

Eldercare Hong Kong

The Projected Societal Cost
of Eldercare in Hong Kong
2018 to 2060



Produced by



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Introduction

Thanks to advances in medicine, education and better living standards, people are living longer all around the world. According to the World Health Organization (WHO), the majority of us can expect to live into our sixties and beyond. By 2050, the world's population aged 60 years or above is forecast to reach two billion, up from 900 million in 2015¹.

2015

900 million



2050

2 billion



According to Hong Kong's Census and Statistics Department, 1.27 million, or 15.9 percent of the population were aged 65 or over in 2018². This is set to increase to 2.61 million people by 2060, which will be one third of Hong Kong's total projected population of 7.91 million in 2060³.

2018

1.27 million



2060

2.61 million



In fact, Hong Kong has now overtaken Japan for having the longest life expectancy in the world⁴.

With longer life expectancy, at 82 years and 88 years for men and women in 2017⁵ respectively, and a finite supply of healthcare services available in Hong Kong, the number of unpaid caregivers in the workforce providing care for the elderly is expected to increase dramatically in the coming years. 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 uses 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.

Through this report, we hope to draw attention to this pressing issue and enable a discussion around how to support informal caregivers and the elderly, today and in the future. The three organisations look forward to a future where no one feels obliged to leave the labour force because of eldercare. As former Director General of WHO, Dr Margaret Chan, said: "Today, most people, even in the poorest countries, are living longer lives. But this is not enough. We need to ensure these extra years are healthy, meaningful and dignified. Achieving this will not just be good for older people, it will be good for society as a whole⁶."

Introduction

**Dr. Vivian Lou**

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

“Sau Po Centre on Ageing (“CoA”) at the University of Hong Kong is a leading research centre on gerontology in greater China and in the Asia Pacific region. We have been playing a crucial role in shaping policy directions and best practice models for long-term care, mental health, aging in-place, family caregiving, meaningful aging, age-friendly community over the past decades. We are glad to collaborate with TWF and HSBC Life in projecting the future economic burden of working caregivers. The findings are valuable information on the future economic cost of eldercare in Hong Kong in the coming decades and provide valuable insights for companies and the Government.”

**Fiona Nott**

Chief Executive Officer,
The Women’s Foundation

“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 Moncreiffe**

HK Chief Executive Officer,
HSBC Life

“HSBC Life is delighted to have the opportunity to cooperate with two renowned organisations to develop this important report. Based on the University of Hong Kong’s work, HSBC Life built three models to project the cost of eldercare over the next 40 years. We believe public-private partnerships can be the primary solution to providing quality and cost-effective eldercare in Hong Kong, and to enable family relationships to thrive whatever the circumstances. As a leading insurer in Hong Kong, we are committed to providing the right support and innovative solutions to improve the financial position of our customers, and specifically to reduce the burden on caregivers as they strive to look after the ones they love into old age.”

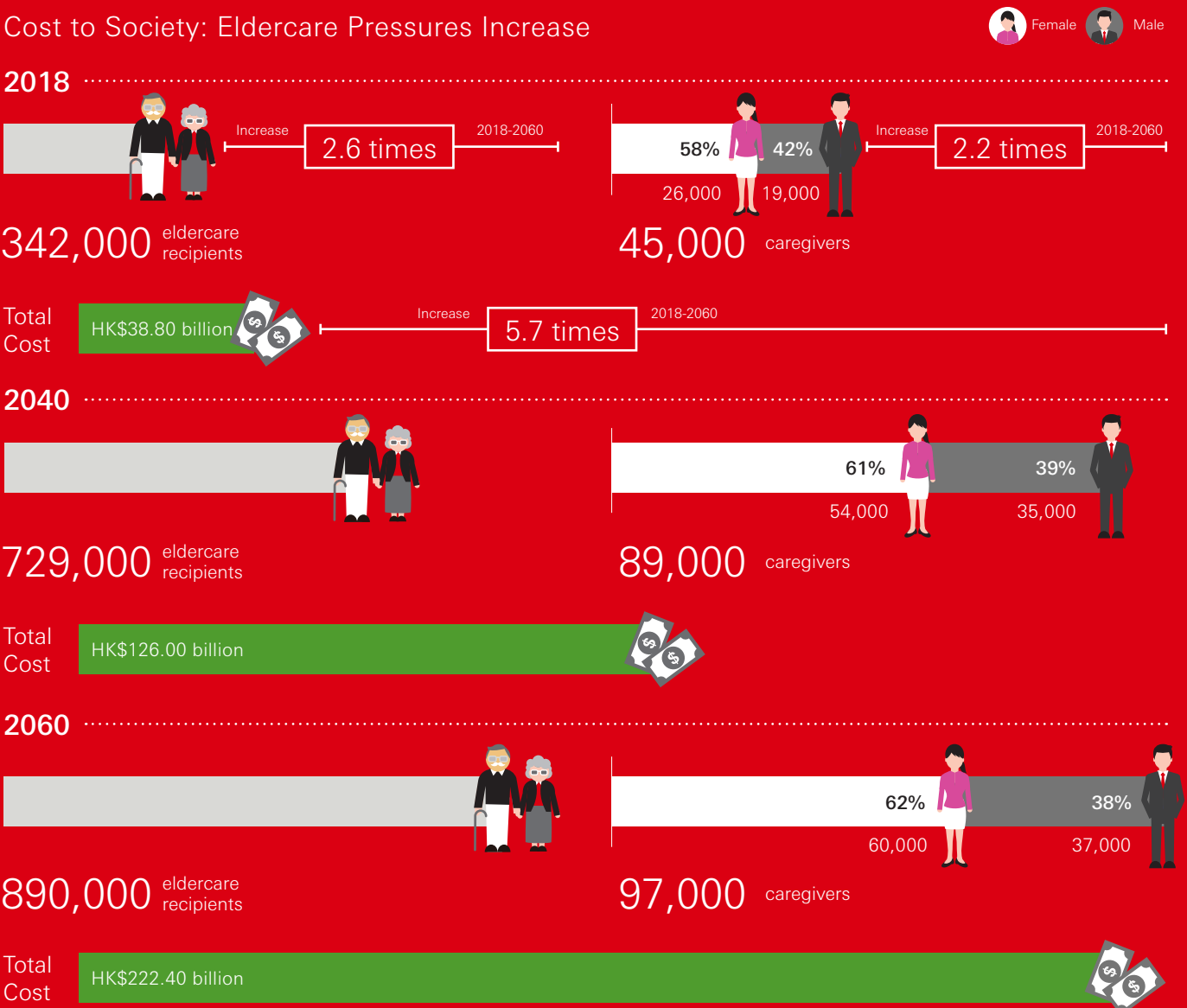
Key Findings

The Cost to Society: Eldercare and Caregivers

The issue of eldercare in Hong Kong society is already significant. In 2018, 342,000 people, which is approximately 5% of the total population, received eldercare – either subsidised or non-subsidised residential care or home care – at a combined cost of HK\$38.8 billion per year. A total of 45,000 working adults were providing eldercare for a family member, and 58% of them were women in 2018.

The number of eldercare recipients is projected to double in 20 years' time and increase 2.6 times to 890,000 by 2060 (11 % of the population); meanwhile, the number of caregivers will also double to 89,000 in the next 20 years alone, and increase 2.2 times to 97,000 by 2060.

Cost to Society: Eldercare Pressures Increase



The figures above are subject to rounding adjustment. For full details of the modelling, please contact HSBC life for a copy of the technical actuarial report.

Key Findings

The Cost to Employers: Attrition and Engagement

The economic responsibility of this growing population of informal working caregivers is high – for both employers and employees. For employers, the current indirect cost of eldercare totalling HK\$1.8 billion is largely due to the following three factors:

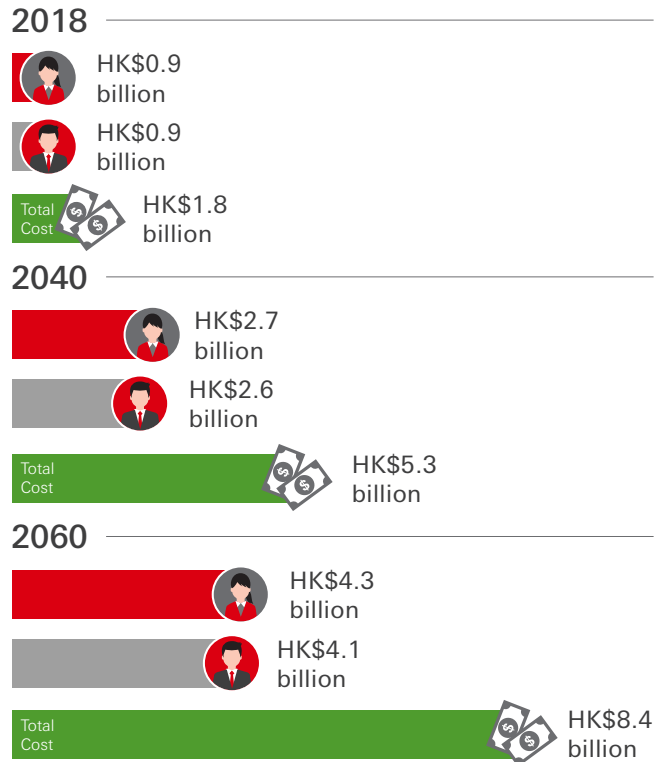
- Replacing employees who leave their jobs or move from full-time to part-time work
- Lost productivity due to employees taking on eldercare responsibilities
- Increased absenteeism of those who are caring for the elderly

By 2060, the cost to employers is expected to grow 4.7 times to approximately HK\$8.4 billion.

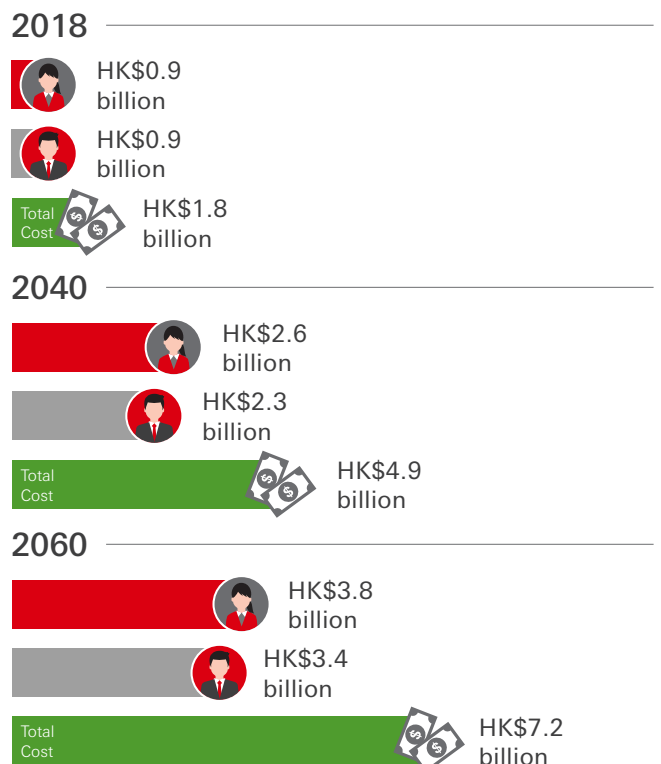
The Cost to Employees: Lost Opportunities

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

Employer Costs



Employee opportunity cost



The figures presented have been rounded up to the nearest decimal.

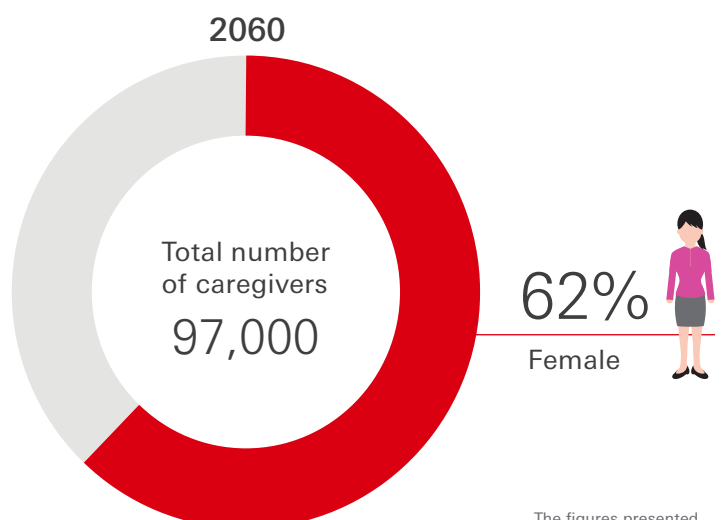
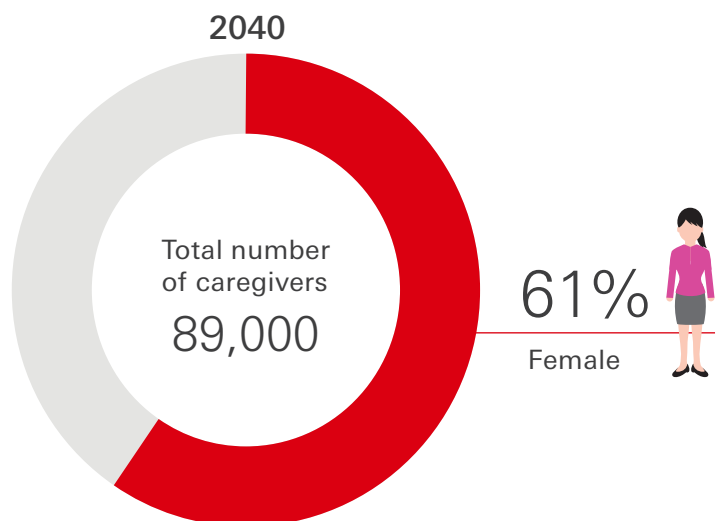
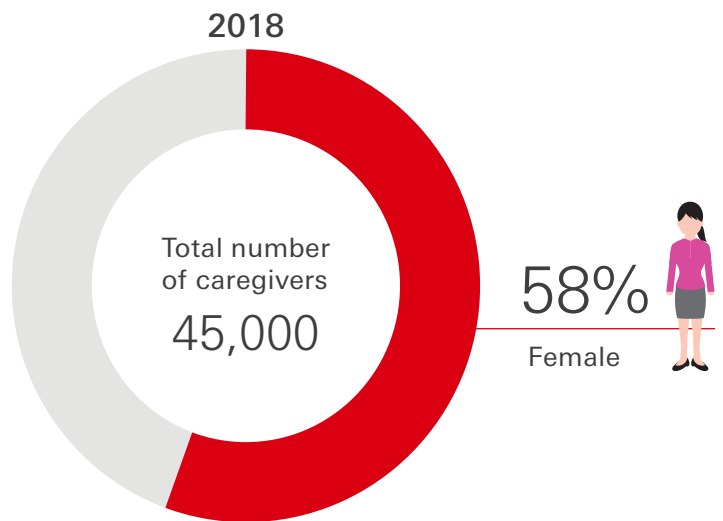
Key Findings

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. While the number of working caregivers is projected to increase between now and 2060, the imbalance will persist, with more than 60% of caregivers still expected to be female in 2060.

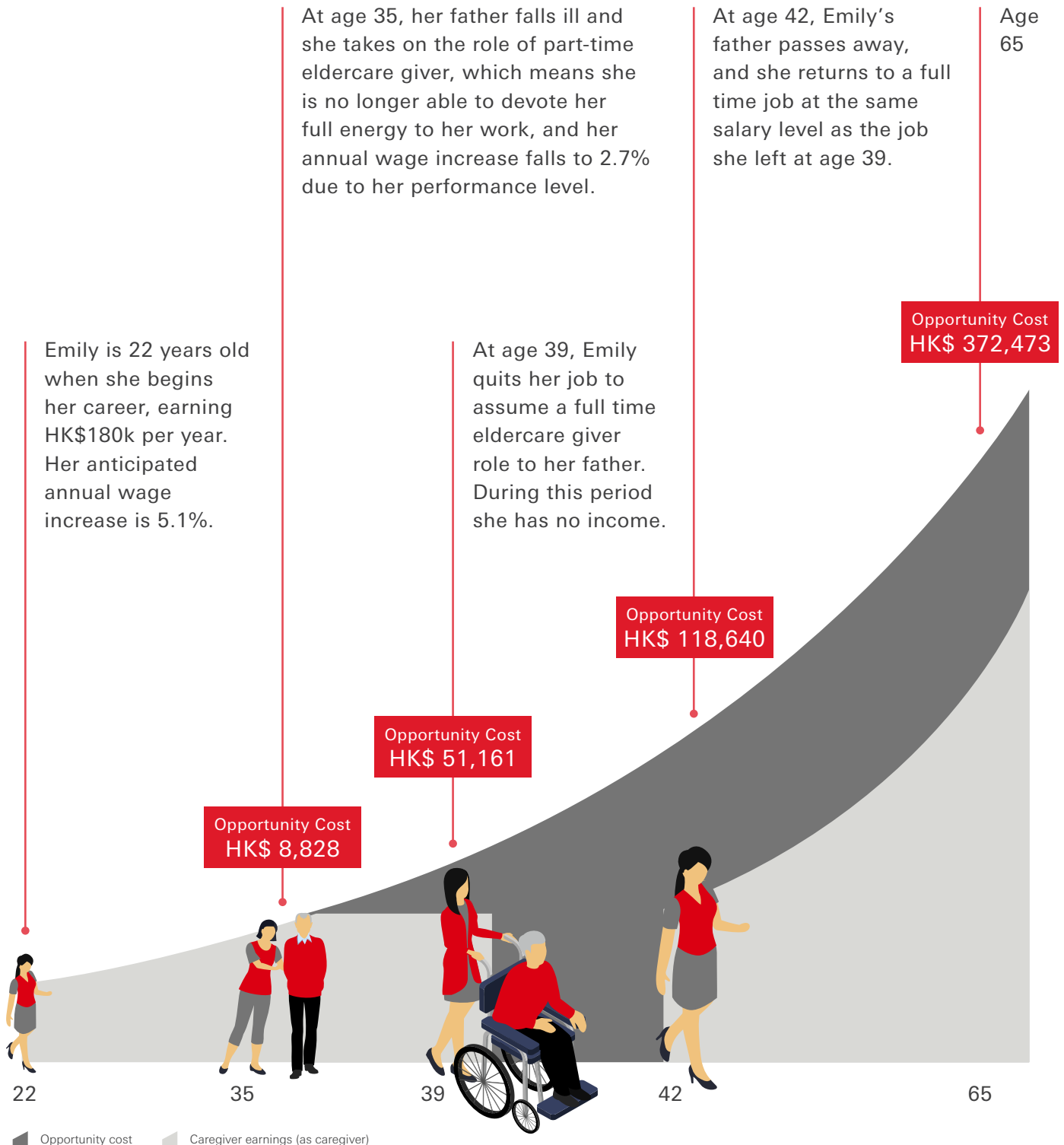


The growing need for more women than men to drop out of the workforce to take on eldercare is a concern. Women remain under-represented in middle management, senior management and leadership positions across industries and sectors. According to the 2018 Hays Asia Report⁷, only 29% of women comprise middle and senior management in Hong Kong. If just one or two temporarily drop out of the workforce, this will widen the disparity and impact the efforts to build a more diverse leadership.



The figures presented have been rounded up to the nearest decimal.

Case Study: Emily's story



How can Hong Kong Develop a Sustainable Model of Eldercare?

At present, Hong Kong provides a wide variety of social services and benefits to the elderly, including community care and support services, residential care services and social security.

As the findings of this report highlight, the issue of how to supplement Hong Kong's current support for the elderly and relieve the burden on their caregivers is increasing in urgency. This report gives recommendations on how to address the financial and social implications of eldercare to achieve a healthy and inclusive future for older adults.

Overall, the three organisations believe eldercare is an issue which should 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 and employees alike. They hope this report shows the relevance of the issue to everyone by raising awareness and engendering more public discussion on how Hong Kong can come together as a community to address eldercare.

The organisations look forward to a future where no-one feels obliged to leave the labour force



Recommendations for the Government

Recommendation 1

Develop an independent public policy strategy

Hong Kong needs a comprehensive and independent public policy strategy for supporting caregivers. It should be based on robust needs assessment, in consultation with all stakeholders, and eventually be integrated with the Government's eldercare policies.

Recommendation 2

Build caregiver support standards and capacity

a. Build capacity

Hong Kong can integrate caregiver support in its quality standards for all home care services and professional caregivers (publicly funded and private). It can build capacity for caregiver support service units; provide regular training, learning opportunities and support for family and other caregivers including volunteers and domestic helpers; and share best practices on caregiver support innovations and services.

b. Provide subsidies / tax incentives:

Eldercare service providers and institutional investors: The Government can consider subsidies for entrepreneurs or business owners looking to establish / expand their eldercare service provisions; create best practice guidelines for the industry; and explore policies and incentivisation schemes to drive growth in this industry.

Employers: Tax incentives for eldercare / caregiving friendly initiatives and employers.

How can Hong Kong Develop a Sustainable Model of Eldercare?

c. Strengthen services for frail older adults:

The Government can consider a centralised and comprehensive solution to subsidised home or respite care, along with on-call advice and free support on any legal, emergency, or administrative challenges that caregivers may encounter.

d. Role model best practice:

Among Government employees, implement best practice and evidence-based models, offer flexible working arrangements, and provide extended care leave and compassionate care leave.

Recommendation 3

Protect caregivers

Legislation should consider recognising the needs of caregivers regarding access to information, income, employment, and training as well as respect and emotional support. For working caregivers, legislation should consider incorporating a comprehensive strategy that is able to cover care and income security needs, including flexible working arrangements, social assistance, allowance or wage, tax relief, and ensure explicit protection (including income and MPF) for caregivers.



Recommendations for Employers

Recommendation 4

Build an open workplace culture that is welcoming for employees with caregiving responsibilities

Employers can be open to employees with eldercare needs. This includes:

- providing a platform/ medium where employee can voice out their commitments anticipating and adapting to the changing needs of the workforce;
- staying open-minded about requests for changes to employment;
- training managers to be supportive of employees with eldercare responsibilities;
- identifying leaders to champion an eldercare-friendly workplace culture;
- and providing insurance options for employees that include coverage for elderly dependents.

Recommendation 5

Build a human resource framework for employees with caregiving responsibilities

Companies should review and evaluate existing human resources policies in terms of caregiver friendliness. Caregiver friendly workplace policies can be implemented with reference to the profile and needs of employee-caregivers at the company. It is suggested to develop plans with periodic review mechanisms based on employees' feedback and a benchmarking strategy with best practices.

How can Hong Kong Develop a Sustainable Model of Eldercare?

Recommendation 6

Develop accommodative measures available to all employees

Design an eldercare program that incorporates the below measures with clear targets and tracking. Alternatively, adopt a checklist approach to make accommodative measures available to all employees:

1. Annual leave
2. Paid care leave for caregiving responsibilities
3. Unpaid leave for caregiving responsibilities
4. Compassionate leave
5. Flexible working hours arrangement for caregiving employees in need



6. Part-time working arrangement for caregiving employees in need
7. Home-working arrangement for caregiving employees in need
8. Re-employment program for employees leaving for extended period due to caregiving
9. Information and educational resource pack on caregiving
10. Counselling service provided by employers or partners
11. Medical / insurance covering family members who need long-term care
12. Paid time for eldercare support network
13. Formal employee networks around caregiving

Recommendations for Employees

Recommendation 7

Prepare for eldercare obligations

Employees are recommended to begin thinking now, whatever their age, about how they can prepare for potential caring obligations financially and psychologically. They should also familiarise themselves with available support and services.

Recommendation 8

Communicate eldercare obligations

When called upon to provide eldercare, employees should be able to communicate their commitments and notify their employers about their caring obligations in advance whenever possible.

Recommendation 9

Develop and improve support service

Employees are recommended to give feedback about the effectiveness of workplace programmes for eldercare and offer constructive suggestions about how to improve the service or programme.

How can Hong Kong Develop a Sustainable Model of Eldercare?

Recommendations for the Insurance Industry

Recommendation 10

Raise public awareness on the cost of eldercare

The insurance industry as a whole should take the lead in raising awareness of eldercare as a societal challenge, and work with their networks of intermediaries to better help the Hong Kong public understand their potential financial costs and needs in the event of becoming a caregiver.

Recommendation 11

Invest in research and development of innovative solutions

Regulatory sandbox regimes provided by Hong Kong Monetary Authority and Insurance Authority have been launched to encourage financial institutions to develop innovative solutions for Hong Kong. These sandboxes

should be used to research and develop products and services that invert the traditional insurance relationship (a parent providing for a child) and instead focus on providing insurance, medical coverage, and support services from an adult child to an elderly parent.

Recommendation 12

Provide Long Term Care solutions

There is a gap today in the insurance product range in Hong Kong in relation to products that allow consumers to pay premiums today for guaranteed medical coverage and care support services into the future (i.e. on a non-annually renewable basis). Insurers in North America and Western Europe have successfully developed such Long Term Care (LTC) solutions that are often offered with tax deductions, and in some countries these products are made mandatory. The insurance industry should seek to learn from these international experiences and apply best-in-class solutions to Hong Kong.



About The Report

The report uses 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.

How we made our projections

Model 1

The society perspective model estimates the number of care recipients there are in society and then the average cost per care recipient, considering three different possible care approaches:

- non-subsidised residential care home,
- subsidised residential care home, and
- home care (care in recipient's own home or similar).

Model 2

The employer perspective model estimates the number of employee caregivers there are in society and calculates the average cost to the employer of employing a caregiver. Costs vary depending on the approach the employee takes with their eldercare role:

- quit their job entirely,
- move to part time, or
- continue full time and do both roles.

Model 3

The employee's perspective model values the opportunity cost of providing eldercare for the individual. This is the total loss of earnings over a career from taking on the extra care responsibility. This model uses probability distributions and runs 100,000 simulations representing typical Hong Kong workers. The output is then summarised showing the average costs for males and females.

How we sourced our data

We undertook an extensive literature review of publicly available material to develop the basic data we needed to make our projections. We are grateful to the following organisations for use of their published information:

The Actuarial Society of Hong Kong

Center for American Progress

The Hong Kong Census and Statistics Department

Hong Kong Monetary Authority

The Hong Kong Social Welfare Department

John Hopkins Bloomberg School of Public Health

PWC Hong Kong

UBS Hong Kong

The University of Hong Kong

The Women's Foundation

For full details of the modelling, please contact HSBC life for a copy of the technical actuarial report.

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