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## Media Release

### **General Public Opinion Survey on MPF 2014**

**Hong Kong, 5 August 2014** – **Gain Miles Group** is pleased to announce the findings of the 3rd General Public Opinion Survey on MPF conducted by The Public Opinion Programme (POP) of the University of Hong Kong.

The main objective of the survey was to study MPF members' behaviour and satisfactory level on a continuous basis by means of systematic research approach. During the period from July 14<sup>th</sup> to July 25<sup>th</sup> 2014, a total of 1020 telephone interviews were conducted with 80.4% response rate, in which members aged between 18 - 64 with MPF account(s) were randomly selected for the interviews.

#### **MPF Confidence Index has been dropping for 3 years in a row**

The findings have shown that confidence level of MPF members has been dropping consecutively for 3 years. Respondents were obviously not convinced that MPF could serve for retirement protection. Confidence level was found to be lower than last year, 24.2% responded “**zero confident**” as compared to 21.6% in 2013 and 14.4% in 2012. Low confidence level was also evidenced by almost 90% of respondents rated 5 and below out of the 10-points scale, average index also dropped from 3.7 of 2012 to 3.3 of 2013, and further to 3.1 this year.

#### **78.4% respondent did not spend 30 minutes to review their MPF investment in the past 12 months**

It was alarming to see close to 80% of MPF member did not review their MPF even for 30 minutes in the past 12 months. Gain Miles has been keeping track of the MPF confidence level since 2012 and we spotted a consistent downward trend over the past 3 years. The major individual reasons for not reviewing are “No expectation on return” 40.6%; “Too hassling” 35.2% and “Lack of knowledge” 33.6%.

Respondents also identified the most useful tool that helps them manage their MPF investment, with 35.5% opted for “Professional Consultant Services” followed by “Self-Managed E-platform” of 30.8%.

“It is worrying to see the trend of dropping confidence continuously; MPF members are seeking for help. There was an increasing trend to ask for independent professional services as well as easy administration electronic platform,” said Michael Chan, Managing Director of Gain Miles Financial Planning Consultants Limited.

#### **Only 16.1% of the respondents knew the MPF fees they were paying**

Among the MPF review evaluation criteria, “Fund performance” and “Fund Choice” were ranked the top two important factors with almost the same level of importance. The concern was that only 16.1% of the respondents knew the MPF fees they were paying. 87.2% did not aware that MPF fee has been lowered in the past year.

“Even with a number of initiatives introduced by the industry including the Employee Choice Arrangement (ECA), Fund Expense Ratio (FER) reduction and Passively-managed Equity Fund (Index Tracking Fund), we are disappointed to see MPF members are still not motivated to review & manage their MPF investment. The industry has to invest more in education to encourage members to step ahead,” said Gloria Siu, Chief Executive of Gain Miles Group.

### **MPFA Core Fund Consultation**

In response to the core fund proposal recently made by the Mandatory Provident Fund Schemes Authority (MPFA), Gain Miles believed that the core fund concept will bring a positive impact on MPF - defining a clear framework of default fund investment which will provide better consistency among different schemes; and the “Cap Fee” requirement should improve the confidence of the members.

According to the consultation paper, a survey was conducted by MPFA in 2013 in which 24% of the employees indicated that they have not chosen their MPF funds, with 34% “not knowing how to do so”. This result matched well with our survey findings where 33.6% of the respondents mentioned they lacked the knowledge to review their MPF investment.

Core fund proposal is a good way forward to lower the fee of MPF, but it is an extremely challenging process to manage the big gap between the current fee and the target of annual management fees to be less than 0.75% and less than 1% total FER. From the investment professional point of view, Target Date/ Life Style Funds are complicated in nature and there are quite a number of other factors that will make the funds to arrive at different return.

“Core fund proposal is a good idea for members to better meet their retirement saving objectives, but it is not easy to get it implemented after all. The success will rely greatly on good coordinated efforts of the authorities and the industry,” said Gloria Siu.

### **About Gain Miles**

Over 30 years’ experience in the pensions industry, Gain Miles is one of Hong Kong’s most trusted independent MPF advisors. As a market-leading MPF specialist, we aim to deliver professional analysis, in-depth market knowledge and centered-around advice. Gain Miles has been committed to MPF healthy development in Hong Kong, by forming HR Task Group and MPF Club to employers and employees, we helped to prepare the Hong Kong market for the launch of MPF since December 2000 – organizing hundreds of seminars and workshops to educate organization and their staff on the active management of Mandatory Provident Fund schemes. In addition to the independent advisory assisting our clients in choosing the right service providers and schemes, our effort has extended to online services aimed to facilitate our clients and their staff to self-manage their MPF account with ease.

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#### NOTE:

- i. Gain Miles Group refers to Gain Miles Group Limited and its subsidiaries, including Gain Miles Assurance Consultants Limited, Gain Miles MPF Consultants Limited and Gain Miles Financial Planning Consultants Limited.
- ii. Source: The Public Opinion Programme (POP) at the University of Hong Kong, The Mandatory Provident Fund Scheme Authority, Gain Miles MPF Consultants Limited and Gain Miles Financial Planning Consultants Limited

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