

MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

IV.23 Guidelines on Transfer Statement and Confirmation

INTRODUCTION

Section 154 of the Mandatory Provident Fund Schemes (General) Regulation (“the Regulation”) provides that as soon as practicable after a transferor trustee has transferred benefits for a scheme member, the transferor trustee must give to the scheme member concerned a transfer statement specifying information relating to the transfer as prescribed under that section. Sections 154(1)(g) and 154(3)(f) of the Regulation provide that the Mandatory Provident Fund Schemes Authority (“the Authority”) may specify other information to be contained in a transfer statement by means of guidelines. Section 154(2) of the Regulation requires the transferor trustee to give to the transferee trustee a copy of the transfer statement.

2. Section 155 of the Regulation provides that the transferee trustee must, as soon as practicable after receiving benefits transferred from another registered scheme, give to the scheme member concerned a written notice confirming the transfer and stating the amount of those benefits.

3. Section 6H of the Mandatory Provident Fund Schemes Ordinance (“the Ordinance”) provides that the Authority may issue guidelines for the guidance of approved trustees, service providers, participating employers and their employees, self-employed persons and other persons concerned with the Ordinance.

4. Section 47A of the Ordinance empowers the Authority to specify

or approve the form and contents of documents required for the purposes of the Ordinance. The section also provides that the form is not properly completed unless it includes all the information required by the Authority in the form.

5. The Authority hereby issues guidelines to:
 - (a) set out the other information to be contained in a transfer statement pursuant to sections 154(1)(g) and 154(3)(f) of the Regulation;
 - (b) set out the form and contents of the transfer statement and transfer confirmation pursuant to section 47A of the Ordinance; and
 - (c) provide guidance as to the timing for issuing transfer statements and transfer confirmations.

EFFECTIVE DATE

6. The Guidelines shall become effective on the date of commencement of operation of the Mandatory Provident Fund Schemes (Amendment) Ordinance 2009, i.e. 1 November 2012.

TRANSFER STATEMENT AND TRANSFER CONFIRMATION

Transfer Statement

7. For the purposes of sections 154(1)(g) and 154(3)(f) of the Regulation, the following information (see Annex A for the template) has to be contained in a transfer statement:

- (a) in case of transfer of benefits derived from employee mandatory contributions under section 148A(2)(b) or section 148A(3) of the Regulation, the date the transferee trustee received the effective transfer election, and in case of transfer of benefits derived from employee mandatory contributions under section 148A(2)(a) of the Regulation, the date that the transferor trustee received the effective transfer election, and an explanation of the use of this

- date to count the number of such transfers in a calendar year;
- (b) for each constituent fund, the following details of redemption:
 - (i) the redemption date;
 - (ii) the number of units redeemed in each constituent fund;
 - (iii) the redemption price of units;
 - (iv) the net amount redeemed; and
 - (v) the bid spread deducted; and
 - (c) a reconciliation between the redemption balance of each sub-account of the member's account and the final amount transferred out, showing, where applicable, the amount of benefits vested, the long service payment/severance payment refunded to the employer, the long service payment/severance payment made to the member, the cash payout to the member and others.

8. The form of the transfer statement incorporating the information in paragraph 7 is set out at Annex A. The transferor trustee is required to include the information specified in that Annex when preparing the transfer statement.

9. The transferor trustee should issue the transfer statement to the scheme member concerned within 5 business days after the date of transfer of benefits.

Transfer Confirmation

10. The form of the transfer confirmation issued by the transferee trustee to the member pursuant to section 155 of the Regulation is set out at Annex B. The transferee trustee is required to include the information specified in that Annex when preparing the transfer confirmation.

11. Under normal circumstances, the transferee trustee should issue the

transfer confirmation to the same member concerned as soon as practicable after receiving the accrued benefits, and within:

- (a) 14 business days after receiving the accrued benefits if it is a transfer to an account within the same registered scheme; and
- (b) 17 business days after receiving the accrued benefits if it is a transfer from an account in another registered scheme.

Transfer After Recovery of Outstanding Contributions and Surcharges

12. Section 157A of the Regulation requires a transferor trustee to transfer the amount of outstanding contributions or contribution surcharges subsequently received within 30 calendar days after receiving the amount (not applicable to transfer scenarios under sections 148A and 148B of the Regulation which relate to transfer out of employee contribution accounts whilst the employee member is in employment). The transferor trustee and the transferee trustee should issue a transfer statement and a transfer confirmation respectively in relation to the transfer of the outstanding contributions and surcharges. The contents set out in paragraph 7(b) may not be required if there are no subscription and redemption activities involved in the original scheme.

DEFINITIONS OF TERMS

13. “Business day” means any day other than a Saturday, a public holiday, a gale warning day or a black rainstorm warning day within the meaning of section 71(2) of the Interpretation and General Clauses Ordinance (Cap.1).

14. Where a term used in the Guidelines is defined in the Ordinance or the subsidiary legislation then, except where specified in the Guidelines, that term carries the meaning as defined in the Ordinance or the subsidiary legislation.

TRANSFER STATEMENT

Print/Issue Date:

SECTION 1. PERSONAL DETAILS OF MEMBER

Member Name: Employer Name:
 Member Account Number in Original Scheme: Last Date of Employment:
 Address of Member:

SECTION 2. SCHEME INFORMATION

Name of Original Scheme:
 Name of Original Trustee:

SECTION 3. TRANSFER/PAYMENT SUMMARY

Transfer Case Number:
 Name of New Scheme:
 Name of New Trustee:
 Address of New Trustee:
 Transferred Amount (HK\$): 25,000
 Date of Transfer:
 Amount Paid to Member¹ (HK\$): 2,200
 Date of Payment to Member:
 Amount of Fees and Expenses relating to Transfer Deducted from Member's Benefits² (HK\$):

Note³: [Name of New Trustee] received your election to transfer out the accrued benefits derived from employee mandatory contributions from the contribution account of the [Name of Original Scheme] on [Date of the New Trustee received the Form MPF(S)-P(P)].

As you are only allowed to transfer out that part of benefits from the contribution account of the [Name of Original Scheme] once per calendar year, this means that you cannot make another such kind of transfer-out election in

Note⁴: [Name of New Trustee] received your election to transfer out the accrued benefits derived from employee mandatory contributions from the contribution account of the [Name of Original Scheme] on [Date of the New Trustee received the Form MPF(S)-P(P)].

You are allowed to transfer out that part of benefits from the contribution account of the [Name of Original Scheme] [X] times per calendar year. As at the issue date of this statement, you have already made such kind of transfer-out election [Y] times in [Year].

SECTION 4. SUMMARY OF BENEFITS REDEEMED BY SOURCE OF CONTRIBUTIONS^{5,6}

Based on Unit Price as at {Redemption Date}											
Fund Code	Number of Units in Funds				Redemption Price (HK\$)	Amount (HK\$)					
	Current Employment		Former Employment	Personal Account		Current Employment		Former Employment	Personal Account	Net Amount Redeemed	Bid Spread Deducted ⁷
	Employer's Contributions	Member's Contributions				Employer's Contributions	Member's Contributions				
A01	200	100	200	0	10	2,000	1,000	2,000	0	5,000	0
A02	400	200	20	0	50	20,000	10,000	1,000	0	31,000	0
Total										36,000	

DESCRIPTION OF FUND CODE

A01 CAPITAL FIXED PORTFOLIO

A02 STABLE HONG KONG FUND

SECTION 5. TRANSFER/PAYMENT DETAILS (HK\$)^{5,6}

	Current Employment				Former Employment		Personal Account		Total	
	Employer's Contributions		Member's Contributions		Mandatory	Voluntary	Mandatory	Voluntary	Mandatory	Voluntary
	Mandatory	Voluntary	Mandatory	Voluntary						
Redemption Amount	11,000	11,000	11,000	0	3,000	0	0	0	25,000	11,000
Vested Benefits ⁸	11,000	2,200	11,000	0	3,000	0	0	0	25,000	2,200
Less: Long Service Payment/Severance Payment Refund to Employer ⁹									0	0
Less: Long Service Payment/Severance Payment Refund to Member ⁹									0	0
Less: Cash Payout to Member ⁹									0	(2,200)
Total Amount Transferred Out									25,000	0

SECTION 6. OUTSTANDING CONTRIBUTIONS/SURCHARGES (HK\$)

Covered Period	Amount of Outstanding Contributions/Surcharges (if known)

Any outstanding contributions/surcharges in relation to the scheme member's account concerned, if recoverable, will be transferred in accordance with the election made in respect of that account¹⁰.

Important notes:

If you have any query on this document, please seek further information from our website at trust.com.hk or by calling our hotline at XXXX-XXXX.

Instructions to approved trustees

1. This is the amount paid to the member. This is the sum of the “Long Service Payment/Severance Payment Refund to Member” and “Cash Payout to Member” as shown in section 5.
2. Sections 154(1)(e) and 154(3)(d) of the Mandatory Provident Fund Schemes (General) Regulation (“the Regulation”) require the disclosure in a transfer statement of an itemized statement of any expenses relating to the transfer that have been deducted from the accrued benefits by the transferor trustee before making the transfer. Section 34 of the Regulation provides that only necessary transaction costs incurred and permitted to be charged may be deducted. If there are no such expenses deducted, please show “0” in this item.
3. Show this box if it is a transfer pursuant to section 148A of the Regulation, and the maximum number of such transfer allowed per calendar year is limited to one.
4. Show this box if it is a transfer pursuant to section 148A of the Regulation, and the maximum number of such transfer allowed per calendar year is more than one.
5. Columns in the tables in sections 4 and 5 should be adjusted or deleted as necessary. As a guidance,
 - (i) for benefits transferred out of an employee contribution account, please show “NA” in the columns under “Personal Account” or delete those columns;
 - (ii) for benefits transferred out of a self-employed person contribution account, please show “NA” in the columns under “Employer’s Contributions” and “Personal Account”, or delete those columns; and
 - (iii) for benefits transferred out of a personal account, please show “NA” in the columns under “Current Employment” and “Former Employment”, or delete those columns.
6. No need to show this section if it does not involve any redemption from funds. For instance, this may apply when the original trustee recovers any outstanding contributions and surcharges for the member and directly transfers the benefits out without any subscription and redemption in the original scheme.
7. Please show “0” or by other means to indicate that there is no bid spread involved in redemption. Bid spread for a transfer of benefits can only include necessary transaction costs incurred or reasonably likely to be incurred in selling investments in order to give effect to the transfer.
8. Trustees should indicate the vesting percentages applied in calculating the vested benefits. If redemption amount is net of unvested benefits, they may choose not to show this item.
9. For a transfer pursuant to sections 148A and 148B of the Regulation, or for trustees whose long service payment/severance payment offsetting arrangement or cash payout to a member is done separately from the transfer process, they may choose to delete these items (where applicable).
10. No need to show this sentence if this is a transfer pursuant to sections 148A, 148B or 149 of the Regulation.

TRANSFER CONFIRMATION

Print/Issue Date:

SECTION 1. SCHEME AND MEMBER DETAILS

Name of New Scheme:

Name of New Trustee:

Member Name:

Member Account Number in New Scheme:

Transfer-in Account Type:

(Personal Account/Employee Contribution Account/
Self-employed Person Contribution Account)**SECTION 2. TRANSFER-IN SUMMARY**

Name of Original Scheme:

Name of Original Trustee:

Transferred Amount (HK\$):

25,000

SECTION 3. TRANSACTION SUMMARY¹

Fund Code	HK\$									Subscription Price (HK\$)	Based on Unit Price as at <i>{Subscription Date}</i>									HK\$ Offer Spread Deducted ²	
	Transfer-in Benefits										Number of Unit Subscribed										
	Current Employment				Former		Personal				Current Employment			Former		Personal					
	Member		Employer		Employment		Account				Member		Employer		Employment		Account		Total		
	MC	VC	MC	VC	MC	VC	MC	VC	Total		MC	VC	MC	VC	MC	VC	MC	VC	Total		
B01	2,000	0	2,000	0	1,000	0	0	0	5,000	10	200	0	200	0	100	0	0	0	500	0	
B02	5,000	0	5,000	0	10,000	0	0	0	20,000	20	250	0	250	0	500	0	0	0	1,000	0	
Total Amount Transfer-in	7,000	0	7,000	0	11,000	0	0	0	25,000												

DESCRIPTION OF FUND CODE

B01 CAPITAL FIXED PORTFOLIO

B02 STABLE HONG KONG FUND

MC: Mandatory Contributions

VC: Voluntary Contributions

Important notes:

If you have any query on this document, please seek further information from our website at trust.com.hk or by calling our hotline at XXXX-XXXX.

Instructions to approved trustees

1. Columns in the table in section 3 should be adjusted or deleted as necessary. As a guidance,
 - (i) for benefits transferred to an employee contribution account, please show “NA” in the columns under “Personal Account” or delete those columns;
 - (ii) for benefits transferred to a self-employed person contribution account, please show “NA” in the columns under “Employer” and “Personal Account”, or delete those columns; and
 - (iii) for benefits transferred to a personal account, please show “NA” in the columns under “Current Employment” and “Former Employment”, or delete those columns.
2. Trustees may choose to show “0” or by other means to indicate there is no offer spread involved in subscription. Offer spread for a transfer of benefits can only include necessary transaction costs incurred or reasonably likely to be incurred in buying investments in order to give effect to the transfer.