

Statistical Analysis of Accrued Benefits Held by Scheme Members of Mandatory Provident Fund Schemes



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Executive Summary

1. This report is prepared to facilitate scheme members in understanding various types of Mandatory Provident Fund (MPF) accounts, scheme members and contributions and to provide an analysis of accrued benefits held in the accounts of scheme members of MPF schemes as of December 2018.

Key Findings

2. In 2018, there were 9.76 million MPF accounts, consisting of 4.12 million Contribution Accounts (CAs) and 5.64 million Personal Accounts (PAs). These accounts were held by a total of 4.37 million scheme members. On average, as of December 2018, each employee and self-employed person (SEP) held 1.27 CAs and 1.03 CAs respectively. Each PA holder on average held 1.72 PAs.

MPF
Accounts
9.76 million

MPF Scheme
Members
4.37 million

3. The total amount of Mandatory Contributions (MCs) and Voluntary Contributions (VCs) (excluding Special Voluntary Contributions (SVCs)) were \$59,376 million and \$11,595 million respectively. SVCs amounted to \$860 million in 2018.

MCs
\$59,376 million

VCs
\$11,595 million

SVCs
\$860 million

4. A total of 16 100 employers made VCs for 350 200 employees (ER-VCs) with an aggregate amount of \$10,067 million in 2018. For the same year, a total of 88 300 employees made VCs for themselves (EE-VCs) with an aggregate amount of \$1,476 million.

ER-VCs
\$10,067 million

EE-VCs
\$1,476 million

5. For the MPF System as a whole, the aggregate accrued benefits of scheme members amounted to \$813 billion as of December 2018. 54.1% and 45.3% of accrued benefits were held under CAs and PAs respectively. Only 0.6% were held under SVC accounts. In terms of contribution type, 87% of accrued benefits came from MCs, and the remaining 13% came from VCs and SVCs.
6. The length of contribution period and the amount of contributions have great effect on the final accrued benefits of scheme members. As of December 2018, there were around 90 000 employee contribution accounts that were set up when the MPF System was launched in December 2000 and received contributions continuously.¹ The average accrued benefits derived from MCs of these employees' accounts amounted to \$359,000 as of December 2018. Among these 90 000 accounts, about 30 000 accounts also received VCs. The average accrued benefits derived from both MCs and VCs of these 30 000 accounts amounted to \$839,000 as of December 2018.
7. As of December 2018, taking into account both CAs and PAs, a total of 1 170 000 accounts had accrued benefits more than \$200,000. About 240 000 accounts and 50 000 accounts had accrued benefits more than \$500,000 and \$1,000,000 respectively.
8. Regardless of their age and gender, scheme members generally showed a stronger preference for equity funds and mixed assets funds, constituting 39% and 36% of their accrued benefits respectively as of December 2018. On the whole, there was no marked difference between the fund choices of male and female members.
9. The fund choices of scheme members have a bearing on their final accrued benefits. Generally, there is a trade-off between risk and return. While growth funds, like equity funds, may be able to generate potentially higher return, investors of this fund type will be subject to higher investment risk. Investors in conservative funds will face lower investment risk, but the potential return of their investment will hardly match that of growth funds in the long term.

Total Accrued
Benefits
\$813 billion

¹ This refers to regular employee contribution accounts which were established under master trust schemes and the employer sponsored scheme in December 2000 and have not been terminated as of 31 December 2018.

I. Introduction

1. The MPF System is an individual savings account arrangement. Under the MPF System, contributions paid by, or on behalf of, scheme members are used to purchase units of MPF funds, which are accumulated in the scheme member's account, as are any returns generated by these MPF funds. Therefore, the amount of accrued benefits accumulated in the scheme member's account depends on the amount contributed to the scheme and the investment return thereon. This report provides an analysis of accrued benefits held in the accounts of scheme members of MPF schemes as of December 2018.

II. Types of MPF Accounts, Scheme Members and Contributions

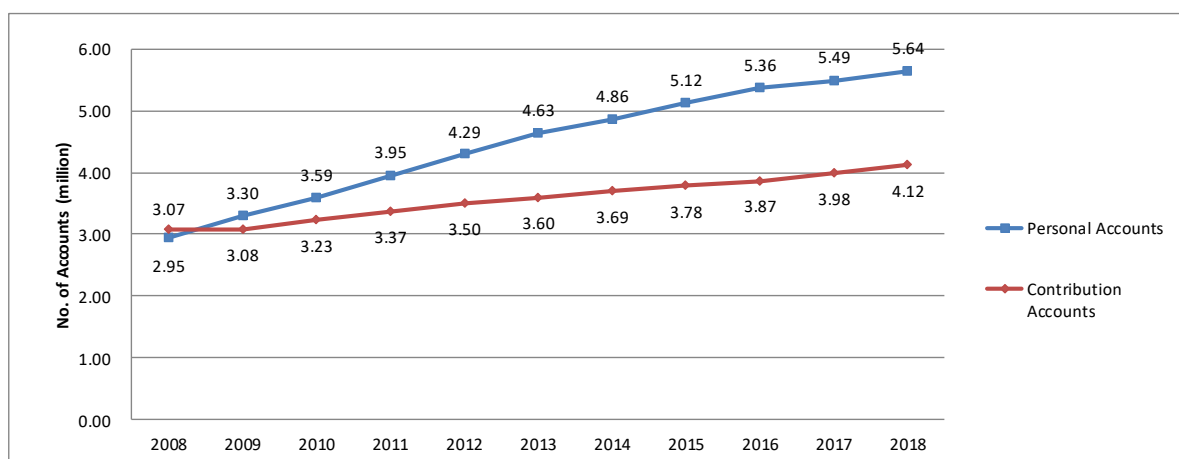
A. Types of MPF Accounts

2. Under the MPF legislation, MPF accounts are categorized into two types: CAs and PAs. A CA receives MPF contributions mainly related to a scheme member's current employment or self-employment for investment. A PA primarily receives accrued benefits attributable to a scheme member's former employment or former self-employment transferred from other MPF accounts, and also accrued benefits derived from employee mandatory contributions attributable to a scheme member's current employment transferred from a CA for investment.
3. In line with the growing MPF enrolments, there has been a substantial increase in the number of both CAs and PAs over the years. From December 2008 to December 2018, the number of CAs and PAs, on average, grew by 3.0% and 6.7% per year respectively. As of December 2018, there were 4.12 million CAs and 5.64 million PAs.

Table 1 Total Number of MPF Accounts (as of December 2018)

Type of Accounts	Number
Contribution Accounts	4 120 000
Personal Accounts	5 640 000
Total	9 760 000

Chart 1 Growth of the Number of Contribution Accounts and Personal Accounts



B. Types of Scheme Members

4. CAs and PAs are held by scheme members. There are generally three types of scheme members in the MPF System: employees, SEPs and PA holders.
5. A scheme member may have multiple identities under the MPF System; an employee can hold a CA and a PA at the same time, for example. One scheme member may hold more than one CA or PA.
6. As of December 2018, the 4.12 million CAs were held by 3.23 million employee and SEP members.² If the 1.13 million participants who only held PAs are included, a total of 4.37 million individuals participated in the MPF System.

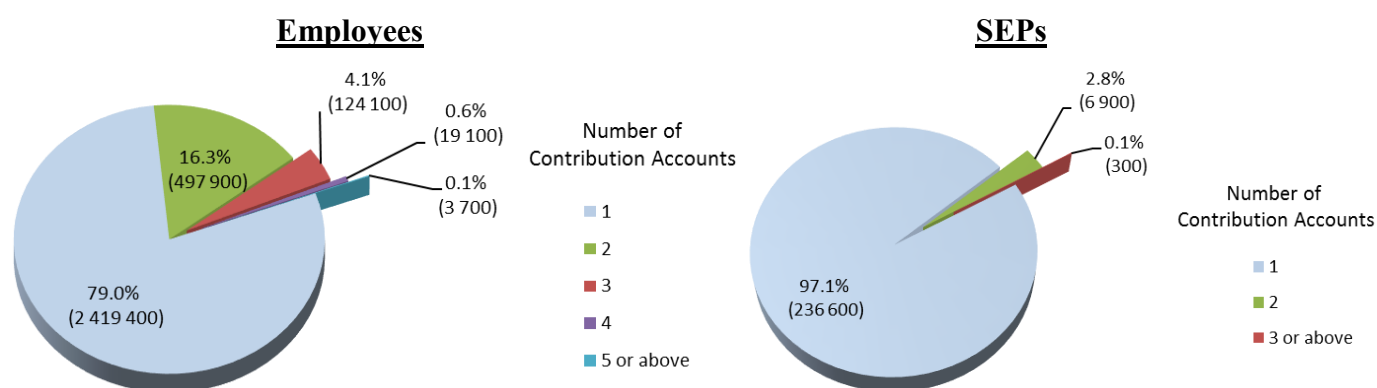
Table 2 Number of MPF Scheme Members (as of December 2018)

Type of Members	Number
Members Holding Contribution Accounts	3 230 100
Members Holding Personal Accounts Only	1 134 900
Total	4 365 000

² The total number of 3.23 million participating members covers holders of inactive contribution accounts (e.g. accounts pending cessation and accounts no longer receiving contributions). This figure is therefore higher than the sum of the enrolment figures of employees (2 633 000) and SEPs (208 000) as of December 2018 published by the Authority, which covers active members only.

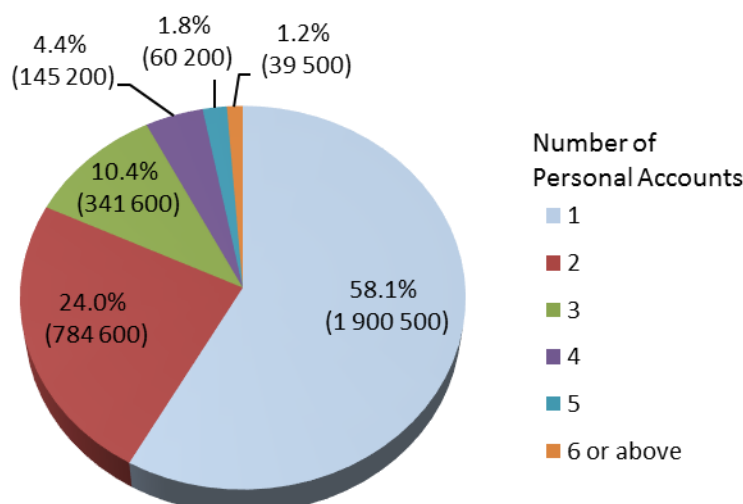
7. Scheme members, particularly employees, may have more than one CA. For example, employees who have two jobs concurrently will have two CAs, one for each job. On average, each employee member had 1.27 CAs as of December 2018. Among employee members, 79.0% had one CA, 16.3% had two CAs, and 4.8% had three or more CAs. It is less likely for SEP members to have more than one CA. On average, each SEP member had 1.03 CAs. Among SEP members, 97.1% had only one CA; only 2.9% of them had two or more CAs.

Chart 2 Number of Contribution Accounts Maintained by Employee and SEP Members



8. The 5.64 million PAs were held by 3.27 million PA holders, many of whom had more than one PA. On average, each PA holder had 1.72 PAs; 58.1% had only one PA, 24.0% had two, 10.4% had three, and 7.5% had four or more.

Chart 3 Number of Personal Accounts Maintained by PA Holders



C. Types of Contributions

Mandatory Contributions

9. Subject to a cap of \$3,000 per month, an amount which is equal to 10% of an employee's relevant income (RI) (5% payable by the employer from its own funds and 5% payable by the employee by deduction from the employee's relevant income) has to be made into an MPF scheme as MCs. Employees earning less than \$7,100 per month need not contribute themselves, but their employers still need to contribute 5% of the employees' relevant income. SEPs have to contribute 5% to an MPF scheme, subject to a cap of \$1,500 per month. They are not required to contribute if they earn less than \$7,100 per month. From 2009 to 2018, the total amount of MCs grew by 53%³ from \$38,928 million to \$59,376 million.

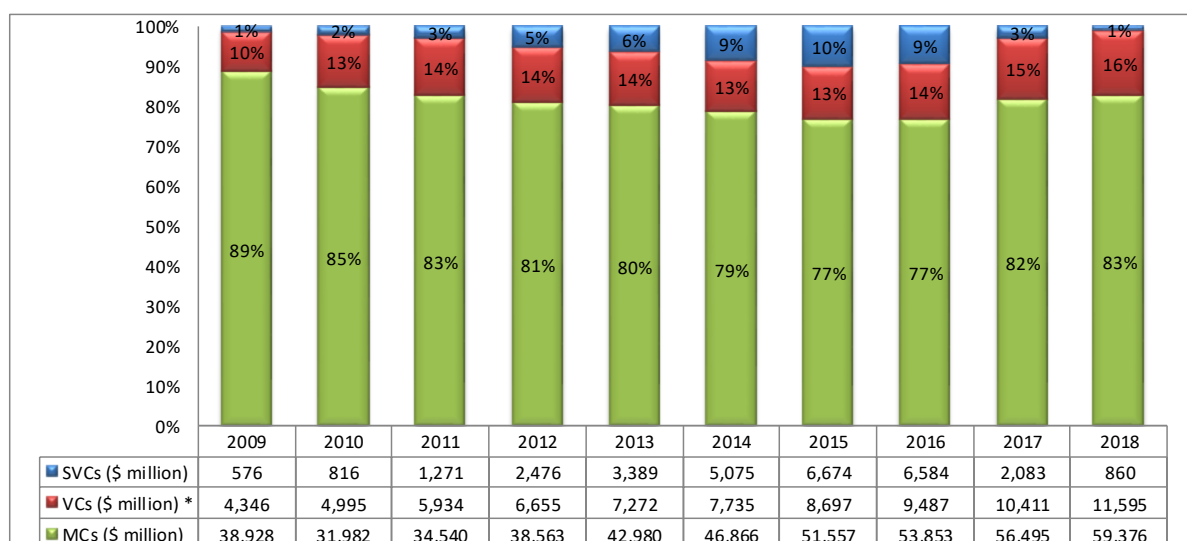
*Voluntary Contributions and Special Voluntary Contributions*⁴

10. Employers, employees or SEPs can also make VCs to an MPF scheme, in addition to the amount of MCs required under the MPF legislation. From 2009 to 2018, the total amount of VCs (excluding SVCs) grew by 167% from \$4,346 million to \$11,595 million. As a percentage of total contributions, VCs rose from 10% to 16% during this period. On the contrary, the SVCs recorded negative growth, dropping from \$2,083 million in 2017 to \$860 million in 2018.

³ The growth rate would be 95% if excluding the Government's injection of special contributions made in 2009 into the accounts of eligible scheme members.

⁴ SVCs are contributions unrelated to employment made directly by employees to the trustee of an MPF scheme without the involvement of their employers.

Chart 4 Amount of Mandatory Contributions, Voluntary Contributions and Special Voluntary Contributions over the Past 10 Years



Notes:

(1) The MCs in 2009 and 2010 included the Government's injection of special contributions into the accounts of eligible scheme members.

(2) Figures may not sum up to 100% due to rounding.

(3) * Excluding SVCs.

Voluntary Contributions Made by Employers and Employees

11. To strengthen the retirement benefits of employees, some employers will make ER-VCs for their employees on top of MCs. Some employees will also make EE-VCs through their employers, sometimes as a prerequisite for employers' matching contributions.
12. In 2018, a total of 16 100 employers (or 5.5% of all participating employers⁵) made ER-VCs to MPF schemes of 350 200 employees (or 13.2% of all participating employees⁵) with an aggregate amount of \$10,067 million. A total of 88 300 employees (or 3.3% of all participating employees⁵) also made an aggregate amount of \$1,476 million to their MPF schemes as EE-VCs.
13. The average amount of ER-VCs per employee rose from \$27,100 in 2017 to \$28,700 in 2018. The average amount of EE-VCs per employee rose from \$16,500 in 2017 to \$16,700 in 2018. On average, the ER-VCs per employer rose from \$561,000 in 2017 to \$625,800 in 2018.

⁵ As of December 2018

Table 3a Voluntary Contributions Made by Employers

Year	Number of Employers Involved	Number of Employees Involved	Total Amount of ER-VCs (\$ Mil)	Average Amount of ER-VCs	
				Per Employer (\$)	Per Employee (\$)
2017	15 900	328 500	8,894	561,000	27,100
2018	16 100	350 200	10,067	625,800	28,700
Yearly Change (% change)	+200 (+1%)	+21 700 (+7%)	+1,173 (+13%)	+64,800 (+12%)	+1,700 (+6%)

Note: Yearly changes are calculated from unrounded figures.

Table 3b Voluntary Contributions* Made by Employees

Year	Number of Employees Involved	Total Amount of EE-VCs (\$ Mil)	Average Amount of
			EE-VCs Per Employee (\$)
2017	83 000	1,373	16,500
2018	88 300	1,476	16,700
Yearly Change (% change)	+5 300 (+6%)	+103 (+8%)	+200 (+1%)

Notes:

(1) Yearly changes are calculated from unrounded figures.

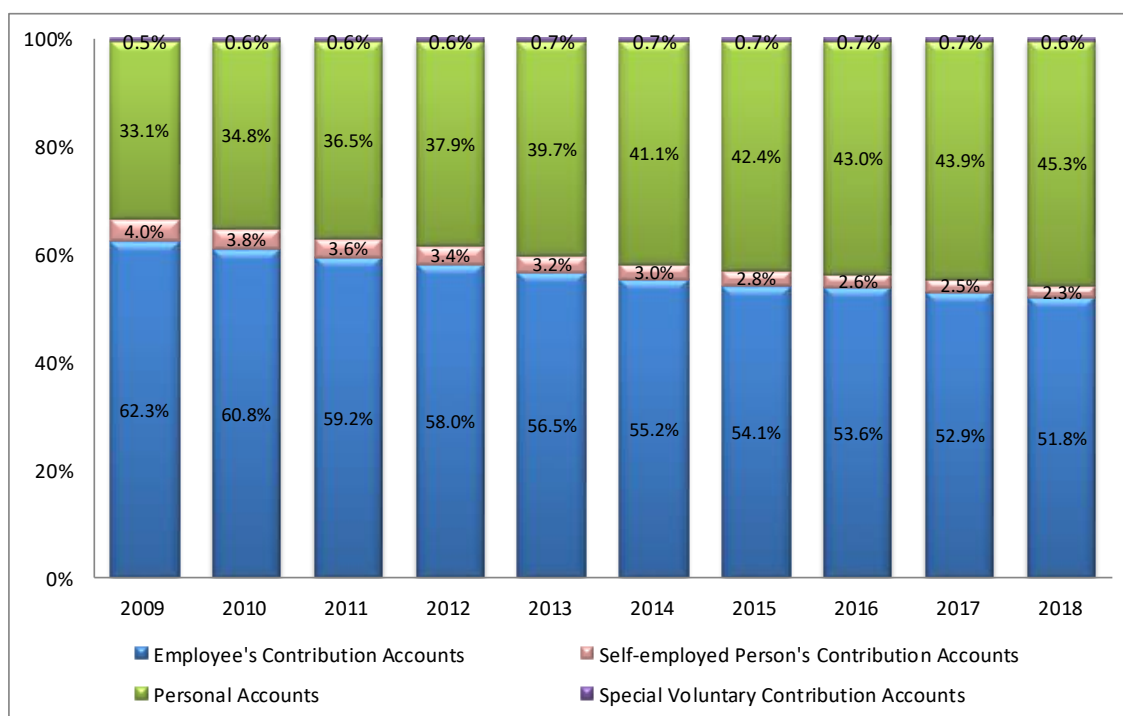
(2) * Excluding SVCs.

III. Accrued Benefits of Scheme Members

A. By Account Type

14. For the MPF System as a whole, the aggregate accrued benefits of scheme members amounted to \$813 billion as of December 2018. Scheme members' accrued benefits are held under CAs, PAs and/or SVC accounts. In terms of account type, 54.1% of scheme member's accrued benefits were held under CAs (about \$440 billion), 45.3% (about \$368 billion) were held under PAs and only 0.6% (about \$5 billion) were held under SVC accounts as of December 2018.

Chart 5 Accrued Benefits by Account Type over the Past 10 Years

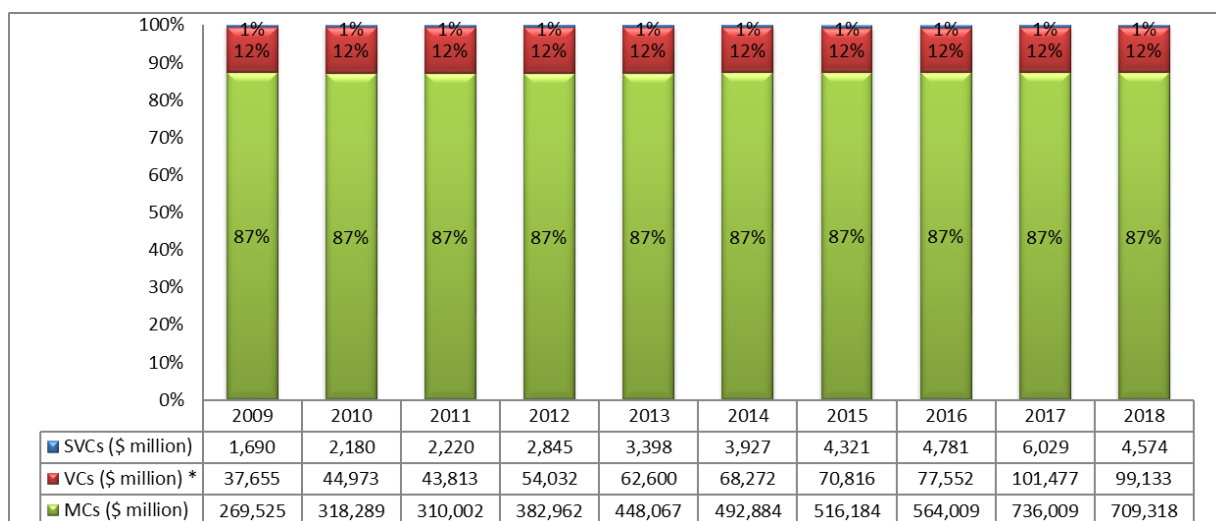


Note: Figures may not sum up to 100.0% due to rounding.

B. By Contribution Type

15. Scheme members' accrued benefits are derived from MCs and VCs (including SVCs). In terms of contribution type, 87% of scheme members' accrued benefits came from MCs, while the remaining 13% came from VCs (including SVCs) as of December 2018. The percentage distribution remained unchanged in the last 10 years.

Chart 6 Accrued Benefits by Contribution Type over the Past 10 Years



Notes:

(1) Figures may not sum up to 100% due to rounding.

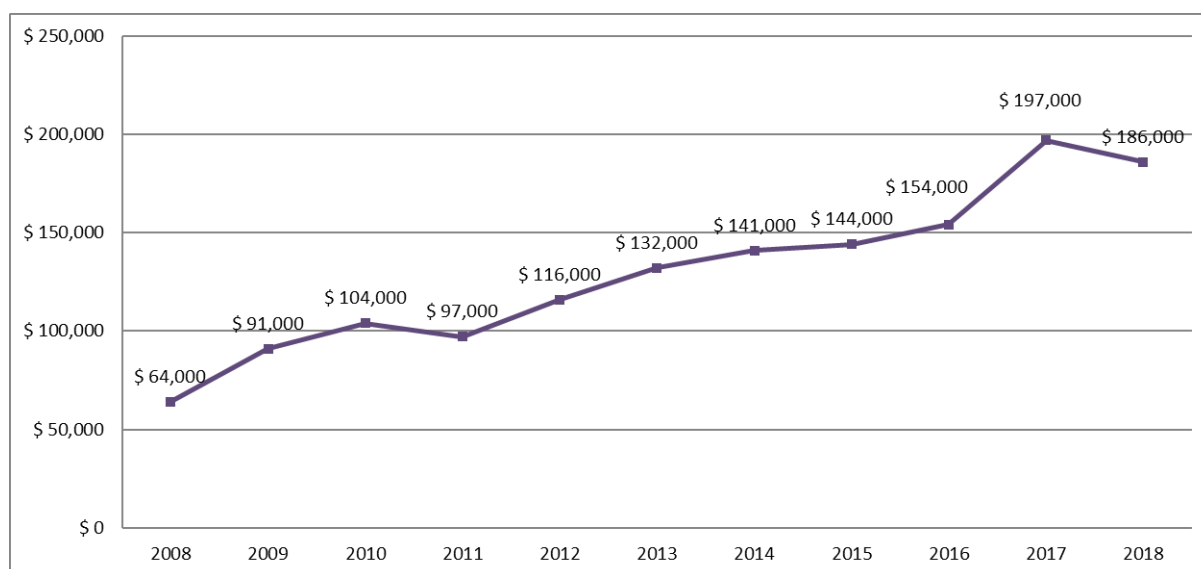
(2) * Excluding SVCs.

C. Average MPF Accrued Benefits of Scheme Members

i. Overview

16. As of December 2018, total MPF assets amounted to \$813 billion, held by around 4.37 million scheme members participating in the MPF System (including employees, SEPs and PA holders) as accrued benefits. On average, each scheme member had \$186,000 accumulated in his/her account(s) as of December 2018.

Chart 7 Growth in Average Accrued Benefits Held by Scheme Members



Note: Figures are rounded to the nearest thousand.

17. Despite experiencing setbacks in 2011 and 2018 due to unfavourable market conditions, the average accrued benefits held by scheme members rose from \$64,000 as of December 2008 to \$186,000 as of December 2018, representing a cumulative growth rate of 190% in the past 10 years.
18. It is noteworthy that the average amount of accrued benefits (i.e. \$186,000) covers scheme members with different length of contribution period. Generally speaking, the longer the contribution period, the higher the amount of benefits accumulated. Box 1 below illustrates the accrued benefits of those scheme members who have started to contribute to an MPF account since December 2000.

**Box 1 Average Accrued Benefits of Contribution Accounts of Employees
 Joining the MPF System in December 2000**

As of December 2018, there were around 90 000 employee contribution accounts that were set up when the MPF System was launched in December 2000 and received contributions continuously.⁶ The average accrued benefits derived from MCs of these accounts amounted to \$359,000 as of December 2018.

Out of these 90 000 accounts, about 30 000 accounts also received VCs. For these accounts, the average accrued benefits derived from VCs amounted to \$350,000 as of December 2018. Taking account of the accrued benefits derived from both MCs and VCs, the average accrued benefits of these accounts amounted to \$839,000.

⁶ This refers to regular employee contribution accounts which were established under master trust schemes and the employer sponsored scheme in December 2000 and have not been terminated as of 31 December 2018.

Table 4 Average Accrued Benefits of Contribution Accounts of Employees Joining the MPF System in December 2000 (as of December 2018)

Type of Accounts	Type of Contributions	Average Accrued Benefits (\$)	Number of Accounts Involved ⁷
Accounts with Accrued Benefits Derived from MCs	MCs	359,000	90 000
Accounts with Accrued Benefits Derived from Both MCs and VCs*	MCs	489,000	30 000
	VCs*	350,000	
	Overall	839,000	

Note: * Excluding SVCs.

It should however be noted that the above accrued benefits figures are average figures of scheme members who have the same contribution period. Individual members' accounts may have accumulated an amount of accrued benefits in excess of or lower than the average figures, depending primarily on the total amount of contributions that have been made over the years and their investment choices.

19. Therefore, the amount of contributions made by or on behalf of scheme members is a determining factor affecting the amount of accrued benefits that scheme members hold. The MPF mandatory contribution rate is 10% of the employee's RI, subject to the minimum and maximum RI levels. To take an example, for an employee earning a median income from December 2000 to December 2018 and making contributions continuously to an MPF scheme, the total MCs made by and on behalf of this employee would amount to \$255,070.

⁷ This refers to the number of regular employee contribution accounts which were established under master trust schemes and the employer sponsored scheme in December 2000 and have not been terminated as of 31 December 2018. Among the 90 000 accounts in December 2018, 30 000 of them also had accrued benefits derived from VCs.

Table 5 Changes of the Minimum and Maximum RI Levels since the Inception of the MPF System

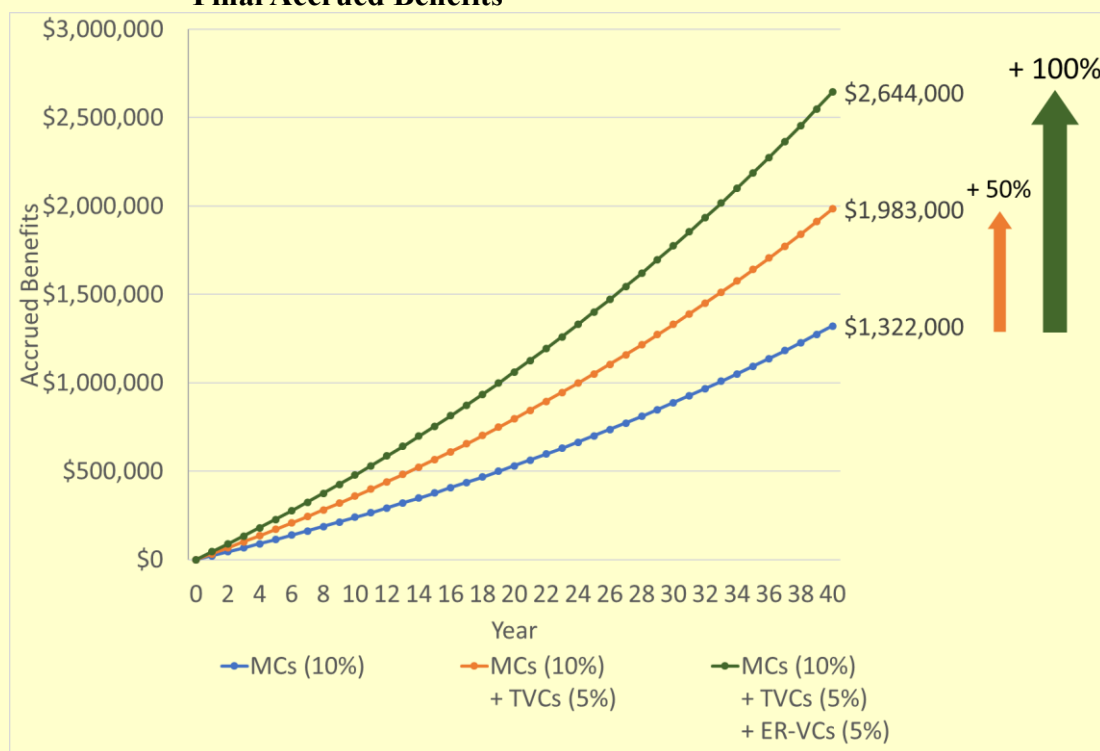
Effective Date	Minimum RI Level (\$)	Maximum RI Level (\$)
1 December 2000	4,000	20,000
1 February 2003	5,000	20,000
1 November 2011	6,500	20,000
1 June 2012	6,500	25,000
1 November 2013	7,100	25,000
1 June 2014	7,100	30,000

20. Since the MPF System was introduced in December 2000 and quite a number of scheme members first joined the MPF System in their thirties or even later, some scheme members therefore may not have the opportunity to make contributions to MPF throughout their entire working life (e.g. 40 years). For instance, a total of 1.53 million scheme members were aged 50 or above as of December 2018. The average accrued benefits of scheme members aged 50-54 and 55-59 were \$251,000 and \$229,000 respectively. Compared with younger scheme members, these scheme members may have a relatively shorter contribution period to further accumulate MPF accrued benefits before retirement. They may therefore consider saving more for retirement purpose.

Box 2 The Impact of Making Voluntary Contributions on Scheme Members' Final Accrued Benefits

The purpose of MPF investment is to save for retirement. It is a long-term investment, spanning across a period of more than 40 years. How much one makes contributions to the MPF System has a great bearing on the ultimate amount of accrued benefits to be accumulated upon retirement. To encourage the public to save for retirement purpose, legislation has been enacted to provide tax incentives for scheme members to make Tax Deductible Voluntary Contributions (TVCs) starting from 1 April 2019. The example below aims to show, in addition to making MCs, the probable effect of making VCs (including TVCs) on the final accrued benefits of scheme members.

Chart 8 Impact of Making Voluntary Contributions on Scheme Members' Final Accrued Benefits



Assumptions:

- (1) The RI is set to be \$18,000⁸ and there is no pay adjustment in real terms throughout 40 years.
- (2) Contributions are made on monthly basis.
- (3) The annual investment return is 2.0% per annum which is net of fees and charges and inflation.
- (4) All figures in this example are at 2018 price.

Scenario 1: MCs (10%)

The employer and employee each contributes MCs only, which are equal to 10% of the employee's RI. The estimated accrued benefits will be \$1,322,000⁹ over an investment horizon of 40 years.

Scenario 2: MCs (10%) + TVCs (5%)

This scenario assumes that the employee makes 5% of his/her RI as TVCs. Together with those accrued benefits derived from MCs, the estimated total accrued benefits will become \$1,983,000⁹ after 40 years, which are 50% more than the amount accumulated under scenario 1.

⁸ According to the Q4 2018 Report on General Household Survey published by the Census and Statistics Department, the median monthly employment earnings of employed persons (excluding foreign domestic helpers) was \$18,000.

⁹ The estimated amount of accrued benefits is calculated at present value (i.e. at 2018 price) which has already incorporated the assumed inflation rate throughout 40 years.

Scenario 3: MCs (10%) + TVCs (5%) + ER-VCs (5%)

This scenario assumes that the employee makes TVCs (5% of his/her RI) and the employer also makes 5% of the employee’s RI as ER-VCs in order to provide better retirement benefits for his/her employee. Together with those accrued benefits derived from MCs, the estimated total accrued benefits will reach \$2,644,000⁹ after 40 years. This amount is twice as that accumulated under scenario 1.

Disclaimer:

The examples (including all values and figures) given in Box 2 are hypothetical examples intended for illustration purposes only. All values and figures indicated in Box 2 do not represent, promise or guarantee the actual amount of accrued benefits a scheme member will receive. None of these examples shall be taken as recommendation or advice on how a scheme member should invest.

ii. Average Accrued Benefits of Scheme Members by Account Type

21. In terms of account type, the average accrued benefits of employees, SEPs and PA holders were about \$138,000, \$78,000 and \$113,000 respectively as of December 2018. The average accrued benefits of \$186,000 held by scheme members are higher than the average accrued benefits of any particular account type as scheme members may participate in MPF schemes in more than one capacity (e.g. as an employee holding one or more CAs and a PA at the same time).

Table 6 Average Accrued Benefits Held in Different Account Types (as of December 2018)

Account Type	Average Accrued Benefits of Scheme Members (\$)
Employee’s Contribution Account	138,000
Self-employed Person’s Contribution Account	78,000
Personal Account	113,000

Note: Figures are rounded to the nearest thousand.

iii. Average Accrued Benefits of Scheme Members by Age Group and Gender

22. Scheme members of different age groups and gender have a different average amount of accrued benefits. Information on the number of scheme members and the average accrued benefits of them by age group and gender as of December 2018 are shown in Table 7 and Table 8 respectively.

Table 7 Number of Scheme Members by Age Group and Gender (as of December 2018)

Age Group	Gender				Total	%
	Female	%	Male	%		
≤19	24 100	1.1%	22 900	1.0%	47 100	1.1%
20-24	163 200	7.6%	166 200	7.5%	329 500	7.5%
25-29	227 400	10.5%	231 300	10.5%	458 600	10.5%
30-34	243 600	11.3%	245 400	11.1%	489 100	11.2%
35-39	262 300	12.2%	253 700	11.5%	516 000	11.8%
40-44	253 400	11.7%	241 800	11.0%	495 200	11.3%
45-49	264 600	12.3%	231 000	10.5%	495 500	11.4%
50-54	250 700	11.6%	233 500	10.6%	484 200	11.1%
55-59	236 400	11.0%	260 900	11.8%	497 300	11.4%
60-64	172 600	8.0%	222 500	10.1%	395 200	9.1%
≥65	58 900	2.7%	98 400	4.5%	157 300	3.6%
Total	2 157 200	100.0%	2 207 800	100.0%	4 365 000	100.0%

Notes:

(1) Figures on number of scheme members are rounded to the nearest hundred.

(2) Figures may not sum up to the total or 100.0% due to rounding.

Table 8 Average Accrued Benefits Held by Scheme Members by Age Group and Gender (as of December 2018)

Age Group	Gender		Overall (\$)	Ratio Female : Male
	Female (\$)	Male (\$)		
≤19	2,000	3,000	2,000	1 : 1.40
20-24	18,000	20,000	19,000	1 : 1.10
25-29	76,000	77,000	76,000	1 : 1.01
30-34	157,000	162,000	159,000	1 : 1.03
35-39	221,000	244,000	232,000	1 : 1.11
40-44	241,000	277,000	258,000	1 : 1.15
45-49	227,000	287,000	255,000	1 : 1.26
50-54	220,000	285,000	251,000	1 : 1.30
55-59	187,000	267,000	229,000	1 : 1.43
60-64	135,000	218,000	181,000	1 : 1.62
≥65	58,000	94,000	81,000	1 : 1.61
Overall	168,000	204,000	186,000	1 : 1.21

Note: Figures on accrued benefits are rounded to the nearest thousand, while the ratios are calculated from unrounded figures.

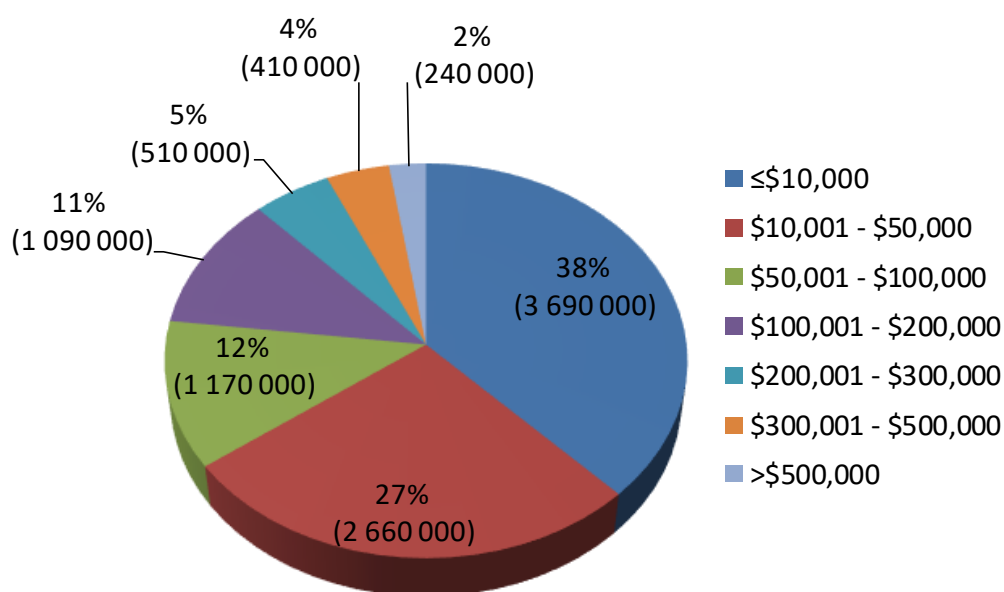
23. Those members aged between 40 and 54 tended to have greater amounts of accrued benefits than other age groups, while those aged 29 or below as well as those aged 65 or above had accrued benefits lower than the average.

24. The average accrued benefits of male members (\$204,000) were 21% higher than those of female members (\$168,000). The accrued benefits of male members were higher than those of female members in all age groups. Starting from the age group of 25-29, the differences generally tended to increase with age.

D. Range of Accrued Benefits Held by Accounts

25. By range of accrued benefits, taking into account both CAs and PAs, around 38% of accounts had accrued benefits of \$10,000 or below. Those with accrued benefits between \$10,001 to \$50,000 and \$50,001 to \$200,000 accounted for 27% and 23% of total accounts respectively. Of total accounts, nearly 12% (about 1 170 000 accounts) had accrued benefits of more than \$200,000, and around 2% (about 240 000 accounts) had accrued benefits of more than \$500,000.¹⁰

Chart 9 Distribution of Accounts by Range of Accrued Benefits



Note: Figures may not sum up to 100% due to rounding.

26. As discussed in paragraphs 11-13, in addition to MCs, many accounts received VCs made by employers and/or employees. With these extra contributions, the amount of accrued benefits in some accounts were substantially higher than others. For instance, as of December 2018, about 50 000 accounts had accrued benefits of more than \$1,000,000.

¹⁰ It should be noted that as scheme members may have more than one account, the distribution pattern of scheme members' accrued benefits may not be the same as the one shown in Chart 9.

E. Accrued Benefits of Scheme Members and their Fund Choices

27. Regardless of their age, scheme members generally showed a stronger preference for equity funds and mixed assets funds. On aggregate, equity funds and mixed assets funds accounted for 39% and 36% of scheme members' accrued benefits respectively as of December 2018. Generally speaking, the proportion of scheme members' investment in equity funds tended to grow with their age until reaching the age group of 35-39 (accounting for 45% of total accrued benefits), after which part of their investment in equity funds were shifted to mixed assets funds, money market fund - MPF consecutive funds and guaranteed funds.
28. Although scheme members as a whole gradually reduced their investment in equity funds on reaching their 40s, they continued to prefer funds with higher growth potentials (i.e. equity funds and mixed assets funds), albeit the relatively higher level of investment risk. To illustrate this observation, for the age group of 60-64, equity funds and mixed assets funds still accounted for 27% and 41% of their total accrued benefits respectively. Regarding their investment in mixed asset funds, around 55% of them were invested in those mixed assets funds with equity exposure of 60% or above.
29. On the whole, there was no great difference between the fund choices of male and female members. Both male and female members showed stronger preference for equity funds and mixed assets funds. Generally speaking, male members tended to allocate a higher proportion of their accrued benefits to equity funds than female members, while female members appeared to be slightly more in favour of guaranteed funds than male members.

Table 9 Distribution of Accrued Benefits by Age Group, Gender and Fund Type (as of December 2018)

Age Group	Gender	Fund Type						Total
		Equity Fund	Mixed Assets Fund	Money Market Fund - MPF Conservative Fund	Guaranteed Fund	Bond Fund	Money Market Fund - Other than MPF Conservative Fund	
≤19	Male	24%	58%	9%	5%	4%	1%	100%
	Female	20%	58%	11%	6%	4%	1%	100%
	Overall	22%	58%	10%	6%	4%	1%	100%
20-24	Male	36%	38%	12%	7%	5%	1%	100%
	Female	32%	39%	13%	9%	6%	1%	100%
	Overall	34%	39%	13%	8%	6%	1%	100%
25-29	Male	43%	33%	12%	6%	5%	1%	100%
	Female	40%	34%	12%	8%	6%	1%	100%
	Overall	41%	33%	12%	7%	6%	1%	100%
30-34	Male	47%	31%	11%	6%	5%	1%	100%
	Female	44%	33%	11%	7%	5%	1%	100%
	Overall	45%	32%	11%	7%	5%	1%	100%
35-39	Male	47%	31%	11%	6%	4%	#	100%
	Female	44%	34%	10%	7%	4%	#	100%
	Overall	45%	32%	11%	7%	4%	#	100%
40-44	Male	45%	32%	11%	7%	4%	#	100%
	Female	43%	35%	10%	8%	4%	#	100%
	Overall	44%	34%	11%	7%	4%	#	100%
45-49	Male	43%	35%	11%	7%	4%	1%	100%
	Female	39%	36%	11%	9%	3%	1%	100%
	Overall	41%	35%	11%	8%	4%	1%	100%
50-54	Male	38%	37%	12%	8%	4%	1%	100%
	Female	35%	38%	13%	10%	3%	#	100%
	Overall	37%	38%	12%	9%	3%	1%	100%
55-59	Male	33%	41%	13%	9%	3%	1%	100%
	Female	31%	39%	14%	12%	3%	1%	100%
	Overall	32%	40%	14%	10%	3%	1%	100%
60-64	Male	27%	42%	16%	11%	3%	#	100%
	Female	25%	39%	18%	15%	3%	#	100%
	Overall	27%	41%	17%	12%	3%	#	100%
≥65	Male	26%	46%	13%	12%	3%	1%	100%
	Female	25%	41%	14%	18%	3%	#	100%
	Overall	26%	44%	13%	14%	3%	1%	100%
All Age Groups	Male	40%	36%	12%	8%	4%	1%	100%
	Female	38%	36%	12%	9%	4%	1%	100%
	Overall	39%	36%	12%	9%	4%	1%	100%

Notes:

(1) # denotes less than 0.5%.

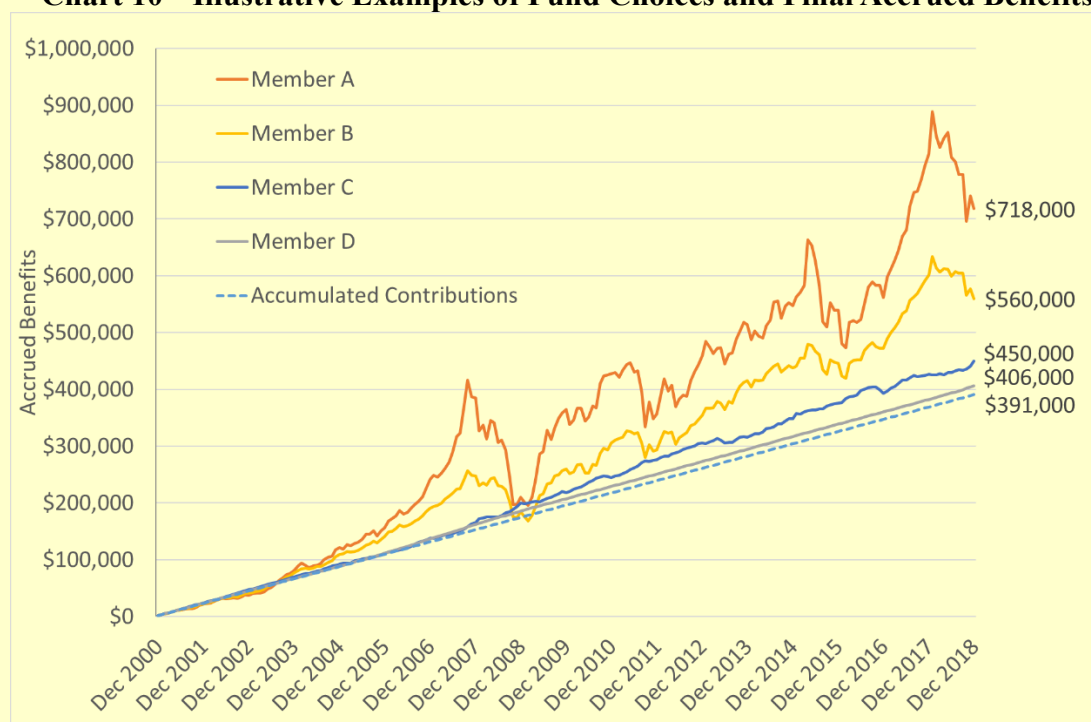
(2) Figures may not sum up to 100% due to rounding.

30. The fund choices of scheme members have a bearing on their final accrued benefits. Generally, there is a trade-off between risk and return. While growth funds, like equity funds, may be able to generate potentially higher return, investors of this fund type will be subject to higher investment risk. Investors in conservative funds will face lower investment risk, but the potential return of their investment will hardly match that of growth funds in the long term.

Box 3 Scheme Member’s Fund Choice and Final Accrued Benefits

Under the MPF System, each scheme member is free to choose any MPF funds offered in the scheme he/she is enrolled. Different fund types are associated with different risk and return profiles, as shown in the following hypothetical examples. The fund choice made by scheme members therefore has an important impact on their final accrued benefits.

Chart 10 Illustrative Examples of Fund Choices and Final Accrued Benefits



Key assumptions:

- (1) Commencement of monthly contribution is December 2000.
- (2) Monthly contribution amount: \$1,800 (\$900 from scheme member and \$900 from employer), which is based on the RI of \$18,000¹¹.
- (3) Rate of return is set to be average monthly return of the particular fund types during the period.
- (4) Total amount of contribution over 18 years and one month is \$391,000.

¹¹ According to the Q4 2018 Report on General Household Survey published by the Census and Statistics Department, the median monthly employment earnings of employed persons (excluding foreign domestic helpers) was \$18,000.

These four hypothetical cases are provided to illustrate the probable final accrued benefits of scheme members who continue to invest in i) Hong Kong equity fund; ii) mixed assets fund; iii) Hong Kong dollar bond fund; and iv) money market fund – MPF conservative fund from December 2000 to December 2018.

Member A is a long-term Hong Kong equity fund investor. After around 18 years, the projected accrued benefits in her MPF account would be about \$718,000, exceeding her total contributions by about \$328,000 (84%). It is however noteworthy that Member A needs to bear higher level of investment risk. For instance, her MPF investment was subject to significant market downturns in November 2008, February 2016 and October 2018.

Member B is a long-term mixed assets fund investor. After around 18 years, the projected accrued benefits in his MPF account would be about \$560,000, exceeding his total contributions by about \$169,000 (43%). In terms of risk level, certain degree of diversification between equities and bonds is obtained by investing in mixed assets funds. However, mixed assets funds are still subject to the investment risk associated with fluctuations of equity and bond markets.

Member C is a long-term Hong Kong dollar bond fund investor. After around 18 years, the projected accrued benefits in his MPF account would be about \$450,000, exceeding his total contributions by about \$59,000 (15%). The long-term investment in Hong Kong dollar bond fund illustrates a further trade-off between risk and return. Compared with equity fund and mixed assets fund, it was subject to lower market volatilities, while providing a relatively moderate long-term return.

Member D is a long-term conservative fund investor. After around 18 years, the projected accrued benefits in his MPF account would be about \$406,000, marginally higher than his total contributions (\$15,000 or 4%). Among these four cases, Member D's investment was subject to the least volatilities of return during the period, albeit with the lowest projected final accrued benefits.

In reviewing the accrued benefits accumulated in their MPF accounts, scheme members may take the opportunity to review their investment choices and consider whether they need to adjust their investment portfolios in the light of their retirement goals.

Disclaimer:

The examples (including all values and figures) given in Box 3 are hypothetical examples intended for illustration purposes only. All values and figures indicated in Box 3 do not represent, promise or guarantee the actual amount of the accrued benefits a scheme member will receive. None of these examples shall be taken as recommendation or advice on how a scheme member's investment choice or strategy should be.