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Media Release

The 12th AIA Desired Retirement Tracker Reveals More than half of Hong Kong citizens have faced income cut due to pandemic

***Nearly 40% of Hong Kong citizens have dipped into their retirement savings; Retirement reserve shortfall has reached HK\$2.23 million record high;
Nearly 80% of respondents have cut leisure and entertainment expenses due to pandemic and are willing to use money saved for retirement saving and investment;
More than 30% of respondents find more time to manage their finances as they stay home more, and half of respondents are interested in investing but hesitant to make the move due to concerns about the economic outlook***

HONG KONG, 12 January 2021 – AIA Hong Kong announced the results of the “12th AIA Desired Retirement Tracker” (the “Survey”) today with the following key findings:

- 55% of respondents find their income reduced due to the COVID-19 pandemic, and 38% have dipped into their retirement reserves to meet their daily expenses. The shortfall in retirement reserves has reached a record high of HK\$2.23 million (median).
- In addition, 79% of the respondents agree their retirement reserves would depreciate with time. Therefore, finding ways to grow their retirement reserves is important. 78% see a reduction in their leisure and entertainment expenses during the pandemic and are willing to use the money saved for retirement saving and investment.
- 81% of respondents agree that medical protection has become more important due to the pandemic, however among which 67% have yet to increase their medical protection.
- 36% of respondents say that staying home due to the pandemic has given them more time to manage their finances, while 51% though express interest in investing, are harbouring doubts.

Detailed survey results:

55% of Hong Kong citizens have experienced income cut due to the pandemic, and nearly 40% have dipped into their retirement savings

COVID-19 has ravaged the globe, causing significant social and economic impacts. The survey reveals that 55% of respondents have experienced income cut during the pandemic, and 38% have dipped into their retirement reserves to meet their daily expenses. The retirement reserve shortfall of the Hong Kong working population has widened further. Our independent actuarial calculations of each respondent's¹ retirement preparedness reveals that, for those with insufficient retirement reserves, the retirement reserve shortfall has reached a record high of HK\$2.23 million (median). 61% of respondents say they will have to delay their retirement plans due to the pandemic.

¹ The amount of reserve that can be accumulated by the time one retires is calculated based on each respondent's current saving habits and reserve level. The retirement reserve shortfall is generated by comparing the amount of monthly living expenses they would like to spend after retirement and the number of years they expect their savings to last after retirement.

Nearly 80% of respondents have cut back in leisure and entertainment expenses during the pandemic and are willing to use the money saved for retirement saving and investment

Concurrently, 79% of the respondents agree their retirement reserves will depreciate with time, noting the importance of finding ways to grow their retirement reserves. Due to various pandemic-related measures, people have been staying home more often, 78% of the respondents have cut back in their leisure and entertainment expenses and are willing to use the money saved for retirement saving and investment.

The pandemic has not prompted the public to increase their medical protection

With COVID-19 having a profound impact across the globe, health awareness levels are expected to be higher than ever. The survey has also explored the public's attitude towards medical protection and found 81% of respondents agree that medical protection has become more important amidst the pandemic. Nevertheless, the survey also reveals the public has not taken any necessary steps in response, and nearly 70% (67%) have not increased their medical protection during the pandemic.

As for retirement medical plans, 28% of the respondents do not know or do not budget for retirement medical expenses, which is similar to the previous survey (26%). This shows the pandemic has neither increased people's awareness of nor their preparedness for long-term medical protection after retirement.

Ms. Elaine Lau, Chief Corporate Solutions Officer of AIA Hong Kong and Macau, remarked, "We understand that some people may need to dip into their retirement reserves as they are not be able to make ends meet under the current economic environment. We hope that when the pandemic and economy stabilise, people will re-examine their retirement plans as quickly as possible and increase savings to make up for lost time. For those who can afford to do so, it is advisable to keep a disciplined saving habit in order to build a more secure safety net. The public could consider making MPF Tax-deductible Voluntary Contributions (TVC), which has a simple and flexible contribution model. In addition to tax deduction benefits, one can adjust the mode and amount of contribution according to individual needs and varying income levels. In terms of medical protection, the public could consider using Voluntary Health Insurance Schemes (VHIS) and Portable Employee Voluntary Solutions to meet their future medical protection needs."

More than 30% of respondents say that staying home due to the pandemic has given them more time to manage their finances, while 51% though express interest in investing, are harbouring doubts

The survey reveals that staying home due to the pandemic has given the public more time and opportunity to manage their finances and investments: 36% of respondents say they have more time to manage their money; more than 20% have increased the frequency (22%) and amount (20%) of investment transactions. However, some of the respondents who are interested in investing feel uncertain about the investment outlook: 51% express both interest and doubts about investing. The three main reasons behind are: concerns about investment losses (62%); concerns about the lasting impact the pandemic might have on the economy and the investment market (50%); and lack of financial knowledge or professional advice (29%).

We also find that the use of technology during the pandemic has changed people's financial management patterns. The survey shows that 32% of the respondents have increased their use of digital channels for investment, and 31% say they have learned some up-to-date information or functions relating to electronic financial management.

Mr. Leo Cheung, Chief Wealth Management Officer of AIA Hong Kong and Macau, said, "The survey shows that the public have more time for wealth management. Today, many investment tools are available in the market to help people make long-term retirement planning, such as Investment-linked Assurance Schemes (ILAS), which have both life protection and investment options. The survey also reveals that although respondents are keen to grow their assets, they may not be able to make the most appropriate decisions for themselves. In fact, nowadays, the latest technology can be integrated with professional investment analysis and offers valuable references for individual investors. By making good use of smart technology, the public can have a better retirement investment planning and live Healthier, Longer, Better Lives."

AIA Hong Kong now offers "Robotic Investment Choice Service" for designated ILAS customers. The service combines the analysis and experience of the professional team of asset management experts from AIA Investment Management Hong Kong Limited, and greatly reduces the hassle of selecting investment options by allowing selected ILAS customers to view their own personalised reference portfolio that suits their individual investment preferences. Customers can also access the service via the mobile application on the go, managing their assets and investments anytime, anywhere.

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The “12th AIA Desired Retirement Tracker” was conducted between October 19 and October 29, 2020. Through online questionnaires and face-to-face interviews, a total of 1,000 working people in Hong Kong aged 18-65 with at least one MPF account were interviewed to explore their goals, views on their desired retirement life and the possibility of achieving them. The survey data is weighted according to the distribution of Hong Kong's working population (including age, gender, and monthly personal income) to ensure that the sample fully reflects the characteristics of Hong Kong's working population. The entire survey was conducted by Cimigo, an independent market research firm.

Photo Caption



The “12th AIA Desired Retirement Tracker” found that more than half of Hong Kong citizens have faced an income cut due to the pandemic, with nearly 40% having dipped into their retirement reserves to maintain daily expenses. AIA Hong Kong advises Hong Kong citizens to make good use of different wealth management tools and develop a desired retirement plan. Pictured (from right to left) are Ms. Bonnie Tse, General Manager, Strategy and Wealth Management of AIA Hong Kong and Macau, Mr. Leo Cheung, Chief Wealth Management Officer of AIA Hong Kong and Macau, and Ms. Elaine Lau, Chief Corporate Solutions Officer of AIA Hong Kong and Macau.

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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. To date, we have over 19,800 AIA financial planners¹, as well as an extensive network of brokerage and bancassurance partners. We serve over 3 million customers², offering them a wide selection of professional services and products ranging from individual life, group life, accident, medical and health, mandatory provident fund, personal lines insurance to investment-linked products with numerous investment options. We are also dedicated to providing superb product solutions to meet the financial needs of high net worth customers.

¹ as at October 2020

² AIA Hong Kong internal data includes Hong Kong and Macau's individual life, group insurance and pension customers (as at 31 March 2020)

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Appendix:

**The 12th AIA Desired Retirement Tracker
Summary of Key Data**

Comparison of goals and perceptions of an ideal retirement life with the same period² last year		
Key Points	Data The 12th AIA Desired Retirement Tracker	Data (The 11th AIA Desired Retirement Tracker)
Desired retirement age	62.8 years old (Average)	61.9 years old (Average)
Desired retirement reserves	HK\$ 3,484,000 (Median)	HK\$ 3,338,000 (Median)
Desired monthly living expenditure after retirement	HK\$ 15,262 (Median)	HK\$ 14,421 (Median)
Monthly savings or investments (including MPF) <u>currently</u> allocated for retirement reserves	HK\$ 5,093 (Median)	HK\$ 5,289 (Median)
Confidence in achieving desired retirement goals	38% of respondents	42% of respondents
People with insufficient retirement reserves <i>(Those who have <u>insufficient</u> retirement reserves for their desired living expenditure after retirement)</i>	63% of respondents	66% of respondents
Retirement Reserve Shortfall	HK\$ 2.23 million (Median)	HK\$ 2.01 million (Median)

² The 11th AIA Desired Retirement Tracker was conducted from October 11, 2019 to November 21, 2019, with a total of 1,035 respondents.