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27 September 2005

The Honourable Frederick Fung Kin-kee
Chairman
Subcommittee to Study the Subject of Combating Poverty
Legislative Council
8 Jackson Road
Central

Dear Mr Fung,

I refer to your letter dated 26 July 2005 enquiring about the ongoing research on financial security in old age conducted by the Central Policy Unit (CPU). I am authorized to reply.

In July 2004, the CPU appointed an Expert Panel ("the Panel") to evolve a research agenda, formulate a research plan, spearhead the research and propose policy recommendations on financial security in old age. Members of the Panel include seven academics and experts in the field. In the first quarter of 2005, the Panel decided to take forward two research projects, one on the "Sustainability of the Three Pillars of Retirement Protection in Hong Kong" and the other on "Household Survey on the Financial Disposition and Retirement Planning of Current and Future Generations of Older Persons".

The first study aims to assess the sustainability of the three pillars of retirement protection in Hong Kong for the next thirty years, i.e., the Comprehensive Social Security Assistance Scheme and the Old Age Allowance Scheme, the Mandatory Provident Fund, and voluntary private savings, and to make recommendations on how each of these pillars could be strengthened. Research methods applied included analyzing relevant statistical data and research findings, undertaking simulation model

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calculations, as well as reviewing local and overseas experiences. The second study involves a territory-wide household survey among adults aged 35 or above, with a view to understanding the financial dispositions and retirement planning of the current and future generations of older persons.

CPU expects that preliminary findings of the two studies will be available in early 2006.

After the completion of the studies, the Panel will submit a report to Head of CPU, who will in turn submit the findings of the studies to the Chief Executive. The Chief Executive will decide whether and how to follow up on the recommendations. Head of CPU will consider, as appropriate, whether to publicize findings from the two studies.

Yours sincerely,



(Mrs Jessie Ting)
Private Secretary to Chief Executive