



Paving your way to Quality of Life



HSBC

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Paving Your Way to Quality of Life

In sum:



Quality of Life goes beyond meeting material needs. It encompasses multiple dimensions such as physical and mental wellness, and financial fitness. Neglecting any one of these areas can hinder overall well-being and satisfaction.



It's important to consider all the different dimensions of Quality of Life and actively work to address any gaps or areas for improvement. Taking proactive steps to enhance physical and mental wellness, and financial fitness can lead to a more balanced and fulfilling life.



Rather than relying on generic savings plans, tailor financial plans to specific goals and aspirations. This includes considering a range of different financial products and investment options.



As humans, we aspire to more than just meeting material needs. What we know is that “Quality of Life” is a holistic concept, comprising multiple dimensions such as physical health, mental and emotional wellness, social relationships, financial security and ultimately, fulfilment and happiness. Traditionally, economists have focused on objective factors such as income, life expectancy, access to housing and healthcare when measuring standard of living.

To each person, Quality of Life means different things. Each person's perception, and their reality, are entirely subjective. The HSBC Quality of Life Report, 2023¹ addresses this subjectivity. The survey-based Quality of Life Index considers the relative importance individuals assign to different dimensions and their self-assessment of how they score on each.

¹ HSBC and Bloomberg Media conducted the HSBC Quality of Life Report, 2023 in nine markets globally with a total sample size of 2,250 individuals. The data for this article is from the ~1,800 respondents in the survey with investible assets of between USD100,000 and USD2 million.

Building a balanced life: The crucial ingredients for Quality of Life

What does Quality of Life mean? Most respondents said "a healthy body and mind" and "financial security", ahead of "quality time with family", "travel and family vacations", and even "leading a happy and meaningful life". This is a recognition that physical and mental wellness, and financial fitness are foundational to being able to do the things that really matter to people.

What is important to each person is subjective and for each of us to reflect on.

When asked to score the importance of individual factors that contribute to Quality of Life, people on average allocated 64 points out of 100 to physical and mental wellness, and financial fitness combined.

Accordingly, our HSBC Quality of Life Index is composed of these three dimensions.



“Health and well-being are now front and centre for me. If you’ve no health, you cannot enjoy wealth.”

Managing Director of a multi-national company, Singapore.

Money may not buy happiness, but it undeniably contributes to mental wellness



“Increasingly, our clients are taking a more holistic view of their well-being. We see a strong link between physical and mental wellness, and financial fitness where all three dimensions are interconnected and improvements in all three will drive an overall improvement in Quality of Life.”

Lavanya Chari

Global Head of Investments and Wealth Solutions,
Global Private Banking and Wealth, HSBC

There's a strong link between these three dimensions. Exercise is recognised as a sound investment in health. Recent research shows that exercise is more beneficial for conditions such as anxiety and depression than even psychotherapy or medications.²

From the Quality of Life Index, we find those who rate themselves as physically fit are 9.3 times more likely to score above average on mental wellness versus those who consider themselves physically unfit.

Despite the adage “money can’t buy happiness,” we’re all intuitively aware that financial security can improve peace of mind. There’s even scientific evidence that suggests money can buy peace of mind - up to a point.² This conclusion is consistent with the Quality of Life Index. Those who rate themselves as financially fit are 4.3 times more likely to score above average on the mental well-being scale.

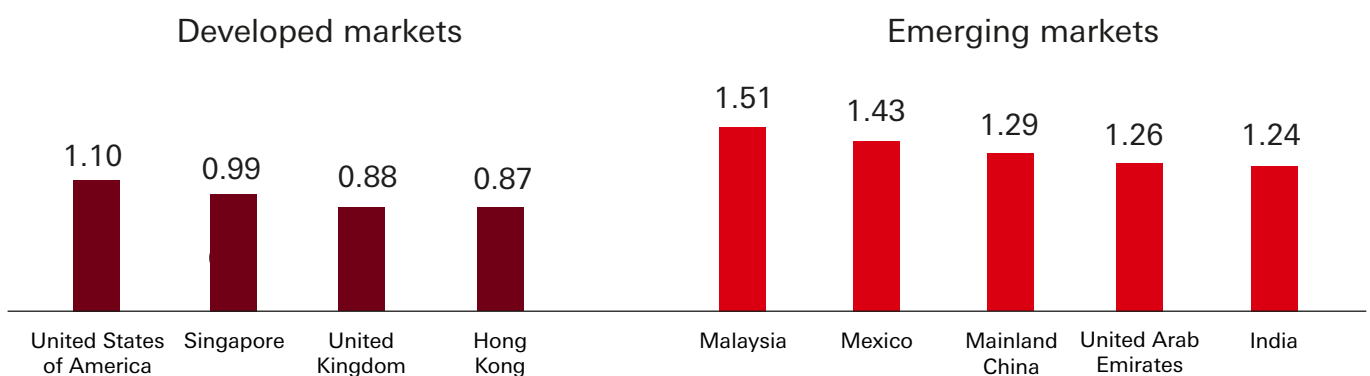


² <https://www.sciencefocus.com/news/why-money-cant-buy-you-happiness/>

Plan for your specific financial goals and you're more likely to achieve them

On average, individuals in the nine markets covered in our survey³ say they need USD1.17 million to have a good quality of life for the next 5 to 10 years.

Savings needed for a good Quality of Life in next 5 to 10 years (USD millions)



Those living in Emerging markets⁴ are more aggressive in their financial goals than their peers in Developed markets for several reasons:

- ▶ Individuals living in Emerging markets have more diverse sources of wealth, such as profits from businesses and rental income, versus those in the Developed markets who rely more on salaries.
- ▶ The percentage of Emerging market individuals who want to invest to start or expand businesses (31%) is more than double the percentage for Developed markets (14%). Today, there are many start-up financing options available – from angel investors to crowdfunding, venture capital and business loans. Investigate and evaluate the pros and cons of each source to ascertain the most appropriate option for your circumstances.
- ▶ Providing a good education for children is often a high priority. Parents in Emerging markets are more likely (31%) to view paying for education as an important financial goal, versus those in Developed markets (24%). Additionally, 10% in Emerging markets are even planning for their grandchildren's education. If you plan to pay for your child's education, put together an education savings plan that is based on a clear evaluation of the amounts required in each year, and the specific time frames involved.

³ Respondents for the survey were individuals with investible assets of between USD100,000 and USD2 million.

⁴ Developed markets covered were US, UK, Singapore and Hong Kong. Mexico, Malaysia, UAE, mainland China, and India were classified as Emerging markets.

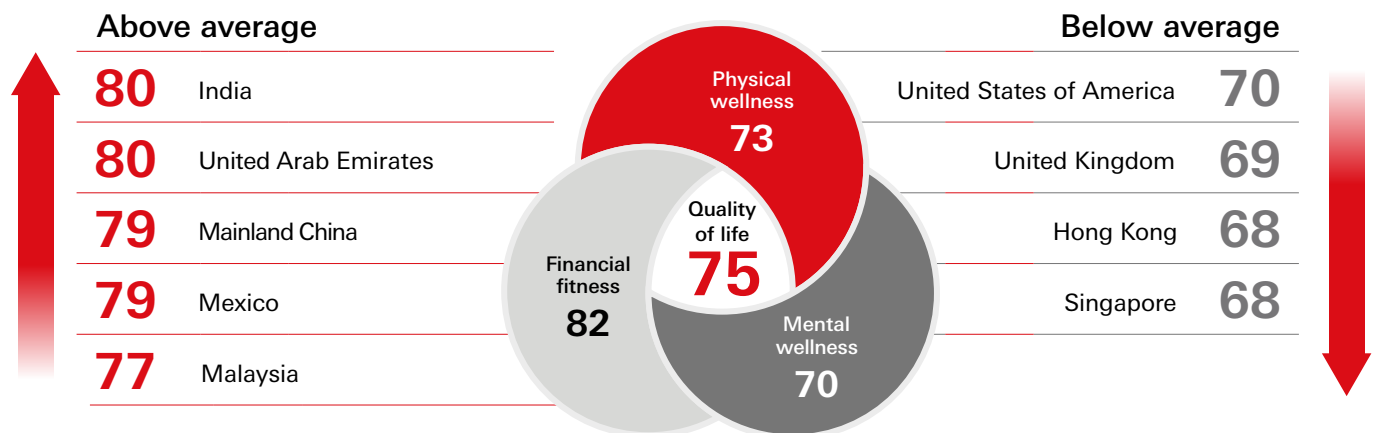


Boost your physical and mental wellness, and financial fitness to unlock Quality of Life

The Quality of Life Index for 2023 across all respondents stands at 75 out of a maximum 100 points. Individual dimension scores that contribute to the overall score are 82 for financial fitness, 73 for physical wellness and 70 for mental wellness.

Quality of Life Index by market

The Quality of Life Index across the nine different markets is 75. See how the markets breakdown below:



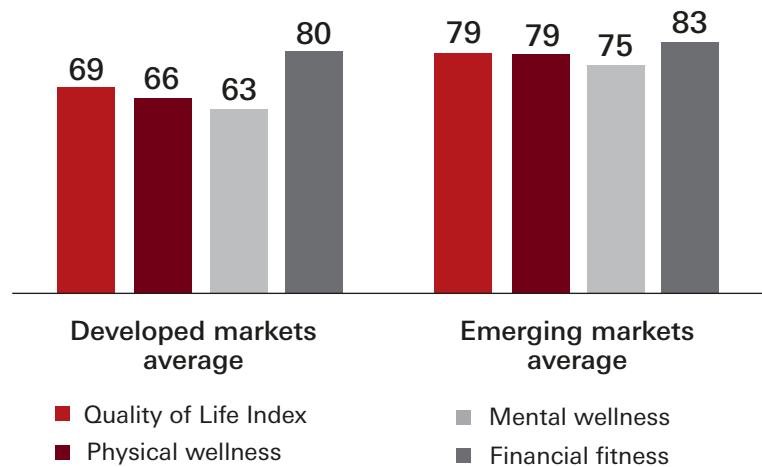
“Our innate personalities and life experiences shape our need to progress and succeed in life. By really knowing yourself and understanding your motivational drivers, coupled with careful planning and monitoring of your progress, such aspirations can become reality.”

Lavanya Chari

Global Head of Investments and Wealth Solutions,
Global Private Banking and Wealth, HSBC

Emerging markets outperform Developed markets on all dimensions of the index, with significant gaps in physical wellness (13 points) and mental wellness (12 points). As a result, Developed markets lag Emerging markets by 10 points in overall Quality of Life.

Quality of Life Index and dimension scores – Developed vs. Emerging markets



The gap for mental wellness is driven by significantly higher levels of optimism and confidence, and stronger social connections among individuals from Emerging markets. By contrast, many people in Developed markets are concerned about the rising cost of living and inflation, affecting their outlook for the future. This appears to be less of a concern in Emerging markets.

People in Emerging markets seem to do better when it comes to financial planning. We see that they regularly review their plans, are more confident in choosing financial products, and they periodically reassess their risk tolerance levels. This is good practice for everyone. Regardless of our external circumstances, being disciplined about finances can provide greater control and assurance.

People in sedentary office jobs need to be especially vigilant about making time for exercise and leading a healthy lifestyle to maintain good physical health.





Act for wellness, financial security, and your unique aspirations

1. Prioritise your whole self

It's important to achieve a balance between physical and mental wellness, and financial fitness, to enjoy a higher Quality of Life. Wherever possible you should seek to diversify your income sources.

2. Mind the gap

Do your own assessment of how you perform on the individual dimensions of Quality of Life and invest time and effort in addressing the gaps.

3. Find peace of mind

While money doesn't guarantee happiness, financial stability contributes to overall wellness. Work towards achieving financial fitness.

4. Customise your plans

Tailor your financial plans for your specific goals and aspirations, rather than putting all your eggs in one basket. Review your financial goals and performance regularly, either with your financial adviser or by using one of the many online tools available.

By understanding these insights and taking action to prioritise our own well-being, we can unlock a more balanced and fulfilling life.



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