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Media Release



## **General Public Survey Finds: Members Still Not Confident on MPF Around 60% of Respondents Expect Help from Employers**

[Hong Kong – 22<sup>nd</sup> June 2016] – The 5<sup>th</sup> year collaboration between Gain Miles MPF Consultants Limited (“Gain Miles”) and the Public Opinion Programme of the University of Hong Kong (“HKUPOP”) on the survey about MPF Management and Confidence Index was conducted during 19<sup>th</sup> Apr to 11<sup>th</sup> May 2016.

Further to the continuous study on the development of MPF members’ behavior, knowledge and expectations since 2012, new question on weightings relating to the importance of MPF’s ability to cover the expenses on Clothing, Food, Accommodation, Transportation, Medical Care and Entertainment after retirement, was added to look into the importance of MPF protection for daily necessities and correlation with members’ confidence. Topical issue on Default Investment Strategy (“DIS”), another MPF reform proposal subsequent to the launch of Employee Choice Arrangement (“ECA”), was also examined to understand members’ opinion and attitude towards “DIS”, as well as the factors affecting their investment choice.

1,015 Hong Kong residents aged between 18 to 64 years old with MPF contribution account(s) were successfully interviewed over the phone for the survey, commissioned by Gain Miles and conducted by HKUPOP with a response rate of 78.7%.

### **Overall MPF Confidence Index Remains Low at 3.2;**

### **Confidence on Protection for Clothing, Food, Transportation after Retirement Drops**

Majority of respondents still showed relatively low confidence on MPF as retirement protection, with an average rating of 3.2 out of the 10-points scale, no improvement observed as compared to last year. 62.7% of respondents assigned a rating on confidence at 4 or below, in which 22.2% responded to “zero confidence”.

Looking from the daily necessity perspective, Medical Care, Food and Accommodation were rated the top 3 most important protection to be covered by MPF after retirement, with an average rating of 5.6, 5.3 and 4.9 respectively. However, except accommodation with the same rating of last year at 2.2, members' confidence on MPF protection after retirement on all daily necessity including Food 3.6, Entertainment 2.4, Medical Care 2.5, Transportation 3.9 and Clothing 3.0 were lower than last year, dropped by 7.7%; 7.7%; 7.4%; 4.9% and 3.2% respectively.

"We are always keen on finding out the factors leading to members' low confidence on MPF and the possible ways to enhance their confidence that resonates the key objectives of this annual exercise started in 2012. Though the MPF system has been in operation for more than 15 years, the survey results revealed around 75% of respondents did not spend at least 30 minutes in the past 12 months to review their MPF investment, major reasons were "No expectation on MPF return" 51.4% ; "Too complicated/ hassling" 39.7% and "Lack of knowledge" 31.6%. The industry must step up initiatives to enhance member education and encourage members to proactively manage their MPF investment portfolio for better return," said Gloria Siu, Chief Executive of Gain Miles Group.

### **Strong Voice for Help from Employers on MPF**

Around 60% (56.9%) of respondents mentioned that employers have the responsibility for helping members to better manage MPF apart from making voluntary contributions. "Provision of more than one MPF service providers for selection" ranked the top assistance requested by respondents, with an average rating of 7.0 out of the 10-points scale, followed by "Consolidation of employee's personal accounts", "Regular update on MPF news and investor education" and "Evaluation, analysis and choosing of investment portfolios" at the rating of 5.9, 5.6 and 5.1 respectively.

Members' expectations on employers have grown over the years along with their MPF asset size. Most of the respondents (27.4%) mentioned that their MPF account balance ranged from HK\$50k and HK\$200k, with an average amount at HK\$191k according to the survey. Employers should consider doing regular reviews of their existing MPF schemes, offering multiple MPF schemes with wider variety of fund choices to employees to better suit their personal needs.

### **Less than 20% of Respondents Know About "DIS"**

"DIS" (formerly known as "Core Fund") was proposed by the Mandatory Provident Fund Schemes Authority ("MPFA") to provide highly standardized, fee-controlled investment funds that are consistent with the objective of long term retirement savings, and to invest the accrued benefits of those scheme members who have not made any investment choices in the "DIS" which at the same time provides better investment choices for other members.

Despite the Public Consultation on “Providing Better Investment Solutions for MPF Members” was completed in 2014 and the Legislative Council had passed the Mandatory Provident Fund Schemes (Amendment) Bill 2015 (“the Bill”) for “DIS” legislation in May 2016, only 18.1% of respondents were aware of the proposal and over 50% (52.7%) would not consider transferring their MPF contributions to “DIS” funds. Out of the 3 factors that members based on to consider whether to transfer part of their contributions for investing in “DIS”, “Fee cap at 0.75%” ranked top with an average rating of 7.2, followed by “De-risking mechanism” and “Global investment strategy” at 6.3 and 5.8 respectively.

The survey results revealed that members’ understanding on “DIS” is still weak and they are most concerned about fees when they make investment decision. Gloria added, “Most of the existing default members is believed to be the low-income groups and less educated, it is important for employers to ensure members have sufficient knowledge about “DIS” and remind them the associated risk and return. The industry is recommended to enhance transparency on MPF investment fund which can help investors to compare the fund performance and make the best informed decisions in response to market changes.”

## **About Gain Miles**

Over 35 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. The research agreement of the project titled “Survey on MPF Management and Confidence Index 2016” was made between The Public Opinion Programme of the University of Hong Kong (HKUPOP) and Gain Miles Assurance Consultants Limited.
- ii. 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.
- iii. Source: The Public Opinion Programme (POP) of the University of Hong Kong, The Mandatory Provident Fund Schemes Authority, Gain Miles MPF Consultants Limited and Gain Miles Financial Planning Consultants Limited, 2015 MPF Confidence Index Survey, Survey on MPF Management and Confidence Index 2016

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