

The Current Retirement Protection Arrangements in Hong Kong – Improvements Needed

The Pillars:

- (1) **The Family**: Declining Reliability of Family as a major source of financial support for their elderly parents; because of,
- declining family size: most families of the baby boomers have no, one or two children;
 - declining willingness of the younger generation to support elderly parents;
 - declining ability of family to give support: stagnant level of income of middle to low income families.

(2) CSSA: has been providing financial support to a rising proportion of elderly people.

1980s – 8%

Late 1990s – 18%

Recent dip – 15%

Shortcomings of CSSA as retirement protection net:

- **Social stigma**
- **Exclusive nature (other sources of income not allowed)**
- **All or nothing benefits**
- **Entirely government funded**

Fundamentally, CSSA is not a retirement protection scheme; it is for the poor.

(3) OAA: has been providing supplementary income to many older people.

Characteristics:

- **High take up rates**
- **Low level of payment**
- **Supplementary nature**

Fundamentally, OAA is not a retirement protection scheme either. It is designed on the assumption that older people will be looked after by the families. It is a supplementary source of income.

(4) MPF: It is a step in the right direction, but MPF has the following shortcomings:

- **Low contribution rate**
- **Low income ceiling for contribution**
- **High management fee**
- **Gap of non-working people**
- **One-off payment at 65**
- **Not sufficient to cover the entire retirement life for most low to middle income people**

Improvements to MPF are overdue.