

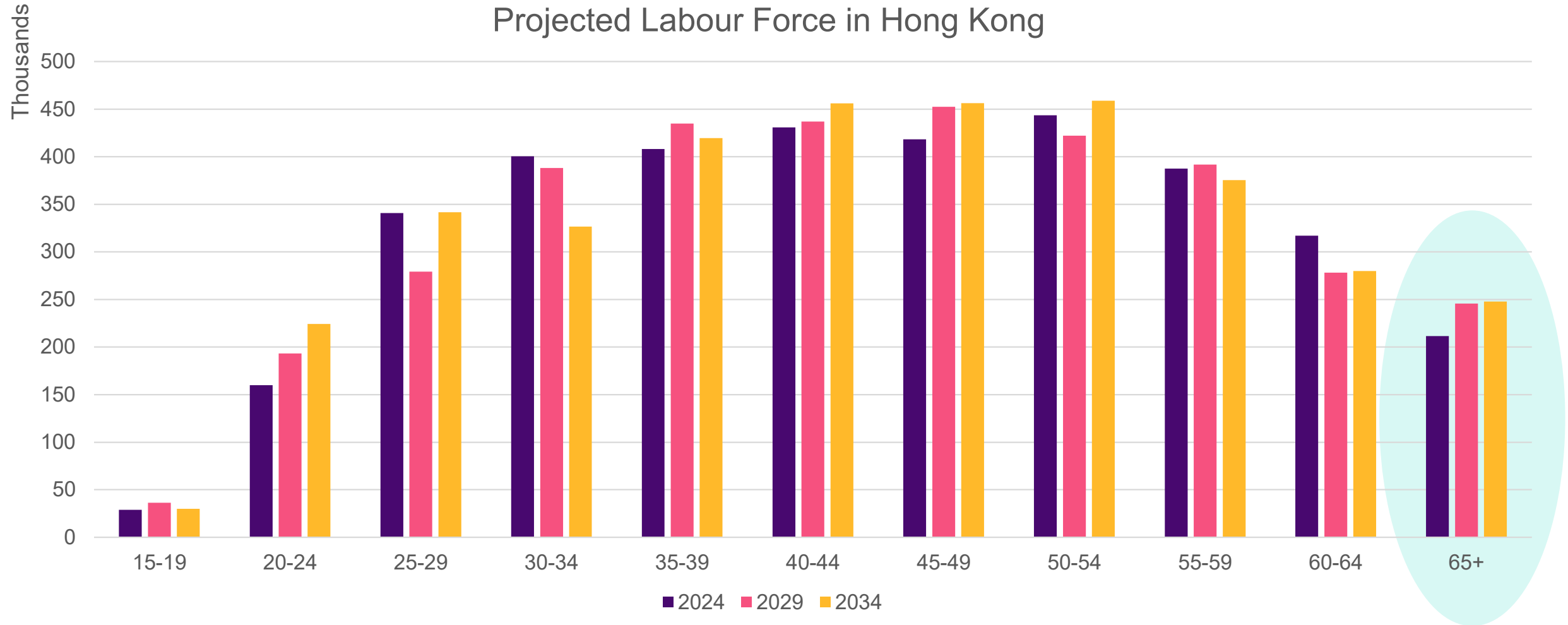


# Discussion of Retirement Policy

Presentation to HKRSA HR Roundtable Working Group

16 April 2024

# Older talents are important to employers when labour force is ageing



Source: Hong Kong Labour Force Projections for 2022 to 2046, published by Hong Kong Census and Statistics Department in October 2023

# 1 in 7 expect to work to age 70+ or never expect to retire

Question: At what age do you expect to retire?

	All employees		
	2017	2019	2022
Younger than 65	45%	48%	52%
Age 65	34%	30%	30%
66 to 69	4%	4%	4%
70+ or never retire	17%	17%	14%

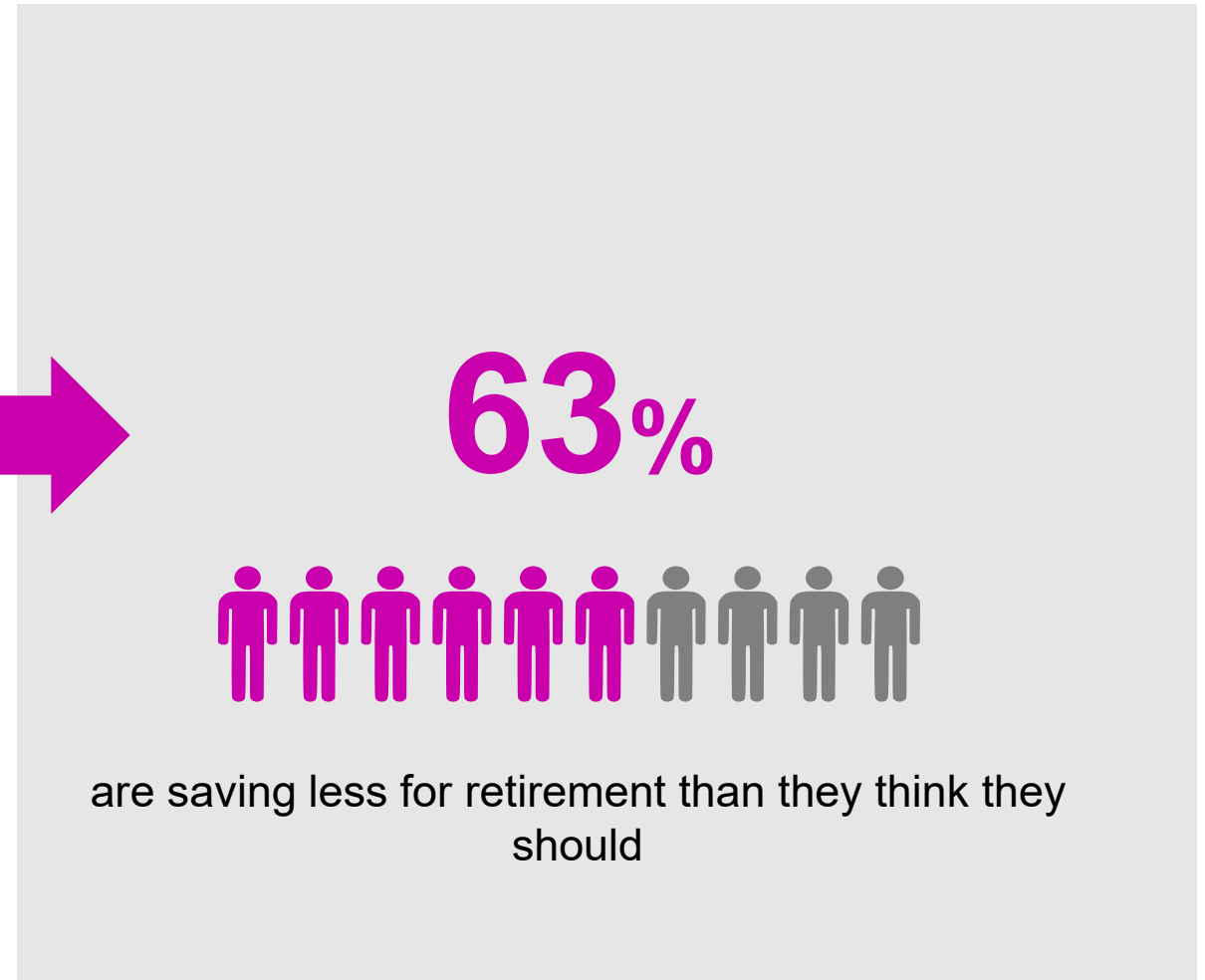
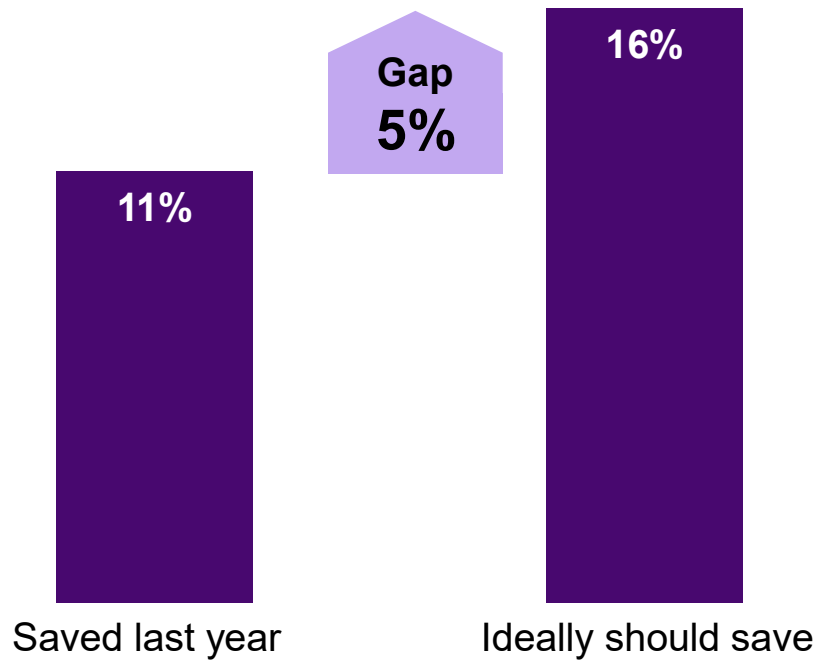
Note: Percentages may not sum to 100% due to rounding.

Sample: All employees.

Source: Various years of Global Benefits Attitudes Survey, Hong Kong

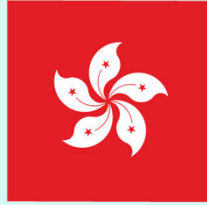
# Most employees think they are under saving enough for retirement

What percentage of your income do you think you saved for retirement last year  
(including any employer retirement savings you have)?



Note: Percentages indicate "Agree" or "Strongly agree".  
Sample: All employees.  
Source: 2022 Global Benefits Attitudes Survey, Hong Kong

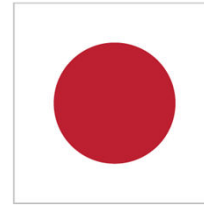
# Government in developed economies promote elderly employment



Hong Kong SAR



Singapore



Japan



South Korea

- Extended retirement age of civil servants, and encouraged private sector to follow the suit
- Allowance of up to HK\$4,000 per month for 6-12 months under the Employment Programme for the Elderly and Middle-aged
- Retirement and Re-employment Act that requires re-employment after the statutory minimum retirement age of 63 till 68. Retirement age reviewed regularly
- Wage offset for hiring workers aged 55 or above
- Act on Stabilization of Employment of Elderly Persons require employers taking one of the three measures (a) abolishing retirement age, (b) raising retirement age to at least 65, or (c) implementing post-retirement employment scheme to secure employment until age 65
- Act on Prohibition of Age Discrimination in Employment and Aged Employment Promotion (“APEA”) requires retirement age to be no less than 60
- Subsidy offered to employers who (a) abolish retirement age, (b) raise retirement age to above 60, or (c) employ people who retired because of mandatory retirement age

Source: Research Office, Legislative Council Secretariat of HKSAR

# Civil Servants – various measures

## Post-retirement Service Contract

- Flexible adjustment of staff level and staff mix from a pool of retired/retiring civil servants
  - Actual statistics\*: of about 4,200 cases, all positions are non-directorate level
- Ensure service needs and cost effectiveness
  - Actual statistics\*: of about 4,200 cases, over 90% are ad hoc or time-limited tasks

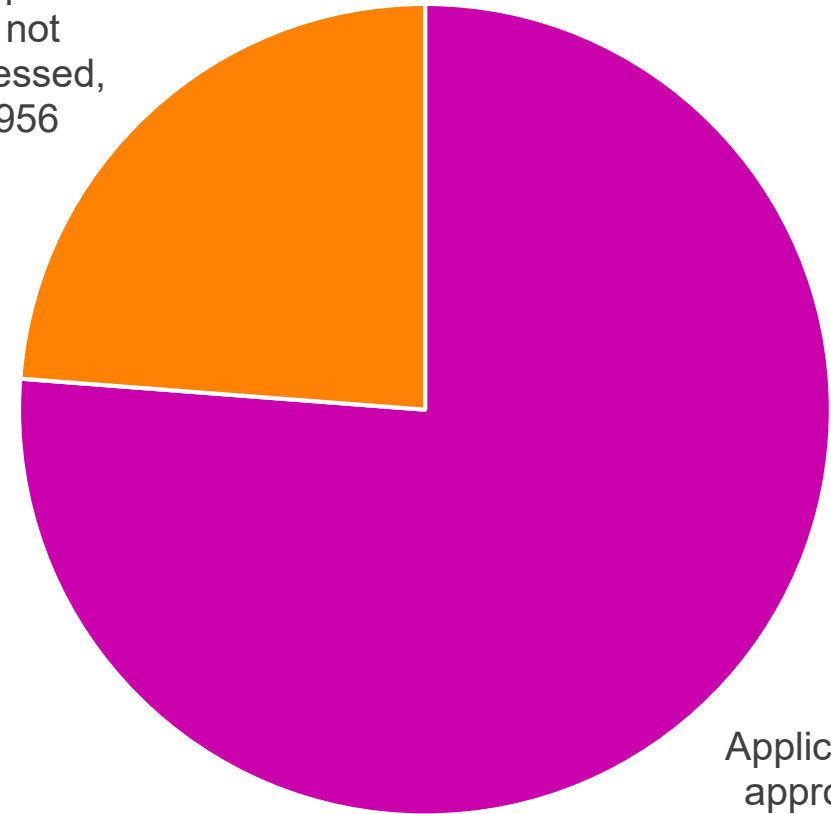
\* Source: Legislative Council of HKSAR, LC Paper No. CB(4)364/20-21(05)

# Civil Servants – various measures

## Final Extension of Service

- Extension of service beyond retirement age for a maximum of 120 days
- Applications and approval is required – see statistics for applications and approval on the right (as at 24 August 2020)\*

Applications  
not approved  
or not  
processed,  
2,956



Applications  
approved,  
9,471

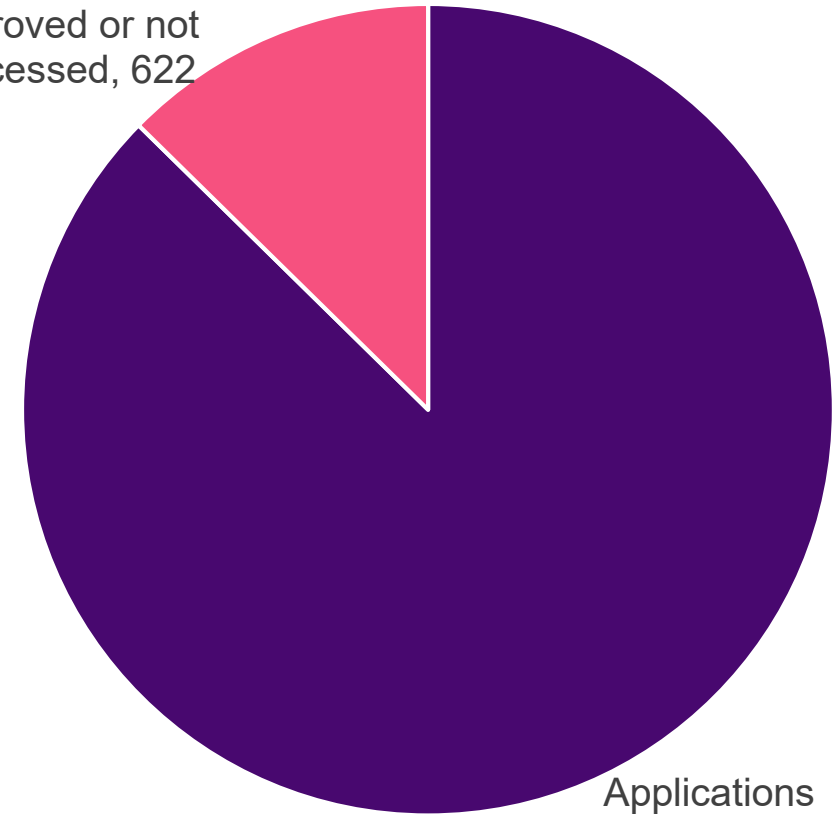
\* Source: Legislative Council of HKSAR, LC Paper No. CB(4)364/20-21(05)

# Civil Servants – various measures

## Further Employment

- Head of Department or Head of Grade determine whether there is a need and number of vacancies
- If there is a need, the grade/department will invite civil servants who will reach retirement age to apply. Maximum period of Further Employment is 5 years
- See statistics for applications and approval on the right (as at 31 December 2020)\*

Applications not approved or not processed, 622



Applications approved, 4,298

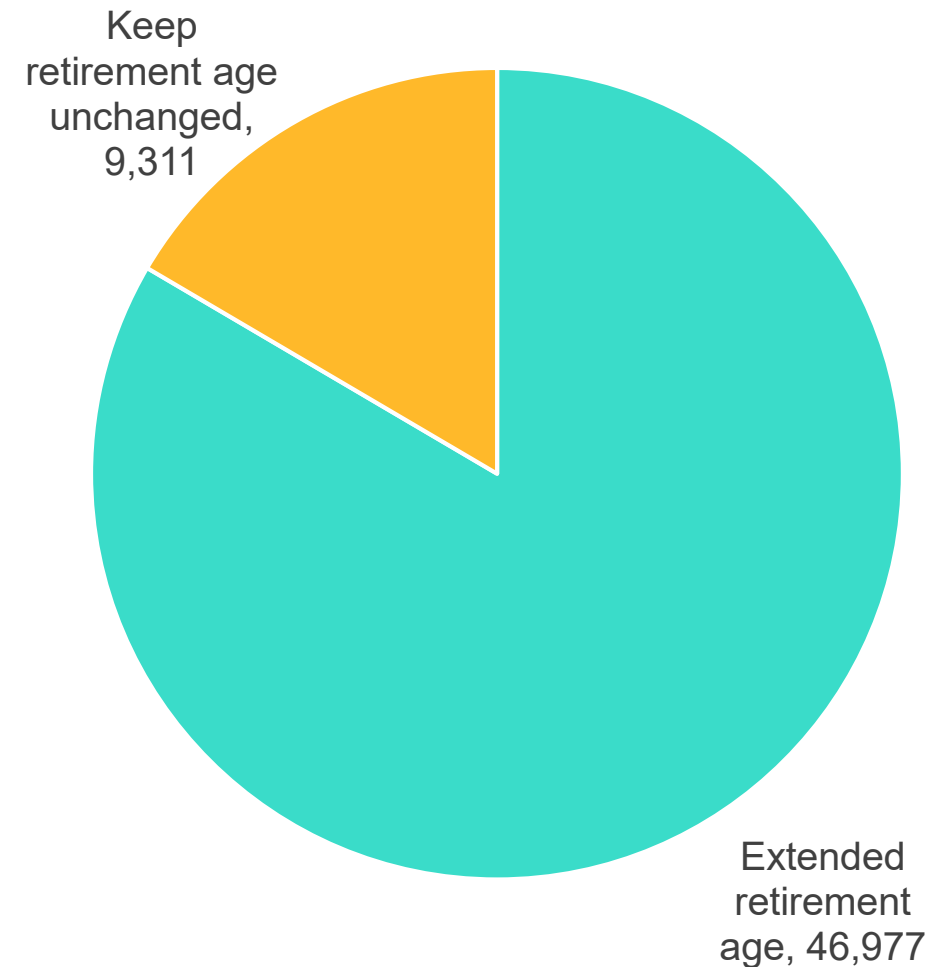
\* Source: Legislative Council of HKSAR, LC Paper No. CB(4)364/20-21(05)



# Civil Servants – various measures

## Voluntary option to extend retirement age

- Servicing Civil Servants who joined between 1 June 2000 and 31 May 2015 to choose to extend retirement age to 65 (for civilian grades) or 60 (disciplined services grades)
- Two-year option period was given for Civil Servants to decide
- See statistics on the right for election results (as at 16 September 2020 – end of option period)\*



\* Source: Legislative Council of HKSAR, LC Paper No. CB(4)364/20-21(05)

# Civil Servants – various measures

## Summary

Measures to extend retirement age	Same or different employment terms	Timing of change	Eligibility criteria	Approval after application
Post-retirement Service Contract	Different	Approaching or after retirement age	Bureaux / Departments to select	Not required
Final Extension of Service	Same	Approaching retirement age	All may apply	Bureaux / Departments to approve
Further Employment	Same	Approaching retirement age	Department / Grade to invite	Department / Grade to approve
Voluntary option to extend retirement age	Same	Two-year window when option is given	Eligibility defined by date of joining. Other criteria may apply for different jobs	Not required

# Civil servants case study for private sector considerations

Same or different employment terms?



**Extend current contract**

OR



**Retire and rehire**

- Actual servicing need / length of extension
- Costs – salary, retirement contributions / payments, LSP offsetting, medical coverage

Timing of change



**Approach retirement age**

OR



**Now / window option**

- Current employment contracts
- Workforce planning / retirement age policy

Eligibility criteria



**Company to select / invite**

OR



**Employees to apply**

- Succession needs / promotion opportunities
- Internal equity considerations

Approval authority



**Approval by HR or business**

OR



**Approval not required**

- Performance and/or physical fitness and/or other requirements
- Internal equity considerations

# Questions?



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