



2022 Older Age Workforce Study



Executive Summary

Aon Older Age Workforce Study 2022

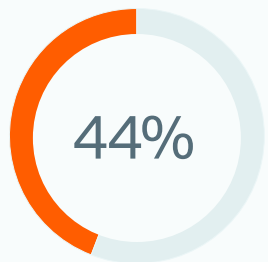
- The Aon Older Age Workforce Study 2022 is designed to help employers in Hong Kong understand the practices that employers use to attract and retain their older workforce.
- 144 companies took part in our comprehensive study. Thank you to all those who participated.



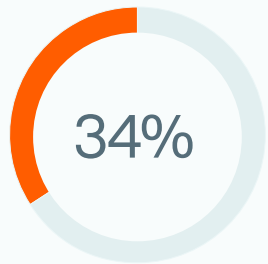
The labour force participation rate of older workers aged 65 and over has doubled over the last 10 years (2010 to 2020)*

- Older workers are an important part of the talent pool, plus for succession planning and knowledge retention.
- Having a clearly defined older age retirement policy is key to success in attracting and retaining older talent and promoting inclusion for older employees.

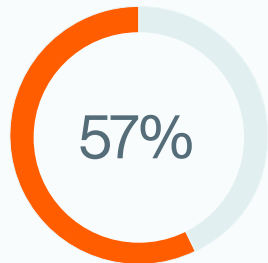
Highlights



of employers see a business need to retain older employees in the workforce and expect this to be a key focus over the next 5 years



of employers provide additional support to employees nearing retirement to help them understand their options



of employers allow employees to work beyond retirement age on mutual agreement

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Background

Employers in Hong Kong are likely to find it increasingly important and challenging to manage the growing older workforce as a proportion of the overall workforce. A successful strategy retains valuable skills and expertise as a source of commercial advantage and supports age diversity and inclusion in the workplace.

Aon conducted a study of employers in Hong Kong to understand the practices that employers use to attract and retain their older workforce and their related employer focus areas ahead.



33% were from the financial services industry.

Study Methodology

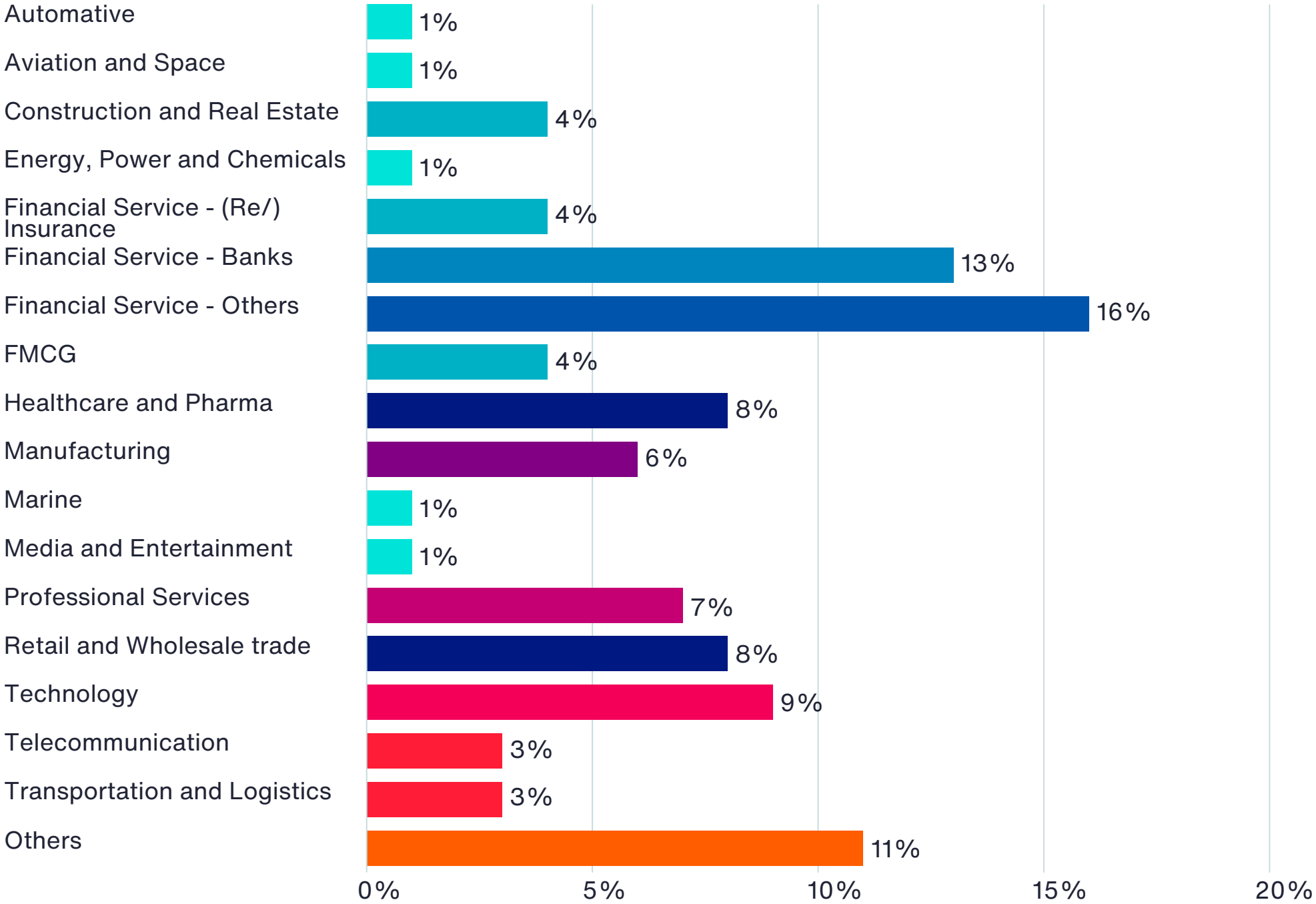
The study is designed to understand the following of employers in Hong Kong:

- Size of older age population in current workforce;
- Contractual retirement age;
- Contractual arrangements for continuing employment above this age;
- Practice on employer contributions to MPF plans above age 65;
- Other retirement plans available such as ORSO plans;
- Maximum age for employee benefits coverage; and
- Future intentions around HR policy changes and benefits for older employees.

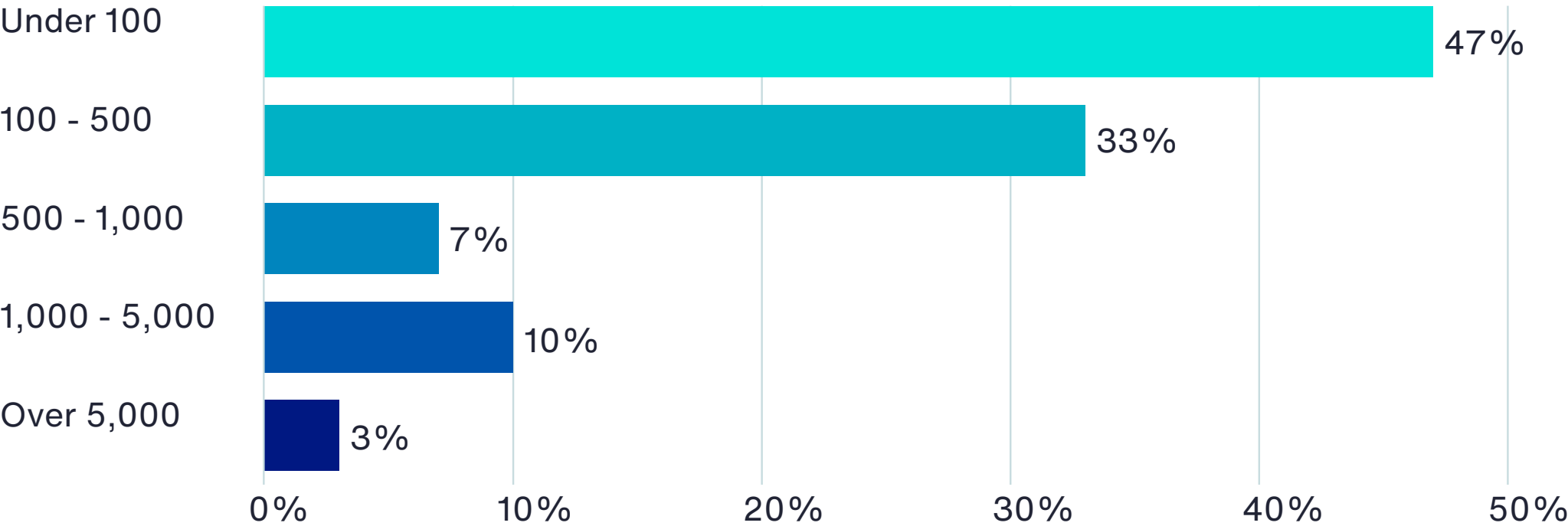
Employers across all industries were invited to participate in the study.



What is your organisation's primary industry?



Approximate headcount of HK workforce



Retirement Provisions

State provided benefits in Hong Kong are very minimal – employer retirement provisions are a significant part of employees' retirement wealth accumulation.



There is no statutory retirement age in Hong Kong. This provides the potential flexibility for older workers to work longer but does not compel them to do so.

Most of the employer participants (83%) are not sure or are not aware if their Contractual Retirement Age (CRA) has ever been reviewed for Hong Kong employees.

Only 9% of participants have increased their CRA in the last 5 years or more.

This suggests that employers have not been actively reviewing their CRA, possibly in part due to other HR priorities over the pandemic in recent years.

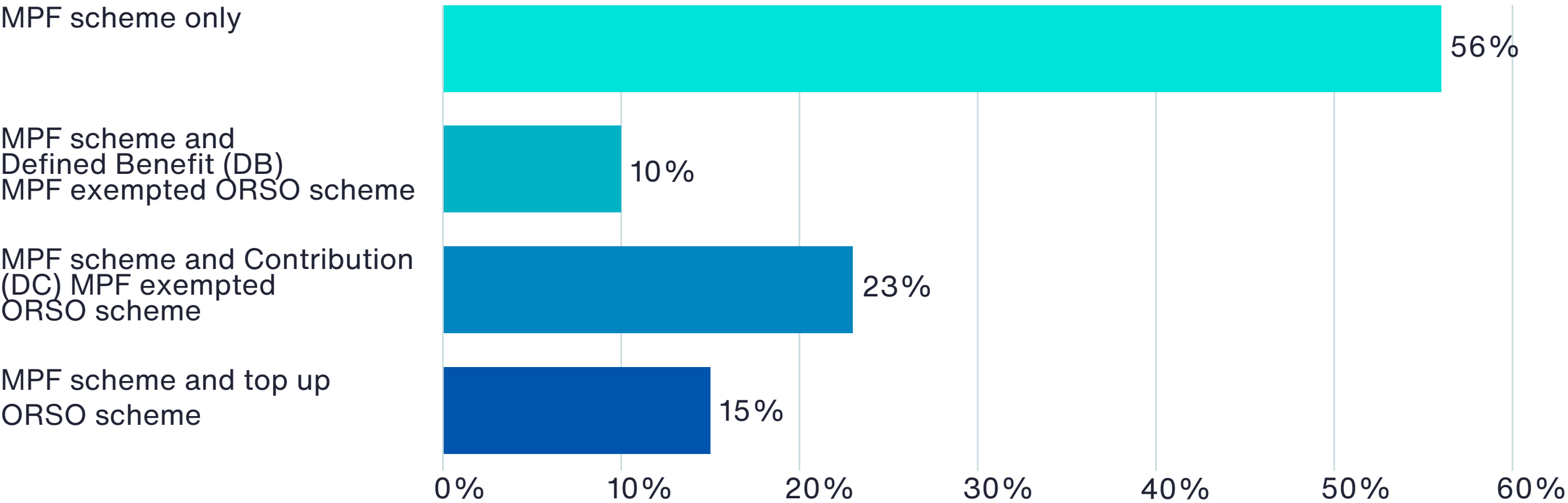


Retirement Schemes

- The majority of employers (56%) offer only a MPF scheme to employees.
- ORSO schemes are in decline and where offered, tend to be in the form of DC benefits, which is not surprising given the employer funding risks and related running costs associated with DB benefits.

All participants

Retirement benefits provided by your organisation: (More than one option was allowed)

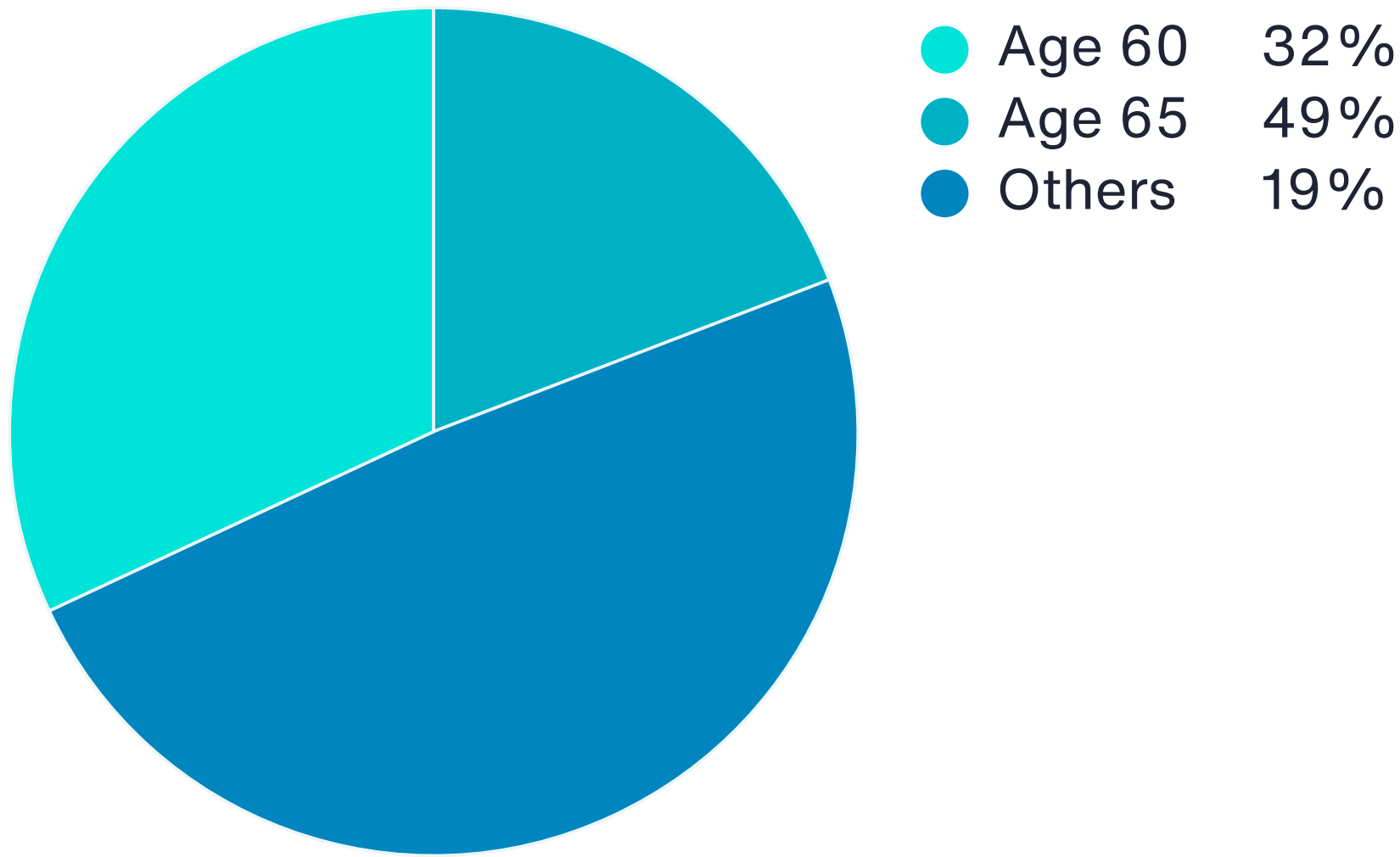


Contractual Retirement Age (CRA)

- MPF schemes: Most employer participants 81% follow the MPFA guidelines and specify a CRA of age 65 or age 60.
- ORSO schemes: Where provided, the CRA is typically earlier, 47% at age 60, and even age 55 for 2% of employers.

All participants

What is the typical retirement age in your HK employment contracts/company policy for MPF employees?

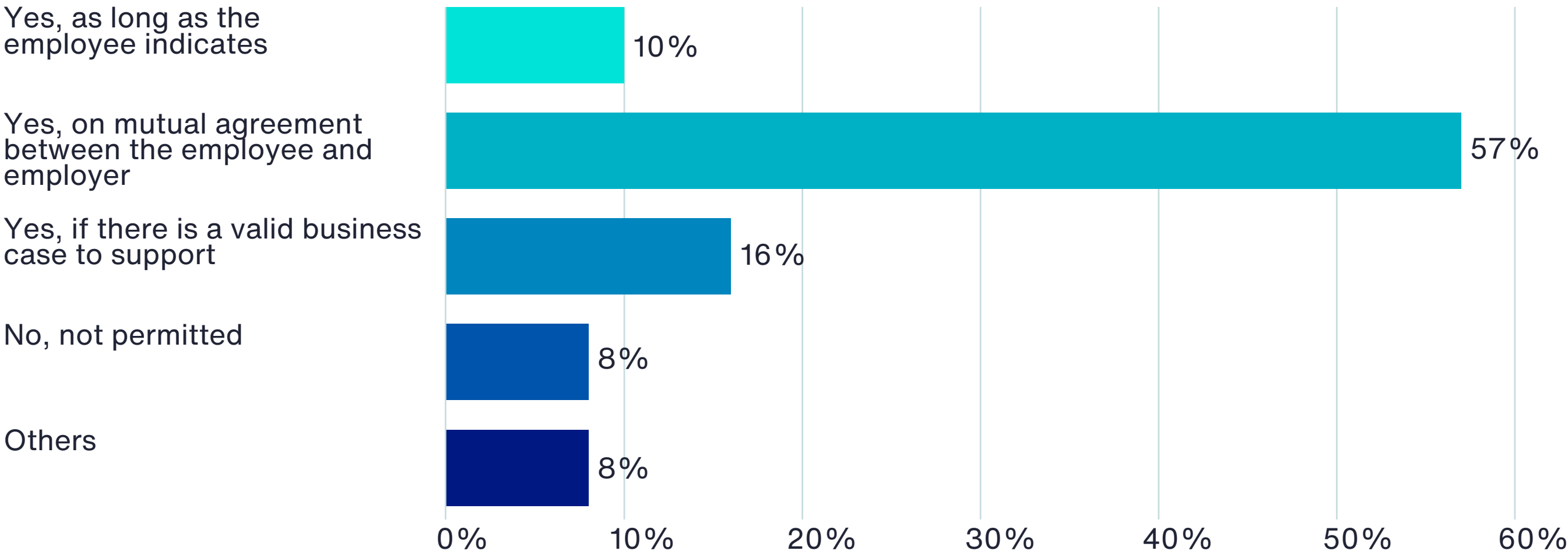


Where “Other” was selected, respondents indicated that they do not have a CRA or do not have a retirement age policy.

Policy for Employees Over Contractual Retirement Age

Most employers allow employees to work beyond their Contractual Retirement Age (CRA) with mutual agreement between the employee and employer being the most prevalent option.

Can employees work beyond their contractual retirement age?



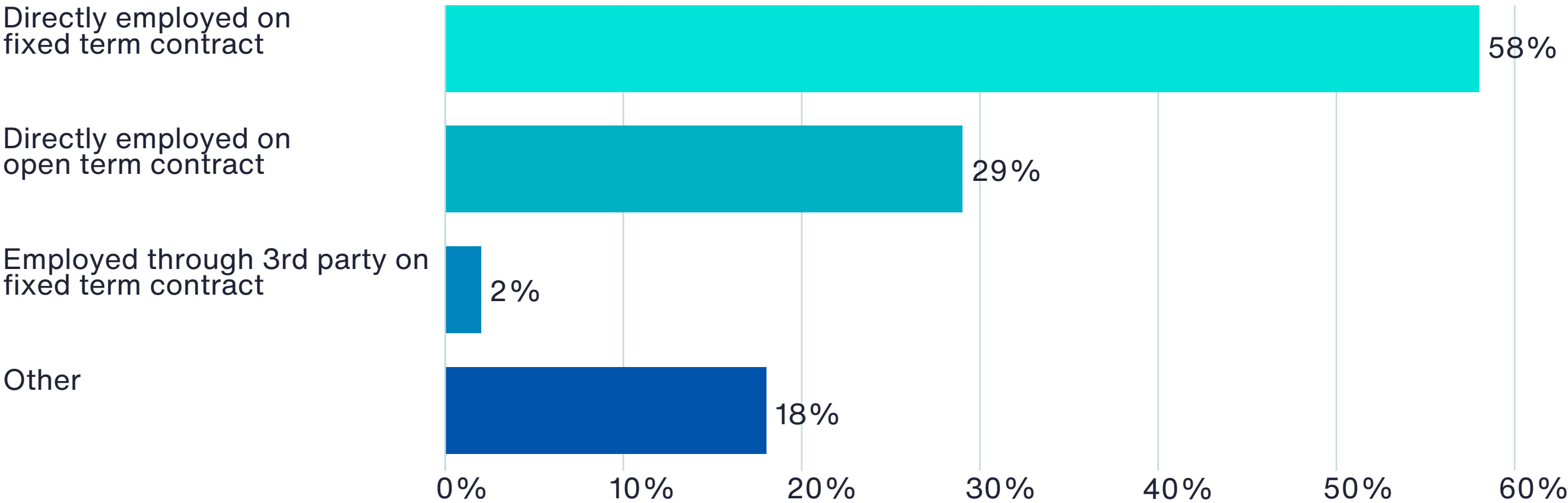
Employment contracts for those over CRA are mostly fixed term contracts, where the term varies by business need and typically reviewed within 3 months of expiry.



CRA considerations

Reviewing CRA can reduce need for temporary contracts and reduce the administration burden on HR resources. It can also give employees more certainty over their employment duration and greater ability to plan ahead.

What typical employment contract do you offer those employees over contractual retirement age ? (More than one option allowed)



Retirement Benefits For Employees Above CRA

- **MPF schemes:** 25% of employer participants provide voluntary employer contributions above CRA with contributions remaining at pre CRA levels.
- Employers with **DC ORSO schemes:** For 47% of these employers, membership in the scheme must end at CRA.
- Employers with **DB ORSO schemes:** For 57% of these employers, membership in the scheme must end at CRA.

To celebrate the milestone of retirement, 17% of employers provide ex gratia benefits which include cash bonus, gold and gift coupons and celebratory meals.



Retirement Support for Employees

Providing retirement support to employees and transition to retirement support is becoming more important in line with increased workplace flexibilities and aligned to employee wellbeing initiatives.



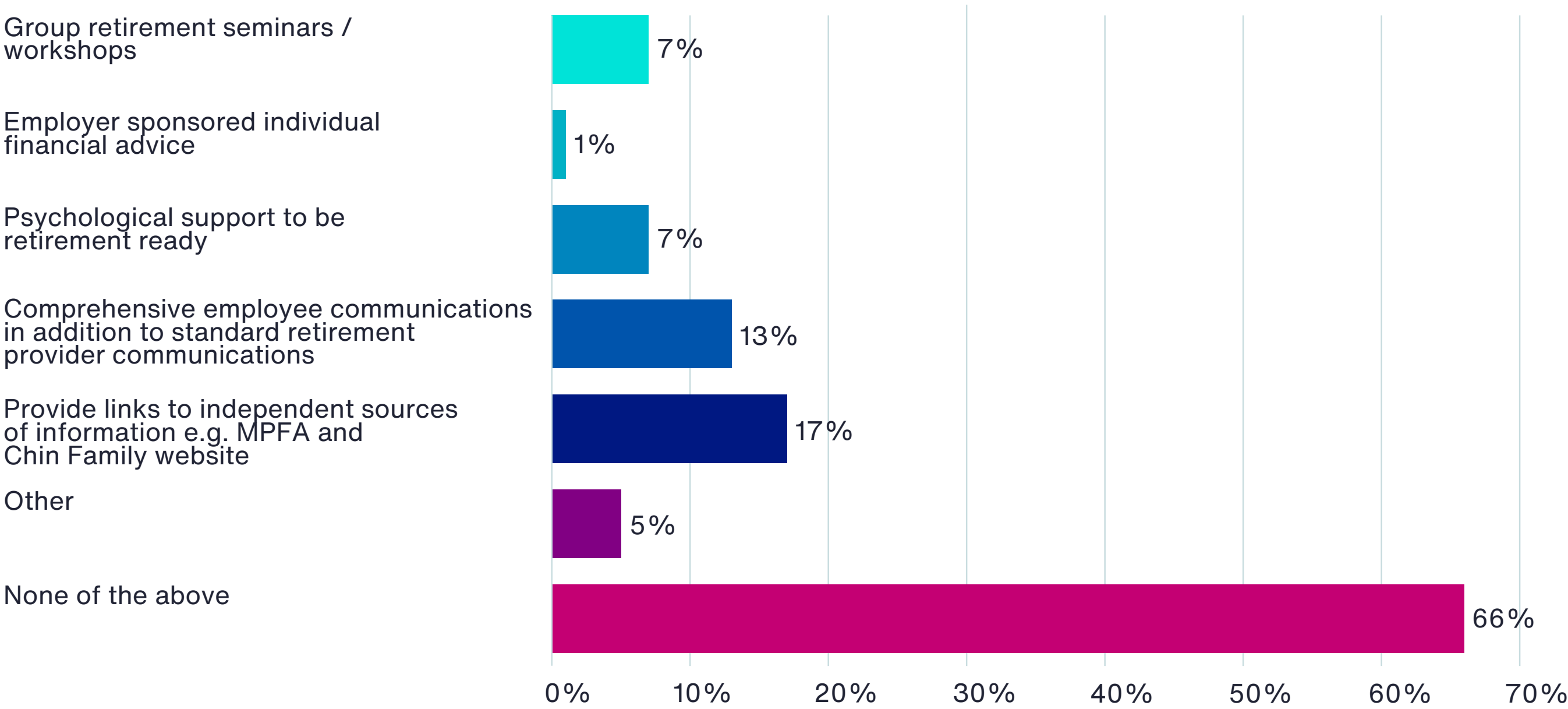
34% of employers provide additional support to employees nearing retirement to help them understand their options



Areas where employer support can be provided

- Financial education on topics of interest e.g. making informed investment choices to balance wealth protection and growing savings.
- Psychological support as the transition to retirement can be difficult for some. Consider flexible working options (e.g. part time) to ease the transition as well as support around retirement preparation.
- A comprehensive communication strategy around the support and employee benefits provided to help employees to plan for their ideal retirement age and feel more in control, including encouraging tax-efficient voluntary employee retirement contributions.

What support do you provide employees who are nearing retirement to help them understand their options? (More than one option allowed)



Other Employee Benefits

Retirement benefits are not the only consideration. Group life insurance and medical benefits are highly valued benefits for older workers, particularly as the cost of these protections increase with age.

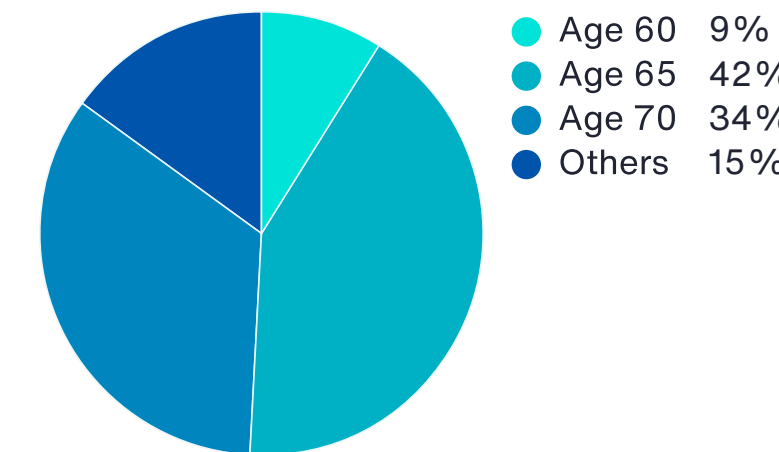
75% of employees want more choice and control over how benefit dollars are spent*.



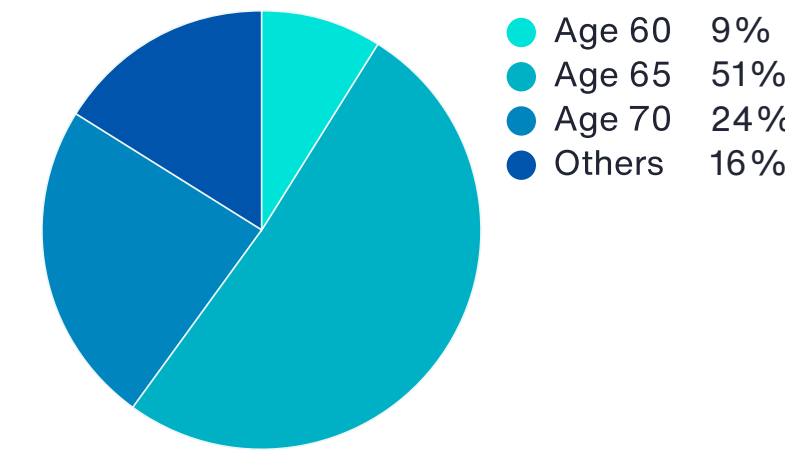
- Only **3%** of participants provide employer paid individual (non group) insured benefits for older employees
- **11%** of participants provide post retirement medical benefits to employees

Insured benefits are commonly provided until age 65. Some employers provide insured benefits until age 70.

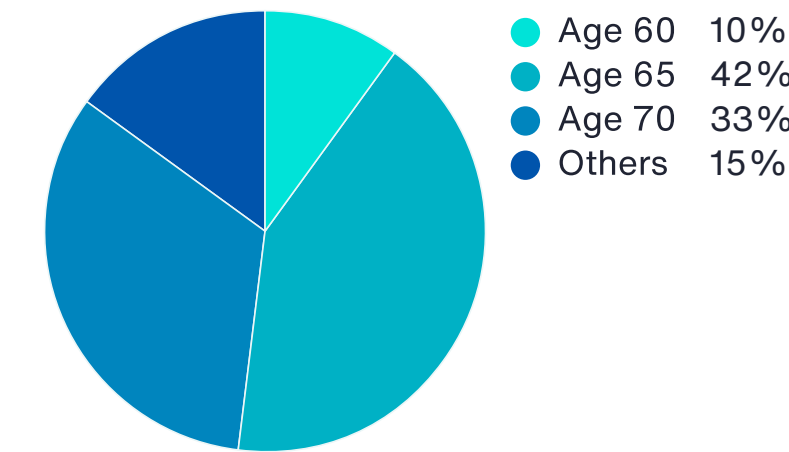
Employer paid group life insurance - What is the maximum age that you provide to?



Employer paid group life insurance - What is the maximum age that you provide to?



Employer paid group life insurance - What is the maximum age that you provide to?



Employer Considerations

Employers can encourage the uptake of flexible/voluntary employee benefits so employees can personalise their benefits and risk protections without additional employer cost.

* Source: Aon 2021 Global Employee Benchmark Survey

Employer Focus Areas and Key Drivers

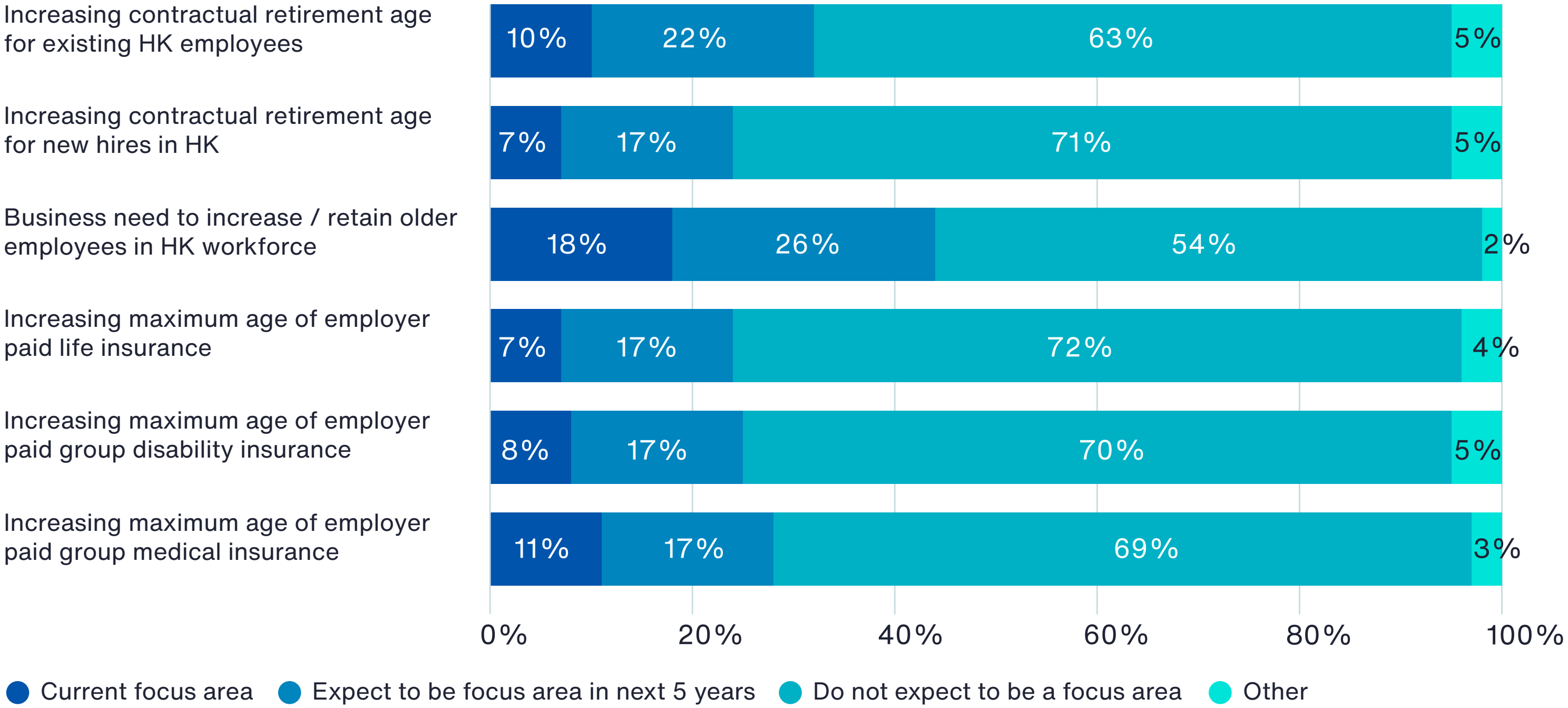
Employers are experiencing an increase in number of older employees in their Hong Kong workforce.

- Where employers currently have older employees, they typically make up less than **2%** of their total Hong Kong workforce.
- More than a half (**57%**) of all participants are experiencing an increase, or expect to experience an increase, in older employees in their Hong Kong workforce, and thus retaining these employees is likely to be a key focus over the next 5 years, as well as increasing contractual retirement age.

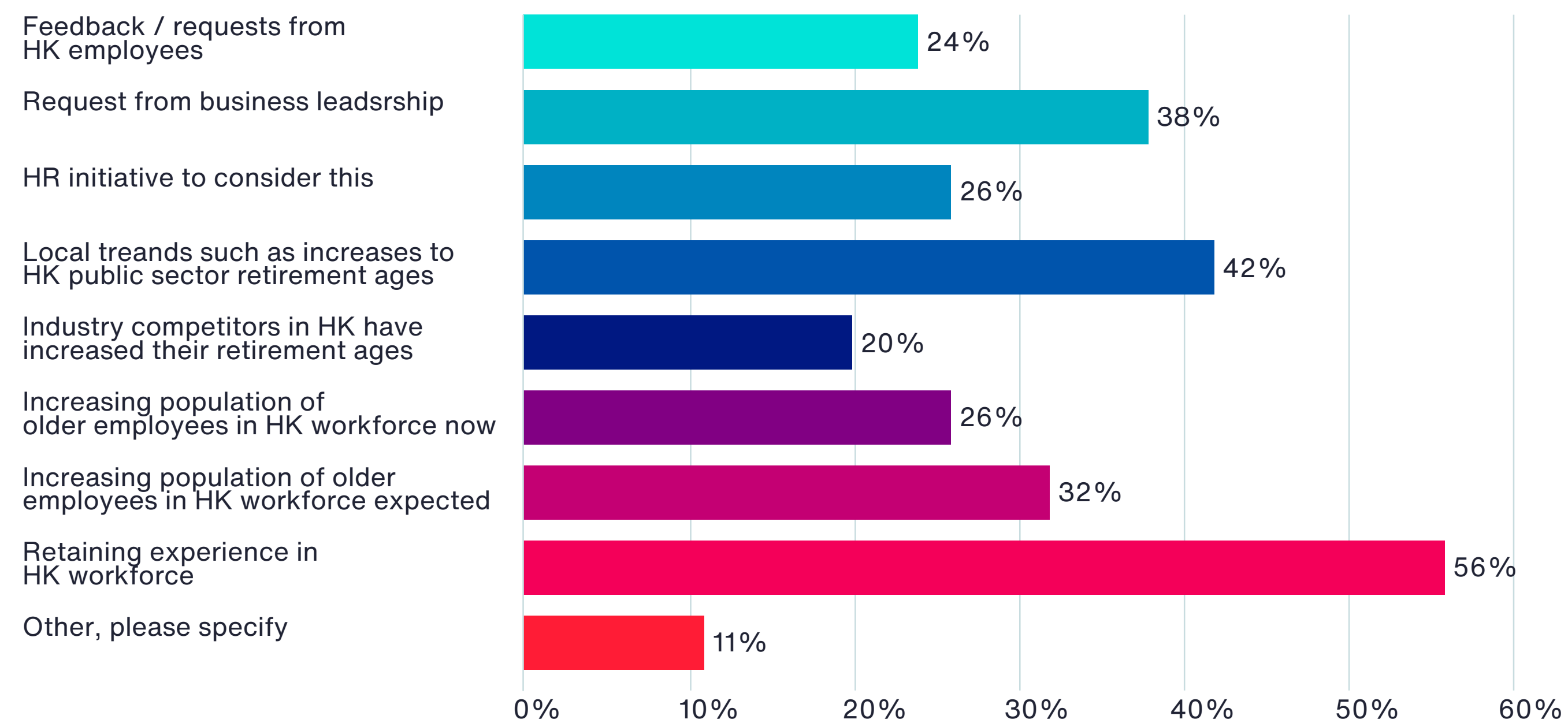


All Participants

Are you currently considering or do you expect to consider the following changes in the next 5 years?



Where you have increased or are considering to increase the retirement age for HK employees, what are the key drivers of this?
(More than one option was allowed)



Further Information

Our comprehensive study supports employers in:

- defining their older age HR and retirement policies by benchmarking their practices with our study analysis and against peers
- optimising employer retirement (MPF, ORSO, International Pension Plans) and employee benefit plans
- inclusive employee financial wellbeing initiatives and communications.

Please contact us if you would like to find out more.

apac.retirement@aon.com



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