



友邦保險控股有限公司

香港中環干諾道中一號  
友邦金融中心三十五樓

AIA Group Limited

35/F, AIA Central  
1 Connaught Road Central  
Hong Kong  
T: (852) 2832 6166  
F: (852) 2838 2005

AIA.com

## Media Release

### AIA 2015 Middle Class Survey Indicates Majority of Middle Class in North Asia are Satisfied with Life

*However, concerns over lack of financial security are impacting perceptions of success*

**HONG KONG, 11 June 2015** – AIA today unveiled findings from its 2015 edition of the *AIA Survey on Middle Class Hopes and Aspirations in Asia* which found that nearly four out of five (79%) respondents across Mainland China, Hong Kong, Korea, and Taiwan are satisfied with life. Yet, less than half (41%) feel they are both satisfied and successful. A majority of the respondents also prioritise **health, peace of mind, and a comfortable retirement** as their top life goals.

The survey provides an in-depth analysis of the fast-growing middle class' attitudes towards quality-of-life, financial security, retirement, and family and education. Two thousand five hundred (2,500) self-identified middle class individuals were surveyed across the markets of Mainland China, Hong Kong, Korea and Taiwan. The survey was conducted via online and face-to-face interviews by global market research agency Ipsos between February and March 2015.

Speaking at the launch of the survey in Hong Kong, Gordon Watson, Regional Chief Executive of AIA, said: "The findings confirm our view that Asia remains one of the world's most dynamic and diverse regions, and the middle class in North Asia are a pragmatic group with realistic goals. This fast-rising group is achieving new milestones and accomplishments as they go about building a better life for themselves and their children, but they also face increasing and more complex challenges as they do so. AIA has a large and longstanding customer base around the region and we are committed to understanding the changing needs and hopes of the middle class in Asia to help them meet their long-term protection needs and financial and wealth aspirations."

#### Quality of Life

Two-thirds (67%) of the middle-class respondents in the four markets surveyed prioritise **being healthy as their top goal in life**. Other top life goals are having peace of mind and saving enough for a comfortable retirement (each at 41%).

Compared to all respondents, middle-class millennials (those aged 34 and below) are more likely to desire life goals such as traveling the world (30% vs 26% of those aged above 35), having a successful career (35% vs 28% of those aged above 35), and starting their own business (17% vs 9% of those aged above 35).

In Hong Kong, almost two-thirds (62%) of the middle class cite being healthy as their top goal in life, while the other top life goals cited are having a happy marriage or relationship (44%) and peace of mind (41%).

**Three-quarters (75%) of Hong Kong's middle class are satisfied with life, a figure that has increased since 2013 when 67% said they were satisfied with life.** However, only 35% of the Hong Kong respondents feel they are both satisfied and successful. **Respondents who feel both satisfied and successful are more likely to feel financially secure compared to all the**

**other middle-class respondents in Hong Kong (93% vs 53%), are already home owners (83% vs 57%) and are more likely to feel they will fulfill their biggest dreams (82% vs 63%).**

Compared to other Hong Kong middle-class respondents, the group who feel neither satisfied nor successful are more likely to have concerns over financial security (63% vs 20%) and the cost of housing (53% vs 37%).

### **Short-term expectation of life changes: Middle Class Index**

The AIA Middle Class Index is a summary score that indicates the optimism respondents have for the year ahead, with scores above 50 indicating the expectation that their life situation is more likely to improve than to worsen over the next 12 months. **North Asia's middle class are generally optimistic about their life situation with AIA Middle Class Index (MCI) scores above 50 for all the four markets surveyed: the MCI for Mainland China is 69.0; Hong Kong's MCI is 57.2; Taiwan's MCI is 58.1 and Korea's MCI is 60.2.**

The optimism among the middle class respondents in the markets surveyed is linked to their job-related achievements and gains in material assets. The four top life events most linked to positive expectations for those who have experienced it in the last 12 months are: purchasing a new car (with an MCI of 70.1); purchasing a new home (an MCI of 69.9); job promotion/pay increase (an MCI of 67.7) and the start of a new job (an MCI of 65.0).

In terms of the specific life situations they expect to improve, Hong Kong's middle class are **more likely to expect improvement in the value of their savings (with an MCI score of 65.2) and the value of their property (an MCI of 64.4).** However, they are much less likely to expect improvement in the environment where they live (an MCI of 51.9), where Hong Kong records the lowest MCI score on that measure among the North Asian markets surveyed.

Approximately one in ten (12%) of the middle-class respondents in the markets surveyed want to start their own business. According to the respondents, their main concern for not doing so is the risk of not having a stable income (47%).

### **Retirement Challenge**

Many of the middle class in the markets surveyed are active financial planners. Sixty-six per cent of them invest in equities, bonds or mutual funds, 62% invest in retirement savings plans, 53% contribute to regular savings accounts, and 43% invest in real estate.

The middle class in the markets surveyed tends to have high levels of property ownership and savings. Eighty-three per cent of those surveyed in the North Asian markets own their homes, either with or without outstanding mortgages.

While the majority of the middle class in the markets surveyed do plan to retire and are active financial planners, many (45%) are concerned about not being able to save enough to comfortably do so. The percentage of those concerned about not being able to save enough to retire is the highest in Korea (77%) and Taiwan (51%), however, they are the same two markets with the largest percentage of those who plan to retire someday, at 76% and 75% respectively.

The view on the amount required for retirement ranges widely from US\$0.92 million in Taiwan, which amounts to 17 times the average yearly household income communicated by the middle class in that market, to almost US\$4 million in Korea, or 50 times the average yearly household income communicated by the middle class in Korea. **Hong Kong's middle class believe they will need about US\$1.72 million (HK\$13.4 million) to retire comfortably, compared with US\$1.4 million (HK\$11 million) in 2013.** The 2015 figure for Hong Kong is 17 times the

average yearly household income communicated by the middle class in the market. On average, they are saving US\$1,228 (HK\$9,553) every month toward retirement.

Nevertheless, over half of the middle class (52%) in Hong Kong do not plan to retire. Of the 52% who do not plan to retire, 47% say that is because they do not think they will ever have enough savings to retire.

Among those saving for retirement in Hong Kong, 71% do so by investing in equities, bonds or mutual funds, 58% invest in real estate, 57% invest in a retirement savings plan and 50% contribute to a regular savings account. Seventy-four per cent of the middle class respondents in Hong Kong own their own home.

### **A Deep Commitment to Their Children**

The middle-class parents in the markets surveyed have high aspirations for their children and are actively involved in their children's education. Almost all (95%) of respondents want their children to achieve university-level degrees, including 50% who want their children to achieve post-graduate education.

The middle-class parents in the markets surveyed are somewhat split on whether their children's life will be harder (53%), or easier or the same (47%), for their children, although more think their children's life will be easier than 2013. The main reason many parents believe their children's life will be easier is access to education (58%), reflecting the fact that 90% say they have involvement in their children's education.

On average, each middle-class parent in the North Asian markets surveyed sets aside US\$451 each month towards their children's education, surpassed by the average amount saved for retirement at US\$871 per month.

**In Hong Kong, more than one in five (21%) middle-class parents think their children's life will be easier than their own, compared with 10% who held that view in 2013.** In Hong Kong, 55% start saving for their children's education when their children are aged one or younger, setting aside on average **US\$538 (HK\$4,173)** each month, representing approximately 6.2% of the parents' monthly household income. This figure is also the highest among the North Asian markets surveyed, where 40% start saving when their children are aged one or younger with an average of US\$451 saved each month.

Beyond financial support, employed middle-class parents in the North Asian markets surveyed currently spend an average of 3.6 hours per day with their children. If they had more time to spend with their children, employed middle-class parents would prefer to talk to them about their daily life (69%), play with them outdoors (65%), and help them with their studies (56%). Middle-class parents in Hong Kong spend the most time with their children among the North Asian markets surveyed, an average of 3.9 hours per day.

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## **About the AIA Survey on Middle Class Hopes and Aspirations**

The AIA Survey on Middle Class Hopes and Aspirations is a proprietary survey commissioned by AIA Group, providing an in-depth look at the fast-rising middle class segment in Asia across four key areas: quality of life, financial security, retirement, and family and education.

This is the third year that AIA has carried out this measurement of middle class hopes and aspirations. In 2015, the survey interviewed 2,500 self-identified middle class individuals from four North Asia markets, namely Mainland China, Hong Kong, Korea and Taiwan, through online and face-to-face interviews. Interviews were conducted over four weeks (18 February to 18 March 2015) with 500 individuals each in Hong Kong, Korea and Taiwan, and 1,000 individuals in Mainland China, who self-selected themselves as middle class. Online interviews were conducted with respondents aged 25 to 49, and face-to-face interviews with individuals aged 50 or older. The first survey undertaken in 2013 focused on the middle class in the Greater China markets of Mainland China, Hong Kong and Taiwan. The second survey conducted in 2014 focused on six ASEAN markets, namely Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Please visit [asiamiddleclass.aia.com](http://asiamiddleclass.aia.com) for more details.

## **About The AIA Middle Class Index**

The AIA Middle Class Index is a summary score for whether respondents think ten aspects of their lives will improve, stay the same, or worsen over the next 12 months at the time when they were surveyed. An index above 50 indicates respondents expect life to improve and an index below 50 indicates they expect their life to worsen.

The ten aspects of life include: the amount of money available to spend, the value of savings, family life, the amount of time for leisure, romantic life, home and the quality of where respondent lives, the environment where respondent lives, health and well being, career/business, and the value of respondent's property.

The index is calculated based on the formula of  $\text{Index} = (P1 * 1) + (P2 * 0.5) + (P3 * 0)$ , where P1 is the percentage of respondents who believe their situation will improve, P2 is the percentage of those who say it will stay the same, and P3 is the percentage of those who think it will worsen.

## **About AIA**

AIA Group Limited and its subsidiaries (collectively "AIA" or the "Group") comprise the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets in Asia-Pacific – wholly-owned branches and subsidiaries in Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, a 97 per cent subsidiary in Sri Lanka, a 26 per cent joint venture in India and representative offices in Myanmar and Cambodia.

The business that is now AIA was first established in Shanghai over 90 years ago. It is a market leader in the Asia-Pacific region (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$167 billion as of 30 November 2014.

AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia-Pacific, AIA serves the holders

of more than 28 million individual policies and over 16 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code “1299” with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: “AAGIY”).

**Media Contact**

Stephen Thomas	<a href="mailto:stephen.thomas@aia.com">stephen.thomas@aia.com</a>	+852 2832 6178
Sonia Tsang	<a href="mailto:sonia.tsang@aia.com">sonia.tsang@aia.com</a>	+852 2832 1868
Natalie Siu	<a href="mailto:natalie.siu@aia.com">natalie.siu@aia.com</a>	+852 2832 1860

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