Cost of eldercare in Hong Kong projected to grow nearly six times in 40 years

- Eldercare recipients to more than double in the next 20 years, and increase from 5% to 11% of the total population in Hong Kong in four decades
- Women disproportionately share more of the caregiver burden
- Cost to Hong Kong society on caregiving will grow from HK$38.8 billion in 2018 to HK$126 billion by 2040, and to HK$222.4 billion by 2060
- Economic and opportunity costs to employers and employees expected to grow significantly
- Public-private partnerships required to help create a thriving ageing society

As life expectancy in Hong Kong rises, the cost of taking care of elderly people who are in need of care in Hong Kong – either subsidised or non-subsidised residential care or at a home care – is expected to reach HK$222.4 billion per year by 2060, an increase of 5.7 times from the current cost of HK$38.8 billion per year, according to “Eldercare Hong Kong: The Projected Societal Cost of Eldercare in Hong Kong 2018 to 2060” report, a joint study conducted by Sau Po Centre on Ageing at The University of Hong Kong, The Women’s Foundation and HSBC Life. The study looks into the future economic cost of eldercare in Hong Kong in the coming decades. The cost projections are based on cash flow models built by HSBC Life.

According to the study, in 2018, around 342,000 people, which is approximately 5% of the total population, received eldercare, and a total of 45,000 working adults were providing eldercare for a family member. The number of eldercare recipients is projected to double in 20 years’ time to 729,000 and increase 2.6 times to 890,000 by 2060 (11% of the population); meanwhile, the number of informal caregivers will also double to 89,000 in the next 20 years alone and further increase to 97,000 in 2060.

Edward Moncreiffe, HK Chief Executive Officer, HSBC Life, said, “The fact that the number of Hongkongers receiving, and giving, eldercare is expected to double in the next 20 years should be a massive wake-up call for all of us who work and live in Hong Kong. With increasing life expectancy and the demand for eldercare increasingly outstripping available supply, the outcome may be significant costs to employers and employees. It is critical that individuals and employers take actions now to reduce what will otherwise be a substantial burden on Hong Kong society.”
The cost to employers and individuals

The indirect costs to employers and informal caregivers – in terms of lost employee productivity – will also rise steeply. According to the projections illustrated in the study, the current indirect cost of eldercare for employers is HK$1.8 billion. This will rise to HK$5.3 billion by 2040. By 2060, the cost to employers is expected to grow 4.7 times to approximately HK$8.4 billion.

For informal working caregivers who lose both income and career advancement opportunities, the total opportunity cost is projected to increase dramatically – approximately four times – from HK$1.8 billion in 2018, to HK$4.9 billion by 2040, and to HK$7.2 billion in 2060.

Dr Vivian Lou, Director, Sau Po Centre on Ageing, The University of Hong Kong said, “The number of unpaid caregivers in the workforce providing care for the elderly is expected to increase dramatically in the coming years. The economic costs of eldercare can be felt not only by society but employers and employees as well. There are no easy solutions to this issue but we believe public-private partnerships can be the primary solution to providing quality and cost-effective eldercare in Hong Kong. Through this partnership, we look forward to a future where no-one feels obliged to leave the labour force because of eldercare.”

Women bearing the cost

Caregiving responsibilities are shouldered by people of all ages but when it comes to gender, the burden typically falls on women. According to the study, more than half of all caregivers (58%) were women in 2018. While the number of working caregivers is projected to increase between now and 2060, the imbalance will persist, with almost two-thirds (62%) of the caregivers still expected to be female in 2060. Overall, by 2060, women caregivers will bear an opportunity cost of HK$400 million more than male caregivers.

Fiona Nott, Chief Executive Officer, The Women’s Foundation, said, “We should all be deeply concerned with the growing eldercare burden on Hong Kong’s workforce, especially when individuals give up work to care for elderly dependents which creates financial stress and career costs. These challenges fall disproportionately on women and are projected to rise and contribute to an already low female workforce participation rate and impact efforts to build greater gender diversity at leadership levels. At The Women’s Foundation, we believe tackling this issue requires objective, reliable data and urgent cross-sector public-private collaboration. We support the full participation of women at work and more broadly in our society, particularly encouraging female caregivers to remain or re-enter into the formal economy to counterbalance a shrinking workforce. It is
important for employers to put in place policies and practices now to support caregivers and for the Government to draw up long term strategies to support family caregivers.”

Edward continued, “As family dynamics evolve, and children increasingly provide financial support to their parents, we believe insurance players in Hong Kong have a key role in helping to mitigate this future cost burden. As a leading insurer in Hong Kong HSBC Life is committed to raising the public awareness of the costs of eldercare and to developing innovative solutions to improve Hongkonger’s financial futures, specifically to reduce the burden on caregivers as they strive to look after the ones they love into old age.”

Public-private partnerships to help create a thriving ageing society

The rising cost of eldercare is an issue which could be addressed primarily by public-private partnerships. The current and future burden will be felt by all levels of society and it is important to develop a creative response by engaging the Government, employers, individuals and financial institutions.

Public authorities can help by drawing up a long-term strategy for family caregivers. It is important to acknowledge the valuable role that caregivers play, and to give them assistance. Employers can create a welcoming culture for people who combine work with caregiving responsibilities. Being open to requests for flexible working and home working could help businesses retain skilled people who might otherwise leave their jobs.

For the individuals, it is important for them to think about how they can prepare, both psychologically and financially, for potentially becoming caregivers themselves.

The insurance industry should also be innovative and develop innovative products and services that enable caregivers to make provisions for their elder dependents.

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<tr>
<th>Government</th>
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<td>Develop an independent public policy strategy</td>
<td>Build an open workplace culture that is welcoming for employees with caregiving responsibilities</td>
<td>Prepare for eldercare obligations</td>
<td>Raise public awareness of the cost of eldercare</td>
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<tr>
<td>Build caregiver support standards and capacity</td>
<td>Build a human resource framework for employees with caregiving responsibilities</td>
<td>Communicate eldercare obligations to employer</td>
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<td>Protect caregivers</td>
<td>Develop accommodative measures available to all employees</td>
<td>Develop and improve support service</td>
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Photo 1

[From left to right] Mr Edward Moncreiffe, Chief Executive Officer, Hong Kong, HSBC Life, Ms Fiona Nott, Chief Executive Officer, The Women’s Foundation and Dr Vivian Lou, Director, Sau Po Centre on Ageing, The University of Hong Kong shared the key findings of “Eldercare Hong Kong: The Projected Societal Cost of Eldercare in Hong Kong 2018 to 2060” report.
From left to right] Ms Fiona Nott, Chief Executive Officer, The Women’s Foundation, Dr Vivian Lou, Director, Sau Po Centre on Ageing, The University of Hong Kong and Mr Edward Moncreiffe, Chief Executive Officer, Hong Kong, HSBC Life believed that the rising cost of eldercare is an issue which could be addressed primarily by public-private partnerships.

Notes:

1. According to Department of Health, The Government of the HKSAR, the life expectancies for both genders have steadily increased during the past 48 years. The male and female life expectancies were increased to 82.2 years and 87.6 years respectively.
2. Three models were built by HSBC Life to project the cost to society as a whole, cost to the employers of care givers, and cost to the individual care giver.
3. Eldercare recipient is defined as someone who is aged 65 or above and is in need of care. This includes anyone that is receiving any kind of assistance with their daily living either through living in a care home or having care provided within their own home.
4. The indirect cost of eldercare for employers are largely due to the following factor: a) replacing employees who leave their jobs or move from full-time to part-time work; b) lost productivity due to employees taking on eldercare responsibilities; c) increased absenteeism of those who are caring for the elderly.
**About “Eldercare Hong Kong: The Projected Cost of Eldercare in Hong Kong 2018 to 2060” report**

This study was initiated by The Women’s Foundation and joined by Sau Po Centre on Ageing at The University of Hong Kong, and HSBC Life who together share a common vision and mission of “Eldercare is our Life Time Promise”.

The study aims to understand and qualify the need and cost of eldercare in Hong Kong today and in just over 40 years’ time. It covers how many Hong Kong people are giving and receiving eldercare now and in the future, and the subsequent cost to society, employers and individuals.

The report used data from a wide range of government, academic and corporate-sponsored sources, procured by The Women’s Foundation and The University of Hong Kong. In particular, The University of Hong Kong provided important data to help HSBC Life to build its models, including data on the costs of home eldercare and the number of people who need to quit their job to take care of the elderly, and provided support in building a model to project the numbers of people in residential care and distribution of caregivers in a simulation model.

**HSBC Life (International) Limited**

HSBC Life (International) Limited (“HSBC Life”) is an indirect wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited. HSBC Life is authorised and regulated by the Insurance Authority of the Hong Kong SAR to carry on long-term insurance business in the Hong Kong SAR. As one of the leading life insurers in Hong Kong, HSBC Life offers a wide range of life insurance products, including annuities, to retail and commercial customers in Hong Kong through HSBC banking channels and third party brokers. HSBC Life provides tailored solutions to meet the protection, education, retirement, managing growth and legacy planning needs of its customers. As of 31 December 2018, HSBC Life had a total market share of 15.4% of the Hong Kong life insurance market.

**The Women’s Foundation**

The Women’s Foundation (TWF) is a non-profit organisation established in 2004 and dedicated to improving the lives of women and girls in Hong Kong through ground-breaking research, impactful and innovative community programmes, and education, media engagement and advocacy. Our three key focus areas are challenging gender stereotypes, increasing the number of women in decision-making and leadership positions, and empowering women in
poverty to achieve a better quality of life for themselves and their families. For more information on The Women’s Foundation, please visit www.twfhk.org

**Sau Po Centre on Ageing, The University of Hong Kong**

Sau Po Centre on Ageing was set up under Faculty of Social Sciences, the University of Hong Kong, and is one of the leading and largest ageing research centres in Hong Kong and in Asia-Pacific region. The centre has taken up a key role in shaping and advising the local long-term care policy and promoting evidence-based practices in the community. The Centre works with the Government on pilot research projects (such as piloting the Community Care Service Voucher scheme) to push forward policy changes, and specializes in the areas of Healthy Ageing, Productive Ageing, Geriatric and Long-term Care, Financial Security and Housing, and Cross-cultural Psychosocial Gerontology.

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