

## NEWS RELEASE

### *For Immediate Publication*

*Note to Editors:*

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## **MALAYSIANS READY TO SUPPORT RETIREMENT REFORMS**

**Kuala Lumpur, 9<sup>th</sup> September, 2015** – A recent study by The Global Aging Institute (GAI), in partnership with Prudential Corporation Asia, revealed that citizens almost everywhere in East Asia, including Malaysia, are highly concerned about their retirement security. While they are eager to improve their retirement preparedness, and have taken steps to do so, governments and the financial services industry could do more to help close the gap.

**Dr. Richard Jackson, founder and president of GAI**, said: “The findings show that retirees in East Asia, including Malaysia, find themselves at a difficult juncture. Traditional family support networks have been weakening, yet adequate government and market substitutes have not yet been put in place. The result is growing economic vulnerability. The retirement outlook for today’s workers is brighter in most markets, but still highly uncertain. Across East Asia, including Malaysia, workers are very anxious about their retirement prospects, but are also very eager to improve them.”

With over 10,000 respondents from 10 countries, the survey entitled *From Challenge to Opportunity: Wave 2 of the East Asia Retirement Survey* sheds light on Malaysians’ sentiments towards retirement preparedness and possible measures the government and financial services industry could take to help close the existing gaps.

Key findings of the survey include:

- **Overwhelming response in every market rejecting the traditional expectations that family should be primarily responsible for providing for the elderly.** 43 percent of Malaysians believe that the government should have primary responsibility, outweighing those who believe that retirees themselves should be at 34 percent. In countries such as



South Korea, Singapore, Hong Kong and Taiwan, a majority or plurality of respondents (between 40 and 61 per cent) feel that retirees themselves should be responsible for their own retirement income.

- **Positive attitudes toward financial markets and the financial services industry.** 60 percent of Malaysians agreed or strongly agreed that investments of savings in stocks, bonds and mutual funds are a good way for people to prepare for retirement. 30 percent of Malaysians believe that investment professionals, rather than individuals, should be primarily responsible for making decisions about how retirement savings are invested, this amount is more than in any other country surveyed. Today's workers (41 percent) report to having received professional financial advice on how to invest their retirement savings, a share only exceeded in Singapore.
- **Early retirement ages of Malaysians constitute a major handicap to the market.** The survey reports an incredible 92 percent of today's retirees retired before celebrating their sixtieth birthday, more than in any other country surveyed. Roughly three-quarters, moreover, cite having reached the official retirement age as a reason for retiring. The survey suggests that Malaysia's pattern of premature retirement is likely to persist in the future.
- **Strong support for retirement reforms.** The study reveals that overwhelming majorities of Malaysians would support new government initiatives that encourage (84 percent) or require (90 percent) workers to save more for their own retirement.

In view of the opportunities and challenges, the East Asia Retirement Survey proposes government policymakers to improve the adequacy of state pension systems as well as encourage workers to save more for their own retirement. Adequate non-contributory old-age safety nets must be in place as well as retirement ages raised.

Financial services providers can also play a major role in helping to close the retirement security gap by educating the public about the importance of savings in retirement security. As incomes and educational attainment rise, a growing share of the workforce will also be increasingly eager for sophisticated financial advice and products, which could be designed and marketed to cater to their needs. Finally, financial providers can satisfy the widespread public demand for products that convert household savings and lump-sum pension payments into retirement income streams, filling the need for annuities and annuity-like products to improve future retirement security.



**Prudential Assurance Malaysia Berhad's (PAMB) Chief Executive Officer, Philip Seah** said, "As Malaysians live longer, having sufficient funds for retirement will become increasingly important. Obtaining professional financial advice is a sound way to ensure that Malaysians make the right decisions for retirement preparedness. As a leading life insurer, we will continue to advocate awareness to consumers on the importance of having financial protection and peace of mind and continue to offer innovative financial solutions to meet the needs of Malaysians. "

A copy of the "*From Challenge to Opportunity*" report is available on <http://www.prudentialcorporation-asia.com/eastasia-retirement-2015/>.

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### **About Prudential Assurance Malaysia Berhad**

Prudential Assurance Malaysia Berhad (PAMB) was established in Malaysia in 1924. For the financial year ended 31 December 2014, it achieved RM1.12 billion in new business sales. New business sales include both life insurance sales and takaful contributions. Takaful products distributed by PAMB's wealth planners and agents are underwritten by Prudential BSN Takaful Berhad.

As a leading and innovative insurer, PAMB serves the savings, protection and investment needs of Malaysians by offering a full range of financial solutions through its 45 branches and bancassurance distribution partners network nationwide. With more than 1,500 employees, PAMB is committed to helping people achieve their ambitions for a brighter and financially secure future.

PAMB is an indirect wholly owned subsidiary of UK-based Prudential plc. Prudential plc is incorporated in England and Wales, and its affiliated companies constitute one of the world's leading financial services groups serving around 25 million customers and has £505 billion of assets under management (as at 30 June 2014). Prudential plc is listed on the stock exchanges in London, Hong Kong, Singapore and New York.

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## **ABOUT THE GLOBAL AGING INSTITUTE**

The Global Aging Institute (GAI) is a nonprofit research and educational organization dedicated to improving our understanding of global aging, to informing policymakers and the public about the challenges it poses, and to encouraging timely and constructive policy responses. GAI's agenda is broad, encompassing everything from retirement security to national security, and its horizons are global, extending to aging societies worldwide.

GAI was founded in 2014 and is headquartered in Alexandria, Virginia. Although GAI is new, its mission is not. Before launching the institute, Richard Jackson, GAI's president, directed a research program on global aging at the Center for Strategic and International Studies which, over a span of nearly fifteen years, produced a large body of cutting-edge research and analysis that played a leading role in shaping

the debate over what promises to be one of the defining challenges of the twenty-first century. GAI's Board of Directors is chaired by Thomas S. Terry, CEO of the Terry Group and immediate past president of the American Academy of Actuaries. To learn more about the Global Aging Institute, visit [www.GlobalAgingInstitute.org](http://www.GlobalAgingInstitute.org).