From 1 November 2012, you will have a choice!

Three Major Steps in Transferring Benefits under ECA

Step 1

Submit the transfer election form

Employees should submit a completed "Employee Choice Arrangement - Transfer Election Form" (Form MPF (S)-P(P)) directly to the trustee they have chosen (i.e. new trustee).^

Step 2

Buy/sell fund units by trustees

(takes about 6 to 8 weeks)

New Trustee

- Receive transfer election form
- Verify the information and send the form to the original trustee

Original Trustee

- Receive and verify the information from the new trustee
- Cash out the fund units in the employees' account if the information is correct
- Transfer the money to the new trustee by mailing a cheque

New Trustee

- On receiving the cheque, the new trustee will buy funds in accordance with the choice and proportion of funds chosen by the employees

Note:

During the transfer process, the original trustee sells the fund units and the new trustee redeems the fund units. There will be a time lag during which the employees' accrued benefits will not be invested in any funds. During this period, fund prices may change due to market fluctuations, and **there is a chance of a "sell low, buy high" scenario occurring**.

Step 3

Employees receive transfer documents

- After completing the whole transfer process, employees will receive:
  (a) a Transfer Statement from the original trustee
  (b) a Transfer Confirmation from the new trustee
- Employees should check the contents of both documents to ensure the accuracy of the transferred amount and account details

Employee Choice Arrangement (ECA)

will commence on 1 November 2012. Under ECA, employees will be allowed to transfer their accrued benefits, i.e. the accumulated contributions and investment returns from the employee mandatory contributions made during their current employment to another MPF trustee and scheme of their own choice once every calendar year#; or not to make any change by retaining the accrued benefits in the MPF scheme they are currently enrolled in. As only the employee's portion is transferrable and not the employer's, the arrangement is also known as "MPF Semi-Portability".

Friendly reminder: To Transfer? Not to Transfer?

Although employees have a new right under ECA, this does not imply that it is "compulsory" to make a transfer or they should make a transfer immediately after the commencement. MPF is a long-term investment, so employees should consider their own needs, rather than "switching for the sake of switching" or "just following the crowd" when deciding whether to transfer or not.

Every calendar year means the period from 1 January to 31 December in any given year.

^ Employees will need to open an MPF account with a new trustee if they do not have one when transferring their accrued benefits.

MPFA Mandatory Provident Fund Schemes Authority

Your MPF. Your Choice.

Website: www.mpfa.org.hk Hotline: 2918 0102