



**Attitudes toward the Role of the
Family, the Individual, and the
State in Retirement Provision
Survey Evidence from East Asia**

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Pension Systems in Asia in the Post Crisis World**

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CSIS East Asia Retirement Survey

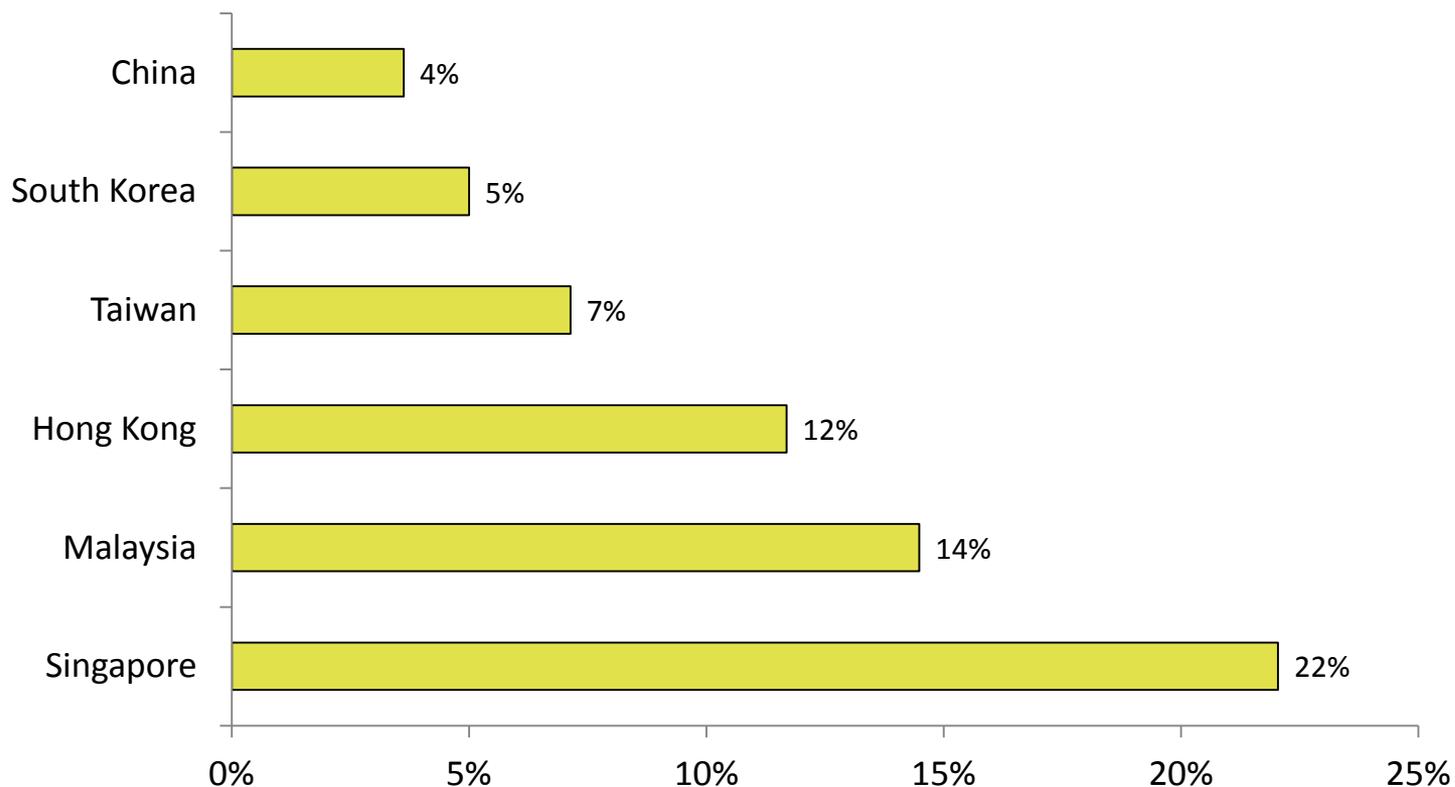
- ▣ CSIS conducted a survey of retirement behavior and expectations in China, Hong Kong, Malaysia, Singapore, South Korea, and Taiwan.
- ▣ The survey was based on nationally representative samples in all countries except China, where the sample was limited to urban residents.
- ▣ The survey universe consists of “main earners” aged 20 and over and includes both current main earners and retired main earners.
- ▣ Respondents were asked about their general attitudes toward retirement, as well as about their own retirement experience and expectations.
- ▣ Current retirees were asked about their current retirement experience, while current workers were asked about their expectations for retirement.

Attitudes toward Retirement Provision

Only small minorities believe that the extended family should have responsibility for retirement income.

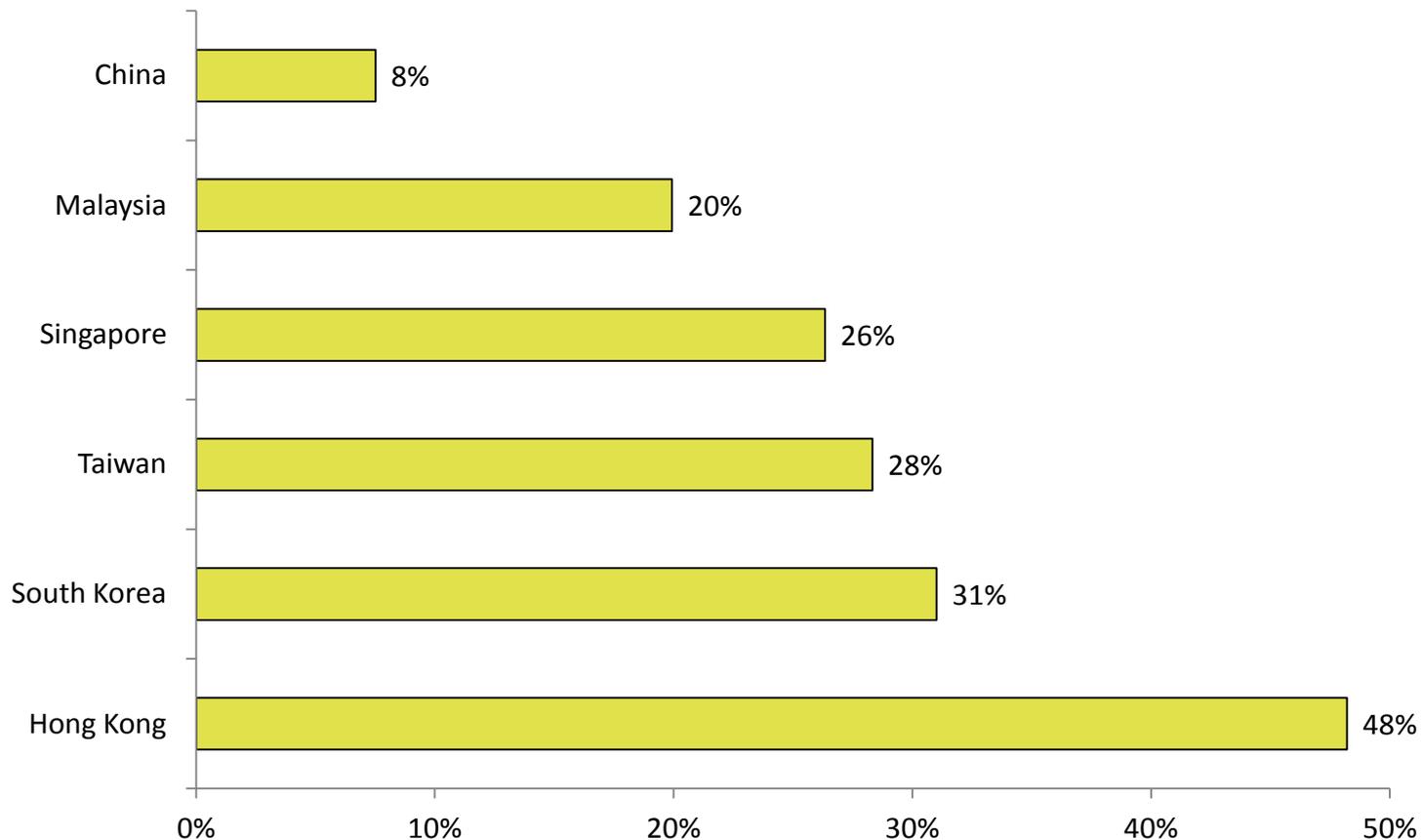
"Who, ideally, should be mostly responsible for providing income to retirees?"

Share of Respondents Saying "Grown Children or Other Family Members."



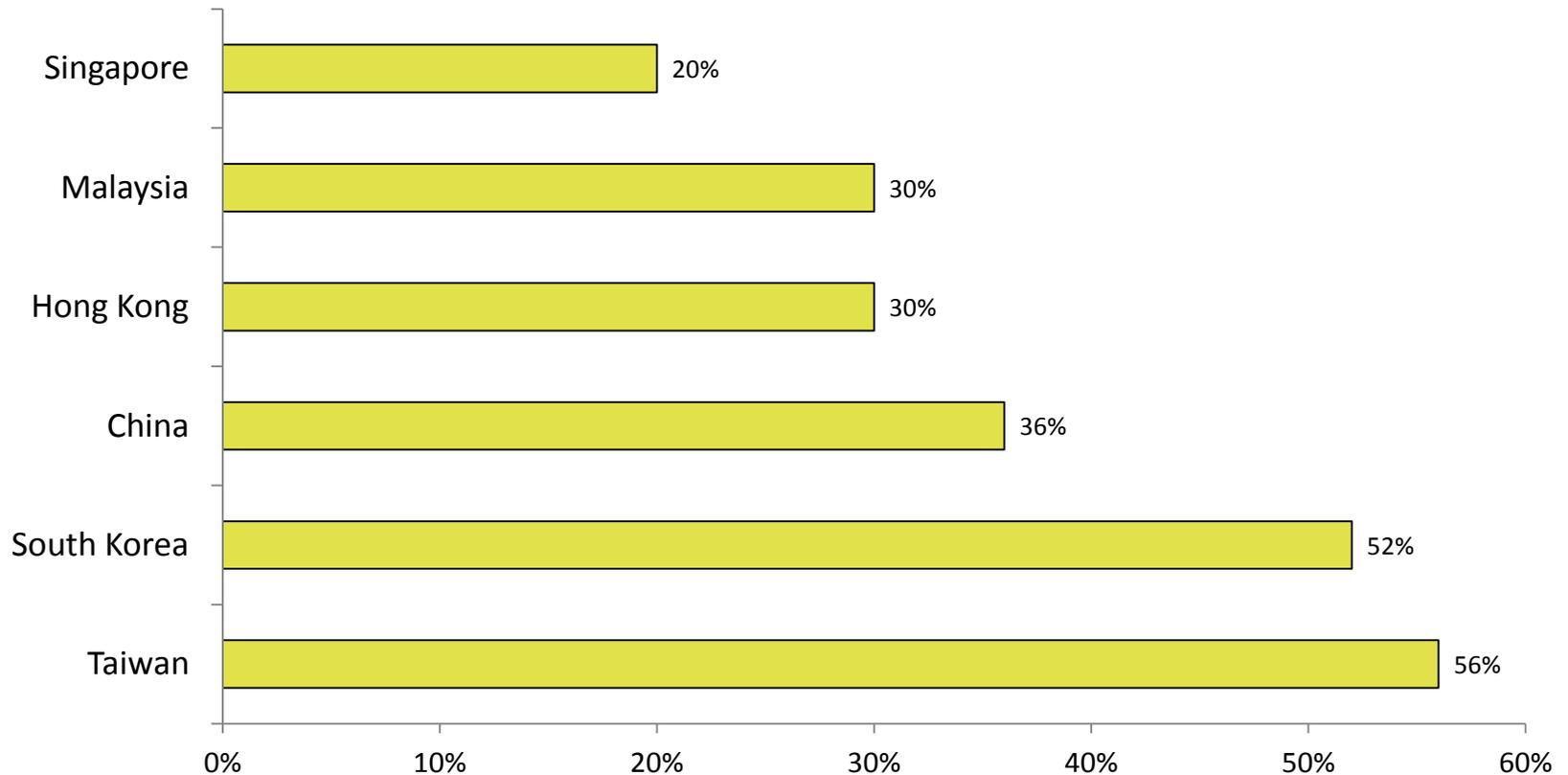
Declining family size may be one reason for low support for family responsibility for retirement income.

Share of Respondents Aged 20-39 Who Neither Have Nor Expect to Have Children



More individualistic “western” values are also beginning to compete with traditional “Asian” values.

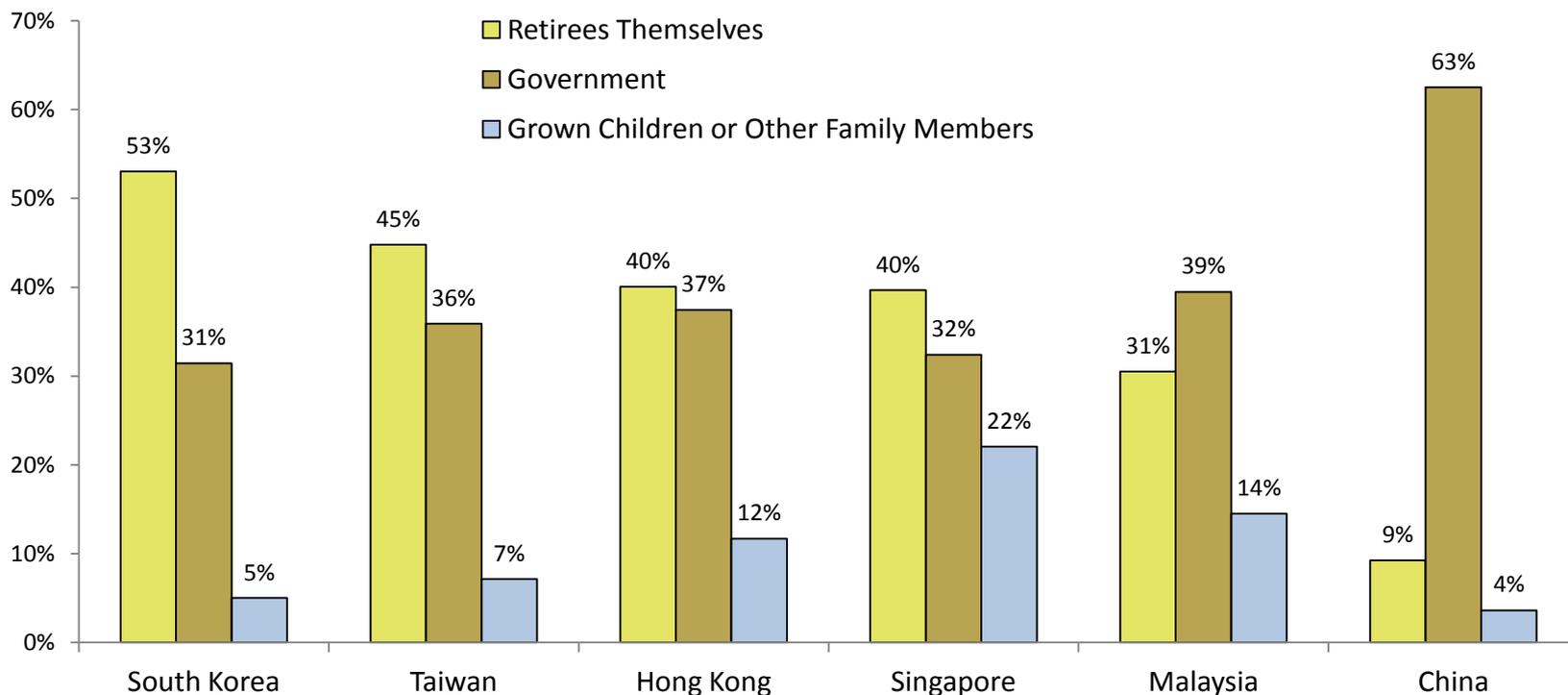
Share of Respondents Saying Both Parents and Children Would Be Happier If They Were More Independent and Self-Sufficient



In most countries, there is strong support for individual savings-based responsibility for retirement income.

"Who, ideally, should be mostly responsible for providing income to retirees?"

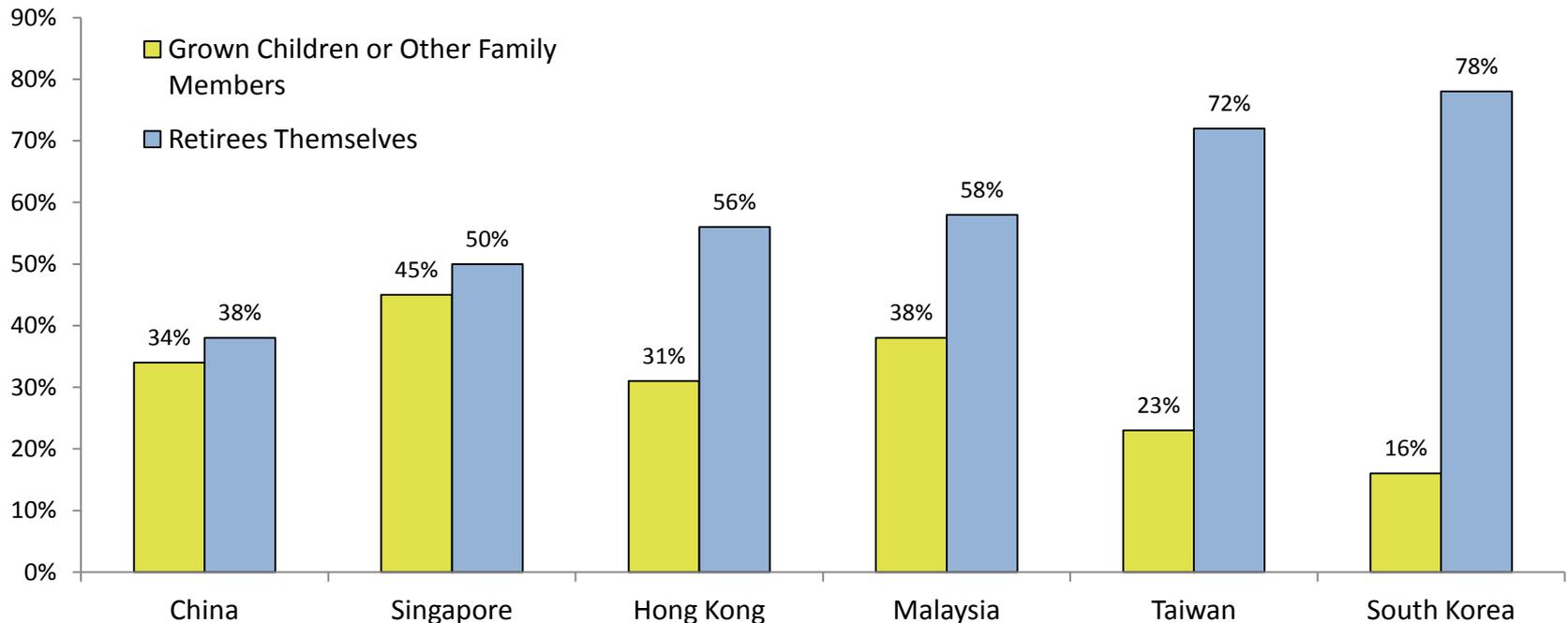
Share of Respondents Saying "Retirees Themselves, through Their Own Savings" versus Share Saying "Government" or "Grown Children of Retirees or Other Family Members"



When asked to choose between individual and family responsibility, respondents favor individual responsibility.

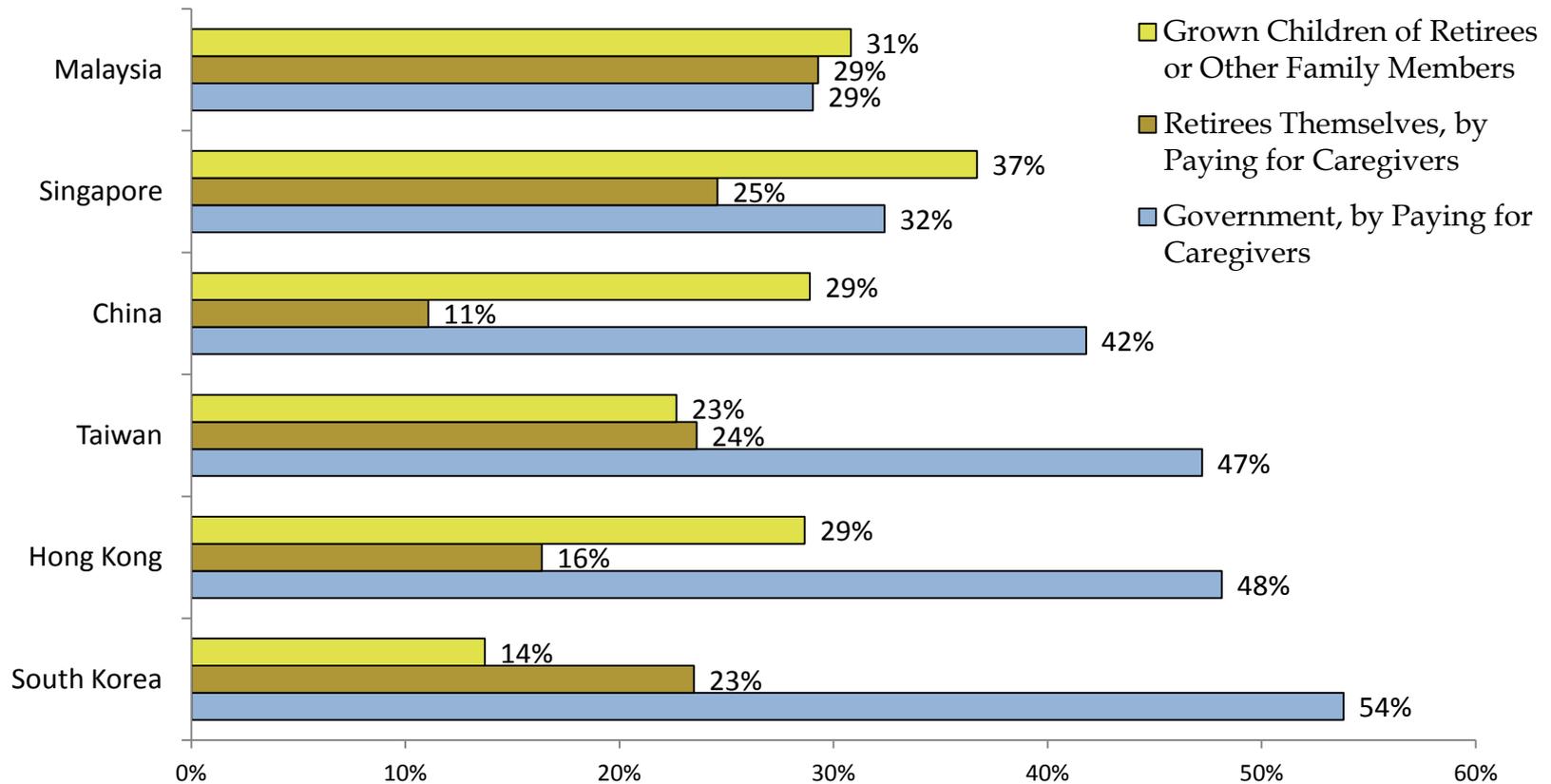
"If retirees do not receive any income from government or former employers, who, ideally, should be mostly responsible for providing them with income?"

Share of Respondents Saying "Grown Children of Retirees or Other Family Members" versus Share Saying "Retirees Themselves, through Their Own Savings"



Support for family responsibility for personal care for the frail elderly also appears to be weakening.

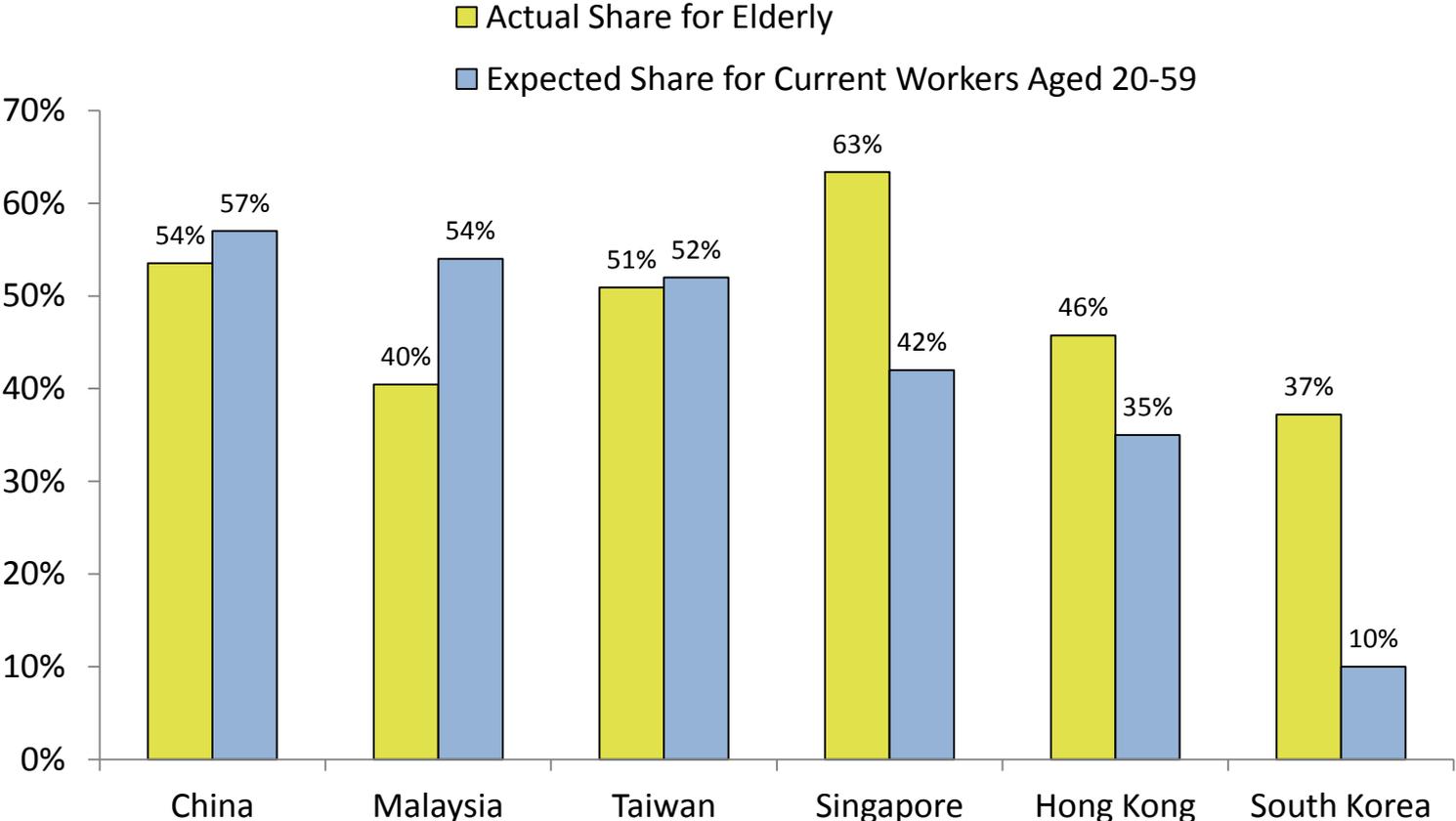
"Who, ideally, should be mostly responsible for providing personal care to retirees when they need help with everyday living or are sick or disabled?"



The Expectations of Future Retirees

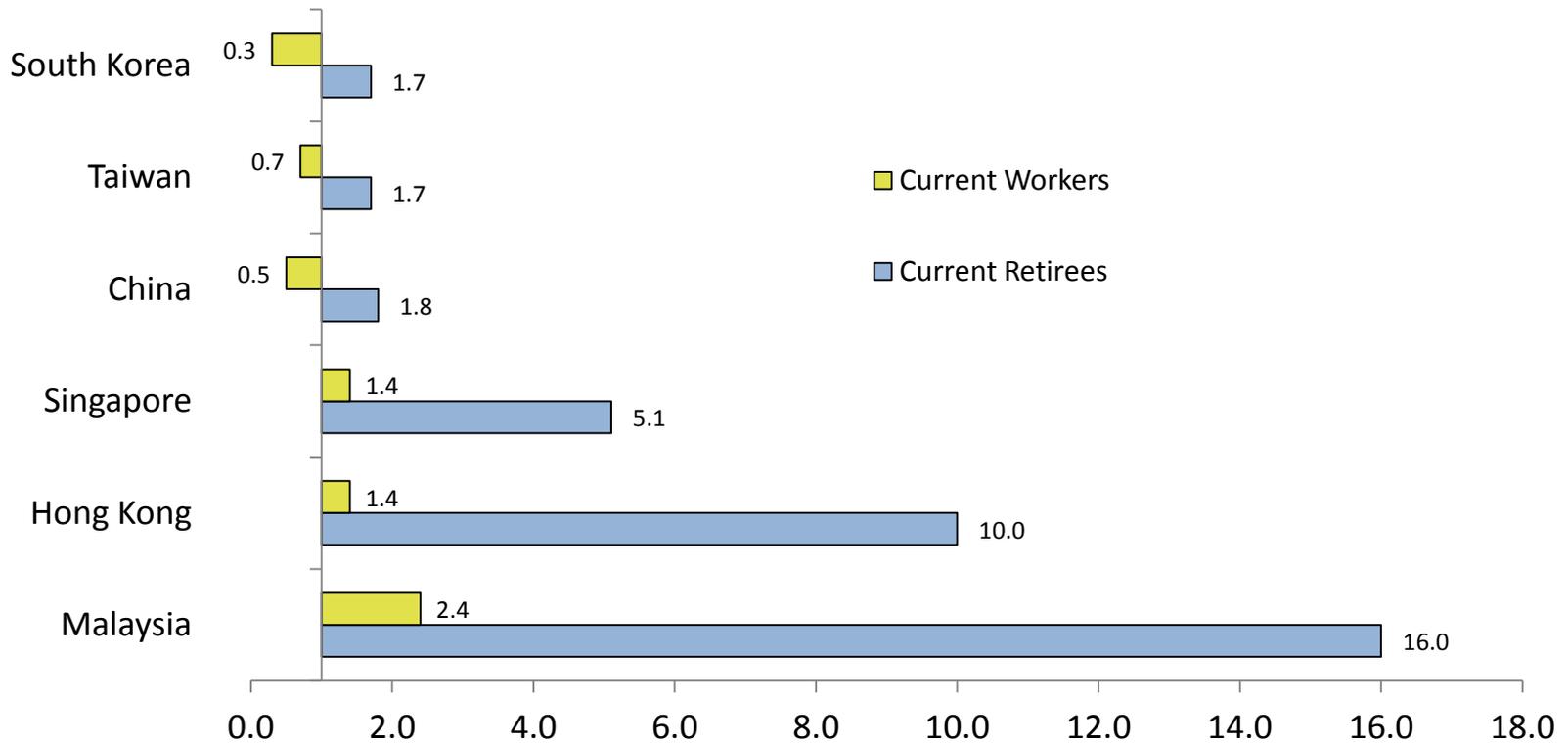
In some countries, rates of multigenerational living are due to decline among future retirees.

Share of Respondents Living or Expecting to Live with Grown Children when They Are Retired or Elderly



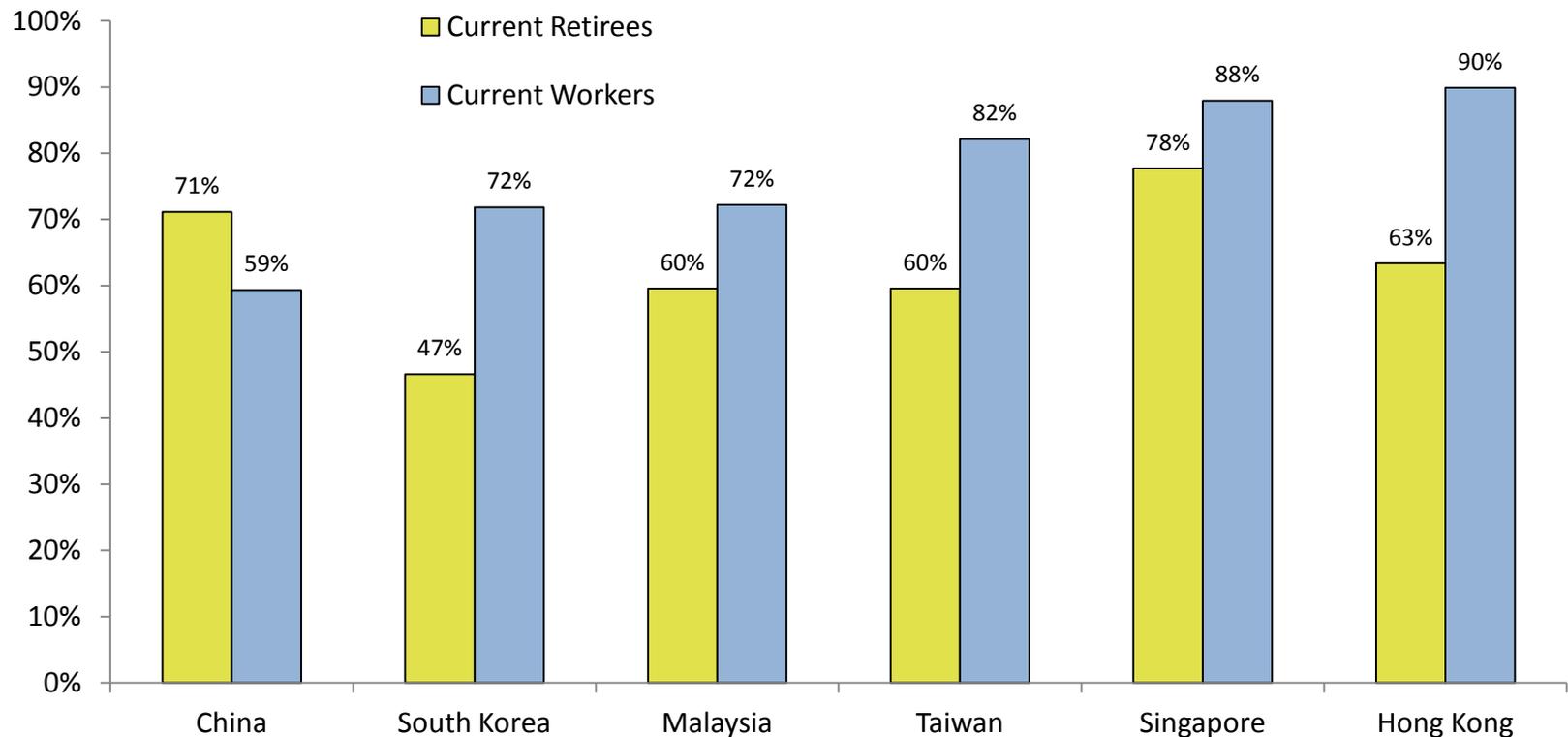
In all countries, future retirees expect to be much less dependent on the financial support of their children.

Ratio of Respondents Who Are Net Recipients of Financial Support from Their Grown Children to Respondents Who Are Net Providers: Actual Ratio for Current Retirees Aged 60 & Over versus Expected Ratio for Current Workers Aged 20-59



In most countries, much larger shares of future retirees expect to receive benefits from the national pension system.

Share of Respondents Who Receive or Expect to Receive Income from a National Pension System: Actual Share for Current Retirees versus Expected Share for Current Workers



* Figures refer only to "basic pension system for urban employees."

Much larger shares of future retirees also expect to receive income from financial assets.

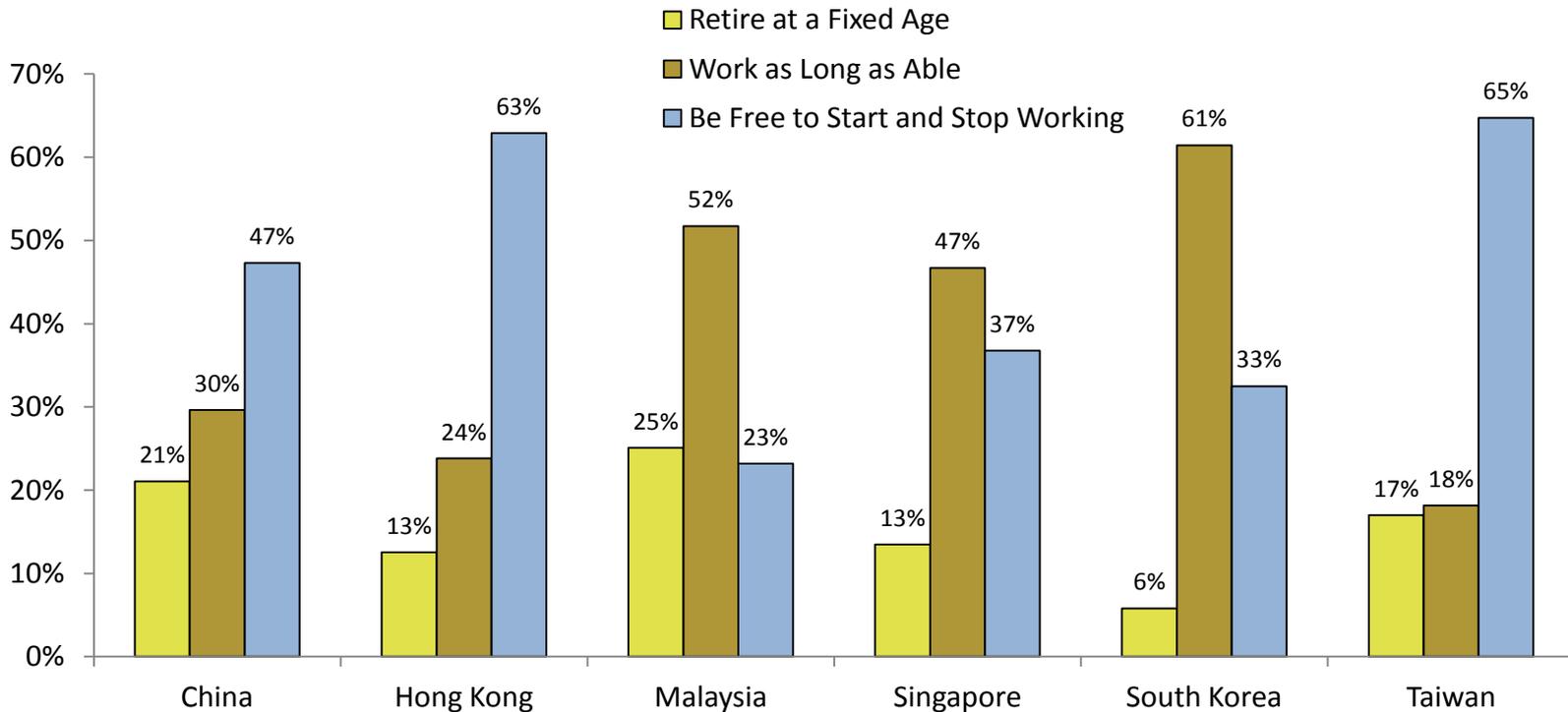
Share of Respondents Who Receive or Expect to Receive at Least Some Income from Financial Assets When They Are Retired or Elderly, by Type of Asset: Actual Share for Current Retirees versus Expected Share for Current Workers Aged 20-59

	Bank Deposits			Insurance or Annuity Policies			Stocks or Bonds		
	Current Workers		Current Retirees	Current Workers		Current Retirees	Current Workers		Current Retirees
	20-39	40-59		20-39	40-59		20-39	40-59	
China	66%	65%	38%	60%	48%	18%	32%	19%	4%
Hong Kong	75%	58%	42%	75%	61%	21%	66%	41%	30%
Malaysia	45%	30%	14%	39%	48%	29%	49%	58%	33%
Singapore	72%	77%	67%	86%	77%	53%	65%	52%	30%
South Korea	61%	53%	38%	54%	50%	14%	20%	22%	13%
Taiwan	76%	56%	58%	76%	63%	39%	42%	31%	27%

Most respondents have flexible attitudes toward work and retirement: Only small minorities believe that people should retire at a fixed age and not work again.

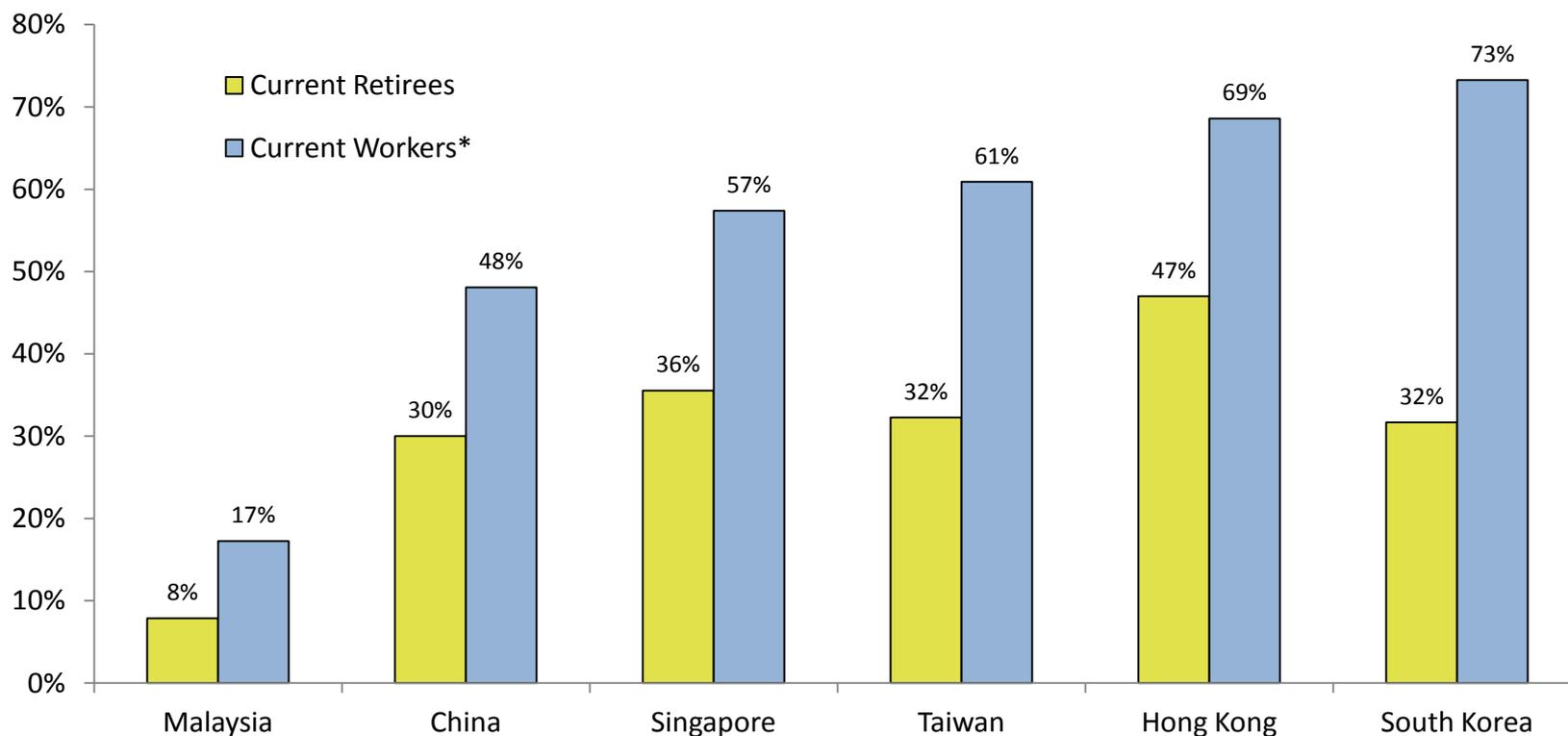
"Which view about work and retirement comes closest to yours?"

Share of Respondents Saying "People Should Continue Working as Long as They Are Able," Share Saying "People Should Be Free to Start and Stop Working Whenever They Are Able and Willing," and Share Saying "People Should Retire at a Fixed Age and Not Work Again"



Today's working generations expect to retire at later ages than today's retirees did.

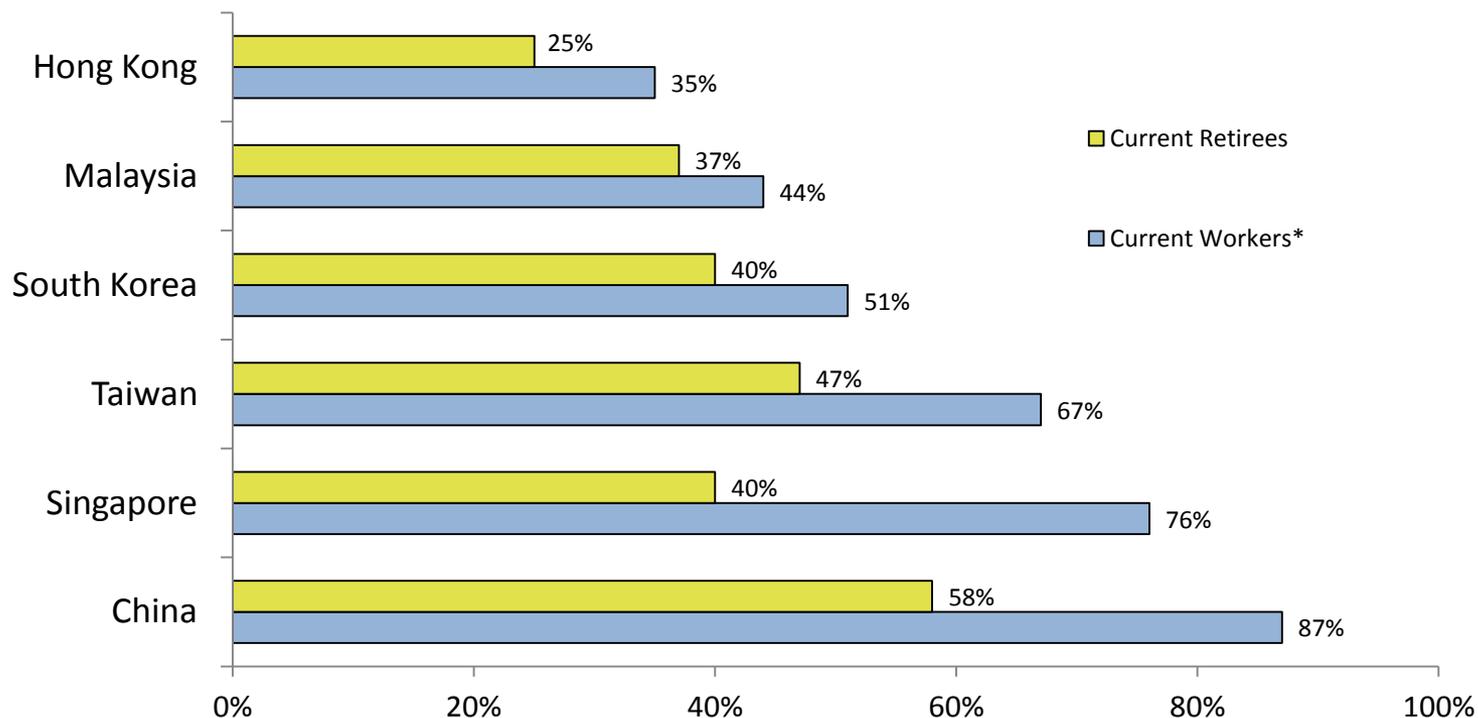
Share of Respondents Who Retired or Plan to Retire after Age 60: Actual Share for Current Retirees versus Expected Share for Current Workers*



*Excludes workers who do not plan to retire.

Very large shares of future retirees expect to receive income from a job or a business they own.

Share of Respondents Who Receive or Expect to Receive at Least Some of Their Retirement Income from a Job or a Business They Own: Actual Share for Current Retirees versus Expected Share for Current Workers*



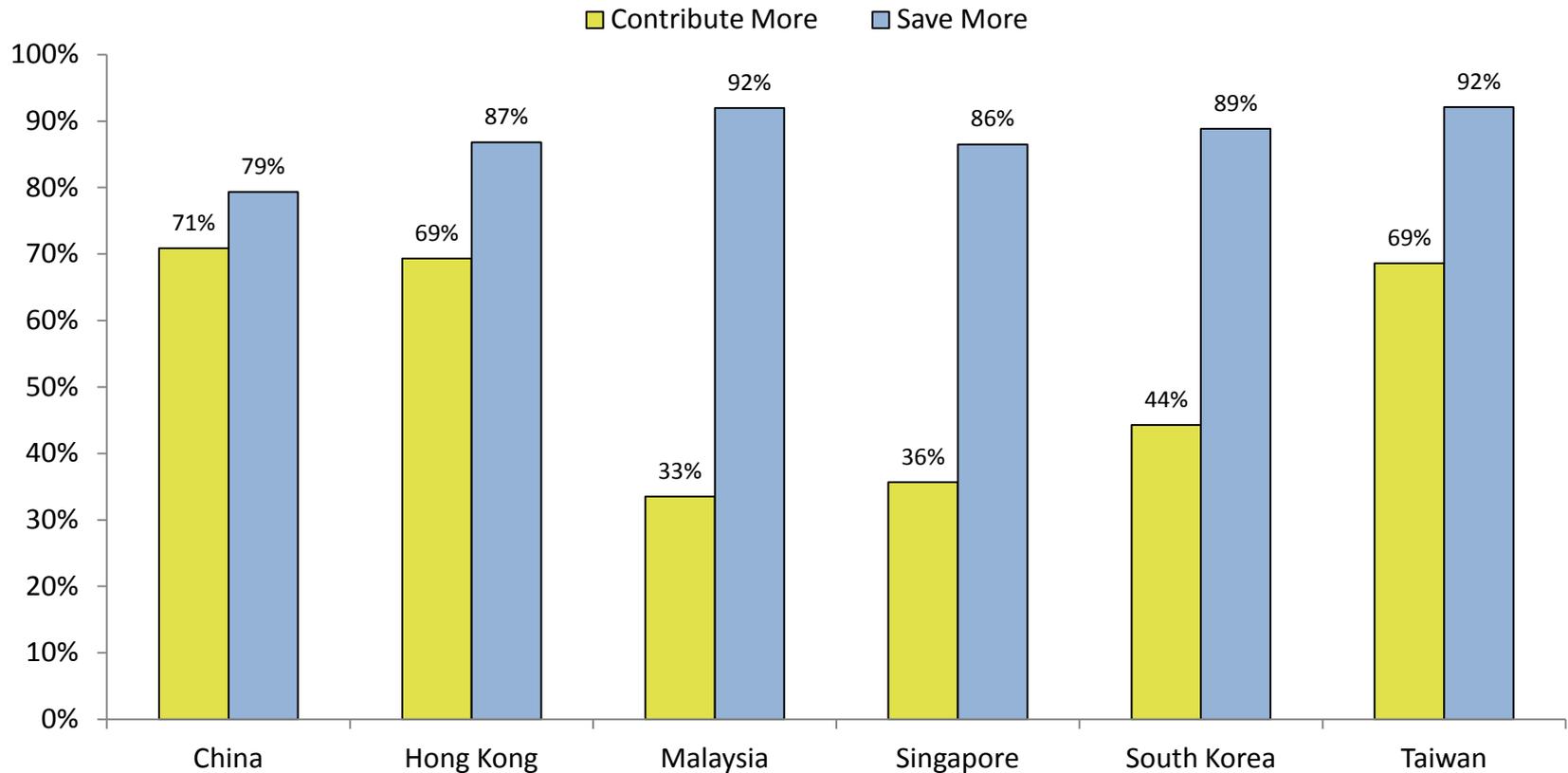
*Excludes workers who do not plan to retire.

Directions for Policy

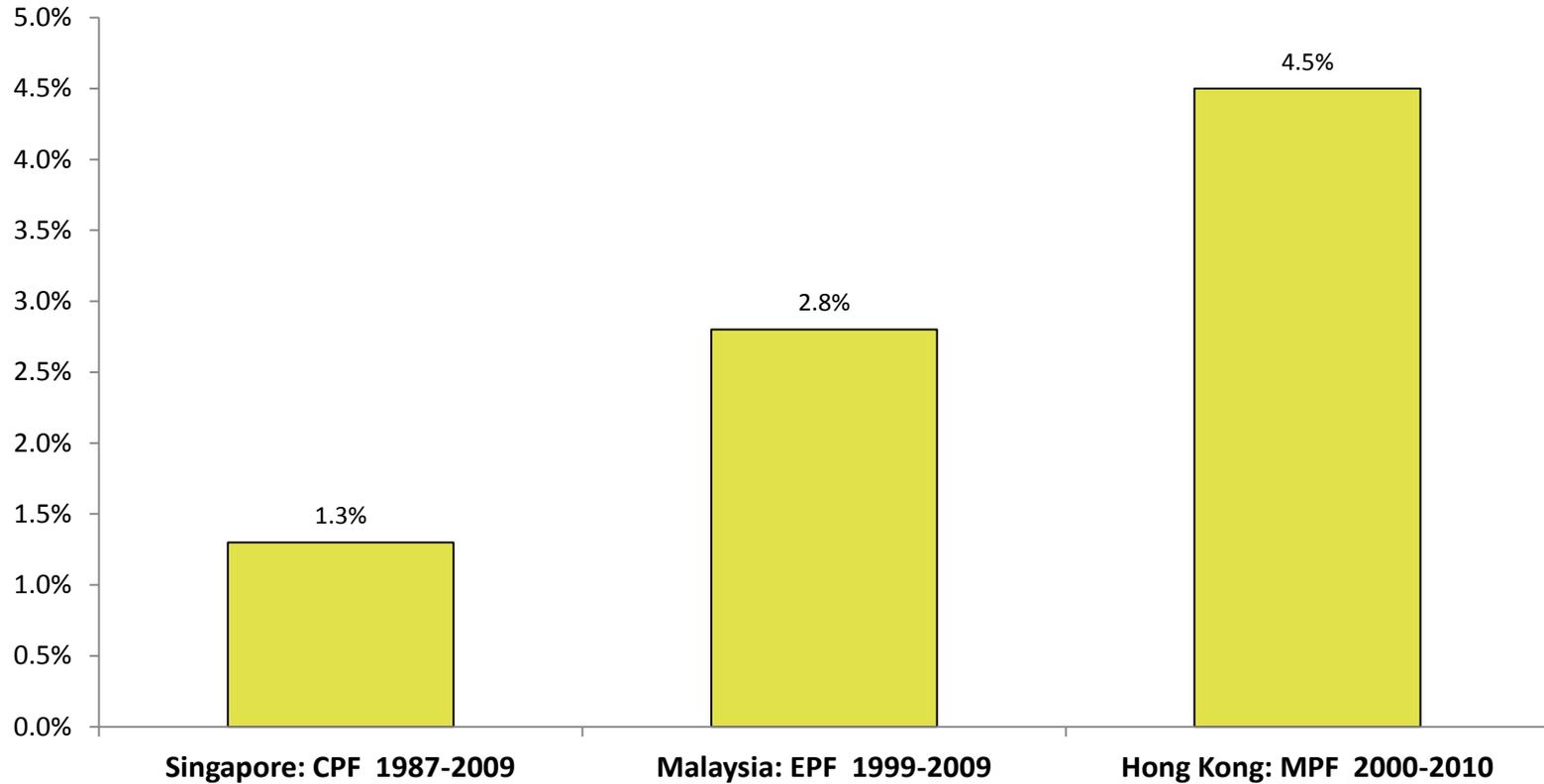
The Four-Fold Way

- ❑ Expand funded retirement provision.
- ❑ Reform policies of “financial repression” that prevent workers from earning a market rate of return on their savings
- ❑ Raise formal retirement ages and combat age discrimination
- ❑ Establish more robust floors of old-age poverty protection

Share of Respondents Saying Government Should "Require Workers to Contribute More to Pay for Government Retirement Benefits" versus Share Saying It Should "Require Workers to Save More for Their Own Future Retirement"

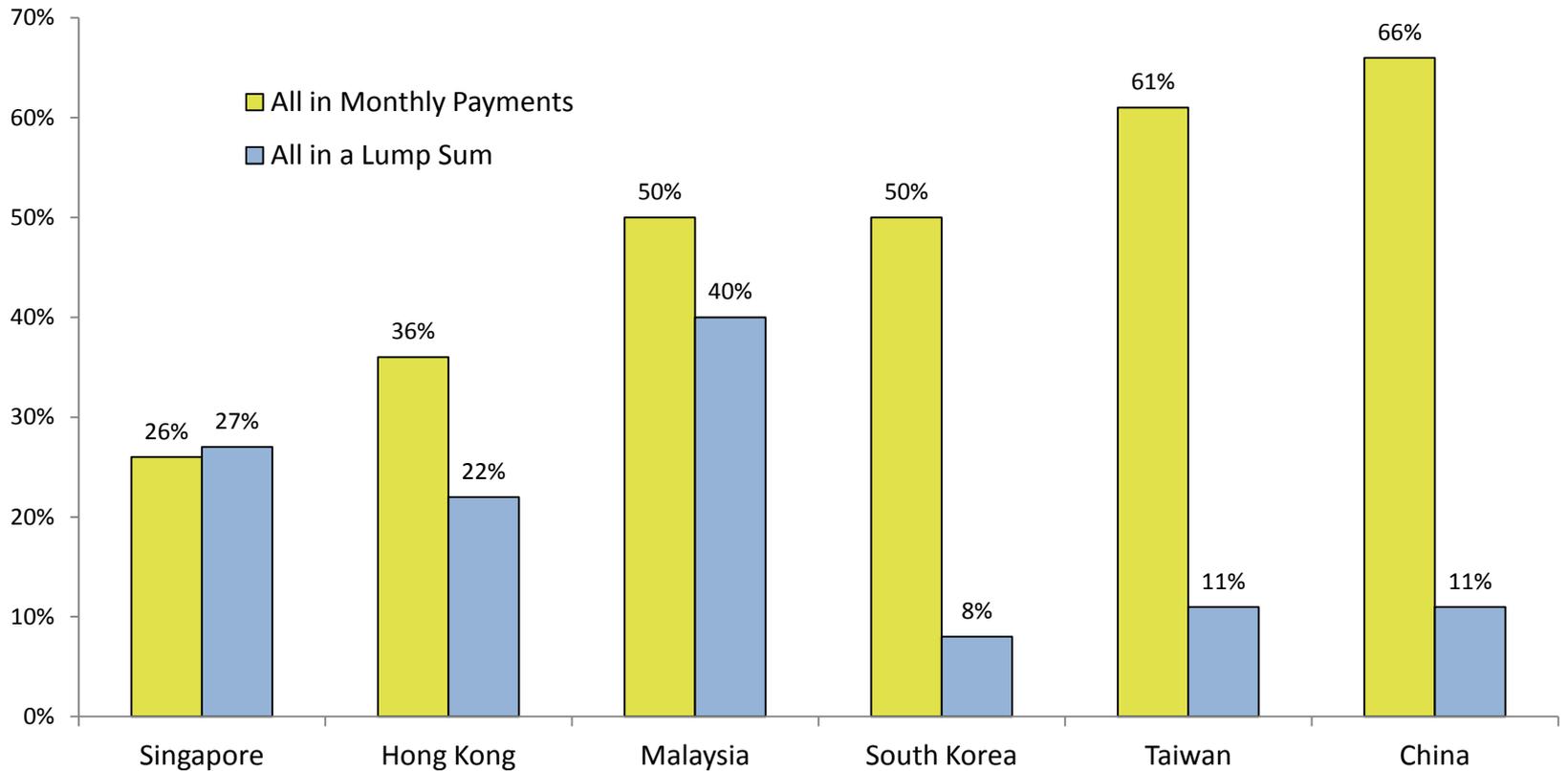


Average Annual Real Rate of Return on Worker Contributions to Pension Systems*



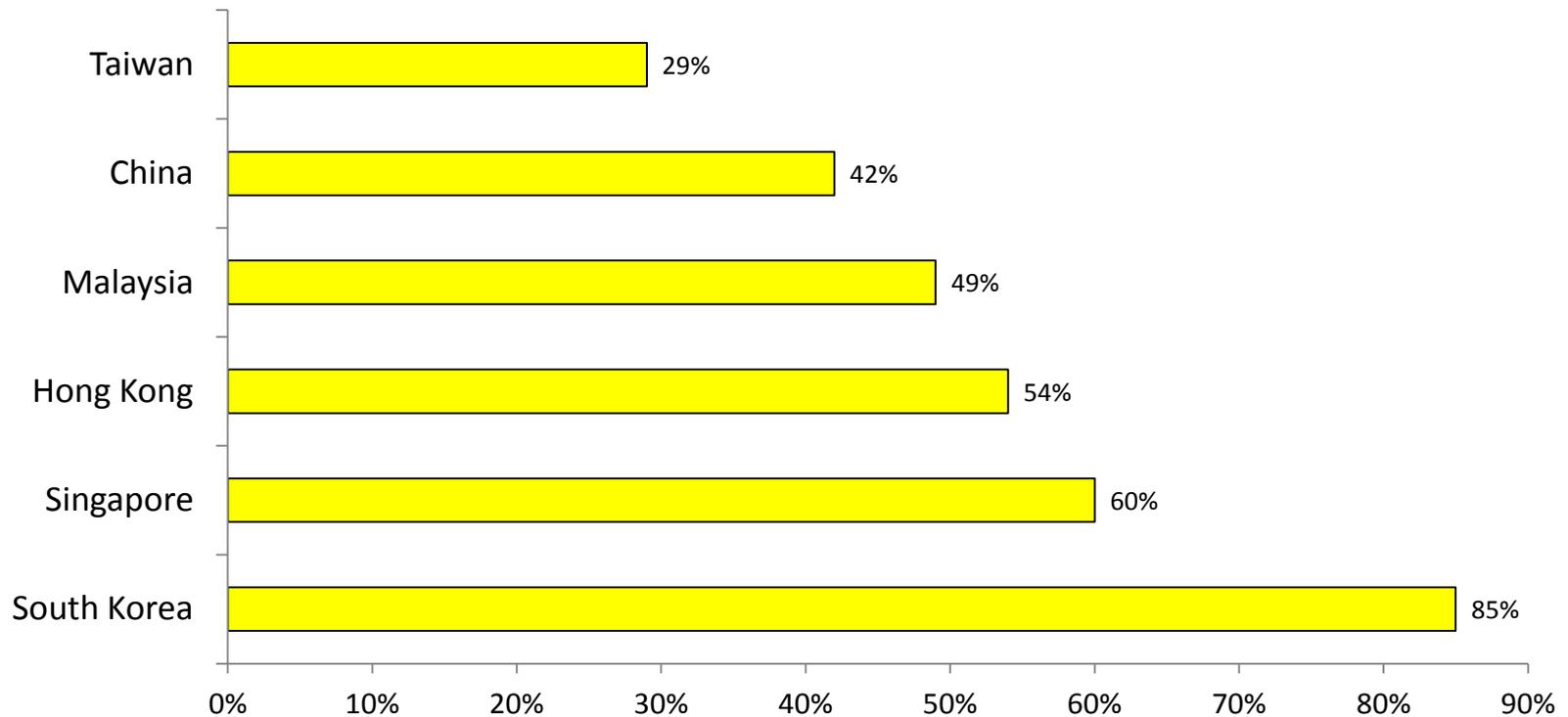
* Mukul Asher (2012) and MPF

"If you could choose how retirement benefits will be paid to you when you retire, please indicate which of the following ways you would prefer to receive the benefits."



"As the population grows older and there are more retired people to support, please tell me whether you think the government should or should not do each of the following..."

Share of Respondents Saying "Government Should Raise the Retirement Age"



Share of Respondents Who Worry about Being Poor and in Need of Money in Retirement:
Actual Share for Current Retirees versus Expected Share for Current Workers

