail Investor Study Research Report

1. https://www.thechinfamily.hk/web/common/pdf/about_iec/IEC-Retail-Investor-Study-report.pdf

How to build wealth?



Control Debt



Debt Calculator

This calculator provides you with an overview of all your personal debts, including credit cards, personal loans and other loans (eg relatives and friends); as well as options and tips to help you manage your debts effectively.

Credit Card

Personal Loan

Other Loan

Overview

?

The personal loan calculator works out the repayment of personal loan. It converts the annualised percentage rate (APR) to estimate the effective monthly interest and then works out the average monthly repayment amount required to settle the debt. [Learn more.](#)

(You can provide details up to 10 loans)

Personal loan(s)

Financial institution

Loan amount HKD

Loan period

Annualised percentage rate (APR) % (Up to two decimal places)

Average monthly repayment amount

[Add another loan](#)

Your monthly income is HKD

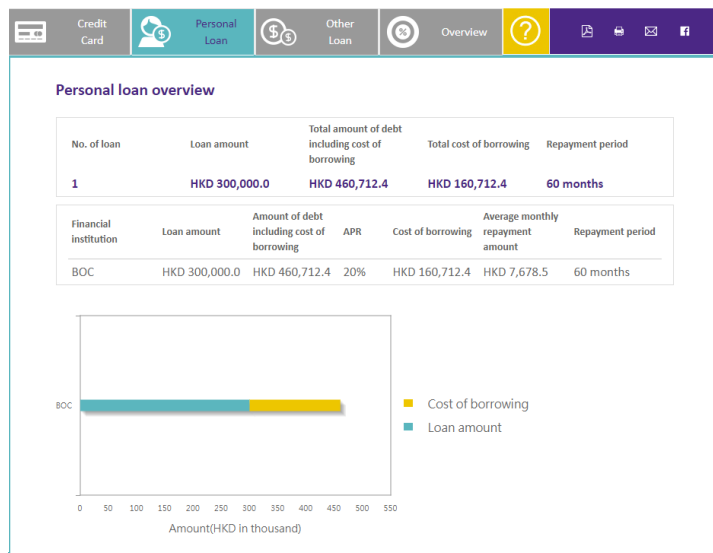
Calculate

Reset



Debt Calculator

This calculator provides you with an overview of all your personal debts, including credit cards, personal loans and other loans (eg relatives and friends); as well as options and tips to help you manage your debts effectively.



Total amount of debt including cost of borrowing	Total cost of borrowing	Repayment period	Debt-to-income ratio
HKD 502,594.0	HKD 162,594.0	60 months	0

Credit card debt overview

No. of credit card	Debt amount	Total amount of debt including cost of borrowing	Total cost of borrowing	Repayment period	Debt-to-income ratio
					0

[View details](#)

Personal loan overview

No. of loan	Loan amount	Total amount of debt including cost of borrowing	Total cost of borrowing	Repayment period	Debt-to-income ratio
1	HKD 300,000.0	HKD 460,712.4	HKD 160,712.4	60 months	0

[View details](#)

Other loan overview

No. of loan	Loan amount	Total amount of debt including interest	Total interest	Repayment period	Debt-to-income ratio
1	HKD 20,000.0	HKD 20,000.0	HKD 0.0	24 months	0

[View details](#)


How to build wealth?

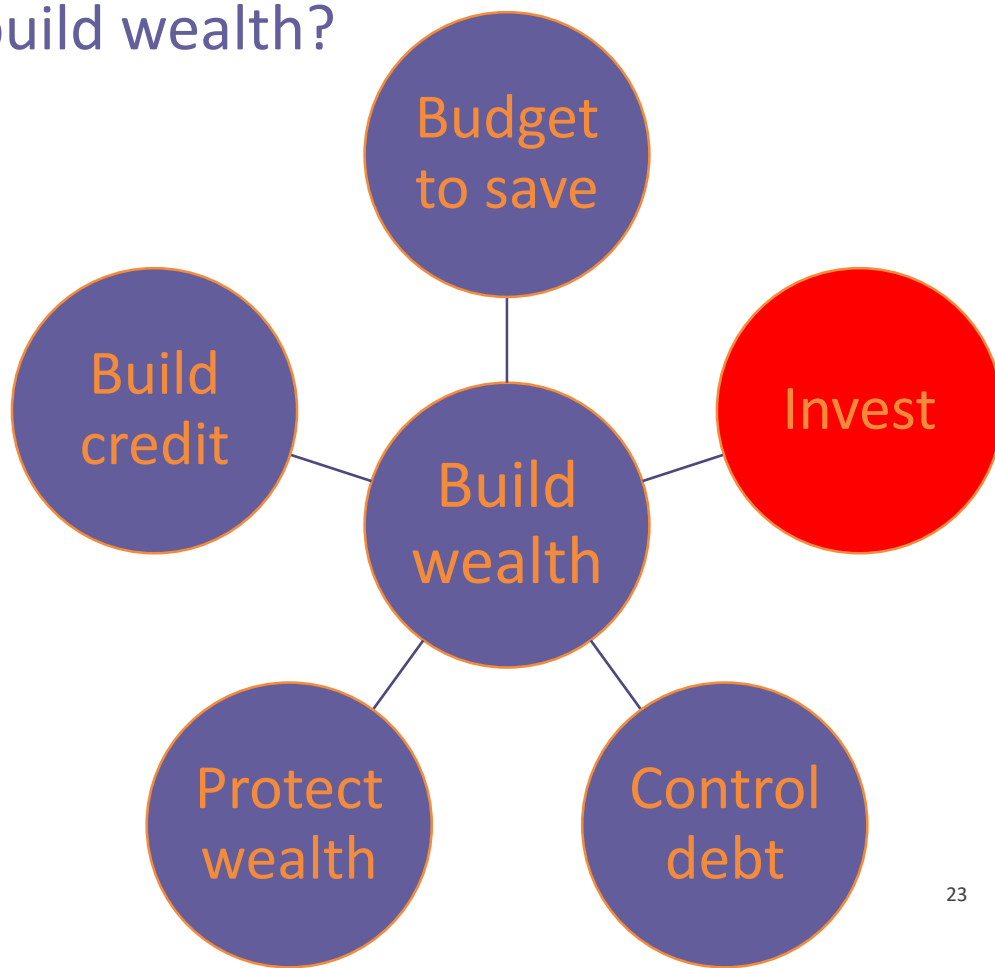


Figure 1.1 – Investment in Financial Products in the past 12 months

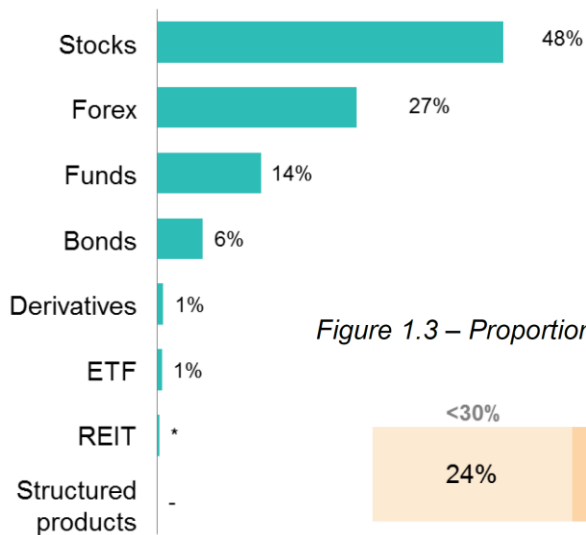
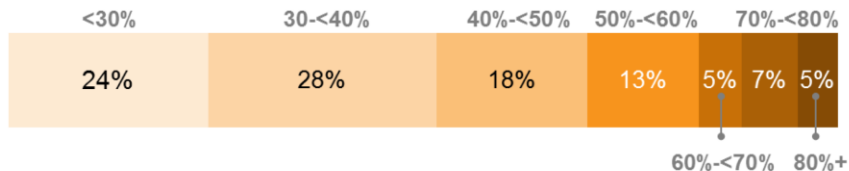


Figure 1.3 – Proportion of Liquid Asset Invested into Financial Products



* denotes <0.5%; - denotes =0%
Base: Individuals aged 18-70 (n=501)

Base: All respondents (n=1,002)

Are you ready to invest?

- Is your debt under control?
- Do you have enough cash for emergencies?
- Do you have adequate insurance protection?
- Do you understand how to invest?

Basic principles

- The power of compounding
- Risk and return
- Dollar cost averaging
- Diversification
- Asset allocation

The power of compounding – Example 1

	Age when saving begin	Number of years for saving	Monthly saving amount	Savings at age 5	Assumer annual interest rate (compounding once a year)	Total principal and interest at age 65
Fiona	25	40	\$1,000	\$480,000	6%	Around \$1,857,000
Kary	35	30	\$1,333	\$480,000	6%	Around \$1,265,000
Jason	35	30	\$1,000	\$360,000	6%	Around \$949,000

The above example is for discussion only

The above example is for discussion only

The power of compounding – Example 2

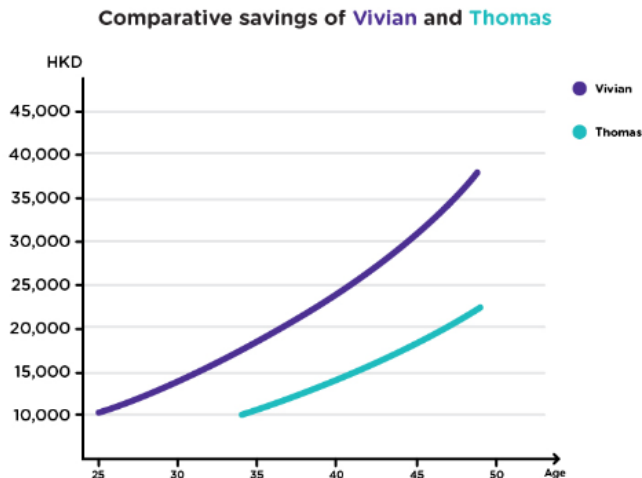
	Assumed annual interest rate (compounding once a year)	Monthly savings/ investment from age 25 – 45	Monthly savings/ investment from age 45 – 65	Total principal and interest at age 65
Kenus	6%	\$1,000 (a total of \$240,000 in 20 years)	\$0	Around \$1,416,000
Matthew	6%	\$ 0	\$1,000 (a total of \$240,000 in 20 years)	Around \$441,000

The above example is for discussion only

Saving early to let your money grow

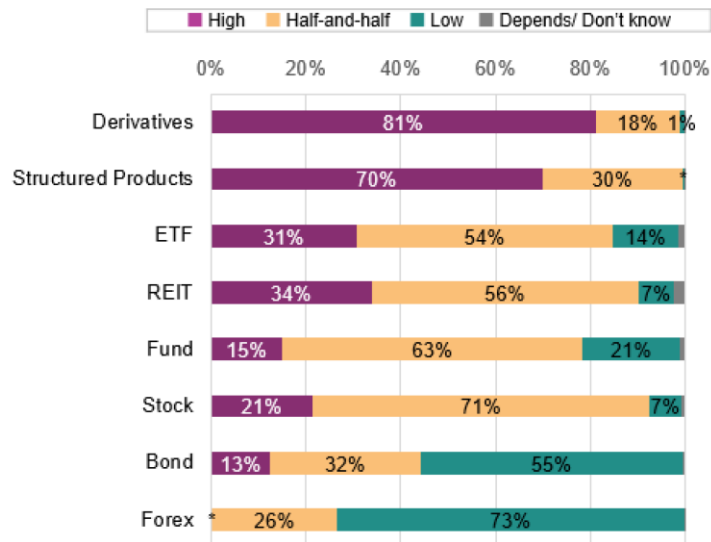
Vivian and Thomas are both 25 years old. Vivian invests HKD10,000 at an annual compound interest rate of 5.5%. When she turns 50, her investment will have grown to HKD38,134. Thomas waits until he is 35 to invest HKD10,000 at the same interest rate. By the time he reaches age 50, his investment will be worth HKD22,325.

Even though they both invested the same amount, Vivian gave her money more time to grow. She earned a total of HKD28,134 in interest, while Thomas earned only HKD12,325.



The sooner you start saving, the sooner you start benefitting from the power of compound interest – which puts time to work on your savings. The more time you allow for your savings to grow, the greater the effect of compound interest – which is why it's a good idea to start saving early on.

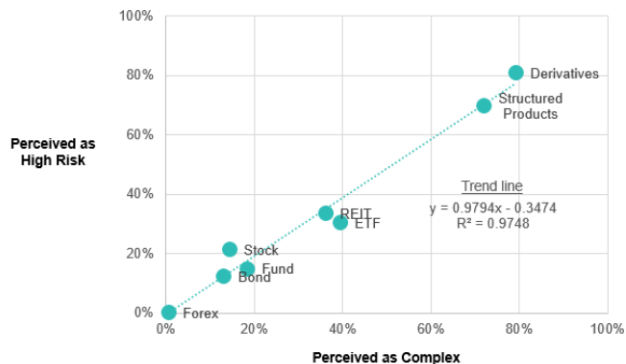
Figure 2.2 – Perceived Risk Level of Different Investment Products



* denotes <0.5%

Base: All respondents (n=1,002)

Figure 2.3 – Perceived Complexity vs. Risk Level of Financial Products



Base: all respondents n=1,002

Risk and return

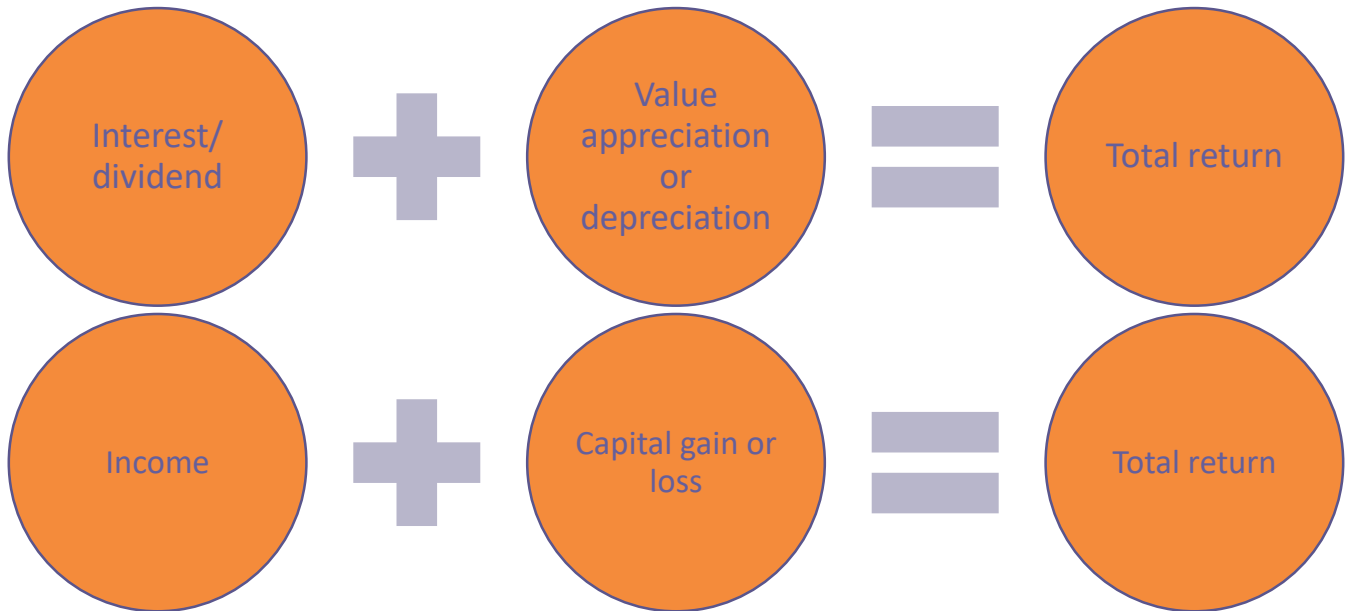
1. What is risk?

- The chance that you may get lower return than expected, zero return or even negative return
- Risk is also about volatility. The possibility that your investment will fluctuate (go up or down).



Risk and return

1. What is return?



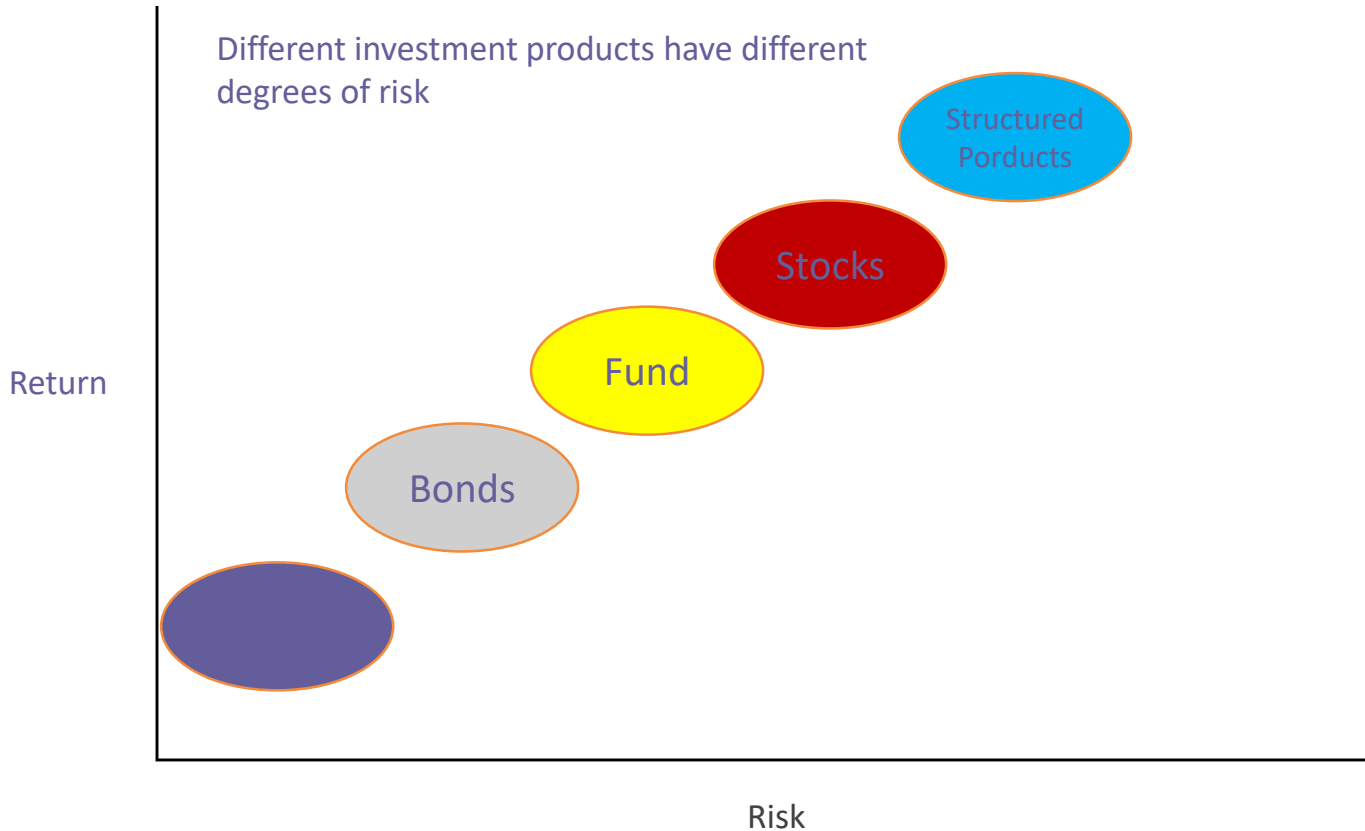
Risks of investing in stock market

- Market Risk
- Interest Rate Risk
- Global riskj
- Business Risk
- Corporate mis-governance
- Liquidity risk
- Currency risk
- Policy Risk

	Interest / Dividend/ other	Capital gain/ loss
HKD Saving	✓	✗
Stocks	✓ / ✗	✓
Bond	✓ *	✓
Property	✗	✓
Lease	✓	✓
Gold	✗	✓
Foreign Currency	✓	✓

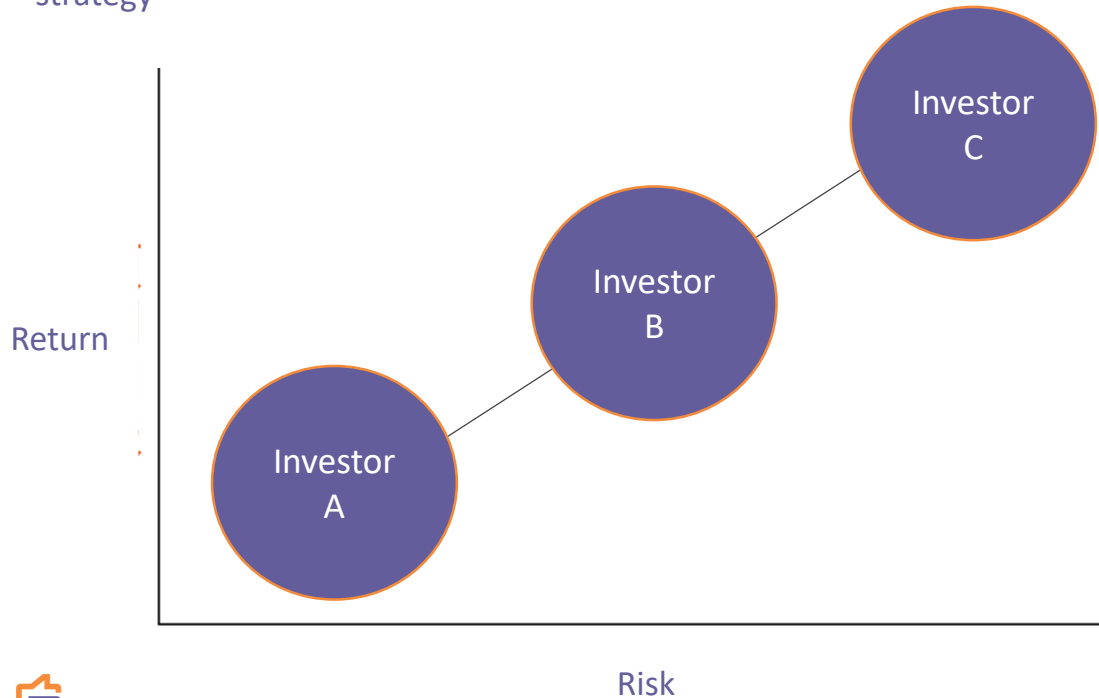
Risk and return of different asset classes

Different investment products have different degrees of risk



Risk and return

People who can tolerate lower risks tend to employ more conservative investment strategy



Risk and return

Risk tolerance	Low	High
Investment horizon	Short	Long
Age	Old	Young
Demand for liquid assets	Strong	Weak
Financial resources	Limited	Abundant
Financial burden	Heavy	Light

Dollar cost averaging

Month	Amount invested	Price per share	Number of shares
January	\$500	\$50	50
February	\$500	\$5	100
March	\$500	\$4	125
April	\$500	\$5	100
May	\$500	\$10	50
June	\$500	\$12.5	40
Total	\$3000	\$6.45	465 units

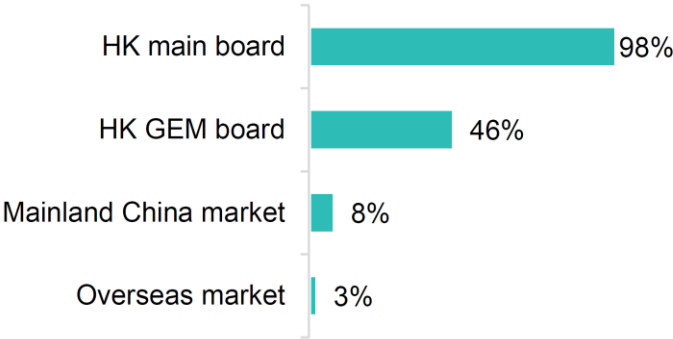
Diversification

WHY

- Each type of investment tends to respond differently to economic factors and market events
- It is unusual for all asset classes to perform badly at the same time

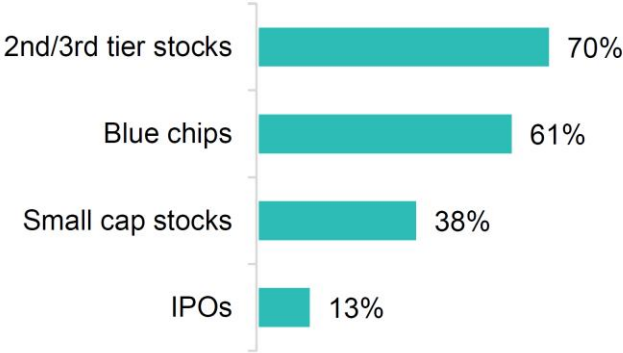


Figure 3.1 – Stock Markets invested-in in the past 12 months



Base: those who have invested in stocks in the P12M (n=791)

Figure 3.2 – Types of Stocks Invested-in in the past 12 months



Base: those who have invested in stocks in the P12M (n=791)

Asset allocation

- The process of deciding what share of your investable should be invested in what asset class
- How much was invested in each asset class
- Asset allocation decision is the main deciding factor for a portfolio returns and risks
- Asset classes
 - Currency
 - Stocks
 - Bonds
 - Commodity
 - Property

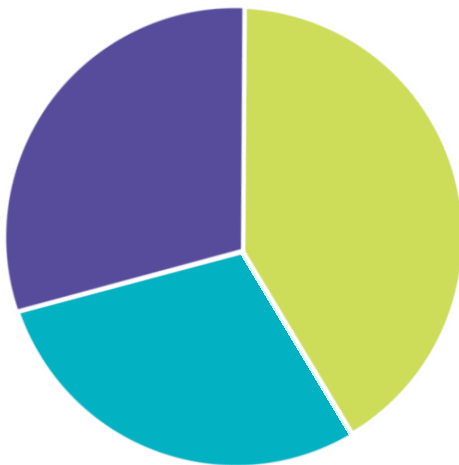
Asset allocation

Equities

Bonds

Cash

Conservative



Balanced



Adventurous



Diversification – spread your risk

Benefits

- Spread the investment over a range of different investment asset classes
- Don't put all your eggs in the one basket

How

- Invest in different types of investments
- Invest in different companies/ industries / countries within a type of investment

Diversification – spread your risk

1. Which portfolio is the most diversified?

Portfolio 1		Portfolio 2		Portfolio 3	
Items	Value	Items	Value	Items	Value
China Bank A	\$30,000	Global equities fund	\$50,000	Global equities fund	\$30,000
HK Bank B	\$20,000	China equities fund	\$40,000	iBond	\$30,000
RMB Bonds	\$20,000	HK stocks	\$10,000	RMB Deposit	\$20,000
RMB Deposit	\$30,000			Euro Deposit	\$20,000

Diversification – spread your risk

1. Consider

- Asset classes
- Geographical location
- Industry

Building an investment portfolio



中一至中三金錢管理教學資源套

配合課程的理財教育

- 和教育局合作配合最新課程及教學法，設計合適以下初中學科的教材

生活與社會

商科 / BAFS

家政

資訊科技

經濟

綜合人文

- 著重生活事件，以大量生活事例解釋複雜概念，深入淺出
- 教學活動，全班參與
- 8個單元，30分鐘each
- Online resources center: 工作紙、PPT、練習、教案...

教師用書

錢家有道
the Chin family



課題及可對應初中課程

單元	主題	部分內容	生活與社會 (2010) 對應課程內容	科技教育 (2017) 對應課程內容
單元一	個人預算	<ul style="list-style-type: none"> 個人開支紀錄 個人預算及調整 	單元十：資源運用 理財有道，做金錢的主人	資源管理 家庭生活
單元二	財務計劃	<ul style="list-style-type: none"> 建立財務目標的重要性：結婚、置業、旅行開支/預算 訂立財務計劃 	單元十：資源運用 理財有道，做金錢的主人 增潤單元一：規劃自我人生	資源管理 家庭生活 家庭管理與科技
單元三	電子貨幣	<ul style="list-style-type: none"> 不同支付工具的好處及壞處 如何選擇使用那種支付工具 		科技及社會 資訊處理及展示
單元四	精明消費者	<ul style="list-style-type: none"> 不同消費品的價格 選擇合適的購物渠道 	單元十一：明智消費	消費者教育

課題及可對應初中課程

單元	主題	部分內容	生活與社會 (2010) 對應課程內容	科技教育 (2017) 對應課程內容
單元五	消費者權利及責任	<ul style="list-style-type: none"> 消費者權利責任 不良營商手法及相關法例 	單元十一：明智消費	消費者教育
單元六	就業與收入	<ul style="list-style-type: none"> 最低工資及強積金 不同工作的學歷及技能要求 	單元十四：香港的勞工市場	
單元七	生活中的金融服務	<ul style="list-style-type: none"> 金融服務機構 銀行服務：定期存款、按揭貸款、旅遊保險、買賣股票 	單元十：資源運用 銀行提供的理財服務	資源管理
單元八	借貸的需要	<ul style="list-style-type: none"> 分辨良性債務與不良債務 與解不同的借貸方式 	單元十八：國際金融中心	資源管理

小組活動教學

活動 2

小組討論（財務目標及計畫）

選擇以下其中一個理財個案進行小組討論，然後選一組員扮演個案中的其中一個角色，並嘗試說服同組其他同學接受其方案，完成後派代表向老師及同學報告。

個案一（適合能力較弱的學生）

試閱讀以下資料，然後回答問題。

文傑及小芳結婚後共同租住一個單位，他們沒有計劃生兒育女。這個二人家每月收入是 \$25,000。由於家中的電視機損壞，文傑及小芳最近打算更換電視機。

我不打算為購買電視機儲蓄。電視機並不昂貴，月底時尚未花掉的收入應足以應付，到時再算吧。

文傑



我計畫購買一部售價為 \$8,000 的電視機。我打算減少本月及下月的購物開支，每月發薪後先儲蓄 \$2,000，然後在四個月後購買電視機。

小芳



1. 你認為文傑還是小芳較有可能達成購買電視機的財務目標？為甚麼？

自由作答，財務目標應合乎「SMART」原則，例如具體（每月儲蓄 \$2,000）及有時間性（四個月後完成目標）。

參考答案：小芳。因為她有具體的儲蓄目標（每月儲蓄 \$2,000），同時她打算發薪時先將該筆金額預留作儲

蓄，確保目標能夠達成。

達標三部曲

單元二

財務計劃

工作紙

自由作答。例如目標可設定為前往日本旅行、希望一年後達成等。

確認家庭的短／中期目標（希望一年內達成）

目標：買電視機

希望何時達成：半年內

預計所需金額：\$7000

每月需要儲蓄：\$1500

編制家庭預算

家庭預算（每月）

	金額 (\$)	總額 (\$)
總收入		\$34,000
儲蓄	\$4,000	
必要開支		
租金	\$10,000	
管理費	\$2,000	
水費	\$1,000	
電費	\$1,000	
膳食	\$6,000	
非必要開支		
家電	\$3,000	
傢具	\$3,000	
其他	\$2,000	
總支出		\$32,000

必要開支的例子：
按揭 / 租金支出、
管理費、水費、電
費及購買餸菜的支
出等。

非必要開支的例子：
購買家電、傢具及薪
稅的支出等。

活動2：小組討論（配對不同的借款來源）

將學生分成四組，每組3-4人，指示學生細閱各種借貸方法（信用卡、私人貸款、按揭、透支）；接著討論以下各種情景可採用哪種借貸方法，並列出原因。除借貸外，若學生認為還有其他方法，可另加描述及解釋。完成討論後，每組可派代表說明這樣配對的原因。

情景

- 1 置業
- 2 家人發生交通意外，急需大筆金錢支付手術費
- 3 一家人去泰國旅行四天
- 4 旅行時遺失所有現金，而信用卡簽帳於所在國家並不流行

借貸方法

- 1 信用卡簽帳
- 2 樓宇按揭
- 3 私人貸款
- 4 信用卡透支

活動2：小組討論（配對不同的借款來源）

情景1：有意購入一個500平方呎的私人住宅單位，有足夠支付首期
金額



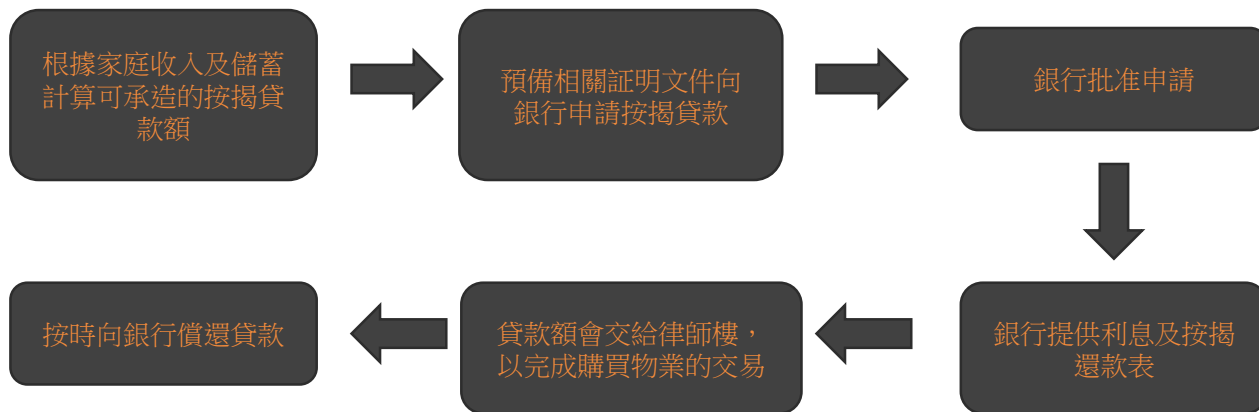
適合的借貸方式：按揭

原因：

購買樓宇涉及的金額巨大，一般人不能一次過付款，因此需要借貸。

活動2：極速排序

個案2：獲得按揭貸款的步驟



活動2：極速排序

個案2：獲得按揭貸款的步驟

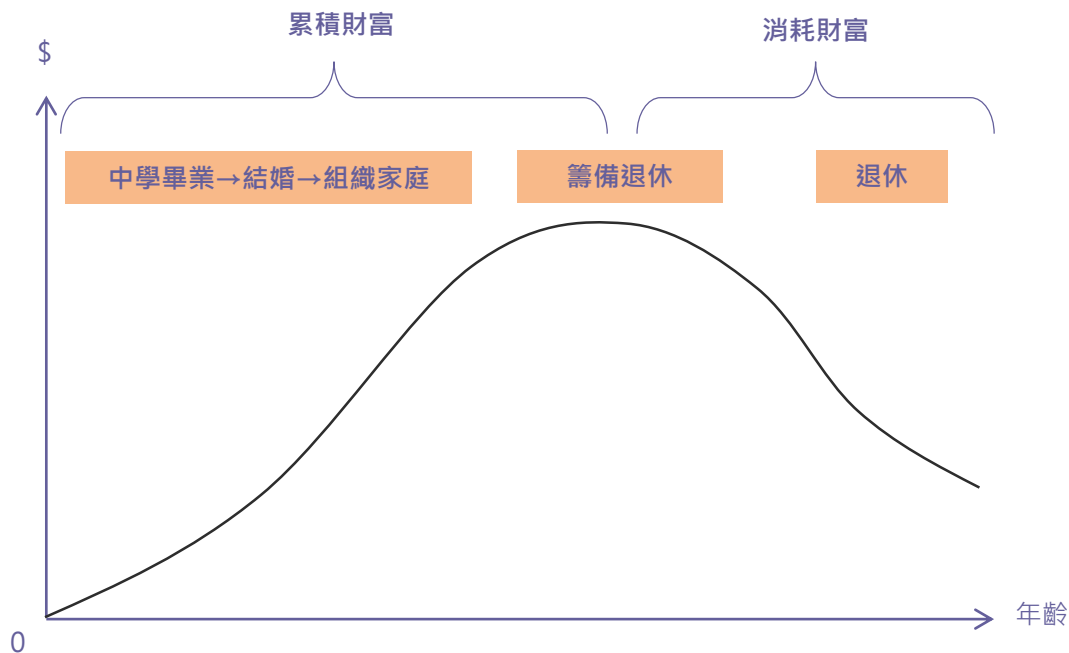


假若不按時向銀行償還按揭貸款，會有甚麼後果？

銀行有權追回貸款金額，如果未能償還貸款，銀行有權將物業沒收及公開拍賣以償貸。

影響信貸評分，日後貸款利率可能會較高（例如由每月償還\$12,000 增加至\$15,000），增加家庭財政壓力，甚至減低日後成功申請貸款的機會。

及早訂立人生及財務目標



財務計劃與預算的關係

- 根據MoneyHero.com.hk在2016年的報導，前往英國留學的費用（包括學費、生活費及機票價格）高達每年\$460,022。
- 對大部分家庭而言，供養子女留學這類財務目標無法立即達成，需要透過有計劃儲蓄來實現。
- 制訂財務計劃的過程中需要配合預算。



謝謝!

免責聲明

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