



賽馬會齡活城市  
Jockey Club Age-friendly City

# AgeWatch Index for Hong Kong

## Topical Report on Income Security



香港中文大學  
The Chinese University of Hong Kong



香港中文大學  
賽馬會老年學研究所  
CUHK Jockey Club Institute of Ageing

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The Hong Kong Jockey Club Charities Trust  
同心同步同進 RIDING HIGH TOGETHER

# AgeWatch Index for Hong Kong: Topical Report on Income Security

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## Preface by The Hong Kong Jockey Club

To tackle the challenges of an ageing population and build Hong Kong into an age-friendly city, The Hong Kong Jockey Club Charities Trust implemented the Jockey Club Age-friendly City Project in 2015. Initiated in partnership with Hong Kong's four gerontology research institutes, the project has adopted a bottom-up, district-based approach to promote an age-friendly culture in all 18 districts of Hong Kong.

To provide a more comprehensive assessment of the social and economic well-being of the city's elderly, the Trust has commissioned the CUHK Jockey Club Institute of Ageing to compile reports on the local AgeWatch Index for Hong Kong and the newly developed Hong Kong Elder Quality of Life Index.

In addition, to provide more in-depth analysis, a series of topical reports focusing on the four domains of the AgeWatch Index, namely income security, health status, capability and enabling environment, are being published periodically.

This report on income security is the last of the series. It examines the importance of income security for older people, pension income coverage and the poverty situation of the elderly in Hong Kong. The report also examines the city's retirement protection schemes and discusses ways to make Hong Kong a more age-friendly city for healthy and active ageing.

Last but not least, we are delighted to share that the Jockey Club Age-friendly City Project has been selected as one of the eight best projects to be presented in the Global Solutions Forum 2020 under United Nations' Sustainable Development Solutions Network. The Forum brings together sustainable development experts from around the world to showcase how they are implementing local initiatives that are advancing the Sustainable Development Goal.

I would like to express my sincere gratitude to the CUHK Jockey Club Institute of Ageing for compiling the Index and publishing the four topical reports. We hope these publications will help different stakeholders, including the Government, non-governmental organisations, academia and the business sector, develop and implement more age-friendly initiatives for our community.

**Mr Leong Cheung**

*Executive Director, Charities and Community  
The Hong Kong Jockey Club*



## Executive summary

This is the fourth report of the topical report series of the AgeWatch Index for Hong Kong. Each report in this series investigates significant worldwide trends and initiatives in one domain in the Global AgeWatch Index (i.e., income security, health status, capability and enabling environment), in the particular local context of Hong Kong. This series provides a broader context of the four domains to the annual report on Hong Kong Elder Quality of Life Index incorporating AgeWatch Index for Hong Kong.

This report provides a detailed discussion of the domain of income security in Hong Kong. It discusses the current poverty situation of older people in Hong Kong and illustrates the relationship of income security and the elderly in Hong Kong. It also presents examples of retirement protection schemes in Hong Kong. The report aims to increase readers' awareness of the importance of assuring income security among older people in Hong Kong.

## 行政摘要

本報告為「香港長者生活質素指數」專題報告系列的第四本報告。每本專題報告以香港為例，探討有關「全球長者生活關注指數」四個領域（收入保障、健康狀況、能力和有利環境）之一，講解重要的國際趨勢及行動。此系列增補「香港長者生活質素指數」，有助讀者了解香港長者在不同領域上的福祉。

本報告詳盡講述香港在「收入保障」領域上的表現，探討香港老年人的收入保障議題，闡述了老年貧窮的概念與及老年人和收入保障的關係，並列舉在香港實施的退休政策。本報告旨在提高大眾對晚年收入保障的關注。





The background of the slide is a solid teal color. Overlaid on this are several overlapping circles of various shades of green and teal. Some circles are solid, while others are just outlines. The circles vary in size and are positioned in a way that creates a layered, abstract effect. The text is placed in the upper left area, partially overlapping some of the circles.

## Chapter 1

# **Introduction: The income security perspective of older people in current literature**

## Chapter 1

# Introduction: The income security perspective of older people in current literature

With evident skyrocketing property and rental prices, the cost of living in Hong Kong has been on the rise for decades. The majority of older people in Hong Kong reside either in the public rental housing complexes or in privately rented or owned housing. For older adults living in privately rented housing, some live in partitioned or sub-divided flats and this subgroup of older residents in Hong Kong are greatly and negatively affected by unaffordable housing expenses. It is clear that a prominent impact of rising living costs for older adults is the costs of escalating medical care since many older adults do not have regular incomes or sufficient savings after their retirement. Older people in Hong Kong are thus faced with a great challenge to maintain a balance between costs of living with a long-life expectancy together with a retirement age cut-off of 60 to 65 years.

### 1.1 Definition of income security

According to the International Labour Organization (ILO) (International Labour Organization, 2006), income security is defined as “*the level of income (absolute and relative to needs), assurance of receipt, expectation of income adequacy now and improvement or deterioration in the future, both during a person’s working life and in old age or disability retirement*”. Income in this context refers to actual, perceived and expected incomes for people of all ages. A key objective of establishing a national income security system is to maintain an adequate level of income that covers essential living costs, including food, housing and medical expenses (Palmer, 1987).

For the working-age population, the main source of income is earned income from employment. Due to growing concerns of reduced employment opportunity and ability to generate incomes among older people, Age Action Ireland (2016) attempted to increase regional and international awareness on income securities in older people. In later life, social and financial support from government agencies and immediate families play equally important roles in assuring income security and economic stability (Kaida & Boyd, 2011). The United Nations (UN) (United Nations, 2016) also addressed the concerns over the lack of wide-coverage social protection schemes for income security in older people worldwide by pointing out that personal assets and savings would fail to guarantee an adequate level of income security in later life.



## 1.2 Background of income security

The ILO included income security as “a floor of social protection” (International Labour Organization, 2012a, 2012b) in its strategy for social security, promoting the principle that “*over the life cycle all in need can afford and have access to essential health care and have income security at least at a nationally defined minimum level*”. As per the recommendations regarding basic social security guarantees, income security aiming to drive towards “life in dignity” should be established by law, under which four basic social protection directions should be achieved: (i) essential health care; (ii) basic income security for children (i.e., access to nutrition, education, care); (iii) basic income security for persons in active age with difficulties in earning sufficient income (i.e., disability, sickness, unemployment and maternity); and (iv) basic income security for older persons.

With the fast-growing older population around the world, income security for older people is a pressing issue for governments in both developing and developed countries. According to The Organisation for Economic Co-operation and Development (OECD)’s “Pension at a Glance 2019 Report”, there is increasing pressure to maintain adequate and sustainable pension systems in many OECD countries. However, several legislative measures have been implemented since September 2017. For example, pension scheme contribution rates were amended in Hungary, Iceland and Lithuania. Old age safety nets and minimum pensions were increased in Austria, France, Italy, Mexico and Slovenia. Government of Estonia recently raised the statutory retirement age from 63 years and 6 months in 2018 to 65 by 2026. For Italy, the Netherlands and the Slovak Republic, early retirement plan coverage was expanded and restricted previously-announced retirement age adjustments (The Organisation for Economic Co-operation and Development, 2019).

### 1.3 The multipillar approach

Income security among older people has been a popular topic for discussion over the past decades. As suggested by the World Bank in its 1994 report titled “Averting the Old Age Crisis: Policies to protect the old and promote growth”, a three-pillar approach could be the best way for assuring old-age income security. The first pillar is a mandatory, publicly managed, pay-as-you-go contribution system, the second pillar is a mandatory privately managed savings system, and the third is a voluntary private savings scheme (The World Bank, 1994).

In 2005, the World Bank refined this three-pillar model and proposed a more comprehensive and flexible policy framework for adaptation by different economies. The “Five Pillar Framework” comprises a non-contributory zero pillar, the mandatory first pillar, the mandatory second pillar, a voluntary third pillar and the non-financial fourth pillar (further information on how the framework is constructed is available in Chapter 3) (Holzmann & Hinz, 2005; The World Bank, 2008) and this drives old-age poverty alleviation, consumption smoothing and income redistribution. Briefly, consumption smoothing is an intrapersonal income redistribution focusing on the reallocation of resources within one’s lifetime to assure a stable and balanced standard of living from economically-active period to retirement; income redistribution is an interpersonal income redistribution aimed at achieving a more equal income distribution between lifetime rich and lifetime poor.

According to the Commission on Poverty (2015), Hong Kong has in place a multi-pillar approach on retirement/social protection as proposed by the World Bank. Social security schemes, such as the Old Age Living Allowance (OALA), the Disability Allowance (DA), the Mandatory Provident Fund (MPF), retirement savings-related insurance policies, elderly health care vouchers, public housing and self-owned property schemes were listed under the different pillars of the retirement protection framework in Hong Kong. The inclusiveness of these measures on maintaining a balance on living costs and resources for an adequate level of income security in older people will be discussed in greater details in the following chapters.



## Chapter 2

# The importance of income security for older people

## Chapter 2

### The importance of income security for older people

The elderly dependency ratios<sup>1</sup> around the world have continuously reached record-high levels since 1989, placing immense pressure on the global economy (The World Bank, 2019). It has been projected that, by 2020, there will be 3 people older than 65 years old for every 10 people of working age in the OECD countries, and the ratio is projected to reach almost 6 by 2060 (The Organisation for Economic Co-operation and Development, 2019). Additional pressure is in place when real wages (nominal wages as adjusted for inflation) of global working-age populations fail to keep up with the increase in elderly dependency ratio.

Although the real wages index<sup>2</sup> of Hong Kong increased 24.5% from 100 in 1992 to 124.5 in 2018, the elderly dependency ratio has dramatically increased by 84.5% from 129 per 1000 people of working age in 1992 to 238 in 2018 (Census and Statistics Department, 2003, 2019). In the past, older people were more likely to depend on their children for financial support. However, with reductions in birth rates and family sizes, the financial integrity and well-being of older people has shifted from an individual/personal-level issue to a wider societal challenge. The value of an effective social security scheme to support their living costs has thus become increasingly significant in recent decades. Analyses from the Census and Statistics Department showed that 16.6% of women who were born in 1956 remained childless at the end of the average reproduction span (cut-off at aged 50) and a two-fold increase was observed for women born in 1966 (Census and Statistics Department, 2018b). In other words, as the dependability of familial financial support decrease, older people now face a greater risk of poverty.

As stated by the UN recently (United Nations, 2016), poverty remains “*a major threat to the well-being of older persons*”. Income security schemes are able to provide a sense of stability and alleviate at least some degree of financial distress. The role of income security in mental and physical well-being is well studied. Data from Vietnam indicated that a sense of having sufficient incomes was a powerful predictor of quality of life among adults aged 60 or above (Vo, Vo, Watanapongvanich, & Witvorapong, 2019). Positive association was also found between perceived income adequacy (income security), self-rated health and quality of life among adults aged 50 or above in China, Ghana, India, Mexico, the Russian Federation and South Africa (Gildner, et al., 2019). The relationship between income and mental, physical and social health will be discussed below to facilitate better understanding of how income security could serve as a protective factor for older people.

<sup>1</sup> Elderly dependency ratio is the ratio of people older than 64 to those aged 15–64, the working-age population (World Bank, 2019).

<sup>2</sup> Real wages index is obtained by deflating the Nominal Wage Index by the Consumer Price Index (A), indicates changes in the purchasing power of the amount of wages earned (Census and Statistics Department, 2019).



## 2.1 The relationship between income and mental well-being

To understand the relationship between income and mental well-being, we will look at the role of the adequacy of absolute, relative and subjective incomes in mental well-being including happiness, depressive symptoms and life satisfaction among older people. Income has long been posed as an important determinant of mental well-being. The association between income and happiness was found to be consistent and apparent for various countries, including Malaysia, France and Italy by recent national (within-country) surveys (Diener & Oishi, 2000; Easterlin, David, & Reder, 1974). Happiness as a mental well-being measure is relative to social comparison through reference to the living standards of other individuals within the same society (Easterlin, David, & Reder, 1974).

Older people receiving lower incomes exhibited more depressive symptoms than those with moderate to high incomes (Park, Kim, & Han, 2017). Yet, the relationship between income and well-being is not exactly a linear relationship. The effects of income sufficiency on mental well-being is generally more prominent among disadvantaged people receiving low income than those with moderate to high income, and additional impact of providing resources such as replacement housing or remedies for a lack of income does not lead to improved mental well-being of people living in extreme poverty. The complementary role of income security and environmental resources on psychological well-being was only imminent for moderate-income individuals.

A previous cohort examining data from the Health and Retirement Study in the United States (Park, Kim, & Han, 2017) concluded that, under great poverty, complementary senior housing incentives did not have any positive effects on depression; providing resources to older people in extreme poverty was ineffective in enhancing their mental well-being. However, direct income or financial resources allowing a greater degree of freedom of choices was effective in improving mental well-being of older people in great poverty. According to Fryer's theory of agency restriction, insufficient financial resources restrict people from having control over planning and organizing their future life, and a lack of options/freedom to choose and a state of instability and unpredictability could induce anxiety, distress, depression and emotional exhaustion (Fryer, 1995; Vulkan, Saloniemi, Svalund, & Väisänen, 2015). These studies collectively suggested that providing extra financial support and resources for older people in extreme poverty could enhance their living standards but might not enhance their sense of control over life nor improve their sense of autonomy, which are both important factors to better mental well-being.

Apart from income levels, older people in Hong Kong often struggle with their daily life because of extreme income disparity. Relative income, the perception of personal income level comparing to society, has been suggested to be an important determinant of life satisfaction and happiness (Boodoo, Gomez, & Gunderson, 2014). Self-perceived socioeconomic status in society may affect mental well-being. Using data from the Chinese General Social Survey 2005, Huang and colleagues found that income disparity negatively affected the mental well-being of the low- and middle low-income groups, with no significant impact on the middle-, high-middle- and high-income groups (Huang, 2016). Therefore, older adults' financial challenges and their well-being cannot be overlooked though Hong Kong is viewed as a developed economy.

Looking at the effects of income levels from a practical perspective, subjective income adequacy, defined as the gap between income and perceived financial needs, was found to be highly relevant to depressive symptoms among older people (Kim, Kim, Lee, Ju, & Park, 2017; Tsai, Liu, Tsai, & Chung, 2012). A qualitative study on happiness among centenarians explored the level of their economic security on sufficiency of financial resources for current living requirements, emergencies and future consumption. The authors found that economic security had a large impact on subjective health status, although it was found not to be directly associated with happiness (Bishop, Martin, MacDonald, & Poon, 2010). It is worth highlighting that economic security could also serve as a protective factor against loneliness and anxiety among childless older people (Zhang & Liu, 2007).





## 2.2 The relationship between income security and physical health

One would expect that the higher the level of income, the lower the chance of illness and premature death. Lifestyle/behavioral interventions such as a healthy diet, regular exercises, scheduled medical check-ups and proper medical treatments are essential to maintain decent physical health status. However, income adequacy is required to pursue these elements of a healthy lifestyle. It has been suggested that health conditions of lower-income people were generally lower than people receiving higher levels of income (Braveman, Cubbin, Egerter, Williams, & Pamuk, 2010). The relationship between income security and physical health reflects a freedom of choice in lifestyle. And financial resources allow for such freedom in terms of dietary requirements or preferences, desired type or level of physical activity, access to medical services of choice, many of which are essential for better physical health conditions. A study in Canada found that people with higher incomes were more likely to choose healthy foods based on health concerns (Ree, Riediger, & Moghadasian, 2008). People who are financially stable can afford to choose healthy and nutritious food items and in turn avoid purchasing/consuming unhealthy foods, leading to better physical health in the long run.

Income level affects people's decisions and choices for medical examinations and treatments, as medical services are often viewed as extra "unplanned" expenditure. Low-income people were found to be more likely to avoid getting suitable medical interventions because of inability to pay for the associated medical fees (Kaminska & Wulfgramm, 2019). When people fall ill, those of better financial status are likely to be presented with more opportunities to receive better treatments. A study in Singapore reported that income adequacy was found to be a strong predictor of health status among adults aged 55 or above (Chan & Jatrana, 2007). Low-income people with limited access to medical services in terms of a lack of affordable transportation and money to pay for the services were major barriers to accessing adequate medical treatments when needed (Williamson & Fast, 1998). This lack of money was found to affect the choices of medical treatments and the decision on whether to pay for healthcare services to maintain a healthy lifestyle.

## 2.3 The relationship between income security and social well-being

Social well-being has been proposed by the World Health Organization (WHO) as one of the important components of health (World Health Organization, 2014). Social health includes multiple dimensions of social activities in everyday life, such as social relationships, social support, social strain, social participation, social inclusion and social networks (Waite, 2018). The role of social well-being in health is often overlooked. In fact, it links with one's physical and psychology health in countless ways. The relationship between income security and social well-being is complex and previous studies have shown that better financial status allowed people to be active in different social groups and be better positioned for social engagement. A longitudinal study suggested that poverty was associated with poor social relationship and low-income people demonstrated lower levels of political and civil participations (Mood & Jonsson, 2016). In addition, people with higher income reported to enjoy more social ties with a better sense of belonging, which facilitated reciprocal social support and reduced feelings of isolation (Stewart, et al., 2009).

More recently, the role of income security in social well-being was emphasized by the UN (United Nations, 2018) with a statement pointing out that *“social protection, in particular old-age pensions and access to health services, has a key role to play in addressing the disadvantages that older persons face and in promoting their participation and inclusion in society”*. It is well known that adequate social protection could reduce inequalities across social groups, improve social well-being and further promote better mental and physical well-being among older people. Social support was flagged as a powerful predictor of depression among older people and those with more support were able to maintain their independency and were less likely to be institutionalized (Bothell, Fischer, & Hayashida, 1999).

Income security is an important determinant of mental, physical and social well-being amongst older people by providing them with a sense of control over their lives, increasing accessibility to health and social services/resources, and promoting a life with dignity. Therefore, improving and sustaining income security warrants immediate action in view of the expanding ageing population in Hong Kong.



## Chapter 3

# Pension income coverage

## Chapter 3

### Pension income coverage

#### 3.1 Definition and objectives of pension schemes

The International Labour Organization (ILO) released a report titled “Social protection for older persons: Key policy trends and statistics” in 2014 and defined “pensions” as “*cash benefits can be periodic payments awarded upon reaching a specified age (and also often meeting other prescribed entitlement conditions) which are then paid throughout the remainder of the beneficiary’s life*”. The ILO further classified old-age pension schemes into two main types: (i) contributory schemes via mandatory, public-level social insurance and/or voluntary occupational or private pensions; and (ii) non-contributory schemes that are either universal (covering all people above the eligible age meeting criteria based on citizenship status or minimum duration of residency), pension-tested or means-tested” (International Labour Organization, 2014).

Pensions are periodic payments made for the remaining years of the beneficiary’s life. The objectives of providing pensions can be broadly categorized into needs fulfillment and consumption. Many retirement protection systems provide resources for people to alleviate their hardship in later life (Holzmann & Hinz, 2005). In some countries, for example the United Kingdom (UK), pension schemes such as minimum guaranteed pensions and means-tested basic pensions were established with a focus to address the retirement needs of vulnerable groups (Mandatory Provident Fund Schemes Authority, 2015). Pensions in the form of a retirement protection system are also able to provide benefits for retirees and protect them against longevity risk. Moreover, since consumption smoothing is a process that can encourage or require people to transfer consumption from their working lives to their retired years, providing pensions to eligible people is one way to encourage consumption as a whole (Barr & Diamond, 2006). Three additional common goals for pensions have also been identified: (i) to prevent the individual from being impoverished in later life; (ii) to allow the individual to redistribute incomes from their younger years to later years; and (iii) to act as a form of insurance against the individual outliving their life expectancy (Barr, 2014).

The World Bank considers three types of population subgroups as target recipients of old-age income support: (i) the lifetime poor; (ii) the informal sector workers; and (iii) the formal sector workers. Lifetime poor refers to people who do not or are unable to participate in the labour force in a sustained, continuous manner and are thus not protected by employment-related retirement protection schemes. For the informal sector workers such as self-employed workers, domestic helpers and casual workers, they are generally earning low levels of income and may not have full access to employer-contributed retirement protection schemes. Formal sector workers are mainly regular employees who are often enrolled in private and public protection schemes (Holzmann & Hinz, 2005; Hu & Stewart, 2009).

#### 3.2 The importance of pensions

HelpAge International recently stated that “*the key social protection instrument to protect people from risks associated with older age is a pension system. They aim to eliminate and prevent poverty in older age and ensure older people have an income until they die*” (HelpAge International, 2019). Currently, nearly 90% of older people above statutory retirement age in developed economies receive some sort of pension; however, pension coverage rate varies across countries. Recent figures showed that in Latin America and



the Caribbean, pension coverage rate was 56%; for Asia and the Pacific it was 47%, and in Africa it was 21% (International Labour Organization, 2014). It was reported that less than one-quarter of people aged over 65 received a pension in Colombia (Rofman & Oliveri, 2012). Moreover, financial security based on sufficient funds in the form of cash income from pensions or other transfers may be affected by other factors, such as expenditures on healthcare services and housing. The level of security and sustainability of provision of such services and how they are financed may also have a significant impact on income security for older people (International Labour Organization, 2014).

Not all employees are able to benefit from a pension scheme. For people employed in the informal sector, contributions to a pension scheme may be scarce. As an example, almost all agricultural workers and estimated 51% of non-agricultural workers in Latin America were informally employed; for Asian countries, the regional average of informal workers was 65% across East and Southern Asia and as high as 73% in Indonesia (Vanek, Chen, Carré, Heintz, & Hussmans, 2014). It is difficult to provide fixed, regular payments towards pension schemes for informal workers and the self-employed whose incomes are often irregular, unpredictable and small (HelpAge International & Centre for Financial Inclusion, 2015). To provide social security to this particular population subgroup, governments began to provide non-contributory pensions, also called “social pensions”, using general government revenues that were originally reserved for people who were categorized as a minority, disadvantaged group and who were unlikely to join existing contributory pension schemes (HelpAge International & Centre for Financial Inclusion, 2015). Such social pensions are designed to meet the basic needs of the informal workers and reduce poverty, improve health conditions and strengthen healthcare access. On a more personal level, social pensions may enhance self-esteem and dignity driven by a source of steady income, improve social connections through sharing of additional resources, and promote overall economic development by boosting household consumptions on food and healthcare (HelpAge International, 2019).

### 3.3 Pension coverage worldwide

Globally, the majority of older people lack a secure source of income, and as few as one in five older persons aged over 60 received a pension based on figures from 2007 (The United Nations, 2007). Indeed, many older persons have no income security nor the right to choose to retire, and many continue to work as long as possible. The ILO reported that a total of 42.2% of the working-age population worldwide was covered by contributory or non-contributory old-age pension schemes (including voluntary coverage). In particular, only 31.5% of the working-age population with mandatory coverage by law may receive in future old-age pensions from contributory schemes; and approximately 4% is possibly eligible to obtain a non-contributory pension. It is noted that for a range reasons, voluntary coverage provided for in the legislation may not give rise to actual coverage, and a conservative estimate is adopted under some circumstances (International Labour Organization, 2014).

#### 3.3.1 Global pension systems: a snapshot

In the 1994 report titled “Averting the Old-Age Crisis: Policies to Protect the Old and Promote Growth”, the World Bank recommended a three-pillar approach to protect the elderly population (The World Bank, 1994). Named “Three Pillars of Old Age Protection”, the framework was structured on a publicly managed, tax-financed social safety net, a mandatory, privately managed, fully funded contribution scheme, and voluntary personal savings and insurance. The approach was further revised and expanded into a five-pillar framework (Holzmann & Hinz, 2005) as follows:

1. Pillar Zero refers to a non-contributory, publicly financed and managed system that provides a minimal level of protection for retirement;
2. Pillar One is a mandatory, contributory and publicly managed system;
3. Pillar Two refers to a mandatory, privately managed, fully funded contribution system;
4. Pillar Three refers to voluntary savings (e.g., personal savings and insurance);
5. Pillar Four comprises informal support (e.g., family support), other formal social programmes (e.g., health care and housing), or other individual assets (e.g., home ownership).

For Pillar Zero, Pillar One and Pillar Two, the measures enclosed are somewhat mandatory. In light of this, *Pallares-Miralles et al.* (2012) further classified global pension systems to show how existing schemes were constructed as per the modality of these three pillars (Table 3.1).

Modality of the three mandatory pillars				
Region	Number of countries	Pillar Zero	Pillar One	Pillar Two
East Asia & the Pacific	28	11	17	1
Eastern Europe & Central Asia	30	17	30	14
Latin America & Caribbean	37	19	29	10
Middle East & North Africa	20	2	18	1
South Asia	8	4	4	1
Sub-Saharan Africa	46	8	33	2
High-income OECD	24	20	20	3
<b>World (Total)</b>	<b>193</b>	<b>81</b>	<b>151</b>	<b>32</b>

**Table 3.1 Pension systems by region, worldwide**

Source: Pallares-Miralles, Romero, & Whitehouse (2012)

Generally speaking, the majority of national and regional pension systems fell into the modality of Pillar One (n=151), whereas fewer countries employed systems with measures under Pillar Two (32). As a whole, the Eastern Europe & Central Asia region (Pillar Zero: 17, Pillar One: 30, Pillar Two: 14) and the Latin America & Caribbean region (Pillar Zero: 19, Pillar One: 29, Pillar Two: 10) are the continents with more countries having pension systems in pillars zero, one and two in aggregate.

Separately, the OECD prepared a summary of the mandatory pension systems of its member countries with the following definitions and findings (Table 3.2):

- **Basic pensions** are benefits paid to everyone irrespective of any contributions made, although beneficiaries might have to meet some residence criteria.
  - o 18 OECD countries have a basic pension scheme or provisions that are similar.
- **Minimum pensions** refer to either the minimum of a specific contributory scheme or of all schemes combined.
  - o 15 OECD countries have schemes offering minimum pensions.



- **Social assistance** provides a higher level of benefits to the poor and reduced benefits to the less-disadvantaged retirees.
  - o All the OECD countries have general social safety-nets in place but only 7 of these were marked because full-time employees with low-level incomes (30% of the average) would be entitled to resource-tested benefits in these countries.
- **Public and private second tier-provisions** are in place for the 33 OECD member countries, with 26 countries operating the system in the public sector and 12 operating in the private sector.
  - o In Estonia, Norway, Slovak Republic, Sweden and Switzerland, second tier-provisions operate in both public and private sectors.

OECD member country	Basic	Minimum	Social assistance	Type Public	Type Private	OECD member country	Basic	Minimum	Social assistance	Type Public	Type Private
Australia	✓				✓	Latvia		✓		✓	
Austria				✓		Korea			✓	✓	
Belgium		✓	✓	✓		Luxembourg	✓	✓		✓	
Canada	✓		✓	✓		Mexico		✓			✓
Chile	✓		✓		✓	Netherlands	✓				✓
Czech Republic	✓	✓		✓		New Zealand					
						Norway	✓				✓
Denmark	✓		✓		✓	Poland		✓		✓	
Estonia	✓			✓	✓	Portugal		✓		✓	
Finland	✓		✓	✓		Slovak Republic		✓		✓	✓
France		✓		✓							
Germany				✓		Slovenia		✓		✓	
Greece	✓			✓		Spain		✓		✓	
Hungary		✓		✓		Sweden	✓			✓	✓
Iceland	✓		✓		✓	Switzerland		✓		✓	✓
Ireland	✓					Turkey		✓		✓	
Israel		✓		✓		United Kingdom	✓			✓	
Italy											
Japan	✓			✓		United States				✓	

**Table 3.2 Structure of retirement-income provision in OECD members**

Source: Pensions at a glance by OECD (2017a).

Among the 35 OECD member countries, 32 have in place basic, minimum or social-assistance mandatory systems. Austria, Germany and the United States were found to lack this particular tier of pension system with only the mandatory public-level second-tier provision. Ireland and New Zealand were two countries that were found to not have any sort of mandatory second-tier provisions.

### Box 3.1 Sustainable pension systems worldwide

A recent analysis revealed that the five countries with the most sustainable pension systems were Australia, Canada, Denmark, Germany and Switzerland. Various reports from the OECD and the Australian Centre for Financial Studies also provided insights on global sustainable pension systems. Their findings are summarized below.

**Australia:** a three-tier “superannuation” pension system that includes a tax-financed age pension providing basic benefits, a company pension pot, together with the individual contribution to a retirement savings account. Employers are required to contribute 9.5% of the employee’s gross earnings, which totalled AUD2.3 trillion at the end of 2017 (World Finance, 2018).

**Canada:** the Canada Pension Plan is a universal flat-rate pension with supplementary benefits based on the level of income. Voluntary pension plans were recently introduced and workplace contributions were projected to increase by 1% from 2019 to 2025, resulting in a total of 5.95% (World Finance, 2018).

**Denmark:** The “Folkepension” is the Danish universal pension scheme which ensures that all pensioners receive a basic retirement income. One notable result of Denmark’s successful pension system as revealed was the wealth of private pension assets, which represented a staggering 209% of the country’s GDP in 2016 (The Organisation for Economic Co-operation and Development, 2017).

**Germany:** the German retirement system is a pay-as-you-earn state pension scheme, which provides a safety net for low-income people. Occupational pensions are not compulsory, but recent data illustrated that approximately 60% of all German workers participated in this scheme and the proportion is expected to grow in the coming years (World Finance, 2018).

**Switzerland:** the country adopts an earnings-related public pension system with minimum- and maximum-payment cut-offs. There is a mandatory occupational pension system where the contribution rates increase with age, together with voluntary pension plans offered by insurance companies and authorised banking foundations (Australian Centre for Financial Studies, 2017).

### 3.3.2 Pension systems in East Asia and Pacific

Pension systems are diverse in the East Asia and Pacific region and could be categorized into four types:

#### 1) Contributory pension schemes that are mandatory for private sector workers but may also cover public sector workers:

Countries that have implemented a government-mandated contributory pension scheme that is applicable to most workers in the formal sector rather than restricting to civil servants in the 1940s to 1950s include China, Japan, Malaysia, Mongolia, the Philippines, and Singapore; in the 1980s to 2000 other regions including Hong Kong, China, Indonesia, the Republic of Korea, the Lao People’s Democratic Republic (PDR) and Thailand also introduced such schemes (Palacios, 2015).





## 2) Schemes for civil servants and government employees:

Civil servants in the East Asia and Pacific region, as in other parts of the world, are usually the prioritized recipient group for pension schemes as compared to the rest of the workforce (Palacios & Whitehouse, 2006). Civil service pensions preceded mandates for private-sector workers, often by decades. Japan's civil service pension scheme was introduced in the late 19th century (Casey, 2004). Countries with separate pensions for civil servants include China, Indonesia, Korea, Lao PDR, Malaysia, the Philippines and Thailand. Schemes of integrated pensions for all workers in the formal sector are implemented in Hong Kong, China (civil servants and private-sector workers participate in the same scheme with the government contributing more than private-sector employers), Japan, Mongolia, Singapore and Vietnam. Countries with pension coverage targeted at only civil servants include Cambodia, Myanmar, and Timor-Leste (civil service pension legislation passed by congress in 2012 but yet to be officially implemented (Palacios, 2015).

## 3) Supplementary private pensions

Private voluntary pension schemes are relatively limited across many regions and participation is typically driven by tax preferences, with coverage overlapping with workers already participating in the mandated schemes (with some exceptions among the self-employed). Japan and Korea are the two countries with significant private pension coverage, with a rate of 23% and 30%, respectively (Palacios, 2015). Malaysia and Singapore attempted to increase voluntary savings through existing provident fund schemes. For Malaysia, private pension provision is uncommon as the country's Employee Provident Fund (EPF) represents a significant source of income (Wilmington Publishing & Information, 2013). The EPF also serves as a form of voluntary savings for the self-employed, who are otherwise not mandated to participate in public pension schemes. It was reported that less than 1% of the Malaysian labour force contributed to the EPF (Holzmann, 2014).

## 4) Non-contributory pensions (social pensions)

Coverage of elderly social pensions in the form of cash transfers from the general budget, i.e., not based on prior contributions, has expanded dramatically in the past two decades (Palacios & Knox-Vydmanov, 2014; Rofman, Apella & Vezza, 2014). Implementation of social pension schemes as a whole has also increased in recent years in East Asia, with governments in China, Korea, Thailand, Timor-Leste and several Pacific Islands expanded their social pension schemes to cover the elderly populations. Korea and Thailand aim to address the coverage gap left by their contributory pension schemes. However, no social pension system currently exists in Cambodia, Indonesia, Lao PDR, Myanmar and Singapore. For certain regions including Hong Kong, China, Japan, Malaysia, the Philippines and Vietnam, target transfers to the poor elderly are ongoing, where in some cases the eligible age cut-off is so high (for example, 77 years of age in the Philippines) that social pensions play a rather limited role (Palacios, 2015).

### Box 3.2 Extension of social protection coverage

Some countries increased their pension scheme coverage to address the needs of an expanding population. For instance, China extended its social protection scheme to older people in 2009. Before this measure was implemented, only two institutional mechanisms for old-age income security existed in China: social insurance principles for urban workers, and employer's liability approach for civil servants and other employees of similar status. The social protection scheme in 2008 covered under 250 million people (including pensioners), accounting

for about 23% of the population subgroup of aged 15 and above. Subsequently in 2009 and in 2011, two new old-age pension schemes were introduced to the rural populations and urban residents who were otherwise not covered by existing policies. For the rural-population pension scheme, there are two components: social pensions paid by the government, and an individual savings account financed by contributions from the insured, collective entities (if any) and the government. By the end of 2013, approximately 850 million people, or 75% of the entire population subgroup of aged 15 and above, were covered by the four pension schemes in China (International Labour Organization, 2014).

### 3.4 Retirement protection system in Hong Kong

#### 3.4.1 Social protection policies

Hong Kong adopts a multi-layer retirement protection system comprising: (i) fixed sum of allowance under the Social Security Allowance (SSA) Scheme operated by the Social Welfare Department (SWD), sources of which include the Comprehensive Social Security Assistance (CSSA), Old Age Allowance (OAA), Old Age Living Allowance (OALA), Guangdong Scheme, Fujian Scheme, and Disability Allowance (DA); (ii) the Occupational Retirement Schemes Ordinance (ORSO), Mandatory Provident Funds (MPF), civil service pensions and Grant/Subsidized Schools Provident Funds; (iii) voluntary contributions to MPF, retirement savings-related insurance; and (iv) other targeted schemes such as public housing, universal public healthcare, residential and community care services, elderly health care vouchers, public transport fare concession, family support scheme and self-owned properties.

##### 3.4.1.1 Social Security Allowance (SSA) Scheme

The SSA Scheme comprises CSSA, OAA and OALA, providing a safety net for older people with monthly allowance to support daily living and other special needs arising from disability or old age.

##### Comprehensive Social Security Assistance (CSSA)

CSSA provides a safety net for those who are unable to support themselves financially. Applicants need to pass both an income and an asset test. Payments come in three types: (i) standard rates according to different pre-defined recipient categories; (ii) supplements for various needs (long-term supplement, single parent supplement, community living supplement, transport supplement, residential care supplement, employment support supplement); and (iii) special grants addressing specific needs such as school-related expenses. Data from the Census and Statistics Department indicated that, by end of 2017, a total of 167,385 applicants were aged 60 or above, accounting for 9% of the whole population aged 60 or above (Census and Statistics Department, 2018a).

##### Old Age Allowance (OAA)

OAA is a non-means-tested scheme providing monthly allowance to older residents aged 70 or above with special needs in later life. The current amount of monthly allowance is HKD1,385 (1823.gov.hk, 2019). For the 2018 financial year there were 249,587 OAA recipients receiving a total of HKD4.1367 billion of allowances (Census and Statistics Department, 2018a).



### Old Age Living Allowance (OALA)

Established in 2013, OALA provided a special, supplementary monthly allowance for older people aged 65 or above who are in need of financial support for living expenses. The scheme comprises “Normal” and “Higher” OALA, with current monthly payments of HKD2,675 and HKD3,585, respectively. Normal OALA and Higher OALA share the same eligibility criteria except for asset limits, singleton elderly and married couple for Normal OALA will face asset limits of HKD343,000 and HKD520,000 respectively, whereas singleton elderly and married couple for Higher OALA will face asset limits of HKD150,000 and HKD227,000 respectively (Social Welfare Department, 2019c). For the financial year of 2018, there were 483,000 OALA recipients with an expenditure of a total of HKD15.33 billion (Census and Statistics Department, 2018a).

### Disability Allowance (DA)

Comprising Normal Disability Allowance and Higher Disability Allowance, DA is a monthly allowance to address the special needs of the severely disabled Hong Kong residents. The current amounts of allowance payable per month for Normal Disability Allowance and Higher Disability Allowance are HKD1,770 and HKD3,540, respectively (1823.gov.hk, 2019). For the 2018 financial year, 147,465 applicants received a total of HKD3.9035 billion from DA (Census and Statistics Department, 2018a).

### Recent initiatives

There is a recent trend for older people opting to relocate to nearby provinces in China, such as Guangdong and Fujian after retirement or in later life. In light of this, the government of Hong Kong has launched two schemes to provide more flexibility for eligible older people to receive allowances.

The Guangdong Scheme, implemented in 2013, provides OAA on a monthly basis for eligible older people aged 65 or above who reside in Guangdong. The current rate of OAA as effective from 1 February 2019 is HKD1,385 per month. There is a pre-specified minimum residence period of 60 days in Hong Kong for entitlement to a full year of OAA (Social Welfare Department, 2019b). For the 2018 financial year, 16,689 applicants received a total of HKD260.5 million through the Guangdong Scheme (Census and Statistics Department, 2018a).

Taking reference from the Guangdong Scheme, the Hong Kong government subsequently implemented the Fujian Scheme in 2018 for eligible applicants aged 65 or above who relocate to the Fujian province. The current monthly allowance rate of OAA under the Fujian Scheme, effective from 1 February 2019, is HKD1,385. Similarly to the Guangdong Scheme, applicants are entitled to a full year of OAA once the minimum residence period of 60 days is fulfilled (Social Welfare Department, 2019a).

#### 3.4.1.2 Occupational Retirement Schemes Ordinance (ORSO) and Mandatory Provident Fund (MPF)

Launched in December 2000, the MPF System is a mandatory, privately managed, fully funded contribution scheme. It is an employment-based retirement protection system implemented on a compulsory basis for employees (regular or casual) and the self-employed aged 18 to 65.

With the implementation of MPF System, the percentage of the total employed population with retirement protection has increased from approximately 30% to 85% in June 2019; of which, 74% were covered by the MPF System with the remaining 11% protected by ORSO, statutory pensions or provident fund schemes (such as those for civil servants or

public school teachers). For the remaining 15% of the employed population, 13% were not required to join any local retirement schemes and 2% should have but did not join any schemes (Mandatory Provident Fund Schemes Authority, 2015; Commission on Poverty, 2016; Mandatory Provident Fund Schemes Authority, 2019).

### 3.4.1.3 Mortgage programmes

The Hong Kong Mortgage Corporation (HKMC), which is wholly owned by the government of Hong Kong, has in place a number of initiatives to assist senior citizens with their retirement planning (The Hong Kong Mortgage Corporation Limited, 2019a).

#### The Hong Kong Mortgage Corporation Annuity Plan

Launched on 5 July 2018, the Hong Kong Mortgage Corporation Annuity Plan is designed to provide the insured aged 65 or above with steady guaranteed monthly annuity incomes after paying a single premium ranging from a minimum of HKD50,000 to a maximum of HKD3 million (HKMC Annuity Limited, 2018).

For the initial registration phase, 9,410 senior citizens indicated their intention to join the plan with a total of HKD4.94 billion, which is within the HKD10 billion upper limit as set by the HKMC. With an average subscription amount of HKD525,000, 30% of the applicants intended to subscribe with a premium of over HKD1 million, 54% were willing to contribute a premium of HKD500,000 or more, and 5.5% would pay a premium of HKD50,000 to HKD99,999. The younger olds aged 65 to 69 comprised 61.9% of the total number of interested applicants, whereas the older olds aged 80 or above comprised 4.1% of the total (Yiu, 2018). The latest statistics from the first six months of 2019 showed that the HKMC issued 1,004 policies, with total premiums at around HKD780 million and an average premium of HKD770,000 (The Hong Kong Mortgage Corporation Limited, 2019b).

#### Reverse Mortgage Programme

The Reverse Mortgage Programme, launched in 2011, is a plan for people aged 55 or above, enabling the applicants to use their residential properties in Hong Kong as a security to borrow from a certified lender. The applicant remains as the property owner and continues to stay in the property, with monthly payments either over a fixed period of 10, 15 or 20 years or throughout their entire life. Additionally, lump-sum payouts may be borrowed for specific purposes when needed (The Hong Kong Mortgage Corporation Limited, 2019e). Since its launch, the programme has attracted 3,583 applicants at an average age of 69 years old; the average monthly payment amount as of 30 September 2019 was HKD15,600 (The Hong Kong Mortgage Corporation Limited, 2019c).

#### Policy Reverse Mortgage Programme

The Policy Reverse Mortgage Programme was introduced in May 2019 and provides a way for old people aged 60 or above to use their existing life insurance policy as collateral to borrow from a lender. The programme offers monthly payments to the applicants either over a fixed period of 10, 15 or 20 years or throughout their lives. The applicant may also borrow lump-sum payouts for specific purposes when needed (The Hong Kong Mortgage Corporation Limited, 2019d).



### 3.4.1.4 Silver Bond

The Silver Bond provides the applicants with an investment product with steady returns and promote active utilization of the “silver market”. Of note, the Silver Bond has a retail bond issuance programme for which people aged 65 or above holding a Hong Kong identity card may apply. According to information submitted by the placing banks and designated securities brokers, as of 18 July 2019, a total of 56,564 valid applications were submitted, with a principal amount of HKD7.92 billion. (Hong Kong Government Bonds, 2019) ]. The Hong Kong Monetary Authority (HKMA) is responsible for coordinating the government bond issuing process and managing the investment portfolio of the sums raised under the Government Bond (GB) Programme (Hong Kong Government, 2017).

### 3.4.2 Comparison between Hong Kong’s retirement protection system and the World Bank’s five-pillar framework

In a report titled “Future Development of Retirement Protection in Hong Kong”, researchers from the Department of Social Work and Social Administration, the University of Hong Kong, reviewed the retirement protection system of Hong Kong against the World Bank five-pillar approach (Department of Social Work and Social Administration, 2014) (Table 3.3).

World Bank’s five-pillar framework		Hong Kong’s retirement protection system
Pillar Zero	Non-contributory, publicly financed and managed system that provides a minimal level of protection for retirement	<ul style="list-style-type: none"> <li>- CSSA</li> <li>- OAA</li> <li>- OALA</li> <li>- DA</li> <li>- HOALA</li> <li>- Guangdong Scheme</li> <li>- Fujian Scheme</li> </ul>
Pillar One	Mandatory, contributory and publicly managed system	Not applicable
Pillar Two	Mandatory, privately managed, fully funded contribution system	<ul style="list-style-type: none"> <li>- MPF</li> <li>- ORSO</li> <li>- Civil service pensions</li> <li>- Grant/Subsidized Schools Provident Funds</li> </ul>
Pillar Three	Voluntary savings	<ul style="list-style-type: none"> <li>- Voluntary contributions to MPF</li> <li>- Retirement savings and other related insurance policies</li> </ul>
Pillar Four	Informal support, formal social programmes, and other individual assets	<ul style="list-style-type: none"> <li>- Public housing</li> <li>- Public healthcare</li> <li>- Residential and community care services</li> <li>- Elderly health care vouchers</li> <li>- Public transport fare concession</li> </ul>

**Table 3.3: Comparison between the World Bank’s five-pillar framework and Hong Kong’s retirement protection system**

The research report highlighted that Pillar One schemes, which are often available to all citizens from a specific age subgroup (thus are also referred to as “citizens pensions”) or are means-tested schemes for establishing eligibility (Pallares-Miralles, Romero, & Whitehouse, 2012), do not exist in the current retirement protection system of Hong Kong (Department of Social Work and Social Administration, 2014). Pillar Four modalities offer non-financial assistance including access to informal support (e.g., family support), other formal social programmes (e.g., health care, housing) and other individual assets (e.g., home ownership, reverse mortgages); the equivalent initiatives pursued by the system in Hong Kong are public housing, public healthcare, residential & community care services, elderly health care vouchers, public transport fare concession. Some specific examples of the Pillar-Four measures in Hong Kong are illustrated below.

- The Hospital Authority and the Department of Health in Hong Kong provide a series of medical services targeted for the older population, such as geriatric day hospitals and general out-patient services through special arrangements.
- The Elderly Health Care Voucher Pilot Scheme was introduced on 1 January 2009 with an initial targeted period of three years with a view to enhance primary care services for older people. The scheme serves as a supplementary measure to existing public healthcare domains by offering financial incentives for private healthcare services to older people (Health Care Voucher, 2019). Elderly health care vouchers, an annual allowance of HKD250 per person, were provided to all older people aged 70 or above during the first phase of the scheme. Starting from 5 June 2019, an additional allowance of HKD1,000 is provided on a one-off basis to each eligible older person, with an allowance accumulation limit increasing to HKD8,000.
- Specific housing schemes such as the Single Elderly Persons Priority Scheme, the Elderly Persons Priority Plan (for two or more elderly applicants) and the Harmonious Families Priority Scheme are in place to address prioritized housing needs of the elderly public rental housing (PRH) applicants. There are also different types of age-friendly housing facilities within the PRH complexes to facilitate healthy, positive ageing (Housing Department, 2019).
- The Public Transport Fare Concession Scheme covers transportation expenditures for older people and eligible people with disabilities by offering discounted rates to travel on designated public transport services at a concessionary fare of HKD2 per trip. The scheme aims to help build a nurturing and inclusive society where the aged and the disabled populations are encouraged to participate in community activities (Transport Department, 2019).



### Box 3.3 The Melbourne Mercer Global Pension Index

With population ageing becoming a worldwide phenomenon, different countries are working to construct effective retirement protection systems to address the needs of their ageing populations. In Australia, the Australian Centre for Financial Studies (ACFS), in collaboration with Mercer and the State Government of Victoria, published the Melbourne Mercer Global Pension Index (MMGPI) in 2009, reviewing 34 existing pension systems from across the world against more than 40 indicators for adequacy, sustainability and integrity.

The adequacy sub-index accounts for 40% of the total weightings of the index and is driven by benefits, system design, savings, tax support, home ownership and growth assets. The sustainability sub-index weighs at 35% of the overall index, including indicators on pension coverage, total assets, contributions, demography, government debt and economic growth. The integrity sub-index accounts for the remaining 25% of the total weightings and encompasses regulation, governance, protection, communication and costs.

The MMGPI 2018 revealed that many North-Western European countries operated leading world-class pension systems in the world. Among the 34 pension systems reviewed, the Netherlands' retirement income system ranked first (with overall score 80.3), followed by Denmark's (overall score 80.2) and Finland's (overall score 74.5). For the first time, Hong Kong was included in the MMGPI 2018, with a ranking of 22 (overall score 56) from a global perspective or a ranking of 3 among the Asian countries (countries with the highest overall score were Singapore (70.4) and Malaysia (58.5)).

For Hong Kong, the adequacy sub-index value was 39.4, the sustainability sub-index was 54.9 and the integrity sub-index value was 84.2. The high value for the integrity sub-index attributed to good governance, high integrity and efficiency of financial system and regulatory framework, detailed investment disclosure requirements and effective supervision by the Hong Kong Mandatory Provident Fund Schemes Authority (Australian Centre for Financial Studies, 2018; Mercer, 2018)

#### Consultation on retirement protection system in Hong Kong

In 2013, the government of Hong Kong commissioned the Department of Social Work and Social Administration, the University of Hong Kong, to conduct a study on the retirement protection system for Hong Kong. The final report proposed to implement a "demo-grant" by considering non-means-tested, universal and uniform retirement protection as a basic right of older people. A follow-up consultation was conducted to cover all pillars for comprehensive protection of the older population. As part of the first pillar, the government of Hong Kong proposed two options, namely "regardless of rich or poor" and "those with financial needs". The former option is in line with the "demo-grant" concept while the latter option emphasizes on a form of targeted assistance towards the needy elderly and is in line with the mission of the current welfare system.

Although the government acknowledges the fact that there is room for improvement within the existing pension system, there are several considerations: (i) increased expenditure may undermine the long-term sustainability of public finances; (ii) public finances may run into deficit and become financially unsustainable; (iii) substantial tax increase or a brand-new tax policy may be needed as part of the budget reform, thereby deviating from Hong Kong's long-established low-tax regime; and (iv) a non-targeted allocation of resources may hinder resources from being deployed in the most effective manner to help the elderly in need (Commission on Poverty, 2016). Nevertheless, in response to the public consultation, the Hong Kong government has since implemented a series of measures in order to strengthen the city's retirement protection system. In a 2017 white paper entitled "Full Range of Support for Retirement Protection" for the Panel on Welfare Services, the Hong Kong government set out the following strategies: (i) to add a higher tier of allowance to HKD3,435 and expand the existing asset limits under OALA; (ii) to abolish the arrangement for the relatives concerned to make a declaration on whether they provide the elderly applicant of CSSA with financial support; (iii) to extend the automatic medical fee-waiving arrangement to older and vulnerable OALA recipients; (iv) to lower the Elderly Health Voucher Scheme's eligibility criterion from 70 to 65 years of age; (v) to abolish the "offsetting" arrangement of MPF, for which an employer was allowed to offset severance or long-service payments against the accumulated benefits from MPF contributions; and (vi) to explore the feasibility of a public annuity scheme (Legislative Council, 2017).





## Chapter 4

# Poverty situation of older people in Hong Kong

## Chapter 4

# Poverty situation of older people in Hong Kong

## 4.1 Conceptualization of poverty

Poverty reflects a situation in which people lack the resources required to meet their basic needs. Defining and measuring poverty is an important subject with far-reaching implications both for research and policy.

Traditionally, poverty is measured by the monetary resources a person or a group has access to. Income is commonly used to define the poverty status of a person or a household in most countries, including Hong Kong. Under this approach, a person is defined as poor if one's income is under a certain threshold. This threshold can be specified in absolute or relative terms (e.g., 50% of the median monthly household income by household size) terms, and further amendments may be required over time or under certain situations. For example, the global poverty line determined by the World Bank changed from USD1.25 to USD1.90 per day from 2008 to 2015, with higher poverty lines at USD3.2 and USD5.5 per day to reflect the situations in middle-income countries such as Argentina, Cambodia, Brazil and Malaysia (The World Bank, 2015; World Bank Group, 2018).

Household income is commonly used to measure poverty of a wider population. There are many merits to using this indicator: (i) it is widely available via national administrative and survey data; (ii) it is relatively easy to understand and to be compared for global data analysis; (iii) it is a typical financial resource for the majority of families and can thus serve as a proxy for living standards (Fisher, Johnson, Marchand, Smeeding, & Torrey, 2009). Nevertheless, such an income-based parameter is not without limitations: (i) it does not always accurately capture the living standards for some population subgroups, in particular retired older people in whom assets are rich but with low levels of income, (ii) some people cannot fulfill their basic needs which household income cannot quite measure because of various barriers such as some social isolation, language barriers, lack of information or disability.

To overcome the limitations of income-based measures, researchers proposed deprivation as another parameter to measure poverty (Cancian & Meyer, 2004; Nelson, 2012). Deprivation is identified by observing what people are able to obtain given their available resources, and comparing this with existing societal views on whether this is consistent with an acceptable standard of living. Deprivation builds on community views about what items are essential to achieve an acceptable way of living. Based on these views, a term "the deprived" subpopulation is used to describe people who do not have these essential items due to lack of resources. Deprivation as a poverty-line parameter focuses on people's actual ability to acquire the items required to meet their basic needs. The ability to obtain basic, essential items in time of need relies also on economic resources other than income (e.g., wealth or access to credit) (Saunders, Wong, & Wong, 2014). During the operationalization process, material deprivation index is derived from the socially perceived necessities and builds upon relativity and consensus theories (Saunders, 2011). The index has mainly been used to measure poverty in the general population (Townsend, 1979); however, it was recently used to measure poverty among the aged populations (Berthoud, Blekesaune, & Hancock, 2009; Saunders & Sun, 2006) and studies using the material deprivation index as a poverty measure have been conducted in Hong Kong (Saunders, Wong, & Wong, 2014; Cheung & Chou, 2019).



Although one might expect that people without perceived necessities are people with low-income status, it is important to highlight the degree of overlap between income poverty and deprivation. The low level of overlap between poverty and deprivation as reported in numerous studies implies that the choice of approach and measure does not only influence the true estimates of the scale of the problem, but also identify the population subgroups that are most affected by deprivation and implications for policy reform (Bradshaw & Finch, 2003; Saunders, Naidoo, & Griffiths, 2007; The Organisation for Economic Co-operation and Development, 2008). A recent study in Hong Kong identified a small degree of overlap between income poverty and deprivation, and concluded that further examination of societal poverty should be based on perspectives from both income poverty and deprivation (Saunders, Wong & Wong, 2014).

The following section commences with statistics of old-age poverty in Hong Kong and policy measures proposed by the government to manage the problem. This is followed by an overview of deprivation based on recent, local data.

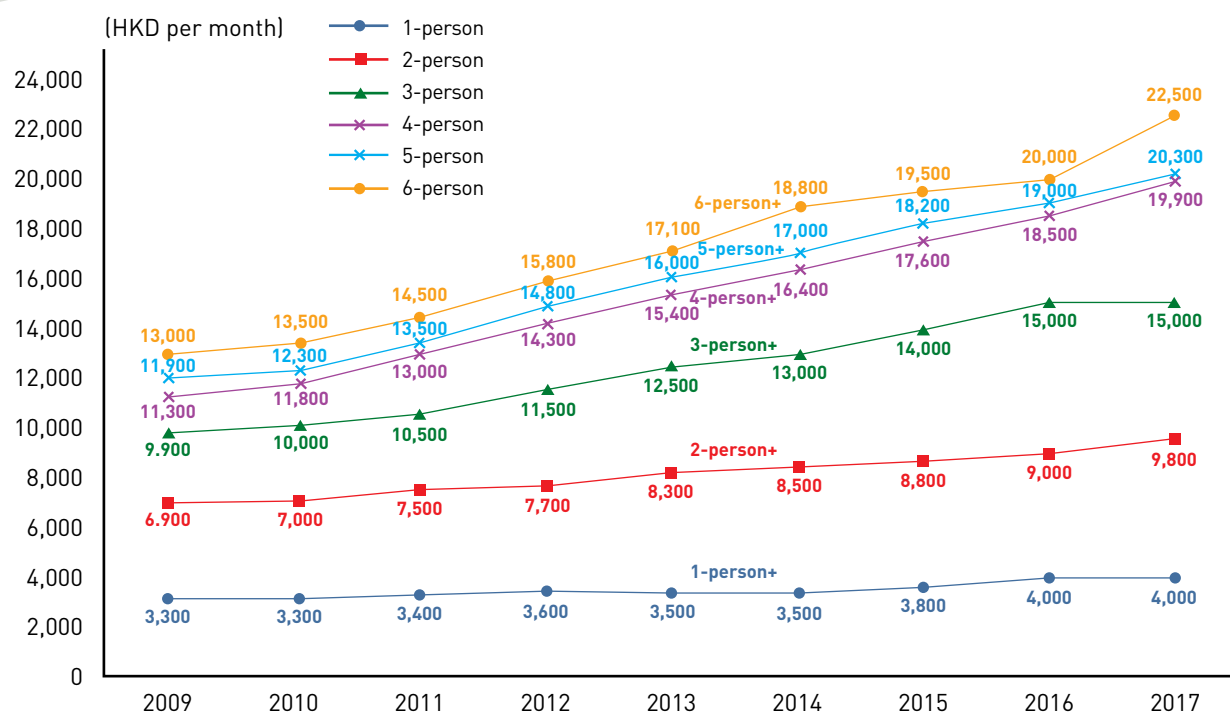
## 4.2 Old-age poverty in Hong Kong

The mission of the Hong Kong Commission of Poverty is to deliberate on policies and measures in support of the government's strategy to alleviate poverty. It established a poverty line for Hong Kong based on the concept of "relative poverty", set at 50% of the median monthly household income before policy intervention (i.e., before taxation and social welfare transfer). By estimating the pre- and post-intervention household incomes, the government of Hong Kong is able to analyse and monitor changes in poverty indicators (poor households, poor population, poverty rate, poverty gap) before and after policy intervention so as to evaluate the effectiveness of these poverty-alleviating initiatives, including taxation, in-kind benefits, and recurrent and non-recurrent cash benefits (further details are available below in section 4.3).

### Overall situation

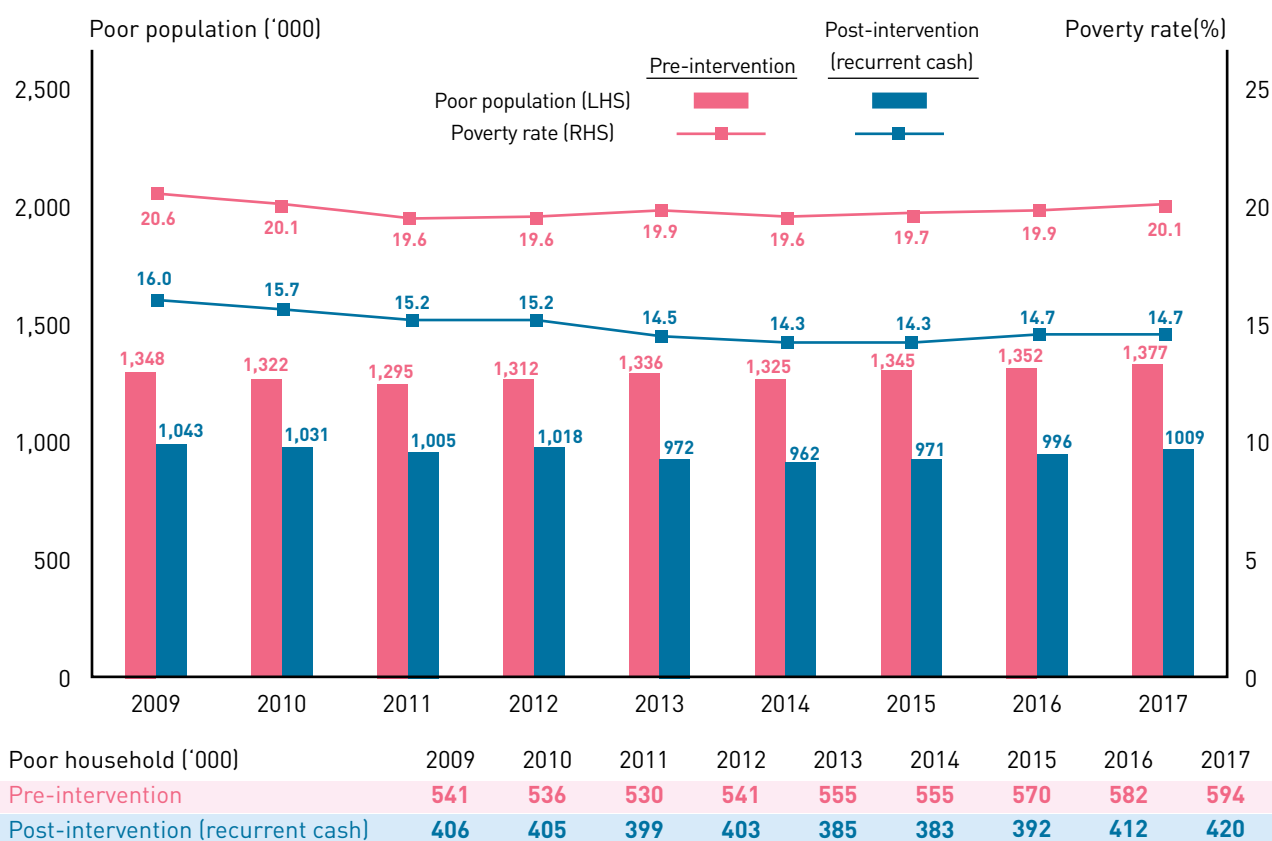
Poverty statistics and related data are updated regularly since the first poverty line was established in September 2013. In 2017, the Hong Kong government conducted an analysis of older people who were "income poor and owning property of certain value" in a thematic study on old-age poverty.

Figure 1 illustrates the changes of the poverty line thresholds by household size over time, from 2009 to 2017. In 2017, the 1-person poverty line was HKD4,000 and 2-person poverty line was HKD9,800. Data on poor population and poverty rate from 2009 to 2017 are summarized in Figure 2. In 2017, there were 594,000 poor households and 1,377,000 poor populations before policy intervention, and the poverty rate was 20.1%; the corresponding post-intervention figures were 420,000, 1,009,000 and 14.7%, respectively. Among the different recurrent cash benefits for poverty alleviation, CSSA was found to be the most effective policy measure, lifting some 99,000 beneficiary households (totally 175,500 persons) out of poverty and reducing the overall poverty rate by 2.5%.



**Figure 1: Poverty lines by household size, 2009-2017**

Source: General Household Survey, Census and Statistics Department



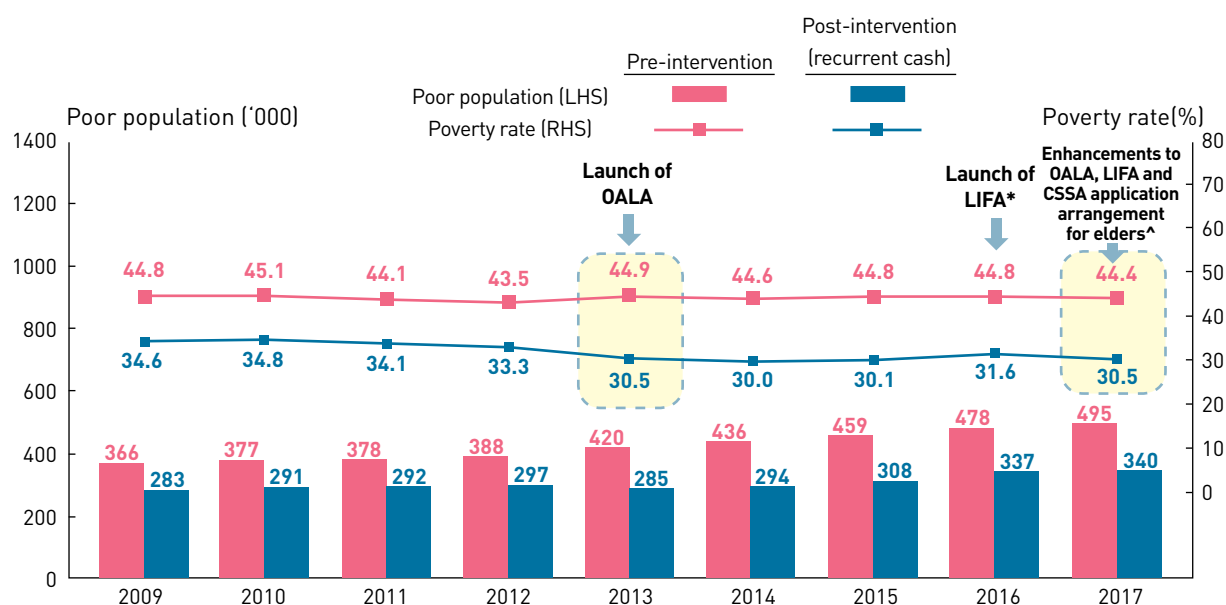
**Figure 2: Poor population and poverty rate, 2009-2017**

Source: General Household Survey, Census and Statistics Department



## Poverty in older people aged 65 and above

With reference to Figure 3, using data from the Census and Statistics Department, in 2017, the poverty rate of 30.5% in older population aged 65 and above was more than double as compared to the overall rate of 14.7%. As compared to 2016, there was a reduction of pre-intervention poverty rate by 0.4% to 44.4% in 2017, which might be attributed to a new subgroup of older people (defined as people who just turned 65 by the time of calculation) receiving pensions or rental incomes as well as a higher labour-force participation rate of older people. Post-intervention poverty rate was 30.5%, which was 1.1% lower than the value in 2016 and identical to that in 2013 when OALA was launched.



Note: (\*) "LIFA" refers to "Low-income Family Working Allowance", which was renamed as "Working Family Allowance" on 1 April 2018.

(^) Starting from February 2017, SWD has abolished the arrangement for the relatives to make a declaration on whether they provide financial support to the elderly persons who apply for CSSA on their own (e.g., an elderly person who does not live with his/her children) (the so-called "bad son statement"). At present, only the elderly applicants are required to submit the information.

## Figure 3: Poor population and poverty rate of the elderly, 2009-2017

Source: Census and Statistics Department (2018c)

Further breakdowns on the income security schemes shown in Figure 3 revealed that amongst 340,300 poor elders 13.2% (i.e., 44,900 persons) received CSSA; 39.8% (135,300 persons) benefited from OALA while 24.1% (82,000 persons) and 2.4% (8,000 persons) of these poor elders received non-means-tested Old Age Allowance (OAA) and Disability Allowance, respectively. Based on these figures, the Hong Kong government considered that poor elders were able to enjoy a degree of social and financial protection as the overall social security coverage ratio was high (79.5%).

For the 70,000 (20.6%) poor elders who did not receive any form of social security protection, 80% (57,300 persons) were aged between 65 and 69. The Hong Kong government considered that some of these older persons might be in possession of other incomes or assets and led to them being deemed ineligible for the means-tested CSSA or OALA. Among the remaining 12,700 elders aged 70 and above who did not apply for the non-means-tested OAA, they were more likely to be “asset-rich, income-poor” individuals. Further analysis revealed that 58.6% (172,700 persons) of the 294,600 older persons residing in non-CSSA households in 2017 actually lived in owner-occupied mortgage-free housing, suggesting possession of other assets. The property value of the households owned by these poor elders (“target households”) was converted to a monthly life annuity payment derived from the aforementioned Reverse Mortgage Programme. If the estimated monthly annuities received by these “target households” were above the poverty line, these older persons would then be identified as “income poor, owning property of certain value” individuals.

Among the 172,700 poor older persons living in owner-occupied mortgage-free housing, 129,400 lived in “target households” with 69.4% (89,800 persons) therein identified as “income poor, owning property of certain value” individuals. In terms of demographics, 97.8% of these older persons lived in either 1- or 2-person households, 87% reported no financial needs, and only 28.7% received OALA (as compared to 39.8% of overall poor elders receiving OALA). For education, 41.4% of the poor elders received upper secondary education or above (as compared to only 26.4% of the overall poor elders having attained the same level of education). Nearly twice as many of the poor elders (16.4%) attained post-secondary education in comparison with the overall poor elders (8.6%). In sum, the Hong Kong government recognized the results were based on better understanding of the property-asset situation amongst poor older people, which to a certain extent supplementing the limitation of not considering assets in the existing poverty line analytical framework.

### 4.3 Social policies to alleviate old-age poverty

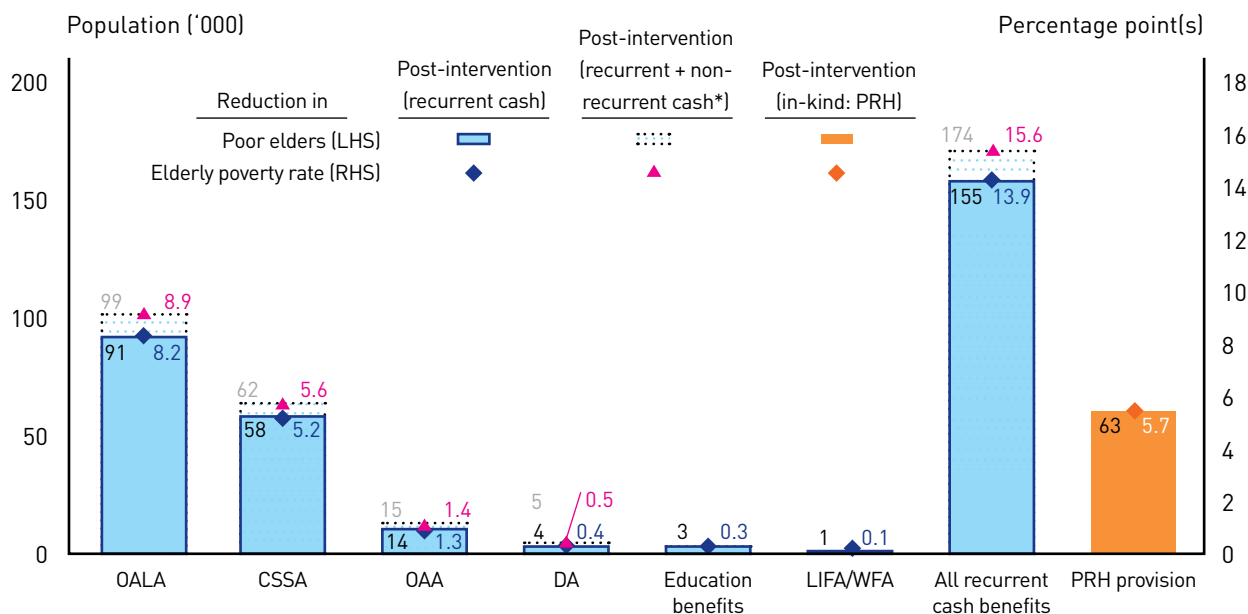
Major policy interventions delivered by the Hong Kong government included the following:

- (a) Taxation:** salaries tax, property tax, and government rent.
- (b) Recurrent cash benefits:** these include social security payments (CSSA, OAA, OALA and DA as aforementioned in Chapter 3) and other government initiatives that provide cash assistance to eligible households or individuals (e.g., the Working Family Allowance Scheme).
- (c) Non-recurrent cash benefits (including one-off measures):** rent payments for public housing tenants, and provision of extra payment to recipients of social security schemes (e.g., CSSA, OAA, DA, OALA).
- (d) Means-tested in-kind benefits:** the Public Rental Housing (PRH) scheme, medical fee waiving arrangement, the Home Environment Improvement Scheme for the Elderly, the Building Maintenance Grant Scheme for Elderly Owners, and the Elderly Dental Assistance Programme.

Various recurrent cash policies have collectively lifted 155,000 poor elders from poverty and reduced old-age poverty rate by 13.9%. Among the various policy measures and schemes, OALA, which had the largest



coverage of older people (totally 510,000 recipients as of end-September 2018), was assessed to be the most effective measure in alleviating old-age poverty. OALA led to a reduction of old-age poverty rate by 8.2%, which was significantly higher than the reduction observed by CSSA (5.2%). Provision of PRH also helped in alleviating old-age poverty by reducing the poverty rate by 5.7% (Census and Statistics Department, 2018c). Further details are illustrated in Figure 4.



Note: (\*) Illustrating the additional poverty alleviation impact (reductions in the poor population and the poverty rates) of the corresponding non-recurrent measures, such as the provision of extra payment equal to one-month allowances payment for recipients of CSSA, OAA, OALA, DA and LIFA

**Figure 4: Comparison of effectiveness of selected recurrent cash benefits and PRH provision in poverty alleviation on elders, 2017**

Source: General Household Survey, Census and Statistics Department.

#### Box 4.1 Social policies to combat old-age poverty: Australia country case study

Old-age poverty is a worldwide phenomenon. Many countries opt for pension schemes and payments aiming to support their aged populations in later life. According to the Australian Institute of Health and Welfare, the most common payment adopted by the Australian government is “Age Pension”, which is an income support system for people who meet certain eligibility criteria such as age, residency status and income/asset tests. In response to a national goal to assure Australians live longer and healthier lives, policy changes were introduced to improve sustainability of the Age Pension system. One such change was the incremental increases in the qualifying age from 65.5 years in 2017 to 67 years in 2023 (Australian Government Department of Social Services, 2019).

As of 29 June 2018, a total of 2.6 million older people aged 65 and over received some form of income support, which equates to 67% of the overall population aged 65 and over. Of these, 95% (2.5 million) were recipients of the Age Pension, and 4.5% (119,000) received either the Disability Support Pension (DSP) or the Carer Payment (Australian Institute of Health and Welfare, 2019)

#### 4.4 Deprivation among older people in Hong Kong

A 2011 survey included a total of 1,038 respondents, who were interviewed to identify a series of items covering basic living needs, amenities, social and healthcare services/activities that were regarded as “essential” by at least a majority of the community. To quantify deprivation, the respondents were further probed to reveal if they had any of these essential items (“does not have”) or if they could afford them (“does not have and cannot afford”). A total of 35 items under 5 categories were identified, thereby form the Hong Kong Deprivation Index (Table 4.1).

##### Hong Kong Deprivation Index Scale components

Identified items	Support for item being essential	Does not have	Does not have and cannot afford
<b>Weighted percentages:</b>			
<i>Accommodation, food, and clothing</i>			
Has safe living environment without structural dangers	99.4	2.4	1.8
Has sufficient living space at home, with no need to stay in bed all day	97.3	6.5	5.4
Has bathroom inside a self-contained apartment, with no need to share with other families	93.3	5.5	3.7
Has at least one window at home	98.7	0.2	0.2
Can go to teahouse sometimes in leisure time	73.8	13.7	7.0
Has breakfast every day	95.0	3.0	0.5
Has fresh fruit at least once a week	96.5	1.3	0.3
Can buy one or two pieces of new clothes in a year	89.9	5.5	3.7
Has one set of decent clothes	86.7	9.0	6.3
Has enough warm clothes for cold weather	99.5	1.1	1.1
<i>Medical care</i>			
Weak elderly can receive adequate care services if needed	94.6	62.3	9.0
Can travel to and back from hospital by taxi when needed	80.1	18.5	14.3
Able to have dental check-up periodically	66.7	51.0	29.2
Able to consult Chinese medicine practitioner when needed	81.5	27.3	8.6
Can consult private doctor in case of emergency without waiting for public outpatient service	89.9	17.8	14.3
Able to purchase medicines prescribed by a doctor	86.8	37.3	17.4
<i>Social connections</i>			
Can take transport for visiting relatives and friends	95.5	8.2	1.4
Able to visit hometown if needed	87.1	23.9	6.4
Can offer a gift of money on occasion of wedding	88.3	15.1	7.2
Can give lucky money to friends and relatives during Chinese New Year	91.0	9.7	4.5
Has a mobile phone	88.8	4.3	2.2
Has leisure activities in holidays	71.9	49.3	6.1





Identified items	Support for item being essential	Does not have	Does not have and cannot afford
<b>Weighted percentages:</b>			
<i>Training and education</i>			
Has the opportunity to learn computer skills	82.5	36.6	7.6
Able to attend vocational training	72.1	63.9	4.2
Students can buy reference books and supplementary exercises	76.6	58.6	4.7
Students have school uniforms of proper size every year	75.4	58.0	2.3
Students have access to computer and Internet at home	76.4	54.5	1.0
Students can participate in extra-curricular activities	74.2	59.6	5.4
Working parents can use child care service when needed	65.9	79.4	2.7
<i>Basic amenities</i>			
Can have hot shower in cold winter	99.2	0.3	0.3
Can pay for spectacles if needed	96.9	5.2	1.3
Has a refrigerator at home	98.9	0.4	0.3
Has a television at home	95.9	0.6	0.4
Has air-conditioner at home for cooling in hot weather	87.9	5.5	4.5
Has a camera in the family	57.9	19.9	11.3

**Table 4.1: Hong Kong Deprivation Index Scale**

Source: Saunders, Wong, & Wong (2014)

As illustrated in Table 4.1, deprivation rate, as translated from the response of “does not have and cannot afford”, was assessed to be below 10% for the majority of the 35 “essentials for life” items. The survey respondents were found to be most deprived of medical care such as dental check-ups (29.2%) and purchase of prescription medications (17.4%). These figures demonstrated the shortcomings and failings of the healthcare system in Hong Kong in delivering accessible and affordable medical services to all. This observation was in line with that reported by Chung et al. in 2014, where 68.6% of Hong Kong people aged 18 or above with regular sources of primary care accessed private health services while the remaining 31.4% sought medical care in the public sector. The report highlighted that poverty could lead to medical-care deprivation since people who reached out for primary care services in the public sector were found to be older, less educated, less skilled, income poor, and with multiple comorbidities (Chung, et al., 2019).

To assess the degree of deprivation among households, a deprivation index score was formulated, equating to the number of essential items that each person/household does not have and cannot afford. For individual households, the index value ranges from 0 to 35 with higher scores representing a higher degree of deprivation. Taking all the index values across households into an average gives rise to a mean deprivation index score (MDIS), enabling comparison of the severity of deprivation. Recent calculations showed a MDIS of 1.9 across the entire population, indicating that people were deprived of 2 of the 35 essential items as listed in the Hong Kong Deprivation Index Scale. A total of 57.5% of the respondents reported to be in possession of all 35 essential items and thus were deemed not deprived. However, 42.4% of the respondents were unable to afford at least one essential item, 29.9% were deprived of at least 2 items, 23.6% were deprived of at least 3 items, and about 10% were deprived of at least 8 of the 35 essential items. The difference between the not-deprived subgroup (57.5%) and the severely-deprived subgroup (10%) highlights widening inequality and multiple deprivation in Hong Kong.

### Deprivation among older people

Deprivation is age-dependent as reflected in the increase of the MDIS value from 0.59 in the age group of 18-24 years old to 1.52, 2.06 and 3.40 in the subgroups of 25-44 years old, 45-65 years old, and 65 years old or above, respectively. This trend in Hong Kong is somewhat different as compared to other countries such as Australia (Saunders, Naidoo, & Griffiths, 2007) and the UK (Berthoud, Bryan, & Bardarsi, 2004). Deprivation was most severe among older people who were CSSA beneficiaries (MDIS = 8.26); a difference in severity of deprivation based on OAA status was also revealed, where older OAA beneficiaries aged 65 and over were more deprived (MDIS = 2.07) than those not receiving an OAA (MDIS=1.61). These results demonstrated that there is very strict targeting and inadequate levels of assistance provided under the CSSA scheme, despite the wide coverage and generous welfare benefits of OAA, beneficiaries may remain deprived of essential items as listed in the Hong Kong Deprivation Index Score system.

On the degree of overlap between income poverty and deprivation, it was found that 41.7% of those with incomes below the official poverty line were deprived, and a slightly higher proportion (44.4%) of those deprived of 4 or more essentials items were earning incomes that were below the poverty line. People identified as being both poor and deprived represented 8.3% of the entire population, which was the equivalent of 1 in 12 households.

A recent study by Cheung & Chou (2019) explored the relationship between poverty, deprivation and depressive symptoms among older people in Hong Kong. This cross-sectional survey consisted of 1,959 face-to-face interviews with people aged 65 or above using a structured questionnaire. A validated material deprivation index was applied to identify and differentiate deprived and non-deprived subgroups, using previously-published methods (Saunders, Wong, & Wong, 2014). The validated deprivation index consisted of 28 items of necessities under 5 categories: (i) accommodation; (ii) food and clothing; (iii) medical care; (iv) social connections; and (v) basic amenities. Study participants were interviewed to indicate whether they had the item ("does not have") and, if they did not, whether this was because they were unable to afford it ("does not have and cannot afford").



Dimension	Item	Crude odds ratio (95% CI)	
		Deprived %	Depressed
(i) Accommodation (ii) Food and clothing	Unsafe living environment with structural dangers	0.1	1.00
	Insufficient living space	0.5	6.69 (1.01-44.29)
	No private bathroom	0.3	0.49 (0.05-4.72)
	No windows	0.0	1.00
	Unable to go to teahouse in leisure time	17.0	4.88 (3.69-6.45)
	No breakfast sometimes	0.3	6.60 (1.53-28.34)
	No fresh fruit	0.2	1.00
	No new clothes in a year	11.6	2.30 (1.67-3.16)
	No decent clothes	9.9	2.28 (1.60-3.24)
	Not enough warm clothes	0.1	1.00
Medical care	Unable to receive adequate care services	24.0	1.20 (0.92-1.55)
	Unable to travel to and from hospital by taxi	27.6	2.95 (2.32-3.75)
	Unable to have dental check-up periodically	59.5	3.89 (2.98-5.08)
	Unable to consult Chinese medicine practitioner	10.5	2.21 (1.59-3.07)
	Unable to consult private doctor	6.1	1.84 (1.17-2.87)
	Unable to purchase medicines prescribed by a doctor	8.6	1.67 (1.15-2.42)
Social connections	Unable to visit relatives and friends because of the transport costs	6.3	2.66 (1.74-4.05)
	Unable to afford to travel to home town if needed	15.1	2.58 (1.95-3.42)
	Unable to offer a gift of money on the occasion of a wedding	11.4	2.07 (1.50-2.87)
	Unable to give "lucky money" to friends and relatives	5.9	2.53 (1.67-3.84)
	No mobile phone	6.2	3.95 (2.62-5.97)
	Unable to leave Hong Kong for vacation once a year	44.3	4.30 (3.39-5.46)
Basic amenities	No hot shower	0.0	1.00
	No spectacles if needed	9.3	1.19 (0.83-1.71)
	No refrigerator	0.0	1.00
	No television	0.1	3.09 (0.19-49.55)
	No air-conditioner	3.0	4.50 (2.84-7.14)
	No camera	38.1	4.18 (3.30-5.29)
Number of relative deprivation index	0	34.5	1.00
	1	8.6	2.17 (1.30-3.62)
	2	8.0	2.73 (1.63-4.59)
	3	9.3	5.69 (3.62-8.94)
	4	8.5	7.20 (4.60-11.27)
	5	8.2	6.27 (3.98-9.87)
	6+	22.9	7.91 (5.55-11.26)
	0-4	68.8	1.00
	5+	31.2	3.21 (2.54-4.06)

**Table 4.2: Relative deprivation index and crude odds ratios (with 95% confidence intervals) for depression**

Source: Cheung & Chou (2019)

The study found that 31% of the respondents were materially deprived as evident by a lack of at least five essential items (Table 4.2). In particular, about 60% of the respondents reported to not be able to afford regular dental consultations, 44% could not afford annual vacations abroad, and 38% of the respondents could not afford a camera. In comparison to the non-depressed respondents, depressed respondents were found to be associated with the following characteristics: (i) income poor; (ii) deprived; (iii) older; (iv) non-married; (v) less educated; (vi) greater financial strain; (vii) poor self-rated health; (viii) high level of functional disability; (ix) low sleeping quality; (x) low levels of social support, engagement in cultural and leisure activities, and neighborhood collective efficacy. The findings suggested that material deprivation could be a more significant correlate of depression than income poverty as well as a better indicator of living standards amongst older people than income level, which might serve as a proxy measure only. Moreover, indices of neighbourhood collective efficacy and civic engagement through cultural activities were important moderating variables of the relationship between deprivation and depression in older people (Cheung & Chou, 2019).

Data from the above studies indicated that the Hong Kong government should further consider transforming the poverty measurement from an income-based index to a material deprivation index in order to better reflect the current situation. Furthermore, anti-poverty strategies and policies should go beyond the traditional approach of financial support in cash or in kind (e.g., housing, transportation, food) and address other concerns and needs, such as psychological well-being.



## Chapter 5

# Way forward: The future of Hong Kong as an age-friendly city

## Chapter 5

# Way forward: The future of Hong Kong as an age-friendly city

## 5.1 Impact of ensuring income security to the society

In this report, we have discussed major income security issues and initiatives in enabling income security among older people in Hong Kong. On the one hand, the government of Hong Kong is establishing the poverty line, setting up retirement protection system and providing cash assistance to various groups of people, including older people. On the other hand, policy framework including indicators other than income, such as deprivation, to evaluate the overall picture of poverty is more comprehensive. Income security is not only relevant to maintaining an adequate level of income, but it also relies on assurances and expectations about a form of steady income at all times. Income security is a major social issue during times of illness and in later life, and is an important societal and economical concern. Social protection policy and initiatives to provide people with secure incomes helps to prevent them from falling into or remaining in poverty. Furthermore, a form of secure incomes is likely to encourage people to contribute to the economy at the national and global levels; at an individual level, income security greatly enhances people's ability to live a life of dignity (Age Action, 2016).

## 5.2 Becoming an age-friendly city for income security

An age-friendly city requires an inclusive and accessible environment that optimizes opportunities for healthy living, social participation and financial security for all in the community, including older people. "Income security" is a crucial contributory factor in the path of promoting active and healthy ageing. Involvement of different stakeholders is needed to create such a welcoming and dynamic environment. As an example, the Hong Kong Jockey Club Age-friendly City Project is implementing a series of age-enabling interventions through collaborative networks with four local universities in Hong Kong and utilizes the Hong Kong Elder Quality of Life Index incorporating AgeWatch Index for Hong Kong as a progress evaluation tool. However, to effectively deliver these age-focused interventions in the real-world setting, the Hong Kong government needs to adopt a key leading role in driving policies that provide social protection in the form of income security, giving rise to an enabling and nurturing environment for all, including older people. Different poverty indicators besides household income should be considered by poverty alleviation policies (Hong Kong Government, 2019). To create an age-friendly Hong Kong, an integrated approach driven by synergized, cohesive joint efforts involving the government, District Councils, universities, non-governmental organizations and the public stakeholders is warranted.

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*note*

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This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There is a small yellow tab or piece of tape visible at the top left corner. The paper appears to be part of a notebook or binder.



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