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**How retirement is financed in the East and West:**

***An investigation of Hong Kong and the UK using employee surveys***

Hafiz T.A. Khan, Professor of Public Health, The Graduate School, University of West London, St Mary’s Road, Ealing, London W5 5RF, UK

Email: Hafiz.Khan@uwl.ac.uk

&

Associate Research Fellow, Oxford Institute of Population Ageing, University of Oxford,

66 Banbury Road, Oxford OX2 6PR, UK,

Email: hafiz.khan@ageing.ox.ac.uk

Abstract:

*Financing retirement is an important aspect of later life that is related to overall healthy living and wellbeing. Very little is known about the attitudes of people towards their individual future retirement plans, accrued savings or even finances once they are into old age. There are no comparative studies across geographical regions that may help with understanding the complex behaviour of individuals and social norms. This chapter examines how life in retirement in the UK and Hong Kong is financed while also capturing regional disparities. This study uses data collected from primary sources in both territories. A sample of 800 employed people in the UK and 800 employed people in Hong Kong were sampled during 2013-14. The age ranges were 45 – 65, with most people aged 50 and over. Sampling took place across income groups and professions and included both men and women while the sample profile closely matched that of the UK and Hong Kong populations. Quantitative analysis was carried out in order to answer key research questions. The findings suggest that employees plan to work longer than their actual retirement age and are not prepared for retirement whereas educated and higher income groups generally have savings plans in place to finance their later lives. These findings have significant implications for organisations and policy makers.*

Key words: Retirement, financing old age, Hong Kong, UK, employee surveys

**Introduction**

Retirement and pension provisions are becoming important issues in ageing societies although they tend to vary across the world particularly between welfare and non-welfare states. Asia will face tremendous challenges in protecting its older people in the near future as the vast majority of the world’s population live in the region. Continued economic growth and movement, social change and attitudes are seen to be changing faster than ever before as are issues related to older people including their increased vulnerability within families as well as within their communities. It is evident that old age dependency is increasing at a fast rate but how later life will be financed at individual, familial and state levels perhaps still remains obscure (Khan et al., 2013; Khan 2014). The reality of demographic transitions today has combined with economic change and modernisation and made the situation more difficult for many older people in their ability to cope and consequently bear the financial burden of later life. This realisation potentially makes it more difficult for individuals to adjust within their lifespan. In many countries, policy-makers have launched various programmes in order to spread messages and raise awareness so that older people can better prepare themselves at least financially. Many countries have already implemented action plans to protect the poor and vulnerable older people through the social safety net programme. However, this programme is neither universal nor adequate countrywide.

Very little is known in the literature about the attitudes of people towards savings and the financing of their later lives. Quality of life and financial circumstances in old age are interlinked (Gabriel and Bowling, 2004; Khan et al. 2013) and largely depend on a country’s overall pension provision as well as any welfare system (Ju et al., 2016; Wiggins et al., 2004; Netuveli et al., 2006; Raphael and Bryant, 2004). In order to fully understand the financial situation of older employees in the East and West, we compare Hong Kong and the UK as an example and anticipate that such a comparative study can help understanding of the ways each of them do or do not make provisions. This chapter provides a glimpse of pension provisions between East Asia and Western Europe as well as an empirical analysis of employee data collected from the UK and Hong Kong.

***Pension systems in the UK and Hong Kong***

The Hong Kong pension infrastructure is more or less similar to the one emerging in the UK. In order to illustrate the impact of changing age demographics on pension and retirement savings patterns, we draw upon the experiences of older people in these two regions. Hong Kong was a former British colony and so the two economies feature a number of institutional similarities including regulatory business systems, limited welfare provision, short-term employment relationships and the dominance of small businesses (Witt and Redding, 2013; Flynn, 2016). Both territories show residual welfare states in which the state only intervenes when provision via the private market and the family have failed. Moreover, demographic reality threatens many institutions particularly when there is growing concern about ageing in terms of providing healthcare and social support. Studies show that the social and economic challenges facing both countries are strikingly similar (Flynn, 2016).

In the case of the UK, the welfare state has been categorised as a basic security model under the “Beveridge Framework” in which citizenship is the basis of entitlement for a “flat-rate” pension within a system that provides a modest amount of redistribution (Cremer and Pestieau, 2003). Social welfare support is primarily provided directly by the state and paid for by social insurance contributions. According to Flynn (2016), Hong Kong is also regarded as a residual welfare state where pension access has been made universal. Also in Hong Kong, social welfare is set at low levels with the expressed aim of maintaining personal and family provision (Chan, 1997). Each welfare provision is paid for by the state although it is delivered through non-governmental organisations under the auspices of the National Council of Social Services. Studies suggest that older people in Hong Kong could not save enough money before they opted for retirement and thus pension reforms are necessary to protect the older workforce (Flynn, 2016).

There appear to be some similarities between Hong Kong and the UK. For instance, Hong Kong has a residual first-tier pension that is less than 60% of the absolute low-income threshold (Flynn et al., 2017 and is similar to the UK state pension. A universal second tier pension system was introduced later in Hong Kong and is known as the Mandatory Provident Fund (MPF). This fund involves a compulsory pension contribution for workers who lack access to a pension provided by their employer. In other words, the MPF is a non-redistributive defined contribution scheme in which the individuals and their employers pay into the employees’ retirement benefit. MPF schemes can be employer based, operate across industrial sectors and be available for self-employed workers (Flynn, 2016). This provides an opportunity for many to top up their savings for later life (Aaron, 2013).

A universal pension is the first tier in the UK and is set at GBP 113.10 per week (as of 2015) as a basic rate for a single person. To qualify for the full state pension depends on 30 years of contribution into the National Insurance system[[1]](#footnote-1), although periods of non-work for unemployment or caring responsibilities are credited for eligibility. Generally, a means-tested pension credit is paid to older people who have no other means of income to provide a minimum pension guarantee of GBP 151.20 per week for a single person. The pension age for men is 65, and for women, between 2010 and 2018, is rising from 60 to 65. From 2018, the pension age for both men and women rises first to 66 by 2020, then 67 by 2028 and to 68 by the mid 2030’s. The UK HM Treasury expects further rises to be linked to life expectancy that is considered to be an appropriate approach by some leading experts.

In both economies, second-tier pensions exist (i.e. those that are occupational and based on earnings), although in both cases there have been significant variations in occupational pension provision. In the UK, for example, only 35% of private sector employees are members of a workplace pension scheme or belong to an arrangement in which their employers make contributions into their personal pensions (Flynn et al., 2017). Of those employers that offer occupational pensions, 47% restrict access and a further 26% have closed eligibility to new members (Forth et al, 2014). The main reasons employers cited for lack of provision included the cost of operating a pension scheme along with the relative ineffectiveness of pension provision as a tool for recruiting talent (Metcalf and Meadows, 2010).

In response to the Pension Commission Report, the UK Parliament enacted the Pensions Act 2008 that set in motion the creation of the National Employment Savings Trust (NEST), a scheme that operates as a vehicle for pension savings for workers without access to an occupational pension scheme. NEST is an employer-provided scheme that is currently being rolled out and from 2018, employees will be auto-enrolled into schemes that their employers nominate. Pension savings are accrued through a combination of employee and employer contributions as well as tax relief.

In Hong Kong, during 1993 to 2000, occupational pension arrangements were provided by employers on a voluntary basis and were governed by the Occupational Retirement Scheme Ordinance (ORSO). As with the UK only a minority of Hong Kong employees were covered by an employer-supported second-tier pension scheme, with the Labor Department estimating that 900,000 were covered out of a total of 3.5 million employees (Civil Service Bureau, 2013).

In 1995, the Hong Kong legislature passed the Mandatory Provident Fund (MPF) Ordinance that came into effect in 2000. Since then, it has been mandated that 5% should be contributed each from employees and employers (up to a maximum monthly salary of HKD 30,000 and for the employee contribution, a minimum threshold of HKD 7,000 per month) into a defined contribution provident fund which pays a lump sum to employees upon retirement. Different contribution arrangements apply to self-employed people, and an employer that provides an eligible occupational pension scheme is exempt from MPF contributions.

As Flynn et al (2017) noted, there are differences as well as similarities between NEST and MPF pension saving schemes. Both differ in three important ways: firstly, while MPF contributions go into regulated savings schemes provided by the banks, the NEST fund is managed by a non-departmental public body accountable to Parliament through the UK Department for Work and Pensions (DWP); secondly, under MPF, employees select from a range of privately provided but regulated schemes while the NEST scheme is managed by government appointed trustees; thirdly, while MPF operates as a mandatory scheme for most Hong Kong workers who are not otherwise covered by an occupational pension scheme, NEST is fully rolled out and operates as an “auto-enrollment” scheme where employees can choose to opt-out. There are, however, similarities between MPF and NEST. Firstly, both were set up to create near universal second tier pension provision to top up a minimal but redistributive state pension system in the respective economies; pensions are funded through employee and employ matched contributions rather than directly by the state. Secondly, both schemes were put in place to complement rather than replace employer provided occupational pensions and both schemes started in economies in which roughly only one third of private sector workers were covered by occupational schemes. Under Hong Kong law, an employer that operates an ORSO scheme must give new employees the option of joining an MPF scheme instead of ORSO, whereas NEST enrolment for employees is not now mandatory for employers who operate an eligible pension scheme (Flynn et al., 2017). The third similarity between MPF and NEST and the most significant is the Defined Contribution (DC) pension scheme where the two government schemes operate to place investment risk on to the employee rather than employer since it is the employee who absorbs the financial loss resulting from poor investment returns.

Government policy in the UK is aimed at accelerating rather than slowing movement away from DB schemes. Currently, employers that provide DB pensions can contract out a proportion of their contributions to employees’ National Insurance. Under proposals to introduce a universal state pension, the government is proposing to eliminate the contracted out element and has suggested that employers can offset the costs by reducing the employer contribution (DWP, 2013).

Both Hong Kong and the UK face significant gaps in occupational pension coverage. Prior to the introduction of MPF, only 35% of Hong Kong residents had access to an occupational pension (World Bank, 1994), while the UK Pension Commission concluded that 12 million British workers, almost 40% of the total, were under-saving for retirement (BBC, 2005). At the same time, the two populations have been ageing. Governments in both territories have responded to the widening pension gap through bold initiatives to extend access to second-tier pensions but have extended that coverage at the expense of availability of DB schemes, thereby shifting responsibility for preparing for longer retirement from employers to workers. However, alongside measures to encourage greater savings, pension ages have and are likely to continue to rise (DWP, 2010) which in turn necessitates employers facilitating longer working lives.

Past studies have demonstrated the significance of attitudes towards bearing the cost of care in later life across the world (Khan et al., 2003). Individuals living in welfare states believe that their governments will bear the final cost whereas there was a complete opposite view from respondents living in developing countries. This may be partly due to the attitudinal aspect of people living in welfare regimes, as they generally believe support should come from the government. There is a great deal of under-saving toward retirement and there are variations by gender, family income, union membership, education and so forth. Whatever pension and welfare provision system may be in place, the question always remains as to how employees in each country will finance their lives in retirement. One key issue to flag up is whether the universal pension would be enough to avoid unintended consequences in later life or not. There is no easy answer to this question but it would be worthwhile to investigate the commonalities and differences in both settings.

In this chapter we have addressed the issue by using data collected from Hong Kong and the UK. Data are made available in the public domain and so enabled us to undertake this kind of comparative study. Ethical approval was not necessary for using the data for research purposes as per the generic ethics code of conduct.

**Methodology**

This section draws on the UK/Hong Kong survey focusing on the questions that relate to finance in retirement and pensions. The survey asked a number of questions about pension and retirement savings that are explored in this chapter. Specifically these are:

* What sources of income and wealth the respondent is planning to draw from to finance her/his retirement (including state pension, employer provided pension, family support, personal savings; continued paid work and don’t know). Hong Kong respondents were also given the option of picking MPF and multiple choices were allowed;
* How aware is the respondent of what her/his retirement income will be once (s)he retires (five point scale from very aware to not at all aware);
* Level of satisfaction/dissatisfaction with retirement savings and pensions.

In addition, questions about retirement plans were asked, including:

* Age at which the respondent is planning to retire (including the option to say ‘no planned retirement age’);
* Why the chosen retirement age was picked, including voluntary reasons (e.g. this is the age I want to retire); involuntary reasons (e.g. this is my employer’s specified retirement age); financial reasons (e.g. this is the age when I receive a full pension and work related (e.g. my job is too physically demanding to work longer);
* Whether the respondent is looking forward to retirement;
* Willingness to consider different forms of phased retirement (e.g., reducing working hours, changing roles or mentoring) as an alternative to full retirement;

Finally, a number of questions were asked about work and career that could be juxtaposed with responses to questions on retirement:

* Whether phased retirement options are feasible for the job the respondent carries out;
* What support the employee can rely on from colleagues, managers and union representatives when problems occur in work;
* The age inclusivity of the respondent’s employer;
* The respondent’s health relative to her/his job’s physical and mental requirements.

We used data collected for the two matched surveys of older employees in Hong Kong and the UK during the period December 2013-September 2014. A total of 1600 employees were interviewed (approximately 800 from each territory). Each survey included about 186 variables with questions drawn from the Labour Force Survey, European Social Survey, International Social Survey Project, National Adult Learning Survey, and European Working Conditions Survey. A detailed description of the survey methodology can be found elsewhere (CROW, 2017).

*Statistical Analysis*

Data was collected on the financial and retirement plans of individuals in both territories and internal consistency was checked before moving to statistical analysis. Relevant variables were selected through an extensive literature review and key variables selected that were linked with financial preparedness in later life. Both dependent and independent variables were coded for data analysis and are presented in Table 1. Some of the terminology used in this chapter, such as retirement life, old age and later life, have common meaning.

Exploratory data analysis (EDA), OLS regression and multivariate logistic regression were used to capture important factors that are associated with an individual’s attitude towards financing their later life. While EDA provides general understanding about the facts and figures on how an individual retirement will be financed, the logistic regression provides the extent to which each factor contributes to financing life in retirement. Details of EDA and logistic regression can be found elsewhere, see for example, Khan et al. (2004), Khan and Rahman (2016).

**Results and Discussion**

The description and measurement of key selected variables are presented in Table 1. Sub-categories of each variable indicate the number of cases as well as percentages. Knowledge on financing for later life or financial preparedness appeared to be different for each cohort of respondents and the results indicate a reflection of the pension system of the country where respondents lived. In the UK, about 77.3% of respondents mentioned state pension entitlement whereas in Hong Kong only 4.5% mentioned it. The occupational pension in Hong Kong is much lower than in the UK (8.4% vs 50.3%) although this is a reflection of the fact that people generally receive their pensions through MPF. Similarly, a trend was found for private pensions (12.0% in Hong Kong vs 37.0% in the UK). On the other hand, personal savings were more widely practised in Hong Kong than in the UK (69.6% vs 38.4%). In response to the question about moving to a smaller property in later life, it was found that about 15.1% in the UK reported to have moved compared to 6.6% in Hong Kong. This might be related to social support and care provision in each country. Individual’s property investment in Hong Kong is found to be double that of the UK (13.3% vs 5.8% respectively). About 65.6% have MPF coverage in Hong Kong, while no data is available for comparison in the case of the UK.

We performed zero-order correlation analysis in order to examine the association between any two selected variables (Table 2). The analysis shows that in the UK both state pension entitlement and occupational pension are strongly associated with either personal savings and investments or even moving to a smaller property in later life while the results for Hong Kong were not found to be statistically significant. It is noted that private pensions and family members’ incomes are very important in Hong Kong as they are strongly associated with continuing paid work and property investment.

Table 3 shows the test of associations between financial variables and the socio-economic characteristics of individuals. There exists a significant gender difference in both countries in terms of receiving an occupational pension and a partner or family member’s income. Household income and education play an important role in enabling involvement in any of the selected financial activities. In general, people in both countries were optimistic about financial planning and about their futures.

In Table 4, as many as nine saving options were considered and we were keen to examine the important factors that are interlinked with the number of savings options. An individual that qualifies for all the options is coded as 9, if none is reported then this is coded as 0. Thus, the created variable ranges from 0 to 9 and can be treated as a numerical ordinal scale. OLS regression was used to examine the important factors associated with the number of financial preparedness options in later life. Males were found to be less prepared than females in Hong Kong, while this is not significant in the case of the UK. Household income was found to be a very important determinant and is negatively related with a number of financial options. Lower household income is found to be strongly associated with preparedness for fewer financial options in both the UK and Hong Kong. The analysis shows that there has been a noticeable difference between household income groups and this represents a serious issue for those who fall into the lower 40% income band.

In Hong Kong, education was influential in those who aimed for a higher number of financial options that may be due to security considerations in old age. Moreover, those who planned to take early retirement (less than 60 years) were linked with a lower number of financial options than those who planned to retire at 60-64 years of age. These findings were to be expected.

Finally, financial preparedness was divided into two categories in order to examine the differences between two groups of respondents and then a logistic regression model was used for selected covariates. The effects of variables are shown by odds ratios and 95% confidence interval (CI) shows the variation of the estimates. Each category is compared with the reference group. In Hong Kong, those who worked in banking or the finance sector were found to be more likely to have prepared financially than others; a lower income quintal is associated with less or no financial preparedness than others; education played an important role in the empirical models; higher and secondary education were found to indicate a 26.55 and 8.08 times higher chance of being associated with financial preparedness than that of no education at all; those who were going for full retirement were found to be better prepared which was found to be significant in Hong Kong.

The analysis shows overall that planning for retirement and retirement income is very important. Over the course of life people accumulate money through pensions and other kinds of saving options. The analysis shows that those who are aware of the need for a pension and retirement income are more likely to be better prepared in financial matters than others who are not aware. In the UK, those who are fully aware of the need for a pension and retirement income are 6.74 times higher (95% CI: 1.21-37.32) likely to be prepared financially, followed by 3.05 times higher for those who are aware only (95% CI: 1:00-9.34) compared to those who are not aware at all. A similar type of result was also found for Hong Kong. Therefore, awareness and planning around savings and investments over a lifetime are crucial in order for people to be financially prepared for later life. The results reveal that those in Hong Kong who strongly agreed with the statement “their life is close to what it should be” were 39.548 times more likely to be prepared with a range of financial options than those who strongly disagreed with the statement. However, it is not significant for those in the UK.

**Conclusion**

The results show that employees are more secure financially in the UK than in Hong Kong mainly because of universal social security provision i.e. a state pension. Unlike Hong Kong, a state pension is positively associated with other kinds of savings in the UK. The research demonstrates that those who planned for early retirement were found to have been less likely to save while those who were very aware of pension/retirement incomes in both countries were more likely to be savers. In the UK, trade union membership was found to have a positive effect on retirement savings and provided at least one secure financial plan.

This analysis reveals important findings on pension savings in both countries where a pension is mainly seen as an individual’s responsibility. The findings show that retirement savings are primarily privatised in the two countries with patterns reflecting overall savings patterns. This is why, for example, people on a higher income tend to save more (i.e., they have more disposable income). The overall savings in Hong Kong were found to be greater than in the UK. This study also confirms that household income is the single most important determinant of financial preparedness in later life. The lower the income quintile, the less likely it is that people will save for later life in both Hong Kong and the UK. In other words, one could argue that this study helps to confirm that higher education is associated with more savings for later life.

This study also reveals that demographic components play an important role in savings and preparedness for later life. Female employees were found to be more likely to have made better preparations for later life than their male counterparts. On the other hand, single people were less likely to save money for later life compared to others. Thus, the family situation and the role of gender within the family unit still play vital roles for saving and financial preparedness for later life.

It could be argued that those who cannot save enough towards their retirement may fall into later life poverty. This is a big concern for a welfare state such as the UK and the UK government is trying to address this by introducing NEST. Some of the lessons from NEST that have been experienced in Hong Kong may be helpful for fulfilling the UK’s aims.

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**Table 1: Characteristics of respondents in relation to attitudes towards financing the later life**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Question and abbreviation  for variable | Measurement and  Coding | **UK** | | **Hong Kong** | |
| Cases | % | Cases | % |
| Gender (Gender) | 1= male  2= female | 401  399 | 50.1  49.9 | 400  400 | 50.0  50.0 |
| Ag Age group (Age) | 1=45-49  2=50-54  3=55+ | 130  210  460 | 16.3  26.3  57.5 | 319  293  188 | 39.9  36.9  23.5 |
| Occupational sectors (Occupation) | 1=manufacturing  2=banking or finance  3=health care services  4=business and others | 227  168  236  169 | 28.4  21.0  29.5  21.1 | 272  186  191  148 | 34.0  23.3  23.9  18.5 |
| Contract of employment (Type of contract) | 1=permanent or permanent type subject to review  3=temporary  4=no written contract | 735  34  31 | 91.9  4.3  3.9 | 628    103  69 | 78.5  12.9  8.6 |
| Are you now married? (Marital status) | 1=single  2=married or cohabiting or widowed/divorced | 102  676 | 12.8  84.5 | 138  662 | 17.3  82.8 |
| What is your monthly household income before tax? (Household income) | 1=bottom 20%  2=20-39%  3=40-59%  4=60-79%  5=top 20% | 90  231  260  152  67 | 11.3  28.9  32.5  19.0  8.4 | 35  90  133  235  307 | 4.4  11.3  16.6  29.4  38.4 |
| What is your highest level of education qualification? (Education) | 1=higher  2=secondary  3=primary and lower | 422  129  249 | 52.8  16.1  31.1 | 271  430  17 | 33.9  53.8  2.1 |
| Are you a member of a trade union? (Trade union) | 1=yes  2=no | 220  580 | 27.5  72.5 | 141  659 | 17.6  82.4 |
| How is your health in general? (Health status) | 1=good  2=moderate  3=poor | 524  220  56 | 65.5  27.5  7.0 | 373  373  54 | 46.6  46.6  6.8 |
| Planned retirement age (Retirement age) | 1= less than 60  2=60-64  3=65 years and above | 63  178  444 | 7.9  22.3  55.5 | 230  299  217 | 28.8  37.4  27.1 |
| Are you looking for full retirement? (Full retirement) | 1=yes  2= relaxed  3=not really/not at all/not really thought about it | 220  279  301 | 27.5  34.9  37.6 | 163  335  301 | 20.4  41.9  37.7 |
| How aware are you of: - What your pension or retirement income will be once you fully retire. (Pension/retirement income) | 1= very aware  2=aware  3=vaguely aware  4=not at all aware | 178  280  222  120 | 22.3  35.0  27.8  15.0 | 100  478  162  60 | 12.5  59.8  20.3  7.5 |
| How much do you agree or disagree with the following statements - I am optimistic about the future (Optimistic about the future) | 1= strongly agree or agree  3=neither  4=disagree/strongly disagree | 408  277  115 | 50.1  34.6  14.4 | 321  354  125 | 40.2  44.3  15.7 |
| How much do you agree or disagree with the following statements - On the whole, my life is as close to how I would want it to be (Life is as close to) | 1=strongly agree or agree  2=neither agree or disagree  3=disagree/strongly disagree | 359  254  187 | 44.9  31.8  23.4 | 356  327  117 | 44.5  40.9  14.7 |
| Mandatory provident fund (MPF) | 1=yes  2=no | - | - | 525  275 | 65.6  34.4 |
| State pension entitlement (State pension) | 1=yes  2=no | 618  182 | 77.3  22.8 | 36  764 | 4.5  95.5 |
| Occupational pension (Occupational pension) | 1=yes  2=no | 402  398 | 50.3  49.8 | 67  733 | 8.4  91.6 |
| Personal saving/investment (Personal saving) | 1=yes  2=no | 307  493 | 38.4  61.6 | 557  243 | 69.6  30.4 |
| Private pension (Private pension) | 1=yes  2=no | 296  504 | 37.0  63.0 | 96  704 | 12  88 |
| Partners/family members income (Others income) | 1=yes  2=no | 130  670 | 16.3  83.8 | 128  672 | 16  84 |
| Continue paid work (Continue work) | 1=yes  2=no | 218  582 | 27.3  72.8 | 286  514 | 35.8  64.3 |
| Property investment (Property investment) | 1=yes  2=no | 46  754 | 5.8  94.3 | 106  694 | 13.3  86.8 |
| Moving to a smaller property (Smaller property) | 1=yes  2=no | 121  679 | 15.1  84.9 | 53  747 | 6.6  93.4 |

**Table 2: Zero-order correlation coefficients between dependent and selected covariates**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 1. Mandatory provident fund (MPF) | 2. State pension entitlement | 3. Occupational pension | 4.Personal saving/investment | 5.Private pension | 6.Partners/family members income | 7.Continue paid work | 8.Property investment | 9.Moving to a smaller property |
| **UK** | | | | | | | | | |
| 1. | - | - | - | - | - | - | - | - | - |
| 2. |  | 1.00 | .200\*\* | .220\*\* | .076\* | .134\*\* | .125\*\* | -.045 | .146\*\* |
| 3. |  |  | 1.00 | .158\*\* | -.123\*\* | .052 | .019 | -.055 | -.040 |
| 4. |  |  |  | 1.00 | .167\*\* | .252\*\* | .054 | .114\*\* | .140\*\* |
| 5. |  |  |  |  | 1.00 | .069\* | .037 | .055 | .059 |
| 6. |  |  |  |  |  | 1.00 | .088\* | .095\* | .098\* |
| 7. |  |  |  |  |  |  | 1.00 | .042 | .126\*\* |
| 8. |  |  |  |  |  |  |  | 1.00 | .046 |
| 9. |  |  |  |  |  |  |  |  | 1.00 |
| **Hong Kong** | | | | | | | | | |
| 1. | 1.00 | -.211\*\* | -.304\*\* | .037 | .049 | .0115\*\* | .084\* | .042 | .119\*\* |
| 2. |  | 1.00 | -.022 | -.053 | -.006 | -.029 | -.024 | .004 | -.034 |
| 3. |  |  | 1.00 | .013 | -.028 | -.033 | -.056 | -.012 | -.008 |
| 4. |  |  |  | 1.00 | .018 | .140\*\* | .164\*\* | .122\*\* | .034 |
| 5. |  |  |  |  | 1.00 | .122\*\* | .078\* | .105\*\* | .072\* |
| 6. |  |  |  |  |  | 1.00 | .108\*\* | .111\*\* | .035 |
| 7. |  |  |  |  |  |  | 1.00 | .024 | .147\*\* |
| 8. |  |  |  |  |  |  |  | 1.00 | -.030 |
| 9. |  |  |  |  |  |  |  |  | 1.00 |

*Note: \* significant at 5% level, \*\* significant at 1% level and \*\*\* significant at 0.1% level*

**Table 3: Test of associations between selected variables (Pearson Chi-squared value)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Mandatory provident fund (MPF) | State pension entitlement | Occupational pension | Personal saving/investment | Private pension | Partners/family members income | Continue paid work | Property investment | Moving to a smaller property |
| **UK** | | | | | | | | | |
| Gender | - | ns | P<.001 | P<.01 | P<.001 | P<.01 | ns | ns | ns |
|  |  |  |  |  |  |  |  |  |  |
| Age group | - | P<.001 | ns | P<.001 | ns | ns | ns | ns | ns |
| Occupation | - | ns | P<.001 | ns | P<.001 | ns | ns | ns | ns |
| Type of contract | - | ns | P<.001 | ns | ns | ns | P<.001 | ns | P<.05 |
| Marital status | - | ns | ns | ns | ns | P<.001 | P<.05 | ns | ns |
| Household income | - | ns | P<.001 | P<.001 | P<.001 | P<.001 | ns | P<.001 | P<.001 |
| Education | - | ns | P<.001 | P<.001 | ns | P<.05 | ns | P<.01 | ns |
| Member of trade union | - | P<.05 | P<.001 | ns | P<.001 | ns | ns | P<.05 | ns |
| Health status | - | ns | ns | P<.001 | ns | ns | ns | ns | P<.05 |
| Retirement age | - | P<.05 | P<.05 | P<.001 | ns | P<.05 | P<.001 | P<.05 | ns |
| Full retirement | - | P<.001 | P<.001 | P<.001 | P<.05 | P<.05 | P<.001 | P<.05 | ns |
| Pension/retirement income | - | ns | P<.001 | P<.001 | ns | ns | ns | P<.05 | ns |
| Optimistic about the future | - | ns | P<.001 | P<.001 | P<.001 | P<.05 | ns | P<.001 | ns |
| Life is as close to | - | ns | ns | P<.001 | ns | P<.001 | P<.05 | P<.01 | ns |
| **Hong Kong** | | | | | | | | | |
| Gender | ns | ns | P<.01 | ns | ns | P<.001 | ns | P<.05 | ns |
| Age group | ns | ns | ns | ns | ns | P<.05 | ns | ns | ns |
| Occupation | ns | P<.001 | ns | P<.05 | P<.01 | P<.05 | P<.05 | ns | ns |
| Type of contract | ns | ns | P<.001 | ns | ns | ns | P<.05 | P<.01 | ns |
| Marital status | ns | ns | ns | ns | P<.05 | P<.001 | ns | ns | ns |
| Household income | ns | ns | P<.05 | P<.001 | P<.05 | P<.01 | P<.05 | P<.001 | ns |
| Education | ns | ns | P<.05 | P<.001 | P<.05 | ns | P<.05 | P<.001 | ns |
| Member of trade union | ns | P<.05 | ns | P<.05 | ns | P<.05 | ns | ns | ns |
| Health status | P<.05 | ns | ns | P<.05 | P<.05 | ns | ns | P<.001 | ns |
| Retirement age | P<.001 | ns | ns | ns | ns | ns | P<.01 | ns | ns |
| Pension/retirement income | P<.05 | P<.001 | P<.05 | P<.05 | P<.05 | ns | ns | P<.001 | ns |
| Full retirement | P<.05 | P<.05 | ns | P<.05 | ns | ns | P<.001 | P<.001 | ns |
| Optimistic about the future | ns | ns | P<.05 | P<.05 | ns | ns | P<.001 | P<.001 | P<.001 |
| Life is as close to | P<.05 | P<.001 | ns | P<.001 | ns | ns | P<.001 | P<.001 | P<.01 |

*Note: \* significant at 5% level, \*\* significant at 1% level and \*\*\* significant at 0.1% level*

**Table 4: Estimates of OLS regression for number of saving options (0-9)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Covariates | **UK** | | | **Hong Kong** | | |
| OLS Estimate (b) | 95% CI | | OLS Estimate (b) | 95% CI | |
| Lower | Upper | Lower | Upper |
| Constant | 3.296\*\*\* | 2.435 4.158 | | 2.363\*\*\* | 1.460 3.267 | |
| Gender: Male | .065 | -.168 .298 | | -.214\* | -.406 -.022 | |
| Age group:  45-49  50-54 | -  -.062 | -.312 .187 | | .062  .735 | -.191 .315  -.201 .284 | |
| Occupation:  Manufacturing  Banking or finance  Health care services | -.044  -.014  .006 | -.357 .269  -.356 .328  -.311 .322 | | -.228  -.344\*  -.020 | -.494 .038  -.627 -.062  -.303 .263 | |
| Contract of employment:  Permanent  Temporary | -.154  -.271 | -.732 .425  -1.049 .507 | | .139  .358 | -.203 .481  -.050 .766 | |
| Marital status: Single | -.165 | -.505 .175 | | -.289\* | -.546 -.031 | |
| Household income:  Bottom 20%  20-39%  40-59%  60-79% | -1.598\*\*\*  -.952\*\*\*  -.586\*\*  -.268 | -2.116 -1.080  -1.386 -.518  -1.000 -.172  -.696 .160 | | -.930\*\*\*  -.505\*\*\*  -.181  -.068 | -1.439 -.420  -.834 -.175  -.467 .104  -.296 .160 | |
| Education:  Higher  Secondary | .230  .417 | -.020 .479  .093 .740 | | .871\*\*  .542 | .216 1.525  -.091 1.175 | |
| Member of trade union: yes | .006 | -.233 .245 | | .370\*\* | .129 .611 | |
| Health status:  Good  Moderate | .031  -.149 | -.405 .467  -.601 .303 | | -.197  -.362 | -.616 .223  -.768 .044 | |
| Retirement age planned:  Less than 60  60-64 | -.231  .008 | -.619 .156  -.245 .262 | | -.332\*\*  -.117 | -.585 -.079  -.342 .107 | |
| Full retirement  Yes  Relaxed | .230  .136 | -.046 .507  -.132 .404 | | -.026  .153 | -.281 .229  -.068 .373 | |
| Pension/retirement income:  Very aware  Aware  Vaguely aware | .241  .046  .017 | -.148 .629  -.314 .406  -.342 .375 | | .425  .015  .112 | -.024 .873  -.373 .403  -.302 .525 | |
| Optimistic about the future:  Strongly agree or disagree  Neither agree or disagree | .232  -.079 | -.169 .633  -.446 .287 | | .021  -.109 | -.347 .389  -.413 .196 | |
| Life is as close:  strongly agree or agree  neither agree or disagree | -.189  -.031 | -.531 .152  -.353 .290 | | -.209  -.380\* | -.582 .163  -.698 -.062 | |

*Note: \* significant at 5% level, \*\* significant at 1% level and \*\*\* significant at 0.1% level*

**Table 5: Results of Logistic Regression analysis for selected covariates (Dependent variable is dummy (0= No financial plan for later life, 1= yes, at least one financial security plan)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Covariates | **UK** | | | **Hong Kong** | | |
| Odds Ratios | 95% CI | | Odds Ratios | 95% CI | |
| Lower | Upper | Lower | Upper |
| Gender: Male | 1.280 | .535 3.063 | | 1.188 | .411 3.435 | |
| Age group:  45-49  50-54 | .413  .654 | .147 1.164  .245 1.747 | | .828  .358 | .171 4.019  .086 1.483 | |
| Sectors:  Manufacturing  Banking or finance  Health care services | 1.190  1.591  1.125 | .358 3.956  .407 6.216  .383 3.305 | | 0186  .085\*  .366 | .021 1.666  .009 .825  .036 3.739 | |
| Contract of employment:  Permanent  Temporary | .369  .126 | .041 3.333  .010 1.624 | | 1.258  4.321 | .309 5.122  .645 28.954 | |
| Marital status: Single | 3.504 | .696 | | .665 | .160 2.757 | |
| Household income:  Bottom 20%  20-39%  40-59%  60-79% | .112\*  .323  .558  1.257 | .011 .999  .035 3.009  .060 5.160  .098 16.203 | | .036\*\*  .247  .620  .376 | .004 .287  .035 1.737  .095 4.066  .067 2.106 | |
| Education:  Higher  Secondary | 1.316  2.443 | .545 3.175  .630 9.478 | | 26.551\*\*  8.081\* | 2.063 341.639  1.072 60.898 | |
| Member of trade union: Yes | 3.403\* | 1.022 11.3333 | | .913 | .248 3.370 | |
| Health status:  Good  Moderate | 3.049  2.823 | .851 10.922  .778 10.238 | | 1.309  1.147 | .190 9.007  .190 6.909 | |
| Retirement age planned:  Less than 60  60-64 | 1.378  .867 | .148 12.820  .332 2.264 | | .874  1.525 | .236 3.236  .454 5.126 | |
| Full retirement:  Yes  Relaxed | 2.468  1.265 | .859 7.091  .478 3.350 | | 5.469\*  1.927 | 1.030 29.043  .591 6.282 | |
| Pension/retirement income:  Very aware  Aware  Vaguely aware | 6.740\*  3.051\*  1.491 | 1.217 37.326  1.001 9.347  .540 4.111 | | 7.538\*  6.531\*\*\*  .2.112 | 1.544 36.803  2.514 16.969  .806 5.536 | |
| Optimistic about the future:  Strongly agree or agree  Neither agree or disagree | 3.288  1.610 | .839 12.885  .510 5.080 | | .543  .618 | .072 4.095  .167 2.289 | |
| Life is as close:  Strongly agree or agree  Neither agree or disagree | .462  .394 | .122 1.746  .130 1.193 | | 39.548\*\*  2.062 | 3.137 498.522  .647 6.565 | |

*Note: \* significant at 5% level, \*\* significant at 1% level and \*\*\* significant at 0.1% level*

1. The UK National Insurance system of contribution is paid for by employers and workers to fund social benefits such as the state pension. [↑](#footnote-ref-1)