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**Media Release**

## **AIA Announces Results of 14th Desired Retirement Tracker**

*Survey Reveals Need for Hong Kong's Working Population to Refocus on Retirement Planning as It Embraces a Post-pandemic World*

**Hong Kong, 8 February 2023** – Retirement savings, retirement investments, medical protection, and physical and mental wellbeing are the four essential components of an ideal retirement life. However, many Hong Kong workers experienced disruptions to their retirement planning due to COVID-19. Now, with society gradually moving towards a post-pandemic world, AIA Hong Kong has announced the results of its “14th Desired Retirement Tracker” (the survey), which analysed Hong Kong workers’ changing attitudes towards retirement preparations amidst the resumption of normal activities and revealed their views according to the four primary aspects of retirement.

Key findings were as follows:

- Retirement savings
  - Forty-seven percent of respondents have increased their personal savings over the past three years (i.e., during the COVID-19 pandemic). Of these, 41% have achieved extra savings of more than HK\$40,000.
  - Seventy-three percent of respondents said they will increase their entertainment spending as their social lives return to normal. Well over half (58%) plan to use their savings for so-called “revenge” travel, while 46% plan to travel in the next three to six months with an estimated budget of HK\$22,918 (median).
- Medical protection
  - Among respondents who have been infected with COVID-19, 80% agree life is fragile and that they should enhance their medical protection. However, only 17% have purchased additional medical insurance since having the virus.
  - Among all respondents, 22% do not have any medical insurance and 13% have group medical insurance only, meaning 35% may lack medical protection after retirement.
- Physical and mental wellbeing
  - Fifty-eight percent of respondents prefer a hybrid working mode and hope to work from home an average of 2.8 days per week. However, 76% think that work-from-home arrangements cause the boundary between work and personal life to blur.
- Retirement investment
  - Seventy-eight percent of respondents would like to have sustainable investment elements in their retirement investment portfolios, while 80% admit that they do not know how to choose ESG MPF products.

### **Detailed survey results**

#### **Retirement savings: affected by revenge consumption and travel**

The survey revealed that nearly half of respondents (47%) have increased their personal savings over the past three years due to reduced travel or shopping. Of these, around 40% have achieved extra savings of over HK\$40,000. Also, after three years of pandemic restrictions, people are ready to increase their spending on entertainment and travel: 73% of respondents will spend more on entertainment as social life returns to normal; 58% plan to travel; and nearly half (46%) plan to travel in the next three to six months, with an estimated budget of HK\$22,918 (median) to include flight tickets, accommodations, shopping, etc.

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### **Medical protection: people agree on its importance but fail to act**

The survey also explored views on medical protection among respondents who have been infected with COVID-19. Eighty percent said “life is fragile and [I] should enhance [my] medical protection”, yet only 17% have purchased additional medical insurance since they had the virus, demonstrating that only a small portion of people have taken action to acquire additional medical protection. Respondents gave three main reasons as to why they have not purchased additional medical insurance: 42% said they plan to use only public medical services in the future, 38% have insufficient funds, and 19% think the protection provided by their employer’s group medical insurance is adequate.

Among all respondents, more than one fifth (22%) do not own any individual medical insurance and 13% have group medical insurance only, which means 35% of respondents may lack medical protection after retirement. As medical expenditures increase with age, their retirement savings may be insufficient for their actual needs.

### **Physical and mental wellbeing: work-life imbalance affects health**

As society returns to normalcy, some businesses have gone back to office working arrangements. However, the survey revealed that nearly 60% of respondents (58%) prefer a hybrid working mode (i.e., one that gives employees the flexibility to work from office or home) and hope to work from home an average of 2.8 days per week.

However, there were underlying concerns. Seventy-six percent of respondents agree that work-from-home arrangements cause the boundary between work and personal life to blur, 70% think they result in longer working hours, and 64% think they will reduce social lives and hence contribute to a stronger sense of solitude.

### **Retirement investment: interested in ESG investment, but hindered by limited knowledge**

The pandemic has taught the lesson that individuals, society and the environment are interdependent. The survey found that 78% of respondents would like to incorporate sustainable investment elements into their retirement investment portfolios. However, respondents also have limited knowledge of ESG investments<sup>1</sup>: 80% admit that they do not know how to choose ESG MPF products, and 60% think ESG investments are limited to environmental protection or carbon reduction.

## **Suggestions**

Ms. Elaine Lau, Chief Corporate Solutions Officer of AIA Hong Kong and Macau, remarked, “We are pleased to see the community return to a more normal way of life. But while it is understandable that people are looking forward to increasing their spending on travel and social activities in a post-pandemic world, it is still crucial to strike a balance between spending, saving and building healthy financial habits. In addition, it is not advisable to rely solely on group medical insurance for medical protection. To build stronger health cover, working people should start simple. For example, they could make MPF Tax Deductible Voluntary Contributions and purchase a Voluntary Health Insurance Scheme based on their own needs to establish a more adequate retirement and medical safety net while also enjoying tax deductions.”

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<sup>1</sup> ESG investments incorporate environmental, social and governance elements into the investment decision-making process.

Ms. Lau added, “The survey found that working people have become more aware of their physical and mental wellbeing and are more determined to pursue a healthy lifestyle than before. AIA strives to go beyond traditional employee benefits by bringing together group insurance and workforce wellness, providing employee benefits solutions that cover physical, mental, social and financial wellbeing and help the public live ‘Healthier, Longer, Better Lives’. As for ESG, promoting the sustainable and healthier development of society has always been one of our corporate strategic priorities. As interest in ESG-related MPF funds rises among our members, we will continue to offer educational tools through a variety of channels to enhance their knowledge of ESG and related funds.”

<b>Detailed suggestions for Hong Kong workers</b>	
<b>Retirement savings</b>	<p><u>Strive for balance between spending and saving</u></p> <ul style="list-style-type: none"> <li>• While people’s desire to spend more on travel and social activities in a post-pandemic environment is understandable, it is recommended that they still aim to strike a balance between spending and saving and to build a habit of making regular savings.</li> <li>• Saving for retirement is a long-term discipline. With the snowball effect of compound interest<sup>2</sup>, every dollar saved may yield higher returns over time. When preparing a retirement plan, one should cultivate a savings habit, practise prudent financial management, and consider increasing savings and investment amounts whenever possible, making good use of qualifying deferred annuity products and MPF Tax Deductible Voluntary Contributions (TVC) to reduce retirement reserve shortfalls while enjoying tax deductions.</li> </ul>

<sup>2</sup> Reference: [MPFA](#)

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<p><b>Medical protection</b></p>	<p><u>Get medical protection as soon as possible</u></p> <ul style="list-style-type: none"> <li>• Employees:                     <ul style="list-style-type: none"> <li>➤ The pandemic has underscored the importance of having medical protection. Employees should not neglect the need for individual medical insurance even if they are covered by their employer’s group plan. In addition, group medical insurance will become invalid after retirement or departure from a company. Medical insurance premiums tend to be more expensive after retirement, and medical insurance options and cover are more limited due to increased health conditions. Without adequate individual medical insurance, employees may find themselves facing a medical protection shortfall – or find that they have no protection at all.</li> <li>➤ Employees are advised to arrange for medical protection as early as possible. They may want to consider purchasing medical insurance during their employment, for example through a Voluntary Health Insurance Scheme (VHIS) or portable employee voluntary medical protection plans. Under such options, protection will continue even after departure from a company or retirement. Moreover, a VHIS offers guaranteed renewal up to 100 years of age, greatly increasing the duration of one’s medical protection.</li> </ul> </li> <li>• Employers:                     <ul style="list-style-type: none"> <li>➤ Employers should regularly evaluate whether their group medical insurance plans are able to meet the varying needs of their employees. Some group insurance providers offer packages and tailor-made solutions to fit different business budgets. These solutions also offer protection for group medical, life, critical illness, personal accident, dental and business travel to provide comprehensive protection for employees.</li> </ul> </li> </ul>
<p><b>Physical and mental wellbeing</b></p>	<p><u>Establish a healthy lifestyle</u></p> <ul style="list-style-type: none"> <li>• Employees:                     <ul style="list-style-type: none"> <li>➤ Embrace a healthy lifestyle by getting regular medical check-ups, exercising and adhering to a healthy diet. Joining a programme such as “AIA Vitality” is a positive step towards living ‘Healthier, Longer, Better Lives’.</li> <li>➤ Build a sense of personal fulfilment by actively engaging in the community, developing a positive self-image and living a meaningful life.</li> <li>➤ Stay positive by understanding and managing mental health and seeking help when in need.</li> </ul> </li> <li>• Employers:                     <ul style="list-style-type: none"> <li>➤ Build an inclusive working environment and support network to enhance employees’ sense of belonging and self-worth.</li> <li>➤ Choose providers that offer comprehensive employee benefits solutions to help employees stay healthy.</li> </ul> </li> </ul>

<p><b>Retirement investment</b></p>	<p><u>Increase knowledge of ESG investing concepts</u></p> <ul style="list-style-type: none"> <li>• Before making ESG-related investment decisions, MPF members should understand clearly the details and risks of the funds. When comparing different funds, they should be cautious and not just follow the crowd. They should also regularly review their investment to ensure it continues to match their investment objectives.</li> <li>• ESG concepts can be incorporated through MPF management. Examples include investing in MPF funds with ESG concepts, and managing MPF via e-channels to minimise the environmental impact of paper consumption.</li> <li>• MPF members may want to consider providers that have extensive experience with ESG-related MPF funds and products.</li> </ul>
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The “14th AIA Desired Retirement Tracker” was conducted between 31 October and 11 November 2022 through online questionnaires and face-to-face interviews. A total of 1,023 working people in Hong Kong aged 18-65 and with at least one MPF account were interviewed regarding their goals, views on their desired retirement life and the possibility of achieving it. Survey data was weighted according to the distribution of Hong Kong's working population (including factors such as age, gender and monthly personal income) to ensure that the sample fully reflected the characteristics of Hong Kong's working population. The survey was conducted by Cimigo, an independent market research and consultancy agency.



The “14th AIA Desired Retirement Tracker” reveals the attitudes of working people in Hong Kong towards retirement in the post-pandemic “new normal” and offers suggestions on aspects including retirement savings, medical protection, physical and mental wellbeing, and retirement investment. Pictured is Ms. Elaine Lau, Chief Corporate Solutions Officer of AIA Hong Kong and Macau.

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### About AIA Hong Kong & Macau

AIA Group Limited established its operations in Hong Kong in 1931. To date, AIA Hong Kong and AIA Macau have over 17,000 financial planners<sup>1</sup>, as well as an extensive network of brokerage and bancassurance partners. We serve over 3.4 million customers<sup>2</sup>, offering them a wide selection of professional services and products ranging from individual life, group life, accident, medical and health, pension, personal lines insurance to investment-linked assurance schemes with numerous investment options. We are also dedicated to providing superb product solutions to meet the financial needs of high net worth customers.

<sup>1</sup> as at 30 September 2022

<sup>2</sup> Including AIA Hong Kong and AIA Macau's individual life, group insurance and pension customers (as at 30 September 2022)

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