

**For information on
28 June 2021**

**Legislative Council Panel on Welfare Services
Subcommittee on Issues Relating to the Silver Age Card**

**Consumption patterns of persons aged 60 to 64, retirement financial
products and relevant issues**

Purpose

This paper briefs Members on the consumption patterns of households with persons aged 60 to 64 provided by the Census and Statistics Department (C&SD), the implementation progress of the HKMC Annuity Plan (Annuity Plan) and Reverse Mortgage Programme (RMP), as well as information on the Senior Citizen Card Scheme.

Consumption patterns of households with persons aged 60 to 64

2. The Household Expenditure Survey (HES), conducted by the C&SD, collects expenditure on individual consumption items incurred by the household without identifying the specific member(s) who consumed the items. In fact, many such items would be for share use by all or some of the members (e.g. food, water and electricity, furniture and home appliances). The survey can thus only provide the consumption pattern of a specific group of households, but not that of persons at specific ages. Furthermore, during the data collection period of the latest round of survey (i.e. the 2019/20 HES conducted during October 2019 to September 2020), consumer behaviour was severely affected by the COVID-19 pandemic. Household spending on some items should have deviated significantly from normal circumstances.

3. The 2019/20 HES shows that the average monthly expenditures on selected commodity/service items (including clothing, transport expenses, medical, etc.) by households with members aged 60 to 64 were broadly comparable to those of a general household, except that the former had relatively higher average monthly expenditure on 'medical services'.

HKMC Annuity Plan

4. The Annuity Plan, launched by the HKMC Annuity Limited (HKMCA), seeks to help retirees transform their savings into lifelong streams of fixed and guaranteed annuity income and to assist them in better retirement financial planning.

5. Since the Annuity Plan's launch in 2018, the HKMCA has been continuously enhancing the Plan, including the introduction of 100% lump-sum death benefit payment, increasing the maximum premium amount per person to HK\$3 million and lowering the minimum eligible age of the Plan to 60, with a view to providing a better retirement financial planning solution to the public.

6. The Annuity Plan is well-received by the public. In 2020, the total premiums received stood at HK\$2.5 billion, representing an increase of 56% over 2019. The average premium amount per policy also rose by 31% to HK\$970,000. With increasing popularity, the Plan received a total premium of around HK\$1.4 billion in the first five months of 2021, representing an 82% growth from the same period in 2020. From the launch of the Plan to end-May 2021, the HKMCA has helped over 10 000 retirees turn approximately HK\$8.4 billion of savings into lifelong streams of income to support their hassle-free retirement lives.

7. The Annuity Plan provides the public with an alternative retirement financial planning option and is highly attractive in terms of its payout rate as well as its immediate and lifelong payout arrangements. The HKMCA will continue to actively promote the concept of longevity risk management and the importance of retirement financial planning through different channels including promotional videos, roving exhibitions and public seminars with a view to raising public awareness of annuity products.

Reverse Mortgage Programme

8. The RMP, operated by the HKMC Insurance Limited (HKMCI), enables people aged 55 or above to use residential properties in Hong Kong as security to obtain reverse mortgage loans, while entitling them to live in their properties for the rest of their lives. It helps the public release the value of their properties, bringing them immediate, stable, and lifelong cash payouts.

9. Since the RMP's launch in 2011, over 4 700 applications have been received, helping the public turn approximately HK\$25 billion of assets into steady streams of income, with an average monthly payout of over HK\$16,000. The programme received nearly 300 new applications in the first five months of 2021, representing an increase of 35% over the same period in 2020.

10. Over the past 10 years, various enhancement measures have been introduced to provide applicants with greater flexibility, including extending the RMP to subsidised sale flats with unpaid land premium, and allowing customers who have retired or have moved out to obtain elderly or medical care services to rent out their properties, thereby receiving double income.

11. To enhance public awareness of the RMP, the HKMCI proactively implements promotional and educational initiatives such as producing publicity videos as well as organising seminars and exhibitions.

Senior Citizen Card Scheme

12. The Social Welfare Department launched the Senior Citizen Card Scheme in 1994 to issue Senior Citizen Cards to eligible Hong Kong residents aged 65 or above as a generally recognised proof of age, allowing cardholders to enjoy conveniently the concessions, discounts and priority services offered by government departments, public organisations, commercial establishments and private companies. Nevertheless, the Senior Citizen Card does not carry any benefits in itself. Relevant concessions or discounts are offered to cardholders by the participating organisations (including private companies) on a voluntary basis.

13. As at May 2021, there were over 2 700 organisations and companies participating in the Scheme involving a total of over 9 500 outlets. At present, there are about 1.35 million Senior Citizen Card holders, covering about 90% of overall eligible elderly persons.

Conclusion

14. Members are invited to note this paper.

**Social Welfare Department
Census and Statistics Department
HKMC Annuity Limited
HKMC Insurance Limited
June 2021**