

17 June 2016

Dear Sir/Madam,

**Re: Submission in response to Public Engagement Exercise on Retirement Protection**

The Investor Education Centre (IEC) appreciates the opportunity to share comments on the Commission of Poverty's (CoP) public engagement exercise on retirement protection (Consultation Paper).

Established in November 2012 and supported by the Education Bureau and all four financial regulators in Hong Kong, IEC is an organisation dedicated to improving financial literacy in Hong Kong. Our aim is to better equip the general public with the skills and knowledge they need to make informed financial decisions, including retirement planning.

**Overview of IEC's comments**

The retirement protection system spells out the roles of the different pillars that serve elderly groups during their retirement. However, the system alone is not sufficient to protect people against the risk of poverty in old age. An individual needs a certain level of financial literacy to make informed financial decisions for retirement throughout their working life. Hence, the enhancement of retirement protection system must be accompanied by corresponding financial education.

Research indicates that the vast majority of the population lacks the knowledge and skills required to plan for their retirement. As an impartial financial educator, we see a pressing need to improve Hong Kong people's financial capabilities and to empower them to prepare better for their retirement, especially given that the number of retirees is increasing.

From our analysis, the IEC has identified a number of financial education opportunities in different areas of the retirement protection system, in particular MPF investments and voluntary savings. There is also a great need for the public to gain a holistic understanding of retirement planning, rather than just the impact of each pillar on an individual's retirement. Therefore, we advocate a thorough financial education programme on preparing for retirement.





## IEC's detailed comments

### 1. Hong Kong people's readiness for retirement

In a research paper published in 2014 by IEC, *Knowledge, attitudes and behaviours toward money and debt management*, setting a retirement financial goal was not among the top priorities for most Hong Kong people until they were close to retirement<sup>1</sup>. Even with a retirement goal in mind, only one out of every five respondents had calculated how much they needed for retirement.

In other IEC research from 2015, it was found that only some 40% of those earning an income had monthly saving habits. This figure was substantially lower (15%) among younger working adults. With no active savings, they miss out on the benefits of compound interest.

The consistent low-interest environment poses challenges for savers who wish to grow their wealth and has thus whetted their appetite for other financial products. When IEC surveyed Hong Kong adults in January 2014, 33% indicated they had invested in stocks and less than 10% owned other investment products, such as bonds and mutual funds<sup>2</sup>. Meanwhile, more than one-third of investors expected an annual return of over 20% on their investments. With this in mind, concern has grown over whether many Hong Kong people have sufficient financial literacy to prepare for their retirement.

Growing life expectancies and increasing healthcare expenses are also risks that need to be considered in retirement planning. In 2013, about 50% of Hong Kong people were covered by medical insurance, with about one-third relying solely on the coverage provided by their employers<sup>3</sup>; however, once they retire they will have to bear their own medical expenses. In 2015, IEC research found that less than 30% of working adults and retirees had purchased critical illness insurance.

### 2. The importance of financial education for retirement planning

As a public organisation dedicated to improving financial literacy in Hong Kong, we strongly support any initiatives that create awareness of the importance of retirement planning or that provide tools and solutions to help people calculate their financial needs after retirement. However, it is not just a matter of providing people with information; it is essential that these initiatives motivate people to establish positive attitudes and ideal behaviours towards retirement planning.

In 2015, when IEC reviewed the landscape of financial education initiatives in Hong Kong, it was found that among 661 financial education initiatives studied only 13% were focused on retirement planning. Financial education on the key elements of a retirement plan, such as MPF, insurance and investment, were provided separately by some organisations, mainly in the finance sector. As a result, Hong Kong people lack opportunities to learn about their retirement needs and how to plan for them systematically.

We believe that financial education for retirement planning should span a person's lifetime and start as early as possible. In this regard, financial education for retirement

<sup>1</sup> In the research paper [Knowledge, Attitudes and Behaviour towards Money and Debt Management](#) published by IEC in 2014, 24% of the respondents (of which 36% were 50 to 64 years of age) considered a financially secure retirement to be one of their financial goals.

<sup>2</sup> In the research paper, [Knowledge, Attitudes and Behaviour towards Money and Debt Management](#), published by IEC in 2014, 45% of the respondents indicated they had invested in the financial market in the past 12 months, of which 74% held or traded stock and 22% and 8% invested in funds and bonds respectively.

<sup>3</sup> In the [Thematic Household Survey Report No. 50](#) issued by the Census and Statistics Department, HKSAR Government, in January 2013, 46.3% of the total population were entitled to medical benefits provided by employers / companies or covered by medical insurance purchased by individuals, or had both kinds of medical protection. Among these, 30.6% were entitled to medical benefits from employers / companies only.



planning needs to be tailored and made relevant to specific audiences' knowledge and experiences. If possible, it should be provided during moments that present opportunities for learning, e.g. when there is a change in the MPF system or employee benefits.

### **3. Public Education – holistic financial education for retirement planning**

We agree with the CoP's view that it is necessary to increase public education related to retirement protection.

Within the retirement protection system, there are many areas that support retirement — social welfare, housing, medical, financial products, labour, family and community support — all of which require corresponding financial education. For the ageing population, all these areas are interrelated and may warrant a more holistic policy to address retirement issues.

In this regard, we would like to see a holistic public policy on retirement to oversee the specific needs of those planning for retirement and retirees. Under such a policy, coordinated strategies would be formulated to effectively allocate social resources and foster collaboration among different stakeholders in society, including the provision of financial education on retirement planning for different groups of Hong Kong people.

### **4. Financial education needs of individual pillars**

A number of measures were proposed in the Consultation Paper to strengthen or enhance the pillars in the retirement protection system. We list the financial education needs of each pillar below:

#### **a. The second pillar – MPF**

MPF is one of the core focuses of financial education for retirement planning. The consultation paper on the default investment strategy (DIS) in 2014 indicated that “many MPF scheme members do not take an active role in managing their MPF investment, many are confused about investment choice and many do not feel that they have adequate financial knowledge to make investment decisions.”<sup>4</sup>

We consider the launch of the DIS to be a significant moment for working adults to increase their financial knowledge. The following financial education issues under the DIS should be reinforced so that people planning for their retirement can:

- understand basic investing concepts, including risk and return, risk diversification, and risk tolerance at different life stages;
- recognise that saving for retirement requires long-term investing;
- understand stock and bond investment;
- know the impact of fund fees on investment return over the long run;
- understand members' right to opt-out from the DIS and make their own investment choices;
- be aware of members' responsibilities for managing their MPF investments; and
- recognise that MPF is only one part of an individual's retirement reserve.

#### **b. The third pillar – voluntary savings**

We support policies that encourage people to make additional savings for themselves and their families in order to maintain a basic living standard after retirement.

As mentioned in the above paragraphs, in general Hong Kong people are keen to invest in stocks but fail to diversify the investment portfolio. Even before the

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<sup>4</sup> Extracted from the consultation paper [Providing Better Investment Solutions for MPF Members](#) issued by the Financial Services and the Treasury Bureau and Mandatory Provident Fund Schemes Authority in June 2014.



introduction of a public annuity scheme or new wealth management products for retirement to encourage voluntary savings, it is important that Hong Kong people know:

- the features of different types of investment vehicles and their underlying risks;
- how to choose appropriate financial products based on suitability;
- the importance of adequate protection against potential financial losses; and
- their rights and responsibilities as a financial consumer in dealing with financial intermediaries under different regulatory regimes.

Our aim is to empower Hong Kong people to make sound financial decisions, especially with regard to saving for retirement.

c. The fourth pillar – public services, family support and personal assets

The number of older single people is growing. Current population estimates expect that there will be more than 140,000 single persons from age 50 to 64 in 2029<sup>5</sup>. Although family support is encouraged in the retirement protection system, there are challenges associated with diminishing domestic household sizes. The following financial education topics are needed for this group:

- the possible need to add family support into an individuals' personal budget;
- evaluation of the ability of younger family members to support retired people;
- prudent management of the lump sum of retirement benefits, other personal savings and assets, and various financial products to support retirement living expenses; and
- vigilance against financial scams, especially those targeting asset-rich elderly people.

d. "Regardless of rich or poor" or "those with financial needs" principle

Both principles are intended to alleviate poverty among the elderly by providing support to meet their daily needs. Individuals should be aware that both options cannot fully support one's retirement expenses, and thus it is always important for individuals to have multiple sources of funds for their retirement. It is essential to equip people with the financial capabilities required to maintain a level of financial self-reliance during retirement.

## 5. Hong Kong Strategy for Financial Literacy

In November 2015, a coherent financial literacy strategy — the [Hong Kong Strategy for Financial Literacy \(HKSFL\)](#) — was launched. This strategy sets out for the first time a clear direction for financial literacy and provides a practical framework for actions across the government, finance, education and community sectors. The vision is to empower the people of Hong Kong to make informed and responsible financial decisions for themselves and their families, including retirement planning. The three strategic objectives of the strategy are to:

- a. raise awareness of the benefits of financial education;
- b. extend opportunities to learn; and
- c. enhance coordination and collaboration among stakeholders.

As the Secretariat for the HKSFL, IEC acts as the public point of contact for stakeholders in the community and the coordinator for financial education initiatives, including financial education for retirement planning, in society.

<sup>5</sup> "[Hong Kong Domestic Household Projections up to 2049](#)" issued by the Census and Statistics Department, HKSAR Government, January 2013



In conclusion, please note that the IEC is ready and willing to play its part to increase financial literacy and assist the people of Hong Kong in planning for their retirement. Once the results of this public consultation are clear, we would welcome the opportunity to discuss the matter further with interested parties.

Enclosure: Chinese version of the IEC's reply – 「就退休保障公眾參與活動的回應呈件」



## 附件: 就退休保障公眾參與活動的回應呈件

投資者教育中心感謝是次機會，就扶貧委員會的退休保障公眾參與活動（諮詢文件）提出意見。

投資者教育中心於 2012 年 11 月成立，獲教育局及香港四家金融監管機構所支持，為致力於提升香港金融理財知識的專責機構。成立的宗旨是為了讓廣大市民能夠充分地具備所需技能及知識，作出明智的財務決定，包括退休計劃。

### 投資者教育中心的意見概述

退休保障制度闡述了不同支柱在支援長者退休時的角色。然而，僅靠制度並不足以保護長者免受貧困的風險。所有人都應該具備一定水平的金融理財知識，才能在整個工作生涯中，為準備退休作出明智的財務決定。因此，在改善退休保障制度的同時，必須配合相應的金融理財教育。

研究顯示，絕大多數市民缺乏足夠的所需知識和技能，為自己規劃退休。作為推行中立持平的金融理財教育機構，我們認為提升香港市民的理財能力，為自己的退休生活準備得更好，實在是刻不容緩，尤其退休人數正在不斷上升。

根據分析，投資者教育中心辨認了一些在退休保障制度不同領域的金融理財教育機會，尤其是強積金投資和自願性儲蓄方面。同時，公眾也需要對退休計劃獲得充分全面的理解，而不僅是各支柱對個人退休的影響。因此，我們提倡一個關於退休準備的全面金融理財教育計劃。

圖表 1  
退休保障的  
公共教育



### 投資者教育中心的詳細意見

#### 1. 香港市民的退休準備

投資者教育中心於 2014 年發表的調查研究「金融理財及借貸的知識、態度與行為」裏提到，除非臨近退休，否則對於大多數香港人而言，為退休訂立財務目標並非當務之急<sup>6</sup>。即使退休目標已定，每五個受訪者裡，只有一個曾計算過退休需要多少儲備。

在 2015 年的另一個研究裡，投資者教育中心發現，只有大概四成有收入的人士，具有每月儲蓄的習慣。在年輕的在職人士當中，人數比例則大減至一成半。沒有積極而恆久的儲蓄，年輕人就錯過了享受複息效應的好處。

持續的低息環境為那些希望獲得財富增值的市民帶來挑戰，也因此刺激他們對其他金融產品的興趣。投資者教育中心於 2014 年 1 月，調查了香港的成年人口，有超過三成的受訪

<sup>6</sup> 2014 年投資者教育中心發表的調查研究「[金融理財及借貸的知識、態度與行為](#)」中，24%的受訪者（其中 36%介乎於 50-64 歲）認為老有所養是理財目標之一。



者表示曾經投資股票，而持有其他金融產品如債券和基金的人，則少於一成<sup>7</sup>。與此同時，超過三分之一的投資者預期每年投資回報能超過 20%。我們因而關注香港人是否具備足夠的金融理財知識，為退休做好準備。

預期壽命不斷延長，加上醫療費用上升，在計劃退休時亦是需要考慮的風險。在 2013 年，約有一半的香港市民備有醫療保險，其中約三分之一僅靠由僱主所提供的醫療保障<sup>8</sup>；一旦退休，他們就必須自己承擔醫療費用。2015 年投資者教育中心的研究發現，少於三成的在職成年人和退休人士，購買了危疾保險。

## 2. 金融理財教育對退休計劃的重要性

作為致力改善香港金融理財知識的公共機構，我們全力支持所有推動退休計劃的金融理財教育，不論是提升對退休計劃重要性的意識，或是提供工具與解決方案，協助市民計算退休的財務需要。然而，金融理財教育不應僅是提供資訊，更重要的是能夠推動大眾，為退休計劃建立積極的態度和理想的行為。

在 2015 年，當投資者教育中心檢討香港金融理財教育活動時，發現在研究的 661 項金融理財教育活動中，只有一成三的活動重點放在退休計劃。與計劃退休相關的金融理財教育，如強積金、保險和投資，則主要由不同金融機構分別提供。因此，香港人欠缺機會認識自己的退休需要，以及如何有系統地全面規劃。

我們相信，退休計劃的金融理財教育應跨越人生不同階段，並要盡早開始。為此，退休計劃的金融理財教育應因應特定受眾的知識與經歷，制定有關的內容。如果可能的話，可藉著如強積金制度或僱員福利的改變等合適的學習時機，提供金融理財教育。

## 3. 公共教育 – 全面的退休計劃理財教育

我們認同扶貧委員會的觀點，認為有必要增加與退休保障有關的公共教育。

在退休保障的制度內，包括了多個支援退休的範疇 — 社會福利、房屋、醫療、金融產品、勞工、家庭和社區支援 — 都需要相應的金融理財教育配合。同時這些範疇跟人口老化息息相關，因此應該以一個更全面的政策來審視各種與退休相關的問題。

就此，我們期望一個退休公共政策，全面檢視計劃退休和已退休人士的具體需要，並在這個政策下，能夠制定協調策略，有效地分配社會資源，以及促進社會不同持份者的合作，包括為香港不同組別的人士提供退休計劃金融理財教育。

## 4. 個別支柱的金融理財教育需要

諮詢文件中提出了多項措施，以加強和提升退休保障制度的支柱。以下列出的是每根支柱的金融理財教育需求：

### a. 第二支柱 – 強積金

強積金是退休計劃金融理財教育的核心焦點之一。在 2014 年的預設投資策略諮詢文件中顯示，「不少強積金計劃成員沒有主動管理強積金投資。他們對投資選擇感到混淆，而且覺得自己沒有足夠理財知識作出投資決定。」<sup>9</sup>

<sup>7</sup> 2014 年投資者教育中心發表的調查研究「[金融理財及借貸的知識、態度與行為](#)」中，45%的受訪者表示在過去的 12 個月裡曾經投資在金融市場，其中 74%持有或買賣股票，而投資基金和債券的則分別為 22%及 8%。

<sup>8</sup> 根據香港政府統計處於 2013 年 1 月發表的《[主題性住戶統計調查第 50 號報告書](#)》，受僱主/機構或自行購買的醫療保險保障的，或兩者兼有的，佔總人口的 46.3%。其中，只有受僱主/機構的醫療保障的為 30.6%。

<sup>9</sup> 擇錄自財經事務及庫務局與強制性公積金計劃管理局於 2014 年 6 月發表的《[為強積金成員提供更佳投資方案](#)》諮詢文件。



我們認為推行預設投資策略，將會是在職人士增強他們金融理財知識的重要時機。以下與預設投資策略相關的金融理財教育課題應該加強，讓正規劃退休的人士能夠：

- 了解基本的投資概念，包括風險和回報，分散風險，以及在人生不同階段的風險承受能力；
- 明白為退休作儲蓄需要長時間的投資；
- 認識股票和債券投資；
- 認識基金費用對投資回報的長期影響；
- 了解計劃成員可退出預設投資策略的權利，並作出自己的投資選擇；
- 意識到計劃成員管理個人強積金投資的責任；和
- 明白強積金只是個人退休儲備的其中一部份。

#### b. 第三支柱 – 自願性儲蓄

我們支持以鼓勵大眾為自己及其家人作額外儲蓄的政策，達致退休後能夠維持基本生活水平。

如之前所述，香港人一般熱衷於投資股票，但未能分散投資。即使在未有公共年金計劃，或開拓新的金融產品鼓勵自願性儲蓄之前，我們認為香港人有需要認識：

- 不同投資工具的特色及其潛在風險；
- 如何根據個人需要，選擇適合的金融產品；
- 為潛在的財務損失，作出適當保障的重要性；和
- 在不同的監管制度下，身為金融客戶在應對中介機構或中介人時的權利和責任。

我們的目的是讓香港市民能作出明智的財務決定，特別是與退休儲蓄相關的。

#### c. 第四支柱 – 公共服務、家庭支援與個人資產

高齡單身人士的數目正在不斷增長。從現時的人口推算，在 2029 年將有超過 14 萬年齡介乎於 50 至 64 歲的單身人士<sup>10</sup>。雖然退休保障制度鼓勵家庭支援，但本地家庭人數遞減帶來了挑戰。針對這些組別人士，他們所需的金融理財教育主題應包括：

- 可能需要把家庭支援納入到個人預算之中；
- 評估年輕家庭成員支援退休人士的能力；
- 審慎管理退休金總額，其他個人儲蓄和資產，以及各種金融產品，以應付退休生活開支；和
- 防範特別針對擁有資產的長者的金融詐騙。

#### d. 「不論貧富」和「有經濟需要」的原則

這兩項原則旨在提供支援日常生活需求，解決貧困長者的問題。市民應意識到，這兩個選項皆不能完全承擔個人的退休支出。因此，備有不同退休儲備是非常重要的。我們認為必須加強公眾的金融理財能力，為保持退休後的生活質素，做到財務上自給自足。

### 5. 香港在金融理財知識的策略

在 2015 年 11 月，投資者教育中心推出香港首份金融理財知識和能力的統一策略「[香港金融理財知識和能力策略](#)」（「[香港策略](#)」）。「香港策略」首度為金融理財知識訂立明確的方向，並為政府、金融界、教育界和社福界提供實用框架。「香港策略」的願景是讓大眾能為自己和家人作出明智和負責任的財務決定，包括退休計劃。當中三大策略性目標分別為：

<sup>10</sup> “香港政府統計處於 2013 年發表的專題文章《[至 2049 年的香港家庭住戶推算](#)》。





- a. 推廣金融理財教育的好處；
- b. 增加學習機會；和
- c. 加強持份者之間的協調和合作。

作為「香港策略」的秘書處，投資者教育中心為社會不同持份者的公眾聯絡人，和協調社會各界推行的金融理財教育活動，包括退休計劃的金融理財教育。

總括而言，投資者教育中心已作好準備，提升大眾的金融理財知識，並協助市民為退休作規劃。當是次公眾諮詢結果得到明確的方向之後，我們歡迎與有關各方作進一步的討論。

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此致  
勞工及福利局 (退休保障公眾參與活動)

2016年6月17日