

Sun Life Financial Resilience Index: Malaysia Millennials Are The Most Financially Literate Generation, Though Lack Of Planning Still A Barrier

- Millennials in Malaysia emerge as the generation most optimistic about their financial futures
- Saving for retirement is second highest priority across all generations, but only 18% currently have a retirement or pension plan
- Only one in five respondents (22%) make financial plans on a five-year horizon or beyond

Kuala Lumpur, 18 April 2024 – Sun Life released its inaugural “Asia Financial Resilience Index - Malaysia” today, which examines the financial behaviours and beliefs of individuals across the region and the barriers they face in building long-term financial security. The Index shows Malaysian millennials have the highest levels of financial resilience and that while confidence and optimism are high across all generations, many people still lack a plan of action.

The Sun Life Asia Financial Resilience Index is based on a survey of 8,000 people in eight markets: Malaysia, Singapore, mainland China, Hong Kong SAR, India, Indonesia, the Philippines, and Vietnam.

Key findings include:

Millennials the most resilient generation

The survey of 1,000 people in Malaysia found that millennials are the most financially resilient generation. Compared with other generations, they are more optimistic (69%) about their financial futures. They are also more likely to make financial decisions based on research (65%) compared to their older peers (62%).

They also more confident in being able to meet their long-term financial goals (71%) compared to older generations (57%). That said, only 40% of millennial respondents have a financial plan beyond one year ahead, which puts their financial goals at risk.

Raymond Lew, CEO and President/Country Head of Sun Life Malaysia shared: “Malaysian millennials stood out in our study as the most financially resilient generation. As a very tech-savvy generation, millennials have more tools at their disposal when it comes to financial planning and are more likely to base their decisions on research. That said, the study shines a spotlight on a worrying phenomenon that not many have a long-term financial plan in place to meet their life goals. Having a well thought out plan needs to be a priority for those looking to secure their financial future, especially in today’s everchanging and dynamic investment landscape.”

Confidence outstrips preparedness

The Index found that across Asia, confidence outstrips preparedness when it comes to long-term financial goals. In Malaysia, 66% of respondents are confident in meeting their long-term financial goals (compared with a 69% Asia average) yet only 38% have a financial plan beyond one year ahead (compared with a 40% Asia average). Malaysians listed retirement and savings as their second highest financial priority, but only 18% currently have a retirement or pension plan to support their goals.

Lew added: “The Sun Life Financial Resilience Index provides a window into how households in Malaysia are approaching their financial goals and protecting their future. It’s wonderful that so many people feel more optimistic about their finances in 2024, and this optimism deserves a plan to make it a reality. A financial plan provides simple, clear steps toward achieving your wealth and health goals.”

“At Sun Life Malaysia, we believe financial resilience begins with financial protection. It is heartening to find also in our recent survey on Malaysians’ self-perceived level of insurance literacy that majority (72%) Malaysians acknowledge the role of insurance or takaful in providing financial protection.

Despite that, only 28% are confident in their knowledge of insurance and takaful products, also proving the gap of materialising financial optimism into plans. Hence, it is more crucial than ever for Malaysians to acquire sound financial knowledge to bolster their financial resilience for the future,” shared Lew.

Emotion and trust play a key role in financial decision making

Over a third of respondents (36%) in Malaysia reported that emotion and trust played a key role for them in making financial decisions. Social media was a common source of financial advice (43%), but few trust it (11%). Close to half (48%) would like to educate themselves more about personal finance, yet they may be reluctant to ask for help – as fewer than a quarter (24%) currently seek professional help or advice in managing their finances.

Being wealthy does not automatically build financial resilience

The survey found that even the wealthiest respondents had gaps relating to preparedness, underestimating expenditure and lack of long-term financial planning. Lower and high-income respondents are almost as likely to exceed their monthly budgets (21% vs 18%) and only 46% of high-income respondents have a financial plan beyond one year. The study also found that just 54% of high-income respondents are able to save for long-term goals while covering short-term obligations, only slightly higher than 49% of those with lower incomes.

The Sun Life Asia Financial Resilience Index was conducted to understand how individuals plan for and overcome unexpected high impact financial events. The study measures financial resilience against five key pillars: confidence, behaviour, planning, tools and resources. It is based on a double-blind survey conducted in October 2023 of 8,000 people (1,000 per market) in eight markets: Malaysia, Indonesia, mainland China, Hong Kong SAR, India, Singapore, the Philippines, and Vietnam.

Sun Life Malaysia recently launched a survey titled “Insure or Unsure: Sun Life Insurance Literacy Survey” to assess Malaysians’ self-perceived level of insurance literacy in effort to find out their understanding of insurance or takaful topics. The survey resulted in the launch of the InsureLit Campaign to equip Malaysians with essential insurance and takaful knowledge and instill positive financial behaviours.

About InsureLit campaign

Inspired by Sun Life’s purpose to help people achieve lifetime financial security and live healthier lives, the year-long InsureLit campaign aims to boost insurance and takaful literacy and instill positive financial behaviours amongst Malaysians, which in turn empower them to make smarter decisions to build a financially-fit future. The campaign integrates a range of educational initiatives, including digital and social media awareness, roadshows, sponsored financial programmes, a dedicated financial literacy award targeting women’s financial empowerment, engaging board games and a primary school outreach programme, all aimed at bolstering insurance literacy.

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Sun Life Malaysia (Sun Life Malaysia Assurance Berhad and Sun Life Malaysia Takaful Berhad) is a joint venture by Sun Life Assurance Company of Canada and Khazanah Nasional Berhad.

As a life insurance and Family Takaful provider, Sun Life Malaysia offers a comprehensive range of products and services to Malaysians across the country and is focused on helping Clients achieve lifetime financial security and live healthier lives. Sun Life Malaysia distributes its products through a range of distribution channels including bancassurance and bancatakaful, agency force, direct marketing and telemarketing, corporate and government business and e-distribution.

Sun Life Assurance Company of Canada is a principal operating life insurance subsidiary of Sun Life Financial Inc., a leading international financial services organisation providing insurance, wealth and asset management solutions to individual and corporate Clients. Sun Life has operations in a number of markets worldwide, including Canada, the United States, the United Kingdom, Ireland, Hong Kong, the Philippines, Japan, Indonesia, India, China, Australia, Singapore, Vietnam, Malaysia and Bermuda. As of September 30, 2023, Sun Life had total assets under management of \$1.34 trillion. For more information, please visit www.sunlife.com.

Sun Life Financial Inc. trades on the Toronto (TSX), New York (NYSE) and Philippine (PSE) stock exchanges under the ticker symbol SLF.

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