

NEWSBULLETIN

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Rm 717, Level 7, Nan Fung Tower, 88 Connaught Road Central, HK

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HKRSA Seminar “Ready for Retirement?”

As population age and people live longer, the issue of retirement readiness has become a hot topic in many countries, exacerbated by low interest rates on savings.

Hong Kong is no different. A recent conference in the city organised by the Hong Kong Retirement Schemes Association (HKRSA) brought together industry professionals to share their views, propose ideas, and discuss latest developments in the pension system.

Rosemarie Kriesel, an executive committee member of the HKRSA, kicked off the two-hour conference on January 29 with a speech in which she urged young people to prepare early for retirement because of greater life expectancies.

The first part of the conference was a presentation by Billy Mak, an associate professor at Hong Kong Baptist University’s department of finance and decision sciences, where he discussed the findings



of a 2018 retirement survey in the city. Hong Kong pension service provider BCT Group and international market research company GFK polled 805 people to gauge their retirement satisfaction. The respondents were divided into a group comprising 735 working individuals and a control group of 70 retirees.

Half of the respondents in the former group said they were not ready for retirement, with 30% believing they have to work beyond age 65, Dr. Mak said.

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According to Dr. Mak, “financial management is not the only factor contributing to a satisfactory retirement”; other key elements include having a social support network and a healthy lifestyle.



The second part of the conference was a panel discussion moderated by Alan Taylor, a director at independent management consultancy AT Associates Hong Kong Limited. The panelists were Hayly Leung, general manager of human resources services at Jardine Matheson Limited, Ka Shi Lau, managing director and chief executive officer of BCT Group, Tony Archer, managing director for Asia Pacific at American Century Investment Management (Asia Pacific) Limited, and Dr. Mak.

Ms. Leung agreed with Dr. Mak that financial factors are not the only consideration for retirement.

She suggested that employers can offer more project-based jobs to retirees or staff who are approaching retirement age, allowing them to phase out their working life more smoothly.

Meanwhile, Mr. Archer said people worldwide are becoming more unprepared for retirement because of demographic changes such as ageing populations, as well as expensive healthcare. For example, he noted that a person over 65 in Japan spends more than US\$6,000 every year on healthcare, a sum that is expected to triple over the next 20 years.

As far as Hong Kong’s MPF scheme is concerned, Ms. Lau said there has been significant progress since the programme was set up 19 years ago, such as the availability of more products for members

who have very small amounts in their accounts, and greater accessibility and security.

However, she said the key challenges now are how improve the adequacy and efficiency of the scheme because of relatively low contribution rates. Also, public confidence about the MPF is still not very strong as the funds have high exposure to stock market risk, she added.

Nevertheless, she noted that the Mandatory Provident Fund Schemes Authority and the Hong Kong government have unveiled several measures in recent years to address the issues and encourage more voluntary contributions.

Ms. Lau also said the introduction of a centralised electronic MPF platform, expected in 2022, will be a significant step in improving cost efficiency and, coupled with more employers handling their MPF paperwork online, will help drive down management fees over time.



From an investment perspective, Dr. Mak noted that many MPF products have significant allocations to volatile Chinese and Hong Kong stocks, though he doesn’t really see this as cause for concern.

“It’s reasonable for MPF members to invest in the markets they’re familiar with,” he said, adding that short-term market volatility would not affect overall MPF long-term returns provided members do not try to time the market or speculate.

Theme of the Year – Taking Charge of Your Future

Today, whether by choice or necessity, a growing number of the population will be retiring later and later. With each passing day, all of us are drawing closer to retirement. It's important to ensure that our own future isn't in jeopardy. The best way to predict

our own future is to create it. Building a nest egg should become a top priority that everyone takes charge of today, no matter what your age. Everyone is in charge of their own future. Are you taking charge of your future?

Calling for Good MPF Employers in 2018-19!

The 2018-19 Good MPF Employer Award, organized by the Mandatory Provident Fund Schemes Authority (MPFA), will be open for applications and nominations from 1 April to 30 June 2019. Marking its fifth anniversary this year, the annual Award aims to recognize employers who are committed to enhancing the retirement benefits of their employees. The response in the past few years has been encouraging. Nearly 1,400 companies and organizations have been honoured as "Good MPF Employers" so far.

In addition to the existing "e-Contribution Award" and "MPF Support Award", two new awards will be introduced this year. Employers who fulfil the relevant requirements will be presented with one or both of the following awards:

- **Good MPF Employer 5 Years**
Employers who have received a Good MPF Employer Award for five consecutive years
- **MPF Excellent Employer**
Of the employers eligible for the Good MPF Employer 5 Years Award, those who have offered more than one Mandatory Provident Fund (MPF) scheme and MPF voluntary contributions for all of their employees during the 2018-19 financial year

The Award this year covers the period from 1 April 2018 to 31 March 2019. Employers wishing to apply for the Award can simply submit an application online on MPFA's Good MPF Employer Award website. Alternatively, employers can submit their applications by email, fax or post. Employees are also welcome to nominate their employers by submitting a nomination form.

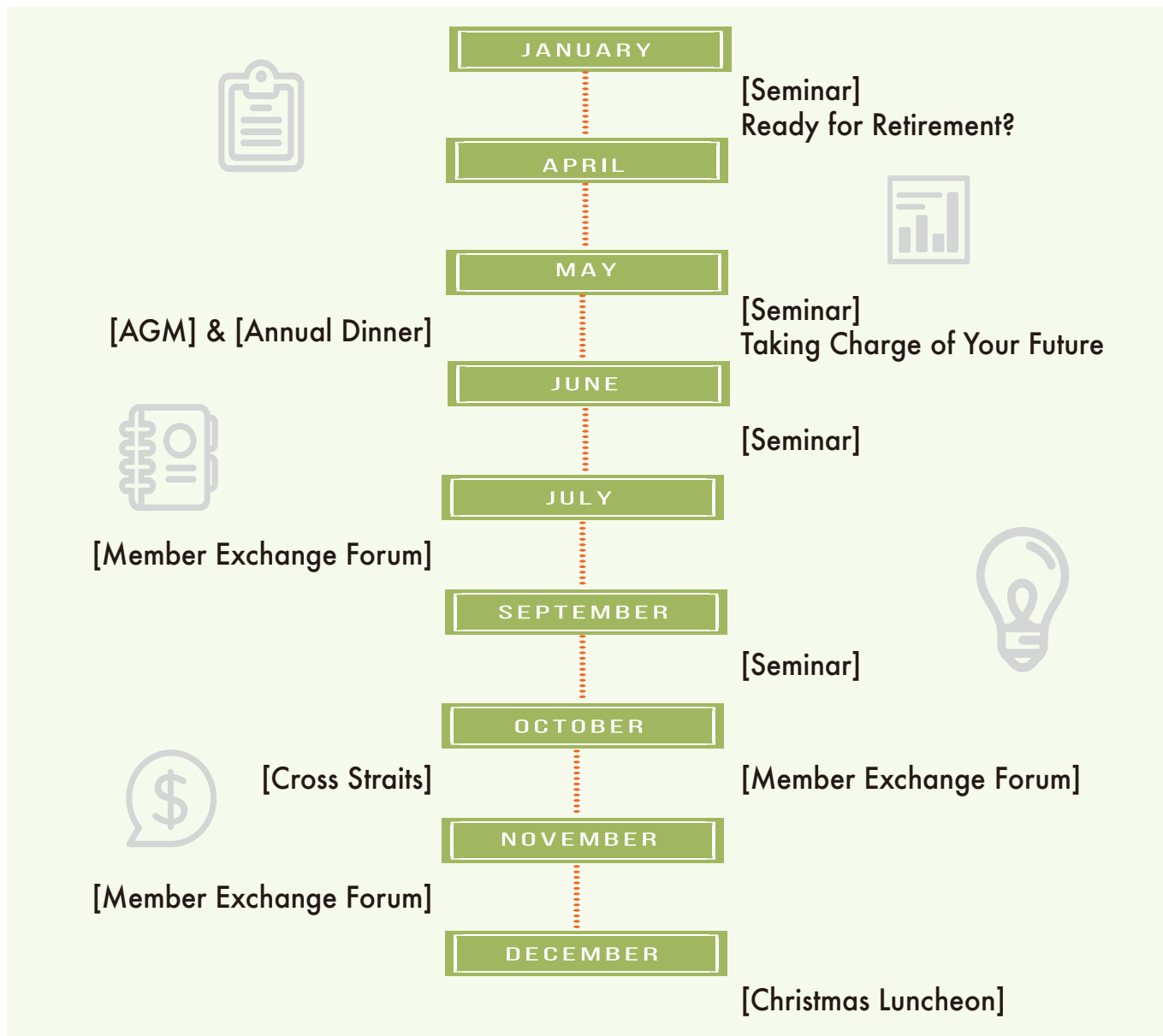
The MPFA will hold an award presentation ceremony in October this year. Certificates would be presented to awardees. They may also be invited to share their experiences with the public through various promotion channels!

Don't wait, apply now and be the Good MPF Employer of 2018-19!

Website: www.mpfa.org.hk



Introducing the 2019 event plan



Upcoming HKRSA event

AGM & 23rd Annual Dinner

Date: 16 May 2019 (Thursday)
Time: 6:00pm - 10:00pm (Cocktail Reception starts at 6:30pm)
Venue: Concord Room, Renaissance Hong Kong Harbour View Hotel, Wanchai

Upcoming external events

Certified Trust Practitioner™ Accreditation Program, HKTA

For more information, please visit: <http://hktrustees.com/accreditation>

Members who are interested in the external events can register with the respective organisers.
More details to the above events can be found in HKRSA's website.

Produced by the Member Communication Sub-committee