

Press Release  
25 January 2021

## **FTLife survey shows Hongkongers far less confident about retirement due to pandemic, while younger generation lacks wealth management knowledge**

\* \* \*

*FTLife launches Prosperous Deferred Annuity Plan 2 for customers' retirement need with tax deduction*

- *In survey, 70% said they lack confidence in retirement due to pandemic, four times that pre-Covid level. Top three retirement worries are rising medical expenses (53%), lack of stable income (52%) and managing expenses (50%);*
- *High market volatility arouses risk-adverse sentiment among Hongkongers. 37% of the respondents prefer to hold cash savings, especially for young people aged between 20 and 29 (62%). Around a quarter are more interested in capital guaranteed or low risk investment. Many people are re-examining their retirement needs, with 62% of the respondents expressing interest in subscribing to a qualifying deferred annuity plan in the coming year.*
- *FTLife is launching Prosperous Deferred Annuity Plan 2, which is open to customers who are 20 years old or above. The guaranteed breakeven period is as short as eight years<sup>1</sup> and the range of total internal rate of return at maturity between 3.28% to 4.32%<sup>2</sup>, so as to encourage different customers, especially the younger generation, to start their retirement planning early for a better future.*

Hong Kong – FTLife Insurance Company Limited (“FTLife”) commissioned a market research company to conduct “Retirement Planning and Confidence Survey” in December 2020. The survey interviewed 405 working adults aged 20 or above to understand how the pandemic affects Hongkongers’ retirement planning, wealth management preference and behaviours.

COVID-19 pandemic has deeply impacted the global economy. The survey revealed increased pessimistic about retirement among respondents since the start of the pandemic. Before the outbreak, around 16% said that they lacked confidence in retirement. During the pandemic, the number quadrupled to around 70%, illustrating how the pandemic has intensified Hongkongers’ worries about retirement. The top three worries cited are rising retirement medical expenses (53%), a lack of stable income post-retirement (52%) and greater difficulty coping with retirement expenses (50%).

### **Younger generation fall short on mid- to long-term financial planning**

About a quarter (24%) of the respondents said their investment awareness has improved due to the uncertain economy. However, two fifths (41%) are concerned about not making good investment decisions in the current volatile market owing to a lack of market and investment knowledge.

This is especially true among the younger generation. Half (52%) of the younger respondents (aged 20 to 29) said they lacked knowledge on investment products and nearly three fifths of them (59%) said they

---

<sup>1</sup> Calculated based on the 5-year premium payment period and annual premium payment mode. Guaranteed break even period refers to the policy year that the guaranteed cash value is equal to or greater than the premium paid for the first time (refers to the total amount of premium(s) due and paid for the basic plan. If customer partially surrenders this Policy, the total premiums paid will be proportionately reduced.)

<sup>2</sup> Calculation of total internal Rate of Return at maturity includes Guaranteed Monthly Annuity Payment and Non-guaranteed Monthly Annuity Payment, and assumes that the Annuitant receives annuity payment on a monthly basis. Assuming the Annuitant is a 45 years old non-smoker male at application, 3.28% of total Internal Rate of Return at maturity is calculated based on 9-year premium payment period with monthly premium payment mode and 10 years of accumulation period. While 4.32% of total Internal Rate of Return at maturity is calculated based on 5-year premium payment period with annual premium payment mode and 30 years of accumulation period. This is calculated on a best estimate basis which is based on the current dividend scale and assume no cash withdrawal or policy loan during the entire policy and all premiums have been paid in full within the premium payment period. The current dividend scale does not reflect future performance and is non-guaranteed. Please refer to the policy provisions for details.

did not know how to do mid- to long-term financial planning. Almost three quarters (73%) said they have no regular saving habits.

Only 17% of those respondents aged 30 and over said they have no regular saving habits, with 40% saying they did not know how to do such financial planning. That said, about one-third (35%) of this group said that they didn't have enough knowledge about investment products.

### **Hongkongers increasingly risk-averse**

Due to the volatile market and the pandemic, Hongkongers have become more risk-averse leading to the adoption of more conservative investment strategies. Nearly two fifths (37%) of those surveyed prefer to hold cash savings, especially those aged between 20 and 29 (62%). A quarter (25%) of the respondents are more interested in capital guaranteed or low risk investment.

As the pandemic continues and dents Hongkongers' confidence in retirement, more respondents expressed their desire for a stable income in retirement (55%) and acknowledged that qualifying deferred annuity plan is a suitable first step of retirement planning (41%).

**FTLife Chief Commercial Officer and Chief Product Officer Christine Yeung** said: "Our latest survey found that Hongkongers' confidence in retirement dropped during the pandemic and many young people did not have regular saving habits. This may result in missing the best timing to save for retirement and to achieve the rolling effect of compound interest. Regardless of any economic cycle, it is best to plan retirement early. For Hongkongers with limited amount of capital and little investment experience, they can consider subscribing to a qualifying deferred annuity plan to start saving early. They can enjoy tax deductions while taking the first step to plan for retirement."

With regard to the public's retirement needs under the pandemic, FTLife further investigated the public's acceptance rate of a qualifying deferred annuity plan in the survey. The pandemic has prompted people to review their retirement protection needs. More than three fifths (62%) of the respondents are interested in subscribing to a qualifying deferred annuity plan in the coming year. The most attractive features of such a plan include: stable income in retirement (82%), regulatory supervision (53%), payment in installments involving smaller amounts (47%), tax deductions (45%), higher guaranteed cash value and lower investment risk (30%).

### **Minimum issue age of 20 for FTLife's Prosperous 2 helps customers plan ahead**

In response to increasing public demand of worry-free retirement, FTLife is launching the Prosperous Deferred Annuity Plan 2 (Prosperous 2) and setting the minimum issue age at 20 years old. This will allow customers to start their retirement planning at an early age and enjoy tax deductions at the same time.

Prosperous 2 is certified by the Insurance Authority as a tax-deductible qualifying deferred annuity policy, with options for Premium Payment Period and Accumulation Period. Customers can accelerate potential wealth growth through guaranteed cash value and non-guaranteed terminal dividend<sup>3</sup>. The guaranteed breakeven period can be as short as eight years<sup>1</sup> and the range of total internal rate of return at maturity is between 3.28% to 4.32%<sup>2</sup>. During the annuity period, Prosperous 2 provides two extra protection that are exclusive<sup>4</sup> in the market: Travel Accidental Benefit and Terminal Illness Benefit.

---

<sup>3</sup> Terminal Dividend is non-guaranteed and will be paid upon policy termination (except maturity) and partial surrender. Please refer to the policy provisions for details of Terminal Dividend.

<sup>4</sup> The "Market Exclusive" item is the result comparing similar Qualifying Deferred Annuity Plan policies of major life insurance companies in Hong Kong, until 25 January 2021. During Annuity Period, under the protection of (A) Travel Accidental Benefit, disability of the Annuitant resulted from overseas accidents will be compensated and (B) Terminal Illness Benefit, the Annuitant is diagnosed with Terminal Illness will receive up to 12 months of additional installment payments, are both exclusive in the market.

Ms. Yeung added: “Prosperous Deferred Annuity Plan has been welcomed by customers since its launch. The enhanced version is being launched during this special period to meet market demand and provide Hongkongers with a simple but reassuring retirement plan. This is to encourage more people to plan their retirement ahead, benefit from compound interest return for a longer period, and utilise the best time to save for retirement. With the diversified Voluntary Health Insurance Scheme that FTLife offers, we are confident to provide customers of different ages an ideal retirement planning package, helping customers achieve a stable and independent retirement life while protecting capital and against health risks.”

From now until 31 March 2021, customers who successfully subscribe to Prosperous 2 as well as one of the designated Voluntary Health Insurance Scheme plans or insurance plans<sup>5</sup> (basic plan/rider) can enjoy up to 15% of first-year premium refund<sup>6</sup>.



FTLife launches Prosperous Deferred Annuity Plan 2 (Prosperous 2) today. From now until 31 March 2021, customers who successfully subscribe to Prosperous 2 as well as one of the designated Voluntary Health Insurance Scheme plans or insurance plans (basic plan/rider) can enjoy up to 15% of first-year premium refund. The minimum issue age of Prosperous 2 is 20 years old and the range of total Internal Rate of Return at maturity can be up to 3.28% to 4.32%, helping customers achieve a stable and independent retirement life.

<sup>5</sup> Voluntary Health Insurance Scheme Series: “TopCare” Medical Insurance Plan and “BetterCare” Medical Insurance Plan; other designated insurance plans include Regent Insurance Plan 2 Series, Regent Prime Insurance Plan (Premier), Regent Elite Insurance Plan (Premier), “HealthCare 168 Plus” Critical Illness Protector, MediGold *Plus* Insurance Plan and “On Your Mind” Insurance Plan.

<sup>6</sup> Subject to terms and conditions, please refer to the promotional brochure for details.

Important notes:

- The information contained in this press release is intended as a general summary of information for reference only. For details, please refer to relevant product brochures and client incentive leaflet. Please refer to the policy provision for full terms and conditions about FTLife “Prosperous Deferred Annuity Plan 2”.
- This press release does not contain the full provisions of Prosperous Deferred Annuity Plan 2 and the above-mentioned designated insurance plans, and the full terms can be found in the Policy documents.
- Prosperous Deferred Annuity Plan 2 and the above-mentioned designated insurance plans may be purchased as a standalone plan without bundling with other type(s) of insurance product.
- Prosperous Deferred Annuity Plan 2 is a qualifying deferred annuity policy, but this does not mean that the qualifying deferred annuity premiums paid by the policyholder and relevant persons are eligible for tax deduction. The nature of qualifying deferred annuity policy for this product depends on the product characteristics and the certification issued by the Insurance Authority, and not on the individual circumstances of the policyholder and related persons. Policyholders and the relevant persons should meet all eligibility requirements under the Inland Revenue Ordinance of the Hong Kong Special Administrative Region Inland Revenue Department before claiming tax deductions. For details on tax deductions, please visit Inland Revenue Department of HKSAR website [www.ird.gov.hk](http://www.ird.gov.hk) and consult your tax and accounting advisors for tax advice.
- FTLife does not provide any tax, legal or accounting advice or consultation. If you have any questions, please seek professional advice from your independent tax, legal and accounting advisors. The information in this press release does not constitute any tax advice.
- For further details, please contact FTLife’s Customer Service Hotline on +852 2866 8898.
- This document is for distribution in Hong Kong only. It is not an offer to sell or solicitation to buy or provision of any insurance product outside Hong Kong. FTLife does not offer or sell any insurance product in any jurisdiction outside Hong Kong, in which such offering or sales of the insurance product is illegal under the laws of such jurisdictions.

### **About FTLife Insurance Company Limited**

FTLife Insurance Company Limited (“FTLife”) is one of the most well-established life insurance companies in Hong Kong and a wholly-owned subsidiary of NWS Holdings Limited. Building on a history of more than 30 years in the territory, FTLife provides individual and institutional clients with a diverse range of insurance and wealth management products and services, including life, health, accident, savings and investment insurance. As a member of New World Group, FTLife works with diversified businesses within the Group to create synergies and provides customers with best-in-class life-planning solutions, from wealth management and succession to health, wellbeing and quality of life enhancement.

### **About “Retirement Planning and Confidence Survey”**

FTLife Insurance Company Limited (“FTLife”) commissioned a market research company to conduct “Retirement Planning and Confidence Survey” to understand how the pandemic affects Hong Kong people retirement planning, investment preference and behaviours. The survey was conducted in December 2020 to collect data from 405 working people aged 20 or above through street interviews. The survey mainly targets people with personal monthly income above HK\$20,000.

### **Media Inquiries**

#### **FTLife Insurance Company Limited Branding & Communications**

Sadie Lam

Tel: +852 2591 8420

Email: [sadie.lam@ftlife.com.hk](mailto:sadie.lam@ftlife.com.hk)

FTLife Insurance Company Limited (Incorporated in Bermuda with limited liability)