



Insights

Making retirement work

Are women in Hong Kong ready for an independent old age?

Written by The Economist Intelligence Unit



Foreword

Women in Hong Kong have the longest life expectancy in the world and most can expect to outlive men in this city by an average of six years. Combined with some key trends distinctive to Hong Kong, this means that there are more elderly women in our city than ever before. Ageing populations as a whole are widely researched, but the challenges and concerns raised by this unique problem are relatively unknown, and brings us to an important question:

How do women in Hong Kong feel about a longer and more independent retirement?



We have partnered with The Economist Intelligence Unit to dig deeper into these challenges. We wanted to find out more than just how financially ready women here are for retirement, and to discover what other concerns they may have about life, work and retirement in Hong Kong.

The research has revealed many interesting and some unexpected results. Significant concerns that women have around a lack of financial knowledge and unpreparedness to make financial choices for their future are of particular interest to us as an investment manager and pension provider. Negative impressions of Hong Kong as a suitable place to retire concern us as fellow citizens of the city.

At Fidelity, a deep understanding of these issues is vital to our ongoing success as a key pension provider for the people of Hong Kong. The results of the research and the conclusions in this report will aid in this work and in our continuing close cooperation with various institutions to provide the necessary support and solutions for the unique retirement issues that Hong Kong faces.

We hope you enjoy reading this report and we look forward to partnering with you as we work to build a better future for Hong Kong.

A stylized, handwritten signature in black ink, appearing to read 'KP Luk'.

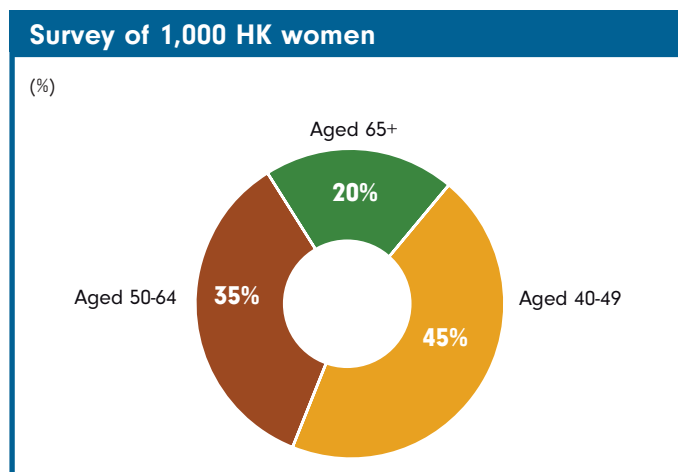
KP Luk
Head of HK DC Business
Fidelity International

About the report

Making retirement work: Are women in Hong Kong ready for an independent old age? is a report from The Economist Intelligence Unit (EIU), sponsored by Fidelity. It examines the preparations Hong Kong women are making for a longer retirement.

The report draws on two main sources for its research and findings:

In June 2015 the EIU surveyed 1,000 women from Hong Kong, all of whom were aged 40 years or above and identify as being of Chinese ethnicity. For the purposes of this report the sample was split into three age brackets: 40-49, 50-64 and 65+. A full demographic breakdown is contained in the Appendix.



Alongside the survey, the EIU conducted a series of in-depth interviews with the following experts and academics (listed alphabetically by organisation):

- Anna Rappaport, founder, Anna Rappaport Consulting, US (advisor on retirement systems)
- Fern Ngai, CEO, Community Business, Hong Kong
- Teresa Tsien, senior teaching fellow, Department of Applied Social Sciences and director, Institute of Active Ageing, The Hong Kong Polytechnic University; founder and president of the advocacy organisation Women's Initiative for Aging Successfully (WINGS)
- Karen Eggleston, faculty director, Asia Health Policy Programme, Walter H Shorenstein Asia-Pacific Research Centre, Stanford University, US
- Christine Fang, professor of practice, Faculty of Social Sciences, University of Hong Kong, and former head of the Hong Kong Council of Social Services
- Lisa Moore, research and advocacy manager, Women's Foundation, Hong Kong

The report was written by Jonathan Hopfner and edited by James Chambers. We would like to thank all interviewees and survey respondents for their time and insight. Special thanks go to Teresa Tsien for her help and guidance.

The Economist Intelligence Unit bears sole responsibility for this report. The findings do not necessarily reflect the views of the sponsor.



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Executive summary

Hong Kong’s population is getting older. Future generations of adults will spend more time in retirement than ever before. This demographic trend has ramifications for every working-age person planning for retirement, and above all for women, who will be particularly affected simply because they tend to live longer than men, but also because a larger number are now providing for themselves.

There are currently more than twice as many women than men in Hong Kong over the age of 85. The difference between the number of men and women in this so-called oldest old-age group—currently standing at 50,000—is forecast to quadruple by 2050 (see figure 1: Gender gap never gets old). The prospect of a longer life should be a cause for celebration among Hong Kong’s female population. Yet younger generations of women feel they are in a worse position than their parents.

This report examines the career decisions, lifestyle choices and financial arrangements that Hong Kong’s current working population of women is making—or not making—in preparation for a longer and more independent retirement. It draws on two main sources for its research and findings: a survey of 1,000 women in Hong Kong and interviews with academics and experts on the subject.

Key findings from the research include the following:

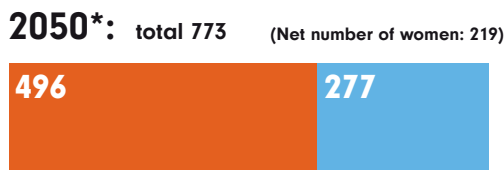
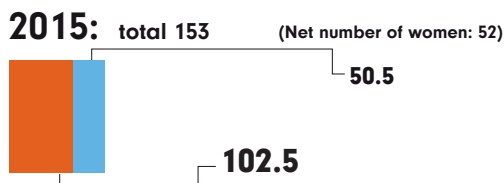
- **Women have broken the glass ceiling but are still picking up the pieces.** More Hong Kong women are attaining higher levels of education and leadership roles in the workplace. But in spite of these career advances, women still shoulder the burden of family responsibilities. The existence of a

Figure 1

Gender gap never gets old

Population of Hong Kong aged 85+ ('000)

■ Women ■ Men



* UN forecast

Sources: Demographic Statistics Section, Census and Statistics Department, The Government of the Hong Kong Special Administrative Region; World Population Prospects (The 2015 Revision), United Nations, Department of Economic and Social Affairs

so-called “sandwich generation” of women, caring simultaneously for both children and parents, is evident from the survey. Fulfilling duties as a homemaker is the main reason why the number of women in the workforce is not larger.

■ **Employers need to provide opportunities for women to support their own retirement.**

Over half of those surveyed feel that they would have to compromise on their career ambitions if they had children, and around one-third of women aged 40-49 feel that their careers are plateauing. Women also believe that they struggle harder than men to remain in the workforce as they age. Private-sector employers are being urged to take the lead by offering family-friendly working practices, which could benefit their business as much as it would working mothers and older women.

■ **Women are apprehensive about their retirement years.** Most women feel they are unlikely to be able to decide when they can afford to retire, meaning many are preparing to work longer than they might want to. Only a minority of those surveyed feel confident that they will have enough savings to support themselves in their post-work years, or that they will be able to maintain their current standard of living later in life. However,

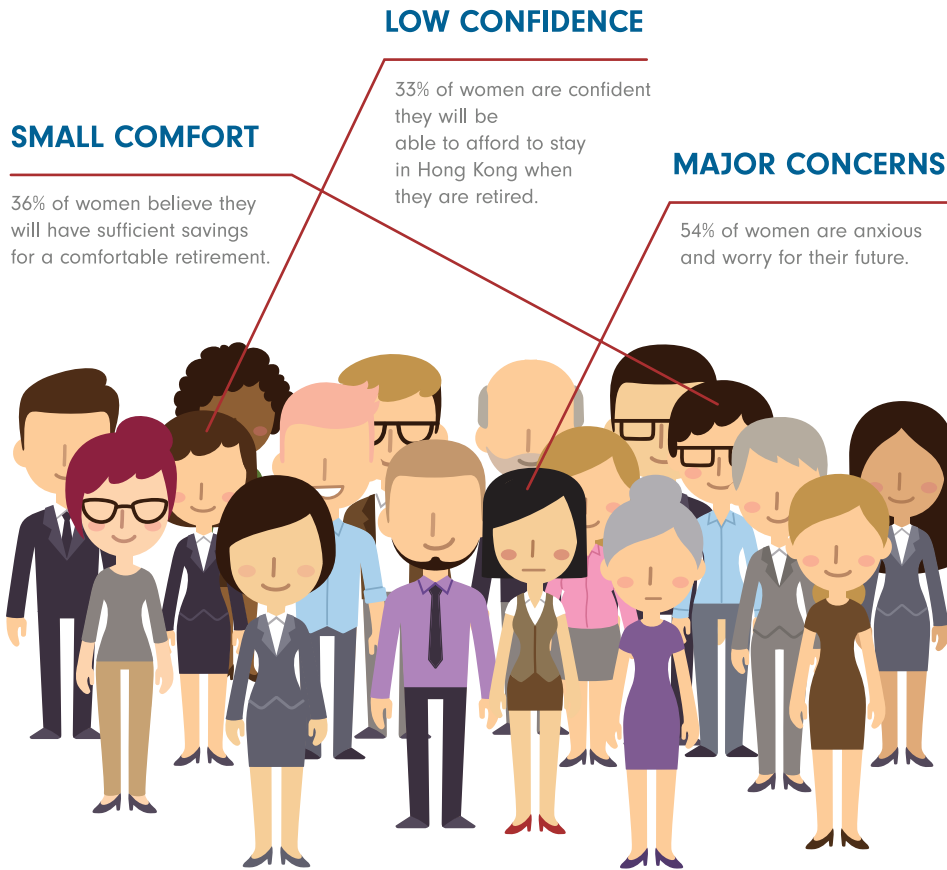
despite these anxieties not all women feel able to take action, as a significant minority find that their income is insufficient to set aside money for the long term.

■ **Education about financial planning needs to be more female-friendly.** Most respondents in our survey—and younger women in particular—feel that they are still unprepared to make financial choices connected to their retirement. This is despite women taking more responsibility generally for their own financial decisions. Most keep excess cash in the bank, where it generates minimal returns. Experts point to a dearth of financial education initiatives that translate financial independence into financial planning in a way that resonates with women.

■ **Hong Kong is getting worse with age.** Hong Kong is rated substandard as a place in which to retire by a majority of women, many of whom also feel anxious about the city’s future. The survey indicates that better healthcare and housing options, as well as the introduction of a more comprehensive pension scheme, could ease some of the concerns women have about life in Hong Kong as a senior citizen. Even so, the prospect of retiring somewhere else is gaining ground among Hong Kong’s younger generation.

A GREY AREA

The Economist Intelligence Unit surveyed Hong Kong women aged 40 and above to find out what challenges they face when planning and preparing for their retirement.



Women in Hong Kong aged 40 and above can be segmented into four groups based on their views and fears about retirement.



CRUSHED AND CONCERNED

34%



CONFIDENT WITH CONCERNS

29%



COMFORTABLE AND CAREFREE

20%



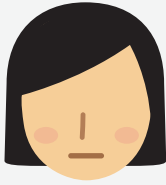
CARED FOR WITH CONCERNS

17%

WHICH ONE ARE YOU?

Turn over the page to find out ...

WHICH ONE ARE YOU?



CRUSHED AND CONCERNED

Ages 40 to 49 | 700,000 women in Hong Kong

34%

CHARACTERISTICS



Lives with partner/spouse and children



Works full-time



Only completed secondary education



Works in a non-managerial position

CONCERNS

- Anxious for the future
- Doesn't expect to have sufficient savings for retirement
- Doesn't expect to maintain current standard of living
- Expects to look after aging parents

CONFIDENT WITH CONCERNS

Ages 40 to 65 | 600,000 women in Hong Kong

29%



CHARACTERISTICS



More likely to have tertiary or above education than average



More likely to have managerial or higher position than average



Lives with partner/spouse and children



More likely than average to own or co-own home

CONCERNS

- Prepared to make retirement-related financial decisions
- Believes she will get to decide when to retire
- Believes she will have enough savings for a comfortable retirement
- Expects to look after adult children

WHICH ONE ARE YOU?



COMFORTABLE AND CAREFREE

Ages 40 to 49 | 440,000 women in Hong Kong

20%

CHARACTERISTICS



Lives with partner/spouse and children



Partner is a relatively high income earner



More likely to have tertiary education than average



More likely to have managerial position than average

CONCERNS

- Not anxious for the future
- Feels relatively prepared to make retirement-related financial decisions
- Does not expect to look after aging parents or adult children
- Does not expect the government, community or children to look after her in retirement

CARED FOR WITH CONCERNS

Ages 65+ | 360,000 women in Hong Kong

17%



CHARACTERISTICS



Lives with partner/spouse and children



Far less likely than average to have tertiary education; not working



Below average personal and household income



More likely than average to live in government housing

CONCERNS

- More likely than average to feel she has sufficient savings for retirement
- Expects her children to look after her as she ages
- Most concerned about a deterioration in her health
- Believes the government needs to provide better services for retirees

Introduction: A demographic dilemma

When it comes to the status of women in Hong Kong, there is much that warrants celebrating. Women are living longer and are more educated than ever; the wage gap between women and men is also narrowing as career opportunities become more equal. The proportion of working women in professional positions has climbed from 20% in 1993 to 31% in 2014.¹

But in other respects there has been less progress, and increased longevity comes with its own problems. The burden of family responsibilities still falls mainly on women, forcing many to make career sacrifices as a result. More women are living alone—a sign in some respects of growing independence, but also a reflection of the fact that women tend to outlive their partners.

As this paper will illustrate, many Hong Kong women are still relatively unprepared for a longer—and increasingly independent—retirement. This is contributing to a dim view of Hong Kong as a suitable home for the later stages of life. There are nonetheless reasons for optimism.

Our research shows that many women are aware of these retirement risks and are willing to take steps to address them—provided their families, employers, the government and society at large are prepared to meet them halfway. In the following chapters we will outline some of the possible solutions to the retirement challenges faced by women in Hong Kong.

¹ Women and Men in Hong Kong Key Statistics, 2015 Edition; Census and Statistics Department, Hong Kong Special Administrative Region.

1

Standing tall in the squeezed middle

A generation of women is trapped between progress and tradition

Our survey—in line with official statistics—paints a picture of Hong Kong women as an increasingly educated, engaged and important part of the workforce. Almost half (48%) of the women in the 40-49 age bracket have completed tertiary level or post-graduate education—double the equivalent figure for the 50-64 age bracket.

Over half of women work full-time, while younger women are more likely to be in leadership positions: more than one in four women (28%) in their forties describe themselves as managers or C-level executives, a 10% increase on the previous generation.

Yet many women still adhere to traditional roles. At least 70% of women in our survey are married, and just under 70% have one child or more living with them. Meanwhile, a significant minority of women in their forties are living with their parents or in-laws.

“Women in their 40s and even 50s are what we call the ‘sandwich generation’—they have parents or sometimes even grandparents that they have to support, and also have children who are going to school. So they have to worry about spending money to take care of all of them,” says Teresa Tsien, director of the Institute of Active Ageing at the Hong Kong Polytechnic University and founder and president of the Women’s Initiative for Ageing

Successfully (WINGS), a non-profit advocacy organisation.

All this adds up to a situation where many women face pressures to provide emotional, financial and other forms of support to multiple generations at once. “Culturally, as women, we tend to be more concerned about our family. We put ourselves at the lowest priority; we always have to care for others first,” says Ms Tsien.

An overwhelming percentage of women in the survey who are not working (68%) cite their duties as a homemaker as the main reason for not doing so, with health reasons and disabilities a distant second (13%).

This trend is broadly consistent across age ranges, showing that Hong Kong women in their forties continue to feel the pull of family obligations.

Many women also remain partially or largely dependent on their partners or other family members. Two-thirds (66%) of respondents report personal monthly incomes of HK\$14,000 (about US\$1,800 at current exchange rates) or more, which is relatively high considering that median monthly earnings in Hong Kong stood at HK\$13,400 in 2014 (and HK\$11,000 for women only).

However, around the same proportion cite a total household income of HK\$30,000 per

“
As women, we tend to be more concerned about our family. We put ourselves at the lowest priority

”

Teresa Tsien, director of the Institute of Active Ageing, Hong Kong Polytechnic University

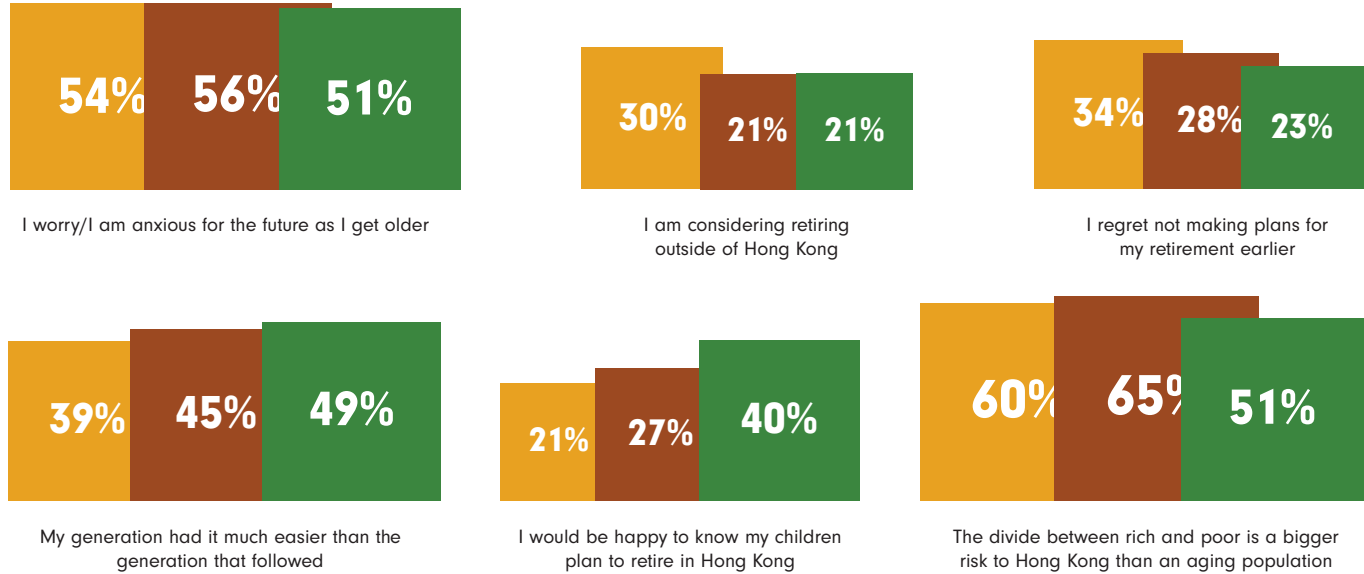
Figure 2

A taxing inheritance

To what extent do you agree or disagree with the following statements about retirement?

(% of respondents by age group selecting 1 or 2 on a scale from 1 to 5 where 1 = totally agree and 5 = totally disagree)

■ Aged 40-49 ■ Aged 50-64 ■ Aged 65+



month or more, indicating that many women are not the primary breadwinners in their homes. And while 18% of respondents own their home outright, 26% co-own a home with their partner, and 12% live in homes that are owned by their partners, parents or in-laws. Total sole home ownership rates including via mortgages are highest (33%) in the 40-49 age bracket—but these women are still in a clear minority.

Looking ahead, this generation of Hong Kong women in their forties, who are managing a transition from their traditional roles as homemakers to new leadership roles in the workplace, represent a positive development for Hong Kong. However, the pace of progress at work has so far not been matched by changing roles at home. Little wonder, then, that older women in Hong Kong feel better off (see figure 2: A taxing inheritance).

Men have it both ways

Why the presence of more women in the workplace is causing male anxiety

When it comes to preparing for retirement, men in Hong Kong enjoy some advantages over their female counterparts.

- **Men work longer:** According to government statistics, over half of Hong Kong men aged 60-64 and 13% of those aged 65 and over are still in the workforce, compared with just 24% and 3% of women, respectively.
- **Men earn more:** Over 400,000 men in Hong Kong earned more than HK\$30,000 (about US\$3,870 at current exchange rates) per month in 2013, almost twice as much as women.
- **Men are more active investors:** A 2013 study commissioned by Hong Kong's Securities and Futures Commission found that men were more likely than women to hold investments, seek investment information themselves, borrow funds and have an understanding of the role of market regulators.

The upshot of this is that men are more likely to put their greater earnings to work. They also appear generally more

confident in their retirement prospects. Research has repeatedly shown that a significant majority of Hong Kong men are optimistic about being able to save and invest enough to ensure a comfortable retirement—in stark contrast to the views expressed by women in our survey.

That said, there are also indications that men share many of the concerns of women about the future job market and Hong Kong's economic prospects. They also have a few of their own worries, as set out in a 2012 report commissioned by the government's Equal Opportunities Commission.

- **Men have money worries:** Men feel stress related to their financial obligations more acutely than women.
- **Men feel vulnerable:** Men increasingly view women as a competitive threat in the workplace.
- **Men want help:** Men feel women are better catered for in terms of training opportunities and social services, including elderly care.

The study recommended developing services “catering to the specific needs of men”.

2

The mothers of invention

Equal opportunities exist in the workplace—except for women with children

“Creating a positive [work] environment for the older generation and women is also about tapping into the marketplace

”

Fern Ngai, CEO of
Community Business

Hong Kong’s progress in terms of gender equality in the workplace has not gone unnoticed. Only 20% of respondents to our survey believe that there is still a glass ceiling for women in employment. And yet, for a mix of personal and professional reasons, many women are not working long enough to pave the way for a financially sustainable retirement.

A significant minority of women—even among the youngest age group—believe they hit a professional peak relatively early. Nearly one-third (32%) of women in their forties feel their careers are already plateauing—a similar proportion to those who believe they have reached a mid-point in their careers (35%). In addition, few women disagree with the statement that it is easier for older men than older women to remain in the workforce.

Many of the limitations women feel in the workplace are connected to motherhood (see figure 3: Hard at work). Over half (54%) of those surveyed—rising to 56% among the 40-49 age bracket—agree that women who want to be mothers have to compromise on their career ambitions. This often involves settling for a part-time job, which offers less in terms of pay and benefits, making it more difficult to build the kind of nest egg needed for retirement. But some decisions to scale back career ambitions are even less deliberate.

“If you fall behind the career ladder it’s hard to catch up, so women with family responsibilities are siphoned off the promotion ladder,” says Christine Fang, professor of practice at the Faculty of Social Sciences, University of Hong Kong, and former head of the Hong Kong Council of Social Services. “Their juniors become their seniors when they go back to work.”

Lisa Moore, research and advocacy manager at the Hong Kong-based Women’s Foundation, believes this stems in part from a relatively unfriendly policy environment: Hong Kong’s paid maternity leave entitlements are among the lowest in the region. “Flexible working hours and the option to job share or work from home are rare in professional-level jobs,” according to Ms Moore.

The government is aware of these issues and has taken steps in response. In his 2015 policy address Hong Kong’s chief executive, Leung Chun-ying, pledged to enhance childcare services to provide more support for women looking to join or rejoin the workforce, by increasing the number of full-day and subsidised daycare places.

However, Ms Moore believes that the implementation of these programmes will be problematic without real investment in training suitably qualified people. “Hong Kong has

Figure 3

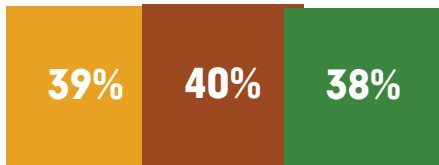
Hard at work

To what extent do you agree or disagree with the following statements about working in Hong Kong?

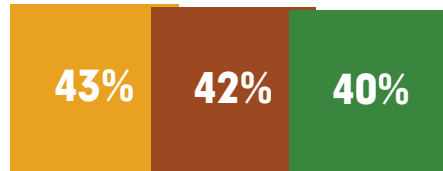
(% of respondents selecting 1 or 2 on a scale from 1 to 5 where 1 = totally agree and 5 = totally disagree)

■ Aged 40-49 ■ Aged 50-64 ■ Aged 65+

As a woman

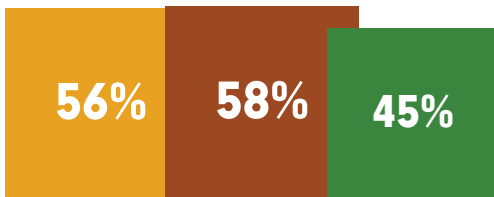


There is no glass ceiling for women in the workplace

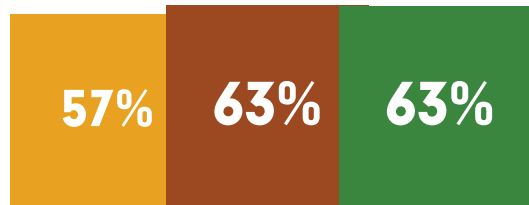


It is easier for older men to remain in the workforce than older women

As a mother

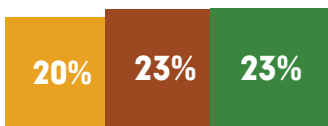


Women who want to be mothers need to compromise on their career ambitions

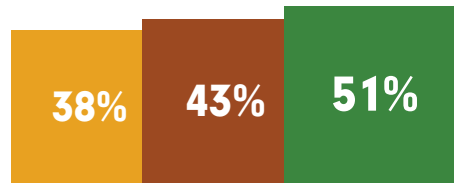


The government should do more to enable mothers to continue (or return to) work

As an employee



It will be easy for me to find another job I want



Senior positions are closely linked to age

tended to rely on an imported underclass of foreign domestic helpers to provide care services without investing in or encouraging the development of local professional carers.”

Moreover, the real impetus, say experts, needs to come from the private sector. Companies can lead the way by promoting gender-neutral leave, allowing parents to choose how to allot childcare responsibilities or by going out of their way to hire women

looking to re-enter the workforce, according to Ms Moore. More adaptable approaches to work that incorporate telecommuting, job sharing and flexitime arrangements can also encourage working mothers.

For this to work, companies should focus more on the benefits of encouraging women to remain in or re-enter the labour force as they age, not just on how much it costs to implement flexible work programmes or family-friendly policies. The obvious benefit

is the retention of talent, knowledge and experience in the organisation. But for some experts, the business case for doing so is only going to become stronger—and could even become a potential source of innovation.

Fern Ngai, CEO of Hong Kong-based Community Business, advises firms on corporate social responsibility strategies. “Creating a positive environment for the older generation and women is also about tapping into the marketplace—even developing products and services that are marketable to these groups,” says Ms Ngai. “With the ageing population, that’s going to be a huge

business opportunity going forward, and your employees can be your internal advisers.”

Taking steps to tackle this issue is bound to have a beneficial impact on the quality of life for residents of Hong Kong. When asked about their chief motivations for working, the single largest group of women (38%) say it is to support their families. This indicates that women’s salaries are more often directed towards day-to-day needs, which is good news for family members but a clear obstacle for any women wanting to save for a comfortable retirement.

3

Diversifying the decision-maker

Financial independence is not the same as financial planning

Younger generations of women in Hong Kong are assuming more responsibility for important household decisions. This ranges from deciding on when to retire to making certain investment decisions. Women in their forties, for instance, are more likely to rely on their own experience or analysis than the input of a spouse or partner when making a major purchase, such as acquiring property—in contrast to the overall sample. However, this trend towards independent decision-making is not universal.

Retirement-related financial planning is a specific area where Hong Kong women feel relatively under-equipped—the young even more so than their elders (see figure 4: The

young and the restless). Well over half (58%) of respondents feel relatively unprepared to make financial decisions related to their retirement, climbing to 69% of women in the 40-49 age group (higher confidence levels among women aged 65 and above is understandable, considering that many of their decisions are likely to have already been made by now, or been made for them).

Clearly, there is a need for educational outreach that focuses on retirement planning and reaches women relatively early. There is a wealth of financial literacy and planning courses offered in Hong Kong by the government, the private sector and social organisations, according to experts. Yet

“Women tend to be more risk averse than men, so that puts them at even more of a disadvantage in retirement

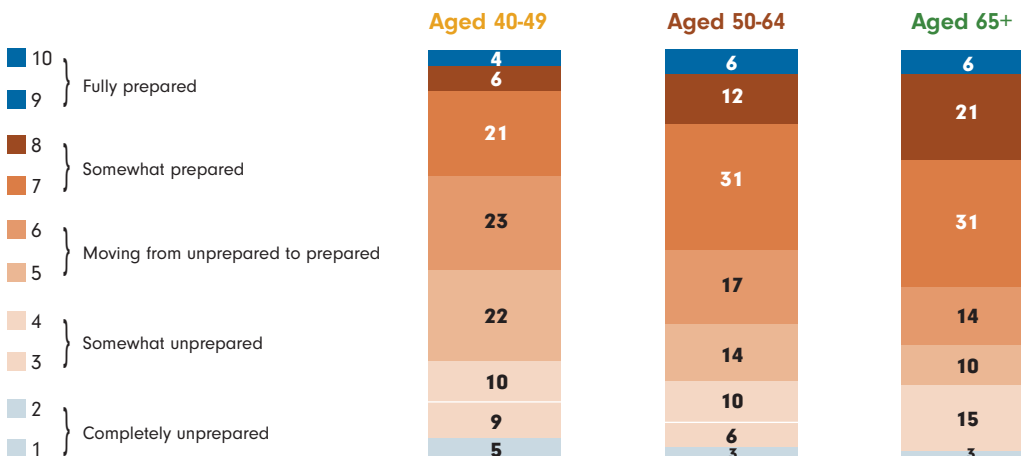
”
Christine Fang, professor, Faculty of Social Sciences, University of Hong Kong

Figure 4

The young and the restless

How prepared do you feel to make important financial decisions related to your retirement?

(% of respondents by age group)



relatively few of these focus specifically on women's later years or the issues they are likely to face as they get older.

"We see a clear demand for workshops on how to integrate financial planning for ageing dependents and children into personal financial and retirement planning," says Ms Moore of the Women's Foundation. "Unlike education savings plans for children, which are now offered by many financial institutions, there seem to be fewer of these financial planning schemes available."

As Anna Rappaport, who runs a consultancy in the United States focusing on secure retirement strategies, explains: "The big problem is that education often does not translate into action. Some people do not have the basic background to understand the education. For example, if someone does not have basic math skills and does not understand compound interest, it may be very difficult to educate them about investments."

In the Hong Kong context, Professor Fang of the University of Hong Kong points out that this is a particular issue for female immigrants from mainland China, who account for many of the new arrivals in the city. On an annual basis, more than 10,000 mainland Chinese women aged 35-54 are granted one-way permits to settle in Hong Kong, double the number of men.²

Over time they will begin to make up a significant number of Hong Kong retirees, yet these women are more likely to be "at risk" financially speaking owing to their lack of support networks and familiarity with Hong Kong's more freewheeling financial system. They therefore require a different set of skills than white-collar professionals.

Evidently, a tailored approach to financial literacy and planning programmes is required

if education is to be turned into action. This should not only be about reeling off facts and figures. Organisers of any financial literacy programme devised for women should take account of other communication techniques, such as using role models. "Women appreciate sharing; I would like to listen to successful stories of other women and then I would have more empathy. That would motivate me to do something more than hard factual information," explains Ms Tsien.

It is also important that financial planning education introduces women to a broader spectrum of investment possibilities. The vast majority (87%) of women in our survey keep their savings in the bank, where they generate close to zero returns, while just over half invest in the stockmarket—although rates of stock investment are higher among younger women. Only 18% of respondents keep money in pension funds.

Professor Fang believes that the relative lack of investment diversity is rooted in an inherent conservatism that can make it even more difficult for women to achieve their retirement goals. "Women tend to be more risk averse than men, so that puts them at even more of a disadvantage in retirement, since they generally have less savings added to lower returns. Traditionally their role is more managing expenditure, rather than earning, investing or financial planning. That makes investment and financial planning education very important for working-age women."

This is a phenomenon that has been noted globally. A study by academics at the University of California at Santa Barbara and the University of San Diego's Rady School of Management found "strong evidence" for fundamental gender-based differences in investment—mainly that women make smaller investments than men and appear to have less risk tolerance.³

² Women and Men in Hong Kong Key Statistics, 2015 Edition; Census and Statistics Department, Hong Kong Special Administrative Region.

³ Gary Charness and Uri Gneezy, Strong Evidence for Gender Differences in Investment, September 18th 2007.

4

Rainy-day fund vs a roof over your head

Paying for today is stymying planning for tomorrow

Hong Kong women seem all too aware that they may face a retirement beset with financial uncertainty. For many, this will mean working longer than they may necessarily want to (see figure 5: Unwanted overtime). Only 37% of respondents feel confident of being able to decide when they retire. Pessimism is most pronounced among those aged 40-49. Little more than one-in-four (27%) of this group feel confident about being able to decide when to retire. This suggests that the number of women expecting to continue in employment out of financial necessity is set to rise.

Not surprisingly, then, a large number of women view their retirement years with a degree of financial apprehension. Only a minority (34%) of respondents are confident that they will have sufficient savings to support a comfortable retirement. Again, younger women in the 40-49 age bracket have the most negative outlook (see figure 6: No country for older women). These women in their forties are also less optimistic about being able to maintain their current standard of living in retirement than previous generations.

Much of the younger generation’s negativity may be rooted in a very Hong Kong issue—the territory’s red-hot housing market. Demographia, a consultancy, ranks Hong Kong property as the most unaffordable

in the world relative to income. House prices have more than doubled since 2009. Meanwhile, home ownership rates have declined slightly in recent years to just over 50%—well off previously stated government targets.

The government has pledged to boost the supply of housing over the next ten years, particularly public and subsidised flats, but such efforts have so far failed to tame the market. Demand for subsidised government

“
A lot of people can’t afford to buy their own flat, so basically they might be renting forever, and that worries them
”

Teresa Tsien, director of the Institute of Active Ageing, Hong Kong Polytechnic University

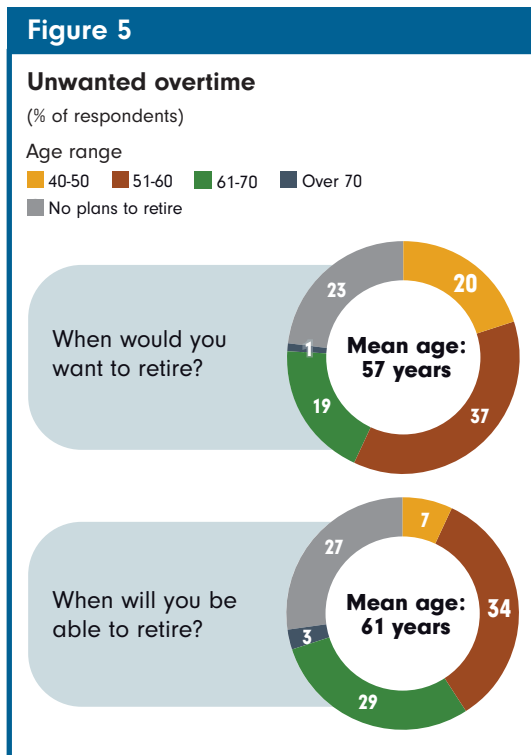


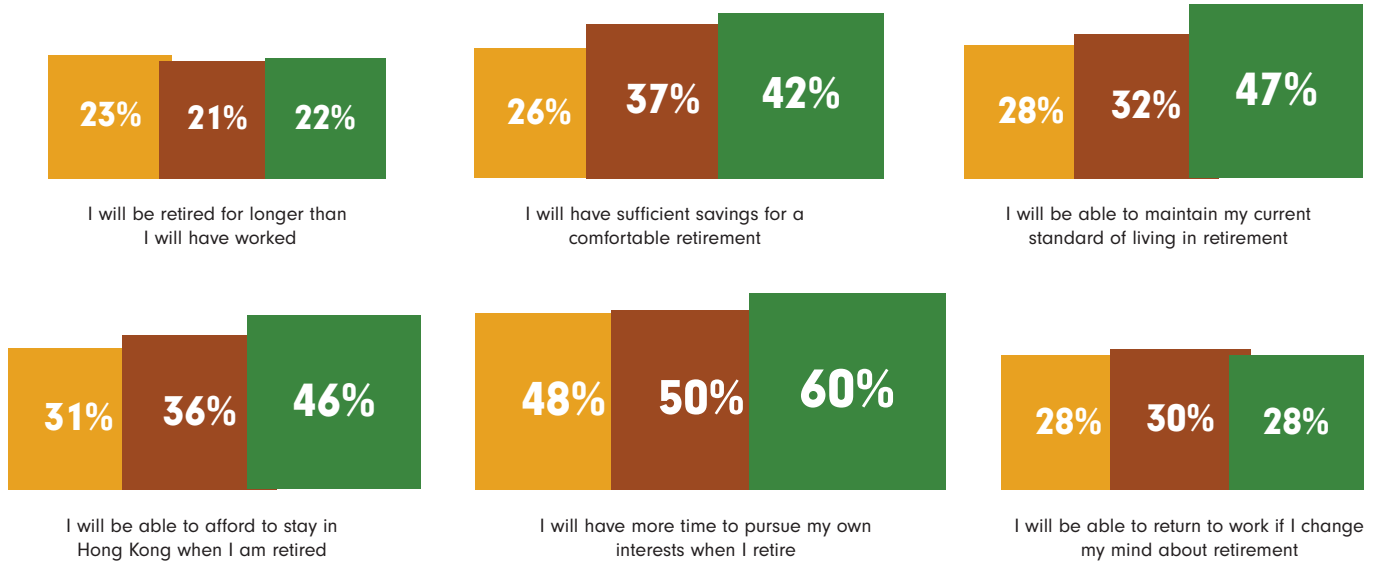
Figure 6

No country for older women

What is your level of confidence in respect of the following statements about retirement?

(% of respondents by age group selecting 1 or 2 on a scale from 1 to 5 where 1 = very confident and 5 = not at all confident)

■ Aged 40-49 ■ Aged 50-64 ■ Aged 65+



flats, which house around one-third of the population, far outstrips supply.

“We all want a roof that we can settle under to ease into our retirement age. But a lot of people in the 40-49 group nowadays really can’t afford to buy their own flat, so basically they might be renting forever, and that worries them,” says Ms Tsien of the Hong Kong Polytechnic University.

For women aged 50 and above basic needs, such as food, transport and utilities, represent the bigger expense. Property is a lesser expense among older age groups, presumably because more of these respondents managed to get on Hong Kong’s property ladder when it was relatively more affordable and have subsequently paid off any mortgages they may owe. But as it gets harder to get on the property ladder, let alone pay off a mortgage before retirement, younger women expect property to be their biggest expense well into their forties.

Keeping up with expensive rental payments is likely to have longer-term ramifications for women, far beyond the housing market. More than one in five (22%) women in the 40-49 age bracket have so far failed to save anything for their retirement. The biggest hurdle to planning for retirement is not having any surplus money, which is cited by more than one-third (34%) of women in their forties and those working full-time. With 57% of women saying they expect to need half or more of their current monthly household income after they retire, current saving patterns are likely to prove insufficient for many.

The inability for a significant minority of women to invest in property or save for retirement is equally ominous for Hong Kong society as whole. Not only do younger generations of women feel hard done by, but there is also a heightened concern about society fracturing between the haves and the have-nots: over 60% of women in the 40-49 and 50-64 age groups believe that the divide

between rich and poor is a bigger risk to Hong Kong than an ageing population.

Clearly the concerns women have regarding their future are overshadowed by concerns about today—causing more anxiety than action.

The secret of longevity

Will Hong Kong's ageing demographic last forever?

At birth, residents of Hong Kong currently have an average life expectancy of over 82 years. This represents an increase of 13 years since 1971, placing the special administrative region in sixth position for global life expectancy in the 2014 CIA World Factbook. Only in Monaco, Macau, Japan, Singapore and San Marino do people live longer.

Academics and experts have attributed Hong Kong's relative longevity to a variety of factors, including the local diet, which is heavy on soy, tea and steamed vegetables; the tendency of locals to remain active well into old age; and even the popularity of tai chi, a martial art practiced by many seniors every morning in parks and public spaces. The city's rising prosperity and the development of a comprehensive healthcare system have also helped.

Most population projections are based on this trend continuing, hence the concerns voiced in policy and business circles about how to prepare for a rapidly ageing society. But they may not be taking into account some of the changes in the city's environment, particularly air pollution.

Official data from the Environmental Protection Department are mixed, showing

over recent years declines in some pollutants, such as sulphur dioxide and suspended particulates, but rises in others, such as ozone.

Assessments from environmental groups are generally grimmer:

■ The Civic Exchange and the Hong Kong University of Science and Technology found that the air quality in the central business district violated World Health Organisation standards on 280 days per year.⁴

■ A University of Hong Kong report warned that pollution levels were causing injury to the developing lungs of children and adolescents, which will lead to “life-long health problems in many and a reduction in life expectancy”.⁵

■ The Clean Air Network has pointed out that local pollution levels are worse than those cited in a European Environment Agency study, which shortened average lifespans by as much as 22 months in parts of the European Union.⁶

Although the former chief executive, Donald Tsang, controversially pointed to the longevity of Hong Kong residents as evidence that the air pollution problem was overstated, many others predict that it will have a direct impact on lifespans that may only later become apparent.

⁴ “PM2.5 Pollution Along the Tramway”, Civic Exchange/Institute for the Environment of HKUST, April 15th 2015.

⁵ Anthony J Hedley, Air pollution and public health: The current avoidable burden of health problems, community costs and harm to future generations. Li Ka Shing Faculty of Medicine, University of Hong Kong, February 2009.

⁶ www.hongkongcan.org/eng/2012/09/press-release-air-pollution-shortens-average-life-expectancy-in-europe-by-up-to-two-years-hong-kongs-air-pollution-worse-than-most-polluted-areas-in-europe/

5

Hong Kong is getting worse with age

Retirement prospects look more gilded than golden-age

“
It is time for an ageing Asia to accept that a combination of home-based and institutional care for elderly relatives can embody family values

”

Karen Eggleston, faculty director, Walter H Shorenstein Asia-Pacific Research Centre, Stanford University

Hong Kong's rising cost of living is to some extent a reflection of its economic success—making it still an enviable place to be born and grow up in. As a result, many women continue to see it as a place of opportunity for themselves and their families. When asked to rate Hong Kong out of ten in five separate stages of life, a majority of women give it a score of seven or higher as a place to work and as a place to raise a family.

Yet this upbeat view tends to decline the further ahead women look (see figure 7: Long life may not live up to the promise). Little more than one-third (34%) of women aged between 40 and 49 give Hong Kong a rating of seven or higher out of ten as a place in which to retire. Indeed, over half of women respondents, with roughly consistent rates across age groups, are anxious about the future. Such damning findings make it easier to understand why one-quarter of all respondents—and 30% of those aged between 40 and 49—are considering retiring outside of Hong Kong.

As few women expect the Hong Kong government to look after them as they age, an entire network of elderly care facilities, such as the Kornlake Villa Resort in Dongguan, has sprung up in mainland China, just across the border, to provide a nominally more affordable option to Hong Kong retirees. But for those women who

plan to—or have to—stay in Hong Kong, how can it become a better home for an ageing, majority female, population?

By far the highest percentage of women (58%) are calling for better services, such as healthcare and housing for retirees, followed by the introduction of a universal pension scheme (26%). Hong Kong's housing problem is well known and has already been mentioned. The focus on healthcare, however, may seem surprising when Hong Kong's public health system is generally effective and affordable.

Obviously there are clear and unavoidable links between an ageing population and greater healthcare requirements—for both men and women. Still, Ms Tsien of the Hong Kong Polytechnic University believes that Hong Kong should be doing more to cater specifically to women. “In Hong Kong there's no sex differentiation in healthcare, though of course men and women have different health issues and concerns. There's a clear demand for dedicated health centres for women to help them with their healthcare needs, but right now the capacity isn't there.”

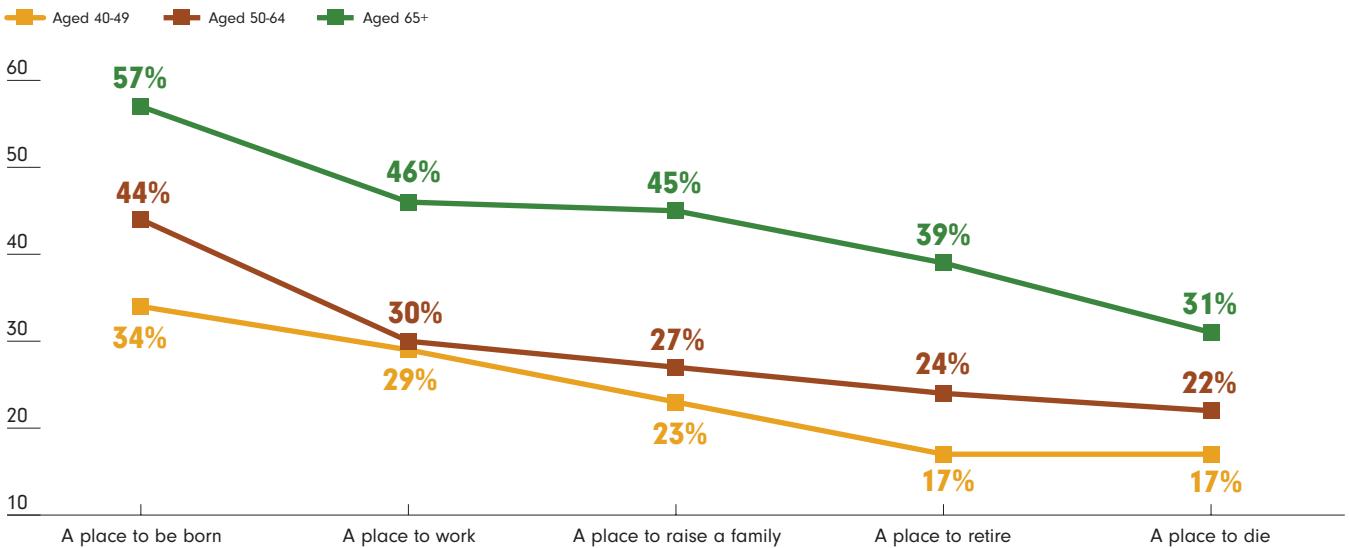
Better services in general are particularly important for those aged 65 and above. Again, policymakers seem to be acting to address some of these concerns: in recent years the government has launched (and

Figure 7

Long life may not live up to the promise

How would you score Hong Kong based on its suitability for the five stages of life set out below?

(% of respondents by age group selecting 8, 9 or 10 on a scale from 1 to 10 where 1 = lowest score and 10 = highest score)



intends to expand) “elder academies” to encourage lifelong learning; it has introduced more fare concessions for the elderly on public transport; and installed facilities such as lifts at key spots to improve access for seniors.

Yet there is a long way to go—in a relatively short time. Elderly care is an area that has traditionally been underserved in Hong Kong, as in many other parts of Asia, amid cultural expectations that the responsibility will fall on family members. However, on the basis of our survey, the majority view has reversed in the space of two generations. Nearly two-thirds of women aged 65 and above (63%) expect their children to look after them when they get old. By contrast, 57% of women aged 40-49 expect to look after themselves in their later years (see figure 8: Take care of yourself).

According to Karen Eggleston, faculty director of the Asia Health Policy Programme at Stanford University’s Walter H Shorenstein

Asia-Pacific Research Centre, many societies now generally accept that working mothers are just as valuable as mothers who choose to stay at home. Now, says Ms Eggleston, it is time for an ageing Asia to accept that a combination of home-based and institutional care for elderly relatives can embody family values as much as caring exclusively for ageing parents in the home—a job which typically falls to daughters and daughters-in-law. Consequently, she expects palliative care, hospice and other similar services to be growth areas in places such as Hong Kong.

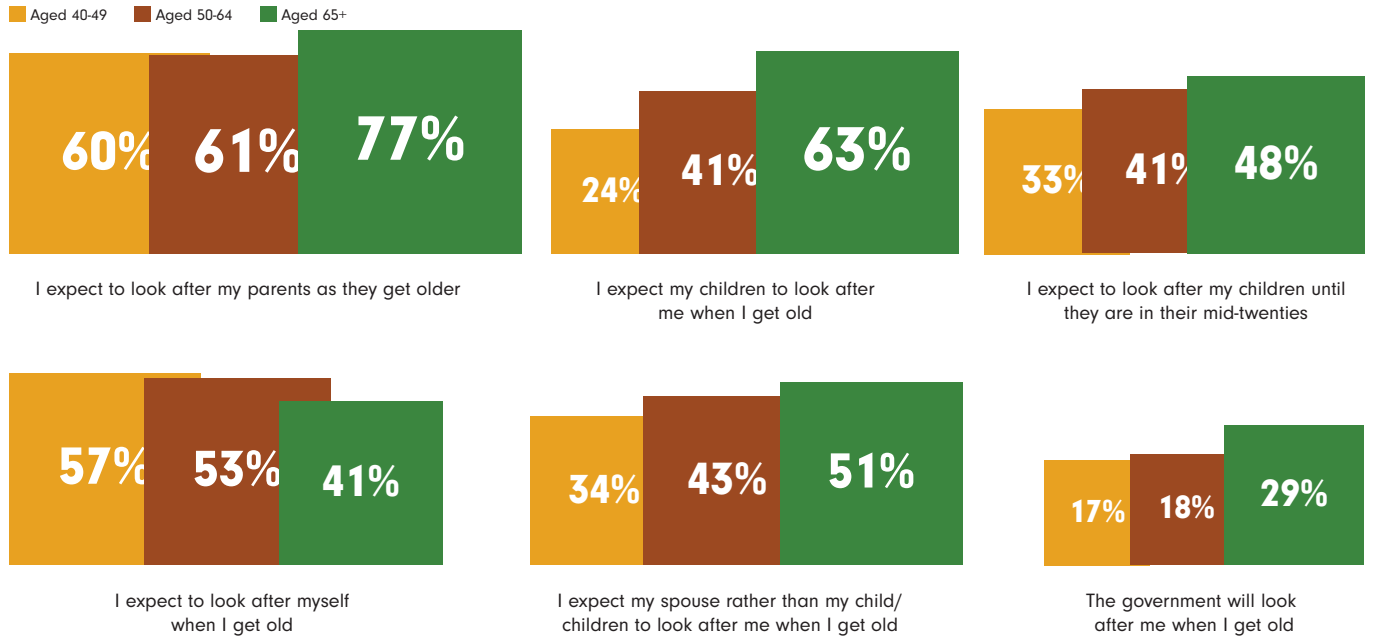
As women transition to looking after themselves in retirement, their ability to pay for their own care will become more important, and the consequences of poor planning will become even more severe. Taking action at the individual level is pressing, although it may not be enough. As we have seen, families and employers play a central part in the ability of women to plan for a longer retirement—as does the government.

Figure 8

Take care of yourself

To what extent do you agree or disagree with the following statements about retirement?

(% of respondents by age group selecting 1 or 2 on a scale from 1 to 5 where 1 = totally agree and 5 = totally disagree)



While discussions on a universal pension scheme have proved controversial, experts say that further reforms to the city's Mandatory Provident Fund (MPF) could help women to channel investment more productively and build retirement savings. Lowering management fees, raising the cap on contributions and providing more

related tax relief would all encourage working women to put more away, says Ms Tsien. This is another area where education may be needed; even the Mandatory Provident Fund Authority has admitted that efforts to give workers more choice in their MPF investments have sown confusion in some quarters.

Conclusion

Hong Kong faces unprecedented demographic pressures. Yet it is also in a relatively strong position to face them, with a healthy fiscal surplus, an enviable infrastructure, a well-deserved reputation as a premier international financial centre and unmatched—and growing—links to an economy that is in the running to become the world's largest.

Encouraging Hong Kong's increasingly educated and financially independent women to anticipate and plan for a longer—and possibly more expensive—retirement should form a core pillar of the government's effort to deal with an ageing society. But policies can only go so far; women themselves will also need to acknowledge and act on changing demographic, economic and social realities—and understand that one of their ultimate contributions to their families could be securing their own future.

"If you don't have financial, health and social well-being, it's difficult to continue to carry out a caregiving role, to support your parents, children and grandchildren," says Ms Tsien. "This can be a real burden to our loved ones, so if we're doing things right, and building wealth and good health, in a way we're already helping them."

Right now, Hong Kong's future is looking less rosy than its past. A generation of women are struggling to invest in a home to live in. As a result, many do not feel fully invested in their home city. If these women are not able to buy into their future, the next generation is likely to suffer for it.

But Hong Kong is not alone here. Most, if not all, of these demographic trends and social challenges are evident across Asia. Other nations in the region would be wise to watch how Hong Kong's policymakers respond to this looming crisis over the coming years, as many will have to take similar action before too long.

Appendix

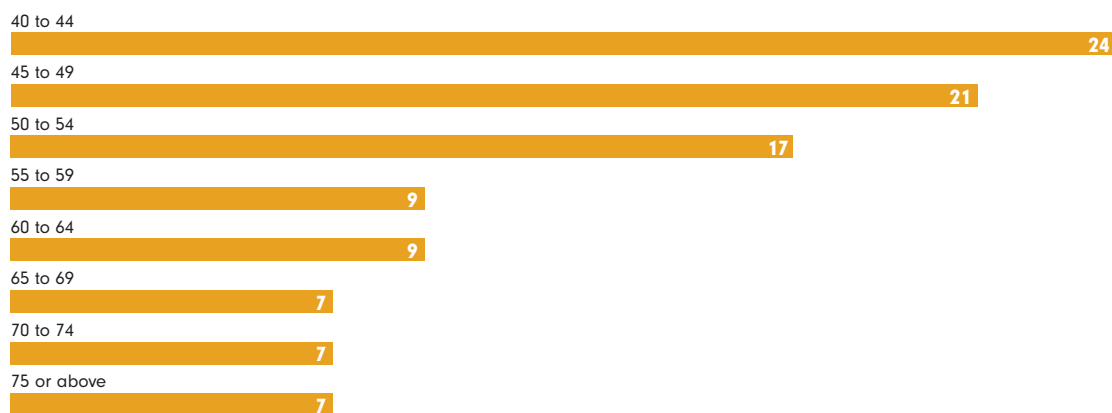
Survey demographics

In June 2015 The Economist Intelligence Unit surveyed 1,000 women from Hong Kong, all of whom were aged 40 years or above. Please note that answers may not add up to 100%, either because of rounding or because respondents were able to provide multiple answers to some questions.

(i) Personal

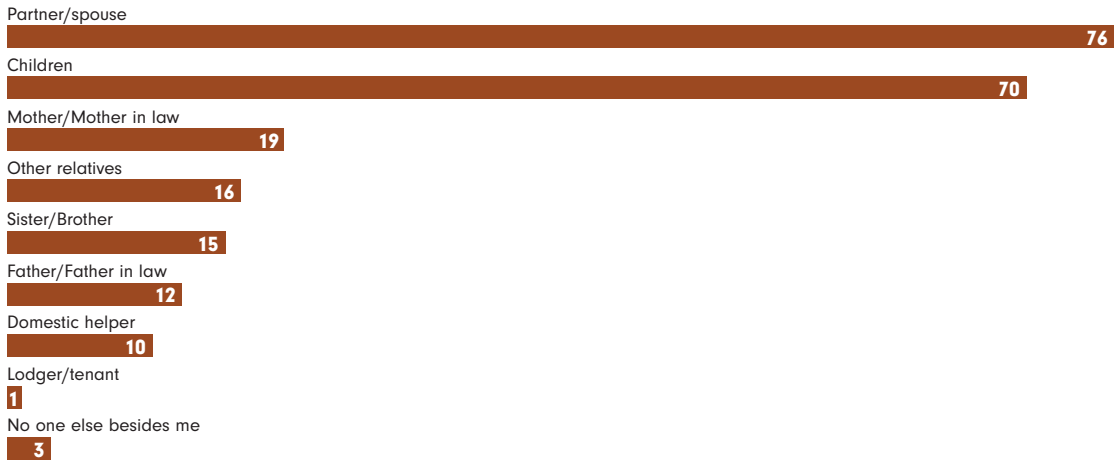
Respondent profile (% respondents)

Age

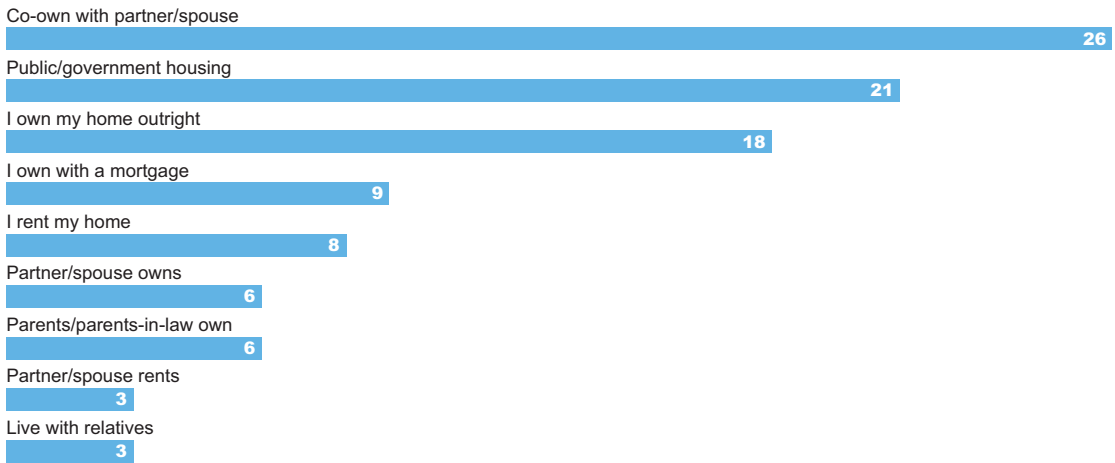


Family status

Who is living with you in your home? (% respondents)



Home ownership



Marital status



Education level

No education

1

Primary

20

Secondary

45

Tertiary

18

Post-graduate degree

13

Professional qualification

4

(ii) Professional

Respondent profile

(% respondents)

Employment status

Full time

57

Part time

13

Not working

30

Income status

(Average by age group)

■ Aged 40-49 ■ Aged 50-64 ■ Aged 65+

Household income (HHI)

HK\$53,959

HK\$44,638

HK\$29,519

Personal income (PI)

HK\$26,102

HK\$19,670

HK\$11,018

Share of HHI from PI

48%

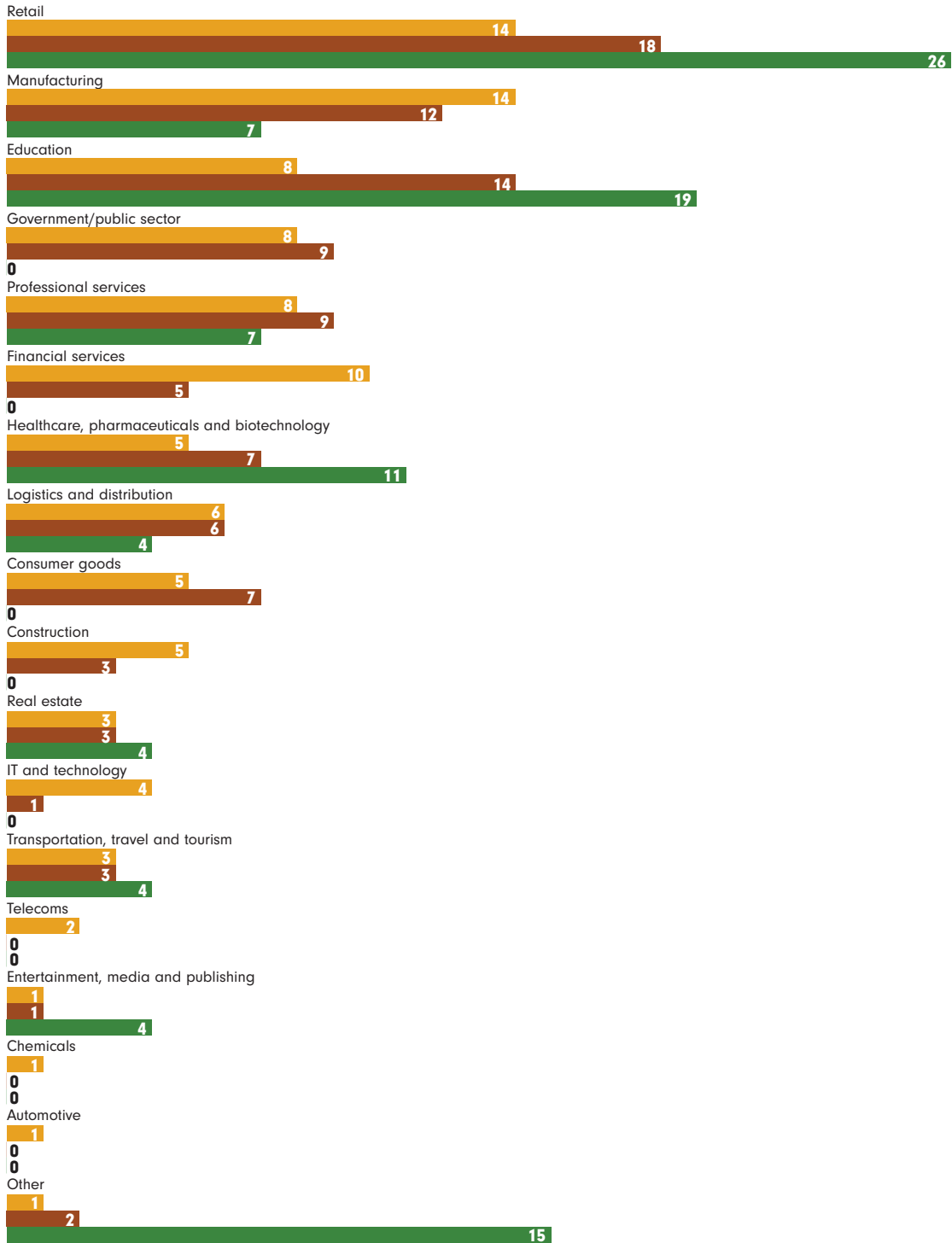
44%

37%

Primary industry

(% of respondents by age group)

■ Aged 40-49 ■ Aged 50-64 ■ Aged 65+



Working hours

(% of respondents by age group)

■ Aged 40-49 ■ Aged 50-64 ■ Aged 65+

I am not working at the moment



Under 20 hours



20-29 hours



30-34 hours



35-39 hours



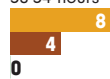
40-44 hours



45-49 hours



50-54 hours



55-59 hours



60-64 hours



65-69 hours



70-74 hours



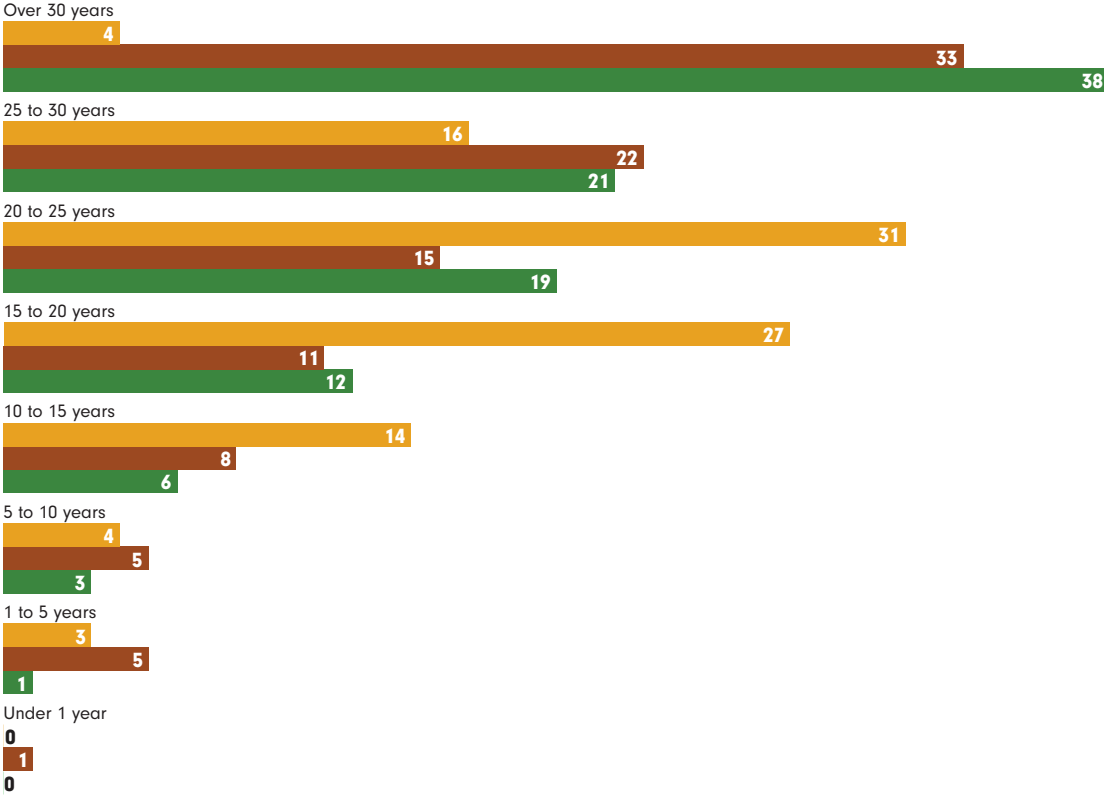
75 hours or more



Number of years in paid employment

(% of respondents by age group)

■ Aged 40-49 ■ Aged 50-64 ■ Aged 65+



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