



# ASHK MPF Market Size Projection 2025 - 2045

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ACTUARIAL SOCIETY  
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# TABLE OF CONTENTS

<b>1 Purpose and Scope of this Study.....</b>	<b>3-4</b>
<b>2 Executive Summary.....</b>	<b>5-6</b>
<b>3 Data, Methodology and Assumptions.....</b>	<b>7-12</b>
<b>4 Key Results .....</b>	<b>13-14</b>
<b>5 Implications to Individuals' Retirement Planning .....</b>	<b>15-17</b>
<b>6 Sensitivity Testing .....</b>	<b>18</b>

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# 1. Purpose and Scope of this Study

1.1 The Pension and Employee Benefits Committee (“the Committee”) of the Actuarial Society of Hong Kong (“ASHK”) consists of pension actuaries of major MPF providers in Hong Kong. The Committee initiated a study of the MPF market size projection over the next 20 years, from 2025 to 2045. The MPF market size is defined as the net asset value of all MPF schemes. As of December 31, 2025, the MPF market size was HK\$1,550 billion based on the press release as published by the MPFA on 6 January 2026.

1.2 The Committee is aware that the pension actuaries in Hong Kong, from time to time, perform projections of MPF market sizes for business planning or other purposes, based on their own judgment of assumptions. The Committee believes this is beneficial to the MPF community as a whole to publish a study on the MPF market size projection with an independent view of assumptions for the projections.

1.3 A taskforce has been formed within the Committee to work on this study. This study was approved for release by the Committee on [Date] and the Council of the ASHK on [Date]. The taskforce consists of the following ASHK members:

- Isabella Chan
- Leandro Ao
- Kevin Lee
- Terry Yung
- William Chow
- Zita Chung

1.4 The Committee understands that the future MPF market size depends on a number of uncertain factors, including but not limited to the following:

- investment returns of the underlying funds
- members’ choices of funds
- fees of the funds
- mandatory contribution rates
- voluntary contribution rates, tax-deductible voluntary contribution rates (as well as any change in related policy and legislation) and special voluntary contribution rates
- salary inflation

- increase in minimum wage and subsequent adjustment to minimum and maximum relevant income
- working population growth
- MPF scheme participation rate
- employers' choices of the offer of MPF-exempted ORSO schemes to their employees, and the employees' choices of joining the MPF-exempted ORSO schemes
- number of members eligible for early/normal retirement
- retirement age for MPF benefit withdrawal
- utilisation of the phased withdrawal mechanism
- permanent departure rate
- decline in claims for MPF to offset severance payment and long service payment after the abolition of the offsetting arrangement
- death, disability, small balance withdrawal rates
- legislation change to benefit withdrawal rules and transfer rules

Hence, the projection will not be able to provide a definite prediction of the MPF market sizes over the next 20 years, and the Committee expects the actual MPF market sizes in the future will deviate from the projection, depending on the outcome of the above and other relevant factors.

1.5 The purpose of this study is to provide an independent view towards the MPF market size projection over the next 20 years based on the discussion and debates among the pension actuaries in Hong Kong.

## 2. Executive Summary

- 2.1 Hong Kong pension actuaries perform projections of MPF market sizes from time to time. ASHK believes it is beneficial to the MPF community to publish an independent study with a set of central estimate assumptions.
- 2.2 ASHK published the report of ASHK MPF Market Size Projection 2020 – 2040 (“2020 Report”) on 2 December 2020 to project the MPF market size from 2020 to 2040. The 2020 Report projected that the asset size of the MPF market would be HK\$1,610 billion as of 31 December 2025 while the actual asset size was HK\$1,550 billion. The difference of actual against estimate was 3.7%, mainly due to the variation of investment return experience against the assumed rate of 4% per annum made in the prior study.
- 2.3 To reflect the latest observations of the MPF asset movements, the ASHK has decided to publish this report to update the projection from 2025 to 2045.
- 2.4 The projection will not be able to provide a definite prediction of the MPF market sizes over the next 20 years since the actual outcomes depend on a number of uncertain factors, which are related to economics, demographics, regulatory changes, members and employers’ behaviours. Although the actual future MPF market sizes may deviate from the projection, this study provides an independent view towards the projection based on the discussions and debates among the pension actuaries in Hong Kong.
- 2.5 The key observations of this study are summarised as follows:
- Projected 2045 MPF market size is HK\$3.9 to 4.5 trillion, which is around 2.7 times that of 2025. The MPF market size was around HK\$1.6 trillion in 2025 and is expected to reach HK\$2 trillion around 2029 to 2030 and HK\$3 trillion around 2037 to 2039.

All in HK\$ Trillion				
2025 Market Size	Contribution inflows	Withdrawal outflows	Net of fee investment returns	2045 Market Size
1.6	+2.5	(2.0)	+1.8 to +2.5	3.9 to 4.5

- We also project that a 45-year-old member, with an assumed existing MPF balance of HK\$0.4 million, contributing HK\$2,000 monthly with a 3.0% annual growth in contribution amount and earning a 4% annual investment return, would accumulate approximately HK\$1.8 million by age 65. If the same individual were to make an additional contribution of HK\$5,000 per month starting at age 45, the projected balance at age 65 would increase to approximately HK\$3.6 million. Members should assess their needs at retirement, and plan their contribution level based on their target retirement balance and the contribution period they will make. In assessing the needs for retirement, members should also be aware that the purchasing power of the projected balance by age 65 will very likely be lower than the same balance available as of today due to inflation. The pricing of an annuity will also depend on the expected life expectancy, interest rates, and other factors in future, which are not certain.
- We expect that the future investment return is the most sensitive factor to the projected market sizes. For 0.5% difference in investment return per annum, the MPF market size differs by around HK\$300 billion in 2045. Future investment returns depend on the economy, the capital market and members' choices of funds, and we expect all of these are contributing to the high uncertainty of the outcome.

### 3. Data, Methodology and Assumptions

3.1 The projection is based on the data as of 31 December 2025, as extracted from the press release published by the MPFA on 6 January 2026<sup>1</sup> and MPF Schemes Statistical Digest<sup>2</sup>. The key data are summarised as follows:

MPF Market Size as of 31 Dec 2025	HK\$ 1,550 billion
Contributions received for 2024	HK\$ 89 billion
Benefits paid for 2024	HK\$ 44 billion
Annualised Internal Rate of Return from 1 Dec 2000 to 31 Dec 2024	3.0%

3.2 The MPF market size is projected by the addition of contributions and net investment returns, as well as the deduction of benefit payments. The future contributions are projected with reference to the 2024 and 2025 actual contributions received and then increased by an assumed growth rate in contribution amount. The benefit payments are projected as an assumed percentage of the market value of assets at the beginning of each year. The net investment returns are projected with reference to the assumed investment returns multiplied by the beginning market size of each year, adjusted by the contribution and the benefit payment of each year.

3.3 Key assumptions and the rationale of each assumption are as follows:

<b>Growth Rate in Contribution Amount</b>	3.0% per annum
<b>Annual Benefit Payment as a percentage of Asset Value at the beginning of Year</b>	3.5% in the first year of projection and increase linearly to 4.0% over 20 years by Year 2045
<b>Investment Return</b>	4.0% per annum

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<sup>1</sup> <https://www.mpfa.org.hk/en/info-centre/press-releases/20260106>

<sup>2</sup> <https://www.mpfa.org.hk/en/info-centre/research-reports/quarterly-reports/mpf-schemes>

### **Growth Rate in Contribution Amount**

Contribution growth in this industry depends on a number of factors, including but not limited to the following:

- mandatory contribution rates
- voluntary contribution rates, tax-deductible voluntary contribution rates (as well as any change in related policy and legislation) and special voluntary contribution rates
- salary inflation
- increase in minimum wage and subsequent adjustment to minimum and maximum relevant income
- working population growth
- MPF scheme participation rate
- employers' choices of the offer of MPF-exempted ORSO schemes to their employees, and the employees' choices of joining the MPF-exempted ORSO schemes

According to statistics published by MPFA, the growth in total contributions over the past 10 years is as follows:

<b>Year</b>	<b>Total Contributions (HK\$m)</b>	<b>YoY growth</b>
<b>2015</b>	66,929	
<b>2016</b>	69,923	+4.5%
<b>2017</b>	68,989	-1.3%
<b>2018</b>	71,831	+4.1%
<b>2019</b>	76,461	+6.4%
<b>2020</b>	79,963	+4.6%
<b>2021</b>	82,338	+3.0%
<b>2022</b>	83,987	+2.0%
<b>2023</b>	86,316	+2.8%
<b>2024</b>	89,348	+3.5%
<b>Annualized growth rate</b>		+3.3%

*Source: MPFA Statistical Digest*

The annualised growth rate in contribution amount measured from 2015 to 2024 was about 3%, which may indicate a sign of maturing industry and also the fact that the maximum MPF Relevant Income limit had not been increased by the Government since 1 June 2014.



With the above, we consider an assumed growth rate in contribution amount at 3.0% p.a. over the short run to be reasonable.

In the long run, we believe the contribution growth should be mainly driven by salary inflation, as other effects, such as the size of the working population and MPF members, may be stabilised.

Based on these considerations, the wage index obtained from the census and statistics department of Hong Kong was used as a reference for long term annual growth rate in contribution amount, and the following table shows the year on year growth of the wage index:

Year	Wage Index	YoY growth
2015	211.9	
2016	219.6	3.6%
2017	227.9	3.8%
2018	237.3	4.1%
2019	243.9	2.8%
2020	246.5	1.1%
2021	251.0	1.8%
2022	257.5	2.6%
2023	267.2	3.8%
2024	276.7	3.6%
<b>CAGR</b>		<b>3.0%</b>

Source: Hong Kong census and statistics department

The compound annual growth rate (“CAGR”) in the Wage Index from 2015 to 2024 was 3.0%. Considering the long-term average, we set the long-term growth rate in the contribution amount to be 3.0% p.a.

Combining the above analysis results, we assume the growth rate in the contribution amount to be 3.0% p.a.

### **Annual Benefit Payment as a Percentage of Asset Value at the beginning of Year**

Benefit payment depends on a number of factors, including but not limited to the following:

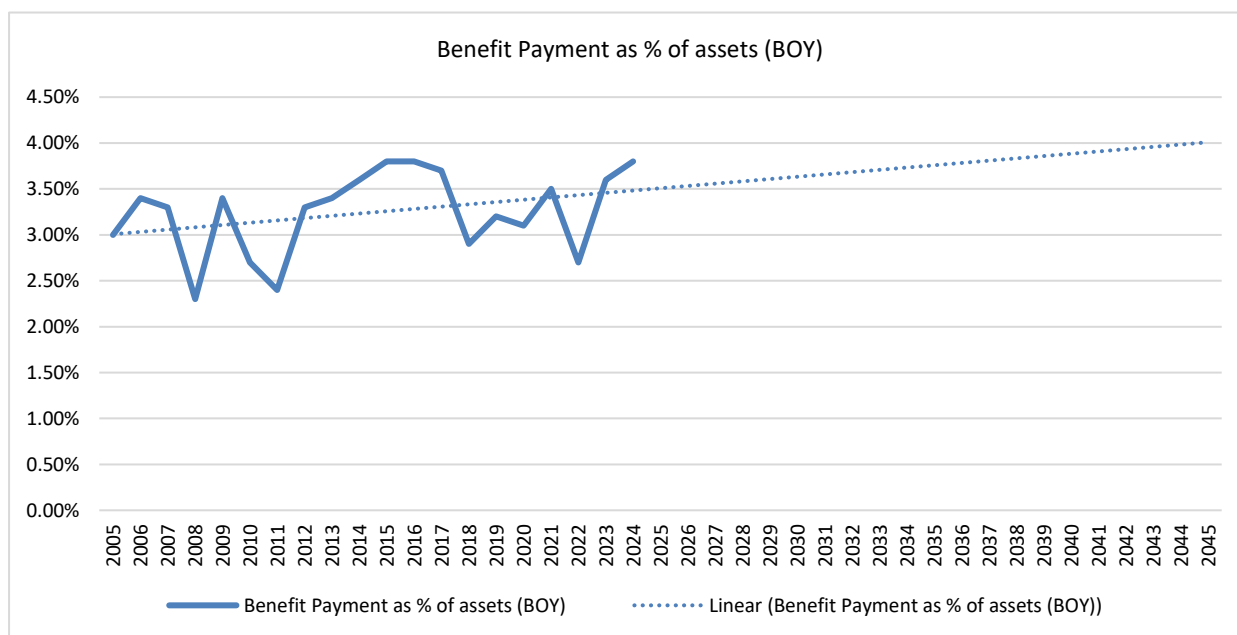
- number of members eligible for early/normal retirement
- retirement age for MPF benefit withdrawal
- utilisation of the phased withdrawal mechanism

- permanent departure rate
- death, disability, small balance withdrawal rates
- decline in claims for MPF to offset severance payment and long service payment after the abolition of the offsetting arrangement
- legislation change to benefit withdrawal rules and transfer rules

According to statistics published by the MPFA, the benefit payment over the past 10 years was as follows:

Year	Benefit Payment (HK\$m)	Benefit Payment (% of BOY AUM)
2015	21,448	3.8%
2016	22,573	3.8%
2017	23,944	3.7%
2018	24,623	2.9%
2019	26,146	3.2%
2020	30,111	3.1%
2021	40,338	3.5%
2022	32,006	2.7%
2023	37,421	3.6%
2024	43,817	3.8%
<b>Average</b>		<b>3.4%</b>

Source: MPFA Statistical Digest



The historical average annual benefit payment as a percentage of asset value at the beginning of the year was around 3.4%. Such a rate is anticipated to increase gradually as the working population ages.<sup>3</sup> Given there are a number of factors which affect the future benefit payment, such as but not limited to members' utilisation of phased withdrawal, withdrawal rates such as permanent departure and any future legislation change to benefit withdrawal rules and transfer rules, the long-term benefit payment was difficult to determine based on limited experiences. It was therefore suggested that the assumed benefit payment as a percentage of asset value at the beginning of the year be set at 3.5% and increase linearly to 4.0% over a 20-year period.

### **Investment return**

Future investment return depends on a number of factors, including but not limited to the following:

- investment returns of the underlying funds
- members' choices of funds
- fees of the funds

The historical net-of-fee investment returns for the MPF system were summarised as follows:

	Net Asset Value Beginning (HK\$m)	Net Asset Value Ending (HK\$m)	Net Investment Return (HK\$m)	Annualised Internal Rate of Return
1.12.2000 - 31.12.2001	-	36,013	(1,681)	-6.6%
1.1.2002 - 31.12.2002	36,013	55,063	(4,193)	-8.5%
1.1.2003 - 31.12.2003	55,063	89,409	12,130	18.1%
1.1.2004 - 31.12.2004	89,409	120,183	8,529	8.4%
1.1.2005 - 31.12.2005	120,183	151,360	8,181	6.2%
1.1.2006 - 31.12.2006	151,360	202,407	26,912	16.4%
1.1.2007 - 31.12.2007	202,407	264,786	36,243	16.8%
1.1.2008 - 31.12.2008	264,786	209,484	(85,233)	-30.2%
1.1.2009 - 31.12.2019	209,484	308,870	61,674	26.6%
1.1.2010 - 31.12.2010	308,870	365,442	25,356	7.8%
1.1.2011 - 31.12.2011	365,442	356,035	(43,435)	-11.3%
1.1.2012 - 31.12.2012	356,035	439,839	46,455	12.4%

<sup>3</sup> According to the HK Population Projections (<http://www.censtatd.gov.hk/hkstat/sub/sp190.jsp?productCode=B1120015>), the number of population aged 65+ would increase from 1.8M at year 2024 to 2.8M by year 2046, represents a change from 23% (year 2024) to 34% of projected population at year 2046

1.1.2013 - 31.12.2013	439,839	514,065	34,033	7.4%
1.1.2014 - 31.12.2014	514,065	565,083	8,067	1.5%
1.1.2015 - 31.12.2015	565,083	591,320	(21,126)	-3.6%
1.1.2016 - 31.12.2016	591,320	646,342	5,764	0.9%
1.1.2017 - 31.12.2017	646,342	843,515	149,718	22.3%
1.1.2018 - 31.12.2018	843,515	813,024	(81,335)	-9.3%
1.1.2019 - 31.12.2019	813,024	969,455	102,795	12.2%
1.1.2020 - 31.12.2020	969,455	1,139,166	116,971	11.7%
1.1.2021 - 31.12.2021	1,139,166	1,181,795	(4,005)	-0.3%
1.1.2022 - 31.12.2022	1,181,795	1,051,114	(186,560)	-15.4%
1.1.2023 - 31.12.2023	1,051,114	1,140,676	37,148	3.4%
1.1.2024 - 31.12.2024	1,140,676	1,291,179	100,907	8.6%
1.12.2000 -31.12.2024	-	1,291,179	353,315	3.0%

Source: MPFA Statistical Digest

The average annualised internal rate of return for MPF up to the end of 2024 was 3.0%. Whilst investment return is unpredictable, we have considered this historical figure, as well as a potentially higher return due to the Default Investment Strategy (DIS) funds<sup>4</sup> which performed historically better than the market average, and an anticipated trend of fee reduction in the MPF market driven by the eMPF system development. Taking all factors into consideration, we assume that 4.0% p.a. is to be taken as the central estimate.

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<sup>4</sup> DIS is a ready-made investment solution, made up of two mixed assets funds, namely the Core Accumulation Fund (CAF) and the Age 65 Plus Fund (A65F)

DIS has three key features: (a) automatic reduction of investment risk as members approach retirement age (automatic de-risking); (b) fee caps; and (c) global investment for risk diversification

If MPF scheme members have not specified a fund choice on their enrolment forms, their trustees will invest their contributions automatically according to DIS; Scheme members can also choose to invest their MPF benefits either according to DIS or in individual funds under DIS (if a scheme member chooses CAF and/or A65F as a standalone fund choice, the member will still benefit from fee caps and globally diversified investment of the funds but automatic de-risking will not apply)

## 4. Key Results

4.1 Based on the assumptions in Section 3, the key results are summarised as follows:

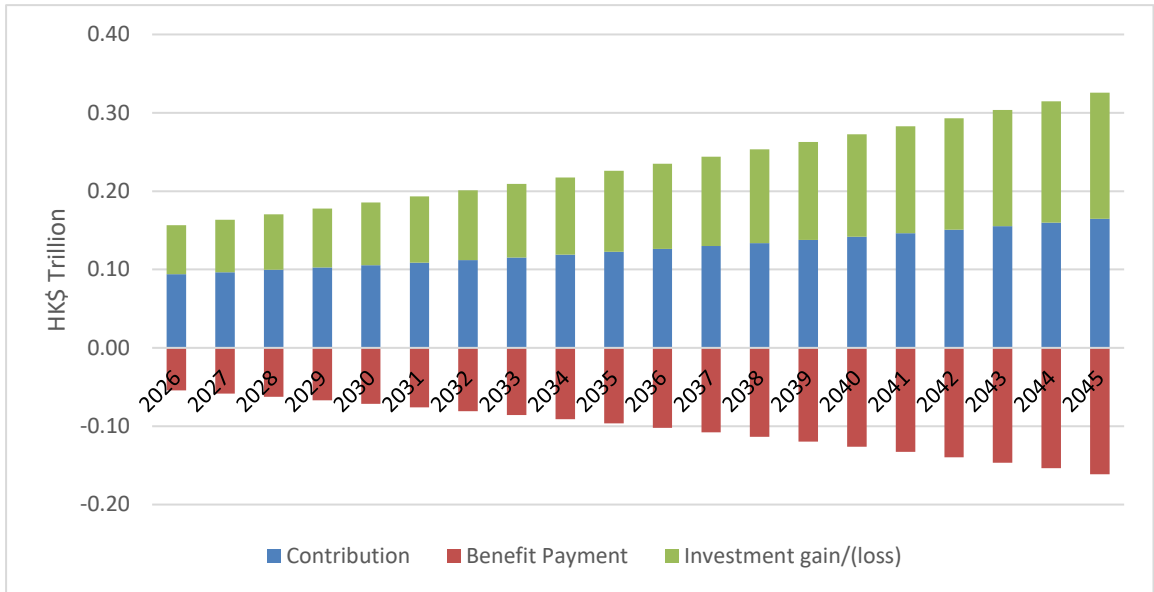
All in HK\$ Trillion						
	Period	Market size at the beginning	Contribution inflows	Benefit Payment outflows	Net of fee investment returns	Market size at the end
Actual	2005	0.12	0.03	0.00	0.01	0.15
	2010	0.31	0.04	-0.01	0.03	0.37
	2015	0.57	0.07	-0.02	-0.02	0.59
	2020	0.97	0.08	-0.03	0.12	1.14
	2024	1.14	0.09	-0.04	0.10	1.29
	2025	1.29	*	*	*	1.55
Projection	2026	1.55	0.09	-0.05	0.06	1.65
	2027	1.65	0.10	-0.06	0.07	1.76
	2028	1.76	0.10	-0.06	0.07	1.87
	2029	1.87	0.10	-0.07	0.08	1.98
	2030	1.98	0.11	-0.07	0.08	2.09
	...	...	...	...	...	...
	2035	2.58	0.12	-0.10	0.10	2.71
	...	...	...	...	...	...
	2040	3.26	0.14	-0.13	0.13	3.41
	...	...	...	...	...	...
	2045	4.03	0.16	-0.16	0.16	4.19
CAGR	2015-2025					10%
	2025-2045					5%

\* Figures not yet published as of the date of this report

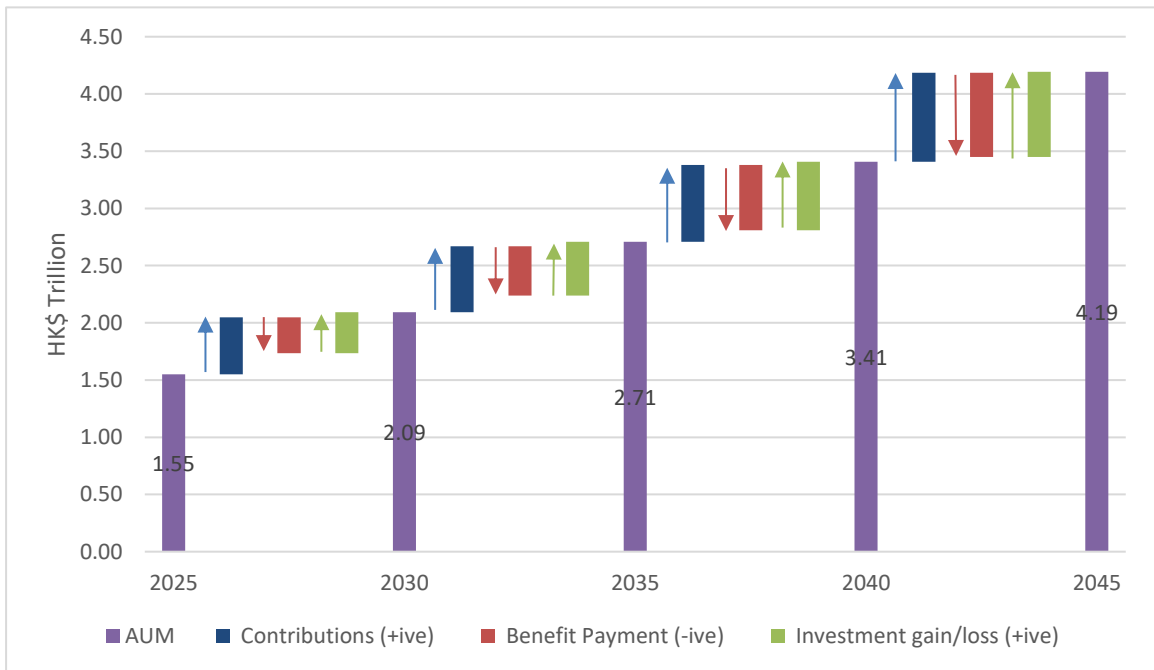
### Key observations

- The MPF market size grew by around 10 times from 2005 to 2025. The CAGR was around 10% during the last 10 years. The growth rate was high as MPF is still a young pension system with 25 years of history.
- **Projected 2045 MPF market size is about HK\$4.2 trillion, which is 2.7 times that of 2025.** The CAGR is projected to slow down to around 5% in the next 20 years, due to the lower growth rate in contribution amount and increasing annual benefit payment as a percentage of asset value when the system becomes more mature.

- The projected contribution, benefit payment and investment returns are illustrated in the chart below.



- The movement of AUM for every 5-year interval is illustrated in the following chart.



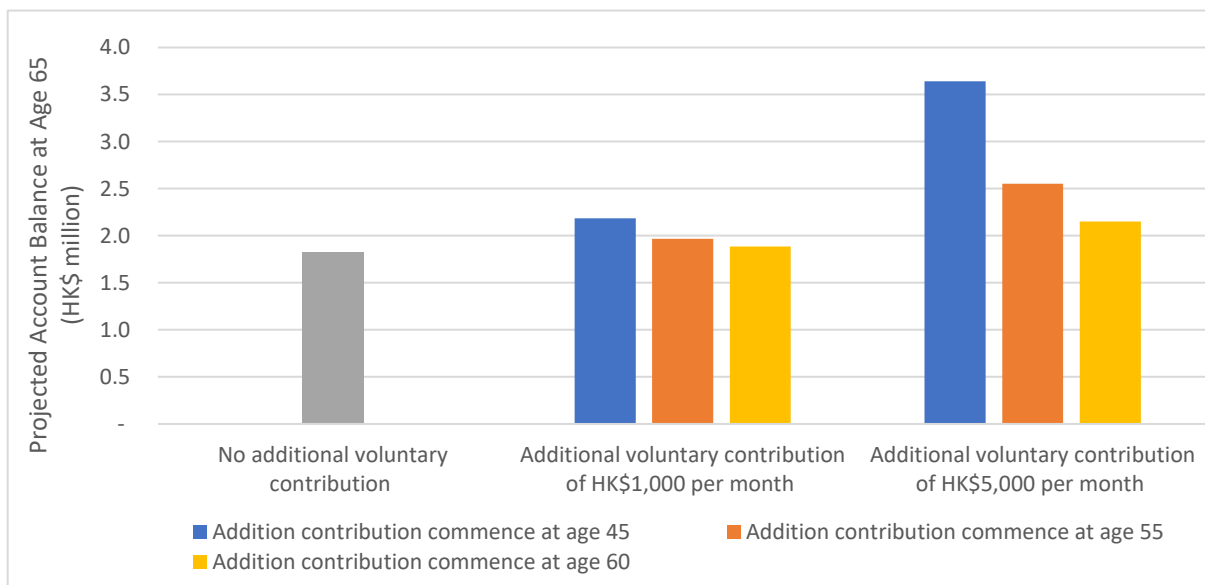
## 5. Implications to Individuals' Retirement Planning

5.1 The projection results revealed an increasing trend for MPF accumulation, and its momentum of being an important source of providing retirement protection across the working population in Hong Kong since it started 25 years ago.

Viewing the MPF projection results from the lens of individual MPF members: consider a member who is currently 45 years old and expects to retire at age 65 in 2045. This represents a member who has contributed (since the start of their working life) to the MPF since its inception. With an assumed MPF account balance of HK\$0.4 million and an assumed monthly contribution of HK\$2,000, the member is projected to accumulate approximately HK\$1.8 million upon retirement. This assumes an annual growth rate in contribution amount of 3.0% and an annual investment return of 4%.

5.2 Contribution levels and timing of contributions impact the amount of retirement savings. For example, if the same individual shown in Section 5.1 were to make an additional voluntary contribution of HK\$5,000 per month starting at age 45, under the same investment return assumption, the projected balance at age 65 would increase to approximately HK\$3.6 million.

Members are flexible in choosing a different amount of additional voluntary contributions and make their own decision on the contribution timing. The sensitivity of retirement outcomes to contribution level and contribution period is illustrated in the graph below:



5.3 From 1 April 2019 onwards, employees or self-employed persons may make tax-deductible contributions (TVC) up to HK\$60,000 per year. With the tax incentives, the TVC arrangement is going to provide meaningful flexibility for the working population to do fit-for-purpose retirement planning.

5.4 The analysis above provides insights into the potential accumulation effects of MPF for individuals' retirement planning. In considering retirement planning with this analysis, members should be made aware of the potential effect of reducing purchasing power due to inflation, and the uncertainty on future annuity pricing due to future expectations on life expectancy, interest rates, and other factors.

To demonstrate this, using a long-term inflation assumption of 2.5% p.a. (the Hong Kong Government's Composite Consumer Price Inflation assumption in the 2025/26 Budget), the projected MPF balance of HK\$1.8 million for the member retiring in 2045 would be equivalent to approximately HK\$1.1 million in 2025 price levels. The table below presents the corresponding inflation-adjusted values as of 2025 under varying inflation rates:

	Assumed Inflation Rate (p.a.)		
	2.0%	2.5%	3.0%
Purchasing power in 2025 price level (HK\$M)	1.22	1.11	1.01

5.5 In addition to inflation, understanding projected longevity is essential for assessing whether MPF savings can sustain retirement income throughout a member's post-retirement years. According to another ASHK Study<sup>5</sup>, life expectancy in Hong Kong has increased by around 5.5 years, with men averaging 84.2 years and women 88.6 years (from 78.6 years for men and 83.2 years for women in a similar study in 2000) since the launch of the MPF. With increasing lifespans, there is a higher risk that we may outlive our retirement savings (longevity risk).

5.6 Retirees may obtain a steady stream of guaranteed retirement income via their participation at their own choice in a public annuity scheme called the HKMC Annuity Plan, which was established in July 2018. The HKMC Annuity Plan is designed for any Hong Kong permanent residents aged 60 or above to convert a certain amount of assets into streams of guaranteed income throughout the uncertain period of post-retirement lifetime.

Under the current terms of the HKMC Annuity Plan, an average MPF benefit value of HK\$1.8 million at age 65 may be converted into a guaranteed annuity of around HK\$10,400 per month

<sup>5</sup> Hong Kong Assured Life Mortality Table 2022



(for males) or HK\$9,500 per month (for females). Adjusted to 2025 price levels, the amount in 2045 equates to approximately HK\$6,400 per month (for males) and HK\$5,800 per month (for females), assuming a long-term inflation rate of 2.5% per annum.

If the member were to make an additional voluntary contribution of HK\$1,000 or HK\$5,000 per month starting at age 45, the corresponding value of the projected annuity under the HKMC Annuity Plan is set out below:

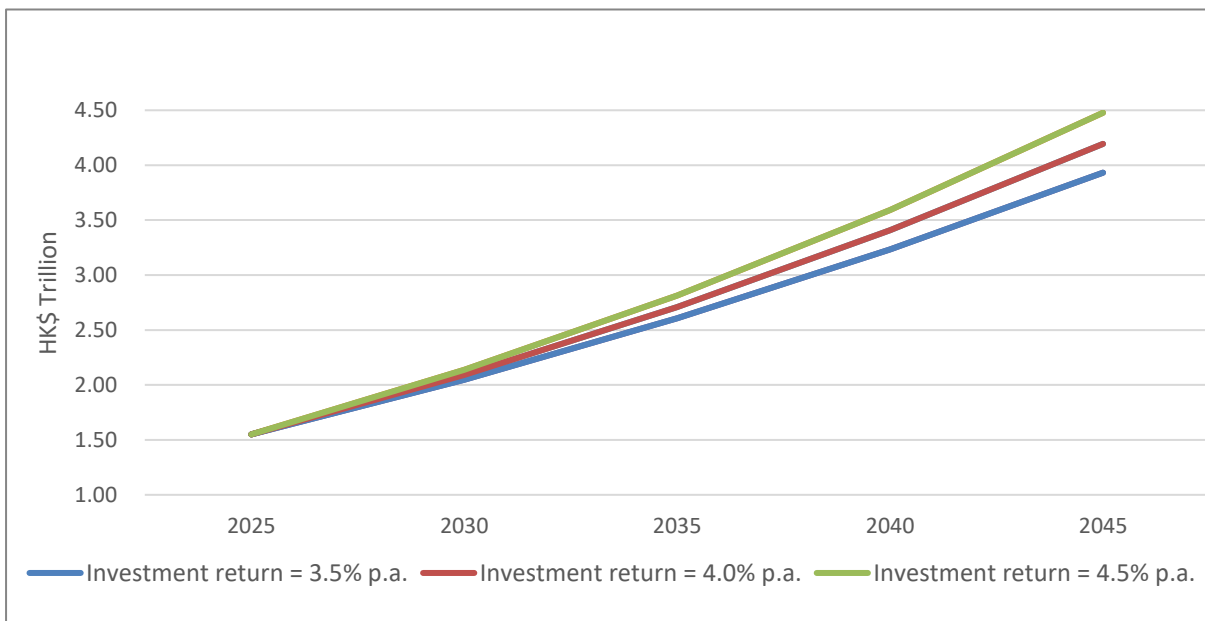
HKMC Annuity Plan	Projected Balance at Age 65 (HK\$M)	Projected monthly annuity at 2045 price level (HK\$ 000s)	Projected monthly annuity at 2025 price level (HK\$000s)	Projected replacement ratio*
Male	1.8 (no additional contribution)	10.4	6.4	32%
Female		9.5	5.8	29%
Male	2.2 (1,000 additional contribution)	12.8	7.8	39%
Female		11.7	7.1	36%
Male	3.6 (5,000 additional contribution = max TVC amount)	20.9	12.7	64%
Female		19.1	11.6	58%

\* Consistent with the assumed monthly contribution amount of HK\$2,000, a monthly salary of HK\$20,000 at the 2025 price level is assumed for the calculation of the replacement ratio

## 6. Sensitivity Testing

6.1 The sensitivity results to investment return assumptions are shown below:

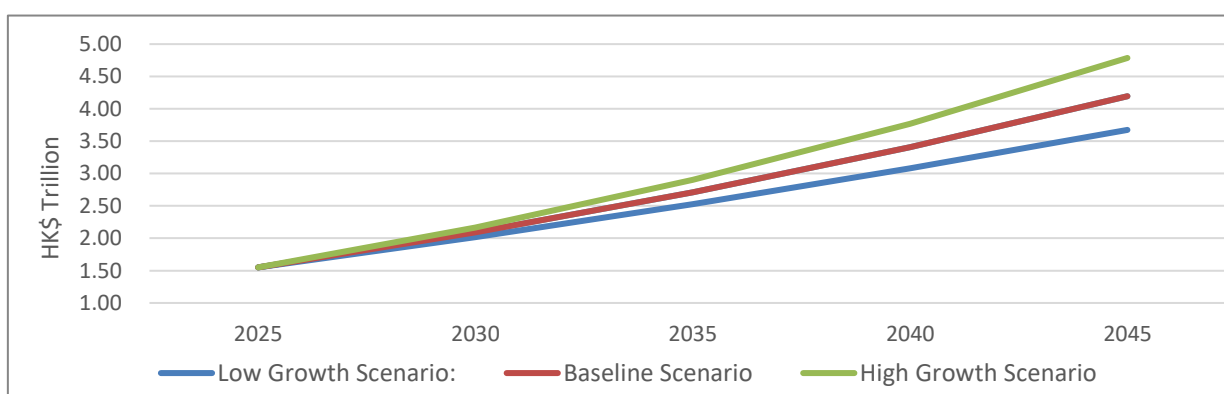
End of Year	Market Size (HK\$ Trillion)		
	Investment return 3.5% p.a.	Investment return 4.0% p.a.	Investment return 4.5% p.a.
2025	1.55		
2030	2.05	2.09	2.14
2035	2.61	2.71	2.81
2040	3.23	3.41	3.59
2045	3.93	4.19	4.48
CAGR 2025-2045	5%	5%	5%



- Due to the compounding impact, the future investment return is the most sensitive factor to the projected market size. For every 0.5% difference in investment return per annum, the MPF market size differs by around HK\$300 billion in 2045.
- Future investment returns depend on the economy, the capital market and members' choices of funds, and we expect all of these to contribute to the high uncertainty.

6.2 The sensitivity results to multi-factor scenarios are shown below:

End of Year	Market Size (HK\$ Trillion)		
	<u>Low Growth Scenario:</u>	<u>Baseline Scenario:</u>	<u>High Growth Scenario:</u>
	1. Lower growth rate in contribution amount: 2.5% p.a. 2. Higher annual benefit payment as a percentage of asset value: 3.75% in the first year of projection and increases linearly to 4.25% over 20 years by Year 2045 3. Lower investment return: 3.5% p.a.	1. Growth rate in contribution amount: 3.0% p.a. 2. Annual benefit payment as a percentage of asset value: 3.5% in the first year of projection and increases linearly to 4.0% over 20 years by Year 2045 3. Investment return: 4.0% p.a.	1. Higher growth rate in contribution amount: 3.5% p.a. 2. Lower annual benefit payment as a percentage of asset value: 3.25% in the first year of projection and increases linearly to 3.75% over 20 years by Year 2045 3. Higher investment return: 4.5% p.a.
2025	1.55		
2030	2.02	2.09	2.17
2035	2.53	2.71	2.90
2040	3.08	3.41	3.77
2045	3.67	4.19	4.79
CAGR 2025-2045	4%	5%	6%



- The projected market size in 2045 under the high growth scenario exceeds that of the low growth scenario by over HK\$1.1 trillion, reflecting the significant compounding influence of growth rate in contribution amount, annual benefit payment as a percentage of asset value, and investment returns.

**End of this Report**