

News Release

For Immediate Release

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Indonesians view retirement planning as important, but nearly half have no such plan – Manulife survey

- *4-in5 Indonesians are confident of achieving their financial goals, but few have proper plans in place*
- *Concerns about inflation risk are higher than elsewhere in the region, but reliance on cash persists*
- *Indonesians anticipate staying healthy for only five years of retirement*

JAKARTA - The vast majority of Indonesians view retirement planning as important and for many, it is their top personal financial goal to protect them against financial uncertainties in the future. However, nearly half of the respondents have no such plan, revealing the gap between Indonesians' optimism about their finances for the future versus the realistic need to have proper financial planning in place today, according to the Manulife survey.

The Indonesia section of the new Manulife Asia Care Survey 2023 shows that 82% of Indonesians consider retirement planning a wise move. Yet only 54% have a retirement plan, with more than three quarters depending on cash savings, and nearly half on inheritance and the DPLK state pension scheme. On average, Indonesians expect to retire aged 58 and for bad health to set in at 63 – so they are expecting to be healthy only during the first five years after retiring. However, nearly three-quarters (74%) expect to achieve their saving-for-retirement goal within ten years.

They are also more upbeat about their own personal finances (79%) at present, with 80% expecting their finances to improve over the next 12 months. This positivity about personal finances is reinforced by 63% of Indonesians expecting an increase in personal income this year. Those surveyed expect their income to rise by an average of 30%. It all contributes to 88% expressing confidence in being able to achieve their financial goals.

Yet, remarkably, among all the markets surveyed, respondents in Indonesia were the least interested in saving for future healthcare and medical expenses. While saving for retirement (54%) and a rainy day (49%) are their two main personal finance goals, similar to other markets, saving for healthcare is just 19%, easily the lowest in the region. Their children's education (40%) is far more important and buying a house (25%) is also a greater priority.

"Indonesians' confidence about achieving their financial goals is a good thing but it needs to be supported by a proper retirement plan. Hence, their focus on education and housing, at the

expense of healthcare, while meeting short-term objectives may be a problem for the future. At Manulife, we want to help Indonesians to prepare for their future by closing the retirement and protection gap through our solutions,” said Ryan Charland, President Director & CEO of Manulife Indonesia.

Inflation biggest threat to retirement savings goals

Regarding their personal finance goals, nearly two-thirds of those surveyed (62%) see inflation as the biggest threat to achieving them. The next biggest is an economic slowdown (59%). Echoing their optimism about income growth this year, just a third of Indonesians view a cut in income or job loss as an obstacle to reaching their goal (33%).

A deterioration in personal health is seen as the third biggest hurdle to achieving their financial goals (35%), while just a third (34%) expressed concern about rising healthcare costs, the lowest percentage in the region.

To achieve their financial goals, the Indonesians surveyed said their main tools are cash and bank deposits (78%), inheritance from family members (45%), and the DPLK state pension scheme (42%).

“Indonesians need to minimize their exposure to inflation by choosing the right investment instruments and protecting themselves with insurance. Their reliance on cash is still very high and leaves them exposed to inflation, which can quickly erode its value in real terms,” said Charland.

The survey shows that nearly three-quarters (72%) own insurance, an essential cornerstone for effective retirement planning. Outpatient health (37%), life (26%), and accident (23%) insurance are the most popular. Meanwhile, 84% of respondents said they intend to purchase insurance in the next 12 months, more than last year (76%). Hospitalization (27%) and outpatient health (31%) are top of the shopping list.

The main concern of their health

Besides financial planning, Indonesians recognize the importance of good health for a good retirement and are personally taking action to improve their own health and well-being. The main ways to do this include more exercise (67%), better diet (65%), closer self-monitoring of their health (50%), and regular body checks (49%).

The financial risk posed by poor health lies in the cost of treatment. Just under a half (44%) said the expense of treatment was their number one health management worry. Other anxieties include losing income or job because of illness (34%) and not knowing who will take care of them if seriously ill (17%).

“It’s good that Indonesians recognize the value and protection that insurance offers. After all, the cost of the insurance premiums is far less than the cost of, say, critical illness treatment,” said Charland. “For those unsure about the most suitable insurance for their needs, it’s best to talk to our Manulife professional financial advisors, who can lay out and explain the various options.”

About Manulife

Manulife Financial Corporation is a leading international financial services provider, helping people make their decisions easier and lives better. With our global headquarters in Toronto, Canada, we provide financial advice and insurance, operating as Manulife across Canada, Asia, and Europe, and primarily as John Hancock in the United States. Through Manulife Investment Management, the global brand for our Global

Wealth and Asset Management segment, we serve individuals, institutions, and retirement plan members worldwide. At the end of 2021, we had more than 38,000 employees, over 119,000 agents, and thousands of distribution partners, serving over 33 million customers. We trade as 'MFC' on the Toronto, New York, and the Philippine stock exchanges and under '945' in Hong Kong.

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About Manulife Indonesia

Established in 1985, PT Asuransi Jiwa Manulife Indonesia (Manulife Indonesia) is part of Manulife Financial Corporation Group, a Canadian financial services group that operates in Asia, Canada and the United States. Manulife Indonesia offers a wide range of financial services, including life insurance, accident and health insurance, investment and pension plans to individual customers and group clients in Indonesia. Through a network of almost 11,000 employees and professional sales forces spread across more than 30 sales offices, Manulife Indonesia serves around 2 million customers in Indonesia.

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