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Media Release



### **Public Opinion Survey:**

## **Overall Confidence Index Slightly Bounces Up To 3.4; Yet Around 70% of Respondents Estimate MPF Covers Less than Half of Their Retirement Funding**

[Hong Kong – 17<sup>th</sup> Oct 2017] – Gain Miles MPF Consultants Limited (“Gain Miles”) has commissioned the Hong Kong University Public Opinion Programme for the 6<sup>th</sup> year to conduct the MPF Management and Confidence Survey, in order to keep track of the development of member behavior, knowledge and expectations as well as their confidence on MPF as retirement protection.

During 15 August to 25 August 2017, 1,008 Hong Kong residents aged between 18 to 64 years old with MPF contribution schemes were successfully interviewed over the phone with a response rate of 84%.

### **Members’ Confidence on MPF as Retirement Protection Still Far From Satisfactory; Confidence on MPF to Cover Accommodation Expenses Drops Further**

The 2017 confidence index showed a small improvement with an average rating of 3.4 out of the 10-points scale, up from 3.2 in 2016. Compared to last year, there was quite a significant drop in terms of the percentage of members rating “zero confidence”, from 22.0% to 16.0%, while a higher percentage was recorded for respondents who assigned a passing rate of 5, from 25.1% to 27.7%.

Despite the overall mild recovery, members’ confidence on MPF as retirement protection is still far from satisfactory and confidence on MPF that can cover members’ expenses on accommodation after retirement showed a further drop from 2.2 in 2016 to 2.0 this year. An average score of 3.9, 3.7, 3.0, 2.5 and 2.5 were rated for transportation, food, clothing, medical care and entertainment respectively.

### Members with Lower Expectation on MPF as Retirement Funding Have Lower Confidence Rating

When respondents were asked about how much they estimate MPF will cover their retirement funding at the age of 65, nearly 70% of the respondents expect MPF will take up less than half of their retirement funding, out of which over 50% think MPF will cover less than 30%. Only a small percentage of respondents (15%) estimate that MPF will account for more than half of their retirement funding, whereas 15.7% do not have concrete idea on the question.

In addition, the survey reveals that, for those who estimate MPF will cover less than 30% of their retirement funding, most of them (72.3%) have a low confidence rating of 0-4. On the other hand, out of those who have higher confidence ratings of 6-10, a higher percentage of them (20.0%) have higher estimation on MPF as retirement funding. (Table 1)

Gloria Siu, Chief Executive of Gain Miles Group said, “Members do take MPF as a form of retirement protection and we observe that there is a rising trend of having higher expectations on MPF as retirement protection. However, their MPF money will not be sufficient to cover their livings after retirement when facing longevity risk and inflation risk. We need to help members achieve their retirement goal to enhance their confidence level and close the gap between their expectation and reality experience.”

**Table 1: Cross-tab Analysis on MPF Confidence Rating vs Estimation on MPF as Retirement Funding**

Confidence Rating	Estimation on MPF as Retirement Funding			
	Less Than 30%	30-49%	50% or Above	Not Sure/ Hard to Say
0-4	72.3%	46.2%	43.3%	54.2%
5	19.7%	36.0%	36.7%	36.1%
6-10	8.0%	17.7%	20.0%	9.7%

### Equity Funds Contributes to MPF Performance with 15.33% Overall Return as at Sep 2017; Members Should Be Cautious of Volatile Performance with Highest-Ever Equity Ratio in Asset Allocation

As of 30 September 2017, average return of MPF performance recorded a growth of 15.33%. Equity Fund performance was the most outstanding averaging at 23.54% out of the 6 main fund types, the 3<sup>rd</sup> highest return since the establishment of MPF in 2000 (Table 2), in which Hong Kong Equity including Index Tracking recorded 29.23% growth thanks to the capital inflow from mainland China via Stock Connect.

**Table 2: Highest Average Return of Overall Equity Funds and Hong Kong Equity Funds**

Period	Overall Equity Funds	Hong Kong Equity Funds
Jan – Sep 2009	38.15%	49.38%
Jan – Sep 2007	28.26%	46.31%
Jan – Sep 2017	23.54%	29.23%

The performance of equity markets in the first 3 quarters of 2017 was robust, resulting in an increasing equity ratio of MPF assets which is expected to reach a new height of 70% or above, and the higher equity ratio will also bring more volatile MPF return.

Michael Chan, Managing Director of Gain Miles Group said, “According to the 2016 Pension Statistics Report of the Organization for Economic Cooperation and Development (OECD), Hong Kong’s MPF has the highest risk of asset allocation among the major economic regions in the world (Table 3) and we expect Hong Kong Equity will take up 40% or more of the total MPF assets. As high-risk investment will lead to higher volatility, members should adjust their asset allocations based on their risk acceptance level to avoid unnecessary investment risk.”

**Table 3: Top 5 Economic Regions with Highest Equity Asset Allocation in Pension Fund**

Economic Regions	Equity	Bond	Others	Cash & Deposit
Hong Kong	60.6%	22.4%	4.4%	12.6%
U.S.	44.2%	37.0%	17.9%	1.0%
United Kingdom	20.2%	34.4%	2.4%	43.0%
Japan	10.8%	32.8%	49.1%	7.2%
Germany	5.0%	53.5%	3.8%	37.8%

## About Gain Miles

Over 37 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 which aim at facilitating 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 “2017 Survey on MPF Management and Confidence” 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: Organisation for Economic Co-operation and Development, 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, 2016 -2017 Survey on MPF Management and Confidence

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