

# News Release

For Immediate Release  
19 August 2024

## People in Indonesia see managing medical cost inflation as critical for financial well-being in later life, Manulife survey shows

- *Survey of 1,054 consumers in Indonesia shows rising medical cost the number one concern*
- *Singles have lower levels of financial literacy and poorer overall well-being than married couples*
- *Majority of people in Indonesia are looking to delay their retirement*

**Jakarta, 19 August 2024**—Tackling the twin challenge of rising healthcare and living costs is central to closing the gap between the long-term savings aspirations of consumers in Indonesia and their confidence in achieving them, if they are to strengthen their future financial well-being, according to new research by Manulife. It highlights the value of developing overall financial literacy and engaging with professional financial planners to make the best investment choices.

The Indonesia section of Manulife’s new Asia Care Survey 2024 drew on responses from 1,054 local consumers. It launched Manulife’s MyFuture Readiness Index, which measures how people view their current and future physical, mental and financial well-being. Using a scale of 1 to 100, the index shows a desired well-being score of 89, above the regional average. Yet, the score for those thinking they can achieve their desired well-being is 81, suggesting a lack of confidence about the future, albeit to a lesser degree than elsewhere in Asia.

There are various reasons for that lack of confidence, but at the heart of it are the prospect of deteriorating health in old age and the rising cost of medical care. Among the respondents, 67% cited rising healthcare costs as the main challenge to their overall financial well-being. They are recognising that physical well-being is the most important factor (37%) impacting both their financial (33%) and mental (31%) well-being as they look ahead to the next 10 years.

To help prepare for retirement and unexpected medical needs, the respondents said their main financial goals are having sufficient savings for a rainy day (46%), financial freedom in retirement (43%), a passive income in retirement (38%) and enough savings for healthcare needs (28%). What’s clear though is with lifespans in Indonesia growing longer, the need for more considered long-term planning is greater. The average life expectancy in Indonesia at present is 73, up from 64 in 1990.<sup>1</sup>

In terms of their current financial well-being, on the 1-to-100 scale, Indonesia scores 73, above the regional average (67). It is noticeable that married couples (75%) have a greater sense of financial well-being than singles (64%) and, among the couples, those with kids feel more comfortable still.

“Across Asia, people are living longer and populations are aging. Given the care needs and demand for healthcare support, it’s very likely medical prices will rise faster than overall inflation. So, the respondents’ concerns are understandable,” **said Ryan Charland, President Director of Manulife Indonesia.** “Finding solutions to mitigate the impact of inflation is our expertise. A financial professional can help to find the right products to provide health protection and, by extension, wealth protection.”

**Financial literacy among married couples higher than people who are single**

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<sup>1</sup> <https://www.worldometers.info/demographics/life-expectancy/>

To achieve their financial goals, 45% of respondents in Indonesia said they will use cash savings and bank deposits, while 27% said they seek additional employment and 24% said they have investments in stocks, bonds and other similar financial products.

Among people who are single, the biggest worry is a lack of or reduced income (57%), well above married couples (52%). The single group also worry about having insufficient savings (52%), more than married couples (48%).

The findings point to discernibly lower financial literacy among people who are single compared to those who are married. Their financial literacy is based upon the range and type of investment, insurance and savings that they have. Their lower level of financial literacy and concerns about financial well-being may be explained by only 42% of singles having a financial planner versus 63% of those who are married.

Overall, four out of five (80%) of those surveyed in Indonesia have insurance, and 40% of the respondents said they have health insurance. However, it is notable that single people have fewer savings products, less insurance and not as many investment products as those who are married. The survey showed that 92% of the respondents have banking products, notably local currency (85%), while 78% have investments, including stocks (28%), gold (57%), mutual funds (31%) and bonds (11%).

It is worth noting that, for the vast majority of singles in Indonesia, marriage is on the cards – more than anywhere else in the region – pointing to a greater sense of financial well-being for them down the line. The survey shows 5% of respondents will likely not or definitely not get married, with 8% unsure. Only Vietnam comes close, while the regional averages are respectively 20% and 22%.

### **Cash not the answer amid inflation concerns**

“People in Indonesia have more diversified investments than many in other parts of the region, but they are over-reliant, indeed overweight, in cash savings. This is high risk given that cash almost inevitably depreciates, particularly when inflation is high. Cash is not the answer,” said **Charland**. “It is our responsibility to help people better understand insurance and other investments to protect and grow their savings for the future.”

The survey showed that respondents’ perceptions of healthcare cost inflation over the past 12 months to be 26%, above the regional average (23%) and more than twice the actual rate.<sup>2</sup> Consumers are most concerned with rises in prescriptions (61%), preventive healthcare (42%) and hospitalisation (41%). The potential illnesses that worry them most are heart disease (40%), stroke (35%), being overweight (24%), and cancer and diabetes (both 22%).

The respondents’ health cover is low, notably for critical illness: outpatient 40%, hospitalization 34%, accident 30%, and just 15% for critical illness. If anything, those rates will mostly fall over the next few years. Outpatient cover is expected to drop to 25%, hospitalization to 27% and accident to 25%, with only critical illness edging higher to 18%.

### **Delaying retirement increasingly preferred to relying on children**

Most respondents in the region said they feel their employers’ health benefits and coverage are not enough. Indonesia is no exception with 74% saying just that. As things stand, 85% of feel a need to top up the retirement and pension benefits they receive from their employers – the highest in the region alongside Vietnam. As well, 60% of those who are married are looking to delay retirement because of their financial responsibility for their family.

Traditionally in Asia and elsewhere in the world, an alternative to insurance and a pension for old age would be to have children. It’s a view that is waning. In Indonesia, 44% said they do not expect their children to provide for them in retirement – less than half, but more than all the other markets in the region except Japan (70%) and the Philippines (58%). Across Asia half the respondents said they do not plan to have kids. Those in Asia wanting children would like on average 1, while in Indonesia the preferred number is two.

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<sup>2</sup> <https://www.aon.com/apac/in-the-press/asia-newsroom/2023/aon-global-medical-trend-rates-report-forecasts-increase-in-employee-medical-plan-costs-for-businesses-in-asia-pacific-the-highest-since-2015>



“The survey points to a need for people in Indonesia better plan for their health protection and insurers have an important role helping them do that, especially in changing perceptions on health costs and focusing on specific individual needs,” said **Ryan**. “Doing that will help everyone to find ways to effectively address their own savings challenges.”

### **About the Manulife Hong Kong Asia Care Survey 2024**

The Manulife Asia Care Survey 2024 was conducted in March 2024 via online self-completed questionnaires in eight markets. A total of 8,400 people, evenly split between men and women, aged 25 to 60 years old were surveyed: China (1,052), Hong Kong (1,052), Indonesia (1,054), Japan (1,000), Malaysia (1,038), Philippines (1,050), Singapore (1,038) and Vietnam (1,107). Each respondent either owns insurance or intends to buy insurance.

### **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 2023, we had more than 38,000 employees, over 98,000 agents, and thousands of distribution partners, serving over 35 million customers. We trade as ‘MFC’ on the Toronto, New York, and the Philippine stock exchanges, and under ‘945’ in Hong Kong.

Not all offerings are available in all jurisdictions. For additional information, please visit [manulife.com](https://www.manulife.com).

### **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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### **Media Contact:**

#### **Shierly Ge**

Chief Marketing Officer

PT Asuransi Jiwa Manulife Indonesia

Email: [shierly\\_ge@manulife.com](mailto:shierly_ge@manulife.com)