



**THE REAL LIFE
COMPANY**

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Media Release

**AIA's Children Education Survey 2014 Findings
and Launch of Brand New "Kiss Kids Education Plan"**

90% of Parents Plan to Support their Children to Complete University Education

Fewer Than Two out of Ten Secondary School Graduates Will be Able to Study at Local Universities

***The Education Savings Target of Hong Kong Parents Falls Short of the Actual Cost of
an Overseas University Education by an Average of 60%***

***One out of Three Parents Admits to Being a "Tiger Parent" and
65% of Parents Have Completed School Assignments for Their Children***

***More Than 30% of Parents Have Had Disputes With Their Spouses Over Their Children's Education,
Mainly With Regard to Selection of Schools and Enrolment in Extra Tutorial Classes***

Hong Kong, 17 July 2014 – AIA Hong Kong today announced the key findings of AIA's Children Education Survey 2014. The survey reveals that Hong Kong parents attach great importance to their children's education. 90% of parents plan to support their children to complete university education or beyond. However, fewer than two out of ten Hong Kong secondary school graduates will be able to study at local universities due to the shortage of university places, and the remaining students may have to consider studying overseas. The survey also finds that the education savings target of more than 90% of interviewed parents falls short of the actual cost of an overseas university education by an average of 60%. The shortfall may result in their children not being able to realise their aspirations for overseas study.

Ms. Bonnie Tse, General Manager, Marketing and Business Strategy of AIA Hong Kong and Macau, said, "As 'The Real Life Company', AIA Hong Kong understands that all parents are committed to raising their children to become the stars of tomorrow. To help parents achieve this, we conducted this survey which reveals that many parents are unaware of the cost of education, and have not taken effective measures to achieve this education savings target. Of greatest concern is the gap between the education savings target of parents planning to send their children abroad for study and the burgeoning costs of an overseas education. With the launch of our brand new 'Kiss Kids Education Plan', it offers parents a target-oriented approach to saving as they plan ahead for their children's education."

To gain a better understanding of parental aspirations and financial preparedness with regard to children's education, AIA Hong Kong commissioned GfK Hong Kong, an independent market research company, to conduct the survey via online questionnaires between May and June 2014. Survey respondents comprised a total of 500 parents with children aged 8 or below and a monthly household income of HK\$25,000 or above.

Key findings of the survey:

(1) 90% of parents plan to support their children to complete university education

- Nearly 70% (69%) of parents believe that a quality education is critical to ensuring "their children enjoy a stable future";
- To secure their children's bright future, nearly 60% (57%) of parents are willing to manage their daily expenses with an iron fist to save for their children's education reserves;
- Almost half (46%) of interviewed parents agree that "having their children win at the starting line" is important;
- Two out of five (42%) parents admit that they are pressurised by their family members or friends when it comes to planning for their children's education.

(2) In addition to basic tuition fees, extra-curricular expenses are also significant

- Despite the provision of 12 years' free education in Hong Kong, more than half (primary school: 51%, secondary school: 53%) of parents are willing to enrol their children in schools which charge tuition fees, such as Direct Subsidy Scheme, private and international schools;
- Parents value extra-curricular activities as vital to the development of their children. Nearly 90% (88%) say they make extra-curricular activities mandatory for their children;
- Extra-curricular expenses during primary and secondary schooling are significant, ranging from an average of HK\$200,000 to over HK\$300,000, nearly equal to basic tuition fees.

(3) Fewer than two out of ten Hong Kong secondary school graduates can gain an admission to local universities due to the shortage of places

- Two-thirds (67%) of parents prefer their children to pursue a university education in Hong Kong;
- Yet, due to fierce competition, fewer than two out of ten secondary school graduates can secure a place in University Grants Committee-funded degree programmes at local universities in 2014;
- The United Kingdom (40%) is the most preferred destination for overseas university education. Other popular countries include Canada (17%), Australia (17%) and the United States of America (16%);
- Parents need to bear considerable costs to support their children's overseas education. The total cost of tuition plus living expenses already starts at the million-dollar mark, and the increment is staggering. Taking the United Kingdom as an example, total expenses including tuition fees for a degree programme and living expenses averaged at HK\$1.1 million in 2013, representing an increase of 181% as compared to 2002.

(4) **The cost of an overseas university education reaches HK\$1 million, exceeding the education savings target of Hong Kong parents by an average of 60%**

- The average education savings target of Hong Kong parents for each child is HK\$440,000. This reflects a shortfall of 60% relative to the average total cost (HK\$1.1 million) of an overseas university education. Almost nine out of ten (87%) parents have inadequate savings to support their children's significant overseas university education expenses.

(5) **Parental attitudes towards education savings planning and the most common financial tools**

- 40% of parents think that their children's education is too remote to worry about and that they can only take one step at a time;
- Nearly 35% of parents (34%) have thought about saving for their children's education, but do not know how to start;
- Nearly half of parents (46%) claim that their biggest obstacle in planning and saving for their children's education is having no clear idea of the actual expenses they will face in the future;
- Deposits (55%) are the most common tool used by parents to manage education savings, followed by education savings plans / insurance savings plans (36%), funds (35%), investment-linked assurance schemes (25%) and stocks (23%).

(6) **Other interesting findings**

- **One out of three parents admits to being a "Tiger Parent", demanding** high levels of academic achievement with close supervision. Moreover, **65% of all parents have even completed school assignments for their children**, such as homework, arts and crafts, and projects;
- **More than 30% of parents have had disputes with their spouses over their children's education**, mainly with regard to selection of schools (local / international / overseas schools: 42% or famous schools / ordinary schools: 34%) and the need to enrol in extra tutorial classes (34%).

"To help parents address the education savings gap, AIA Hong Kong advises setting a clearly defined education savings goal. We have designed an online platform with informative content on education planning, including estimated expenses for popular overseas university destinations and an education expenses calculator to help parents more accurately assess the cost of their children's education and to pick the right tool to save more effectively. Stable and guaranteed returns are crucial for education savings. AIA's 'Kiss Kids Education Plan' helps parents accumulate wealth by maximising the effect of compound interest. The new plan offers parents peace of mind with the knowledge that they will be able to realise their children's dream of a quality university education," Ms. Tse added.

Key Features of AIA's "Kiss Kids Education Plan" include:

- **Guaranteed cash returns to fulfil the education savings target** – a guaranteed cash payment equivalent to 40% of the Face Amount will be distributed when the Insured reaches the age of 18. During the period when the Insured is aged 19 to 21, a guaranteed cash payment equivalent to 20% of the Face Amount will also be distributed every year;
- **Premium payment periods of six or eight years for selection** – two options of premium payment periods provided for coverage of the Insured up to the age of 21;
- **Non-guaranteed annual dividends and a non-guaranteed maturity dividend¹** – increases total cash value of the Policy over time.

From now till 31 August 2014, customers who successfully apply for "Kiss Kids Education Plan" will be eligible for a one-month premium refund².

Note:

¹ A non-guaranteed maturity dividend may be paid at Policy Maturity or upon surrender of the Policy or death of the Insured after the Policy has been in force for 10 years.

² In addition, customers who successfully apply for "Admire Life 2" with designated premium payment period are also eligible for a one-month premium refund. For single premium payment period, 2.5% of the single premium payment will be refunded.

The above information is for reference only. For the details of the product features, content and conditions, please refer to the product brochure and the terms and conditions of the Policy contract.



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Ms. Bonnie Tse, General Manager, Marketing and Business Strategy of AIA Hong Kong and Macau, says that AIA's brand new "Kiss Kids Education Plan" offers parents a target-oriented approach to saving as they plan ahead for their children's education.

About AIA Hong Kong and AIA Macau

AIA Hong Kong and AIA Macau are subsidiaries of AIA Group Limited. AIA Group Limited established its operations in Hong Kong in 1931. We have the largest team of over 10,000 financial planners in Hong Kong and Macau*, as well as an extensive network of IFA and brokerage partners and bancassurance partners who serve around 1.68 million customers. Our products range from individual life, group life, accident, medical and health, personal lines insurance to investment-linked products with over 100 investment options. We are also dedicated to providing superb product solution to meet the distinguished financial needs of high net worth customers.

* As of 11 April 2014

About AIA

AIA Group Limited and its subsidiaries (collectively "AIA" or "the Group") comprise the largest independent publicly listed pan-Asian life insurance group. It has operations in 17 markets in Asia-Pacific – wholly-owned branches and subsidiaries in Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, a 97 per cent subsidiary in Sri Lanka, a 26 per cent joint-venture in India and a representative office in Myanmar.

The business that is now AIA was first established in Shanghai over 90 years ago. It is a market leader in the Asia-Pacific region (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. AIA ranks among the world's top 10 largest listed life insurers (by market capitalisation)[#]. It had total assets of US\$147 billion as at 30 November 2013.

AIA meets the savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. AIA currently serves the holders of more than 28 million individual policies, more than 120,000 corporate clients and over 16 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code "1299" with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: "AAGIY").

[#]Source: Bloomberg, 14 March 2014

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