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## Media release

19 December 2017

### AIA MPF Desired Retirement Tracker (Findings of the 9<sup>th</sup> Survey)

**Working population hopes to have HK\$5.18M retirement reserves while two-thirds of them are expected to have insufficient retirement reserves**

**Plenty of room for improvement in the use of MPF electronic services as survey reveals respondents engage in online shopping five times as often as logging into MPF accounts**

#### Key Findings:

- The desired retirement reserves among respondents from the Hong Kong working population is HK\$5.18 million (median). 64% of respondents are expected to have insufficient retirement reserves, resulting in a shortfall of HK\$1.03 million (median) in their retirement savings.
- Respondents who will have insufficient retirement reserves lack motivation in managing their MPF. Among them, 52% do not know their MPF investment returns, 44% only irregularly or have never reviewed their MPF accounts, while 39% are unaware of the composition of their MPF investment portfolios.
- While nearly 80% of respondents agree that MPF services need to be digitised, however they only log into their MPF accounts 4 times a year on average. Nearly 20% login once or less a year, far less often than they engage in online banking and online shopping.

AIA Pension and Trustee Co. Ltd (“AIA MPF”) today announced the findings of the 9<sup>th</sup> AIA MPF Desired Retirement Tracker (the “Survey”). The Survey was conducted via online questionnaires and face-to-face interviews from 8 to 22 August 2017. The 1,010 respondents from the city’s working population were between the ages of 18 and 65, and possessed at least one MPF account regarding their desired retirement as well as the possibility of achieving the retirement goals. To ensure the Survey was sufficiently representative, data and responses were weighted against the demographics of Hong Kong working population, including age, gender and personal monthly income. The Survey was conducted by Cimigo, an independent market research company.

#### **Hong Kong working population hope to have HK\$5.18 million for retirement**

The Survey revealed that the average desired retirement age is 61 years old and the amount of desired retirement reserves is HK\$5.18 million (median). After applying independent actuarial calculations<sup>1</sup> for each respondent, 64% of respondents would have insufficient retirement

<sup>1</sup> Independent actuarial calculations were applied to each respondent to project the retirement reserves he/she would have accumulated at retirement based on his/her current saving habits and retirement reserves. The



reserves to meet the living expenses required for their desired retirement. In other words, two-thirds of the respondents would not be able to enjoy a worry-free retirement. They face a shortfall of HK\$1.03 million, reflecting that the problem of insufficient retirement reserves is still severe.

### **Neglect of MPF accounts a cause for concern**

Findings showed that individuals with insufficient retirement reserves need to be much more proactive in managing their MPF. Among them, 52% do not know their MPF investment returns, 44% only irregularly or have never reviewed their MPF accounts, while 39% are unaware of the composition of their MPF investment portfolios. It can be concluded that many members of the public still do not understand the importance of managing their MPF. As MPF assets continue to grow, if members remain negligent in managing their accounts, the effectiveness of the MPF system, as an important pillar of retirement protection for citizens, may be significantly undermined.

### **Plenty of room for improvement in the use of electronic platforms and tools**

To make it more convenient for members to manage their MPF, The Mandatory Provident Fund Schemes Authority (MPFA) and the industry have proactively enhanced the features and functionality of their electronic platforms and also introduced more e-tools in recent years. The Survey revealed that while up to 79% of respondents agree that MPF needs to be digitised, quite a considerable proportion still only log into the related electronic platforms infrequently. The Survey also showed that 34% of respondents do not know the login credentials of their MPF accounts. Among those who have logged into their accounts, they only did so 4 times a year on average, with 19% logging in once or less per year. By contrast, online banking and online shopping frequency among the respondents was 50 times and 20 times a year on average respectively. This is 12 times and 5 times, respectively, more often than they log into their AIA MPF accounts, indicating that there is plenty of room for improvement in the use of electronic MPF services.

Mr. Stephen Fung, Chief Executive Officer of AIA MPF, remarked, “MPF is an important component of members’ retirement reserves. In recent years, The MPFA and the industry have been vigorously promoting the digitisation of MPF services, as well as offering various convenient and user-friendly electronic tools, so as to enable members to manage their MPF investments at their convenience without restrictions of time and place. We strongly encourage members to utilise these easy-to-use and practical tools to manage their MPF investments.”

Mr Stephen Fung, said, “Digitisation is now a prevalent trend. I believe that as technology continues to advance and as digitisation becomes increasingly commonplace, the expenses associated with MPF management may reduce in the long term. The operational efficiency of MPF providers will also increase, facilitating more room for management fee reduction which will ultimately benefit members, resulting in a win-win situation.”

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calculations were then compared with the data provided by each respondent regarding his/her desired monthly living expenditure and the number of years that the reserves were expected to cover after retirement.



### A tendency to overspend due to convenience of online shopping

Another finding of the Survey was that 67% of respondents agree the convenience of online shopping had contributed to a tendency to overspend, causing them to lose control of their finances. AIA MPF recommends that citizens think twice before they act and curb impulse purchases in order to prevent their savings and retirement reserves from being severely impacted.

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### Photo caption



The 9<sup>th</sup> AIA MPF Desired Retirement Tracker reveals that the desired retirement reserves among respondents from the Hong Kong working population is HK\$5.18 million (median), but they face a shortfall of HK\$1.03 million (median). In the photo is Mr. Stephen Fung, Chief Executive Officer of AIA MPF.