



MANDATORY PROVIDENT FUND
SCHEMES AUTHORITY

Step-by-Step

Investing in MPF Funds



Start

Welcome to the MPF journey!

During this lifelong MPF investment process, you are going to make important decisions at the six major decision points. Your decisions will have an important impact on your saving outcomes. The clues provided at each decision point will guide you throughout the journey, where you will enjoy the fruits of your MPF investment.



1

Which fund(s) should I choose ?

Before you embark on your MPF journey, you should first assess your risk tolerance level, which is affected by your :

- **Investment horizon** – If the investment horizon (i.e. the number of years before retirement) is long, you might consider choosing more aggressive fund(s).
- **Investment appetite** – This is usually shaped by factors like your personality, past investment experience and investment objectives.
- **Other savings and investments for retirement** – If you have sufficient savings or investments for your retirement, you might consider taking a more aggressive approach in MPF investment.

Currently, some professional bodies and trustees provide questionnaires to help scheme members assess their risk tolerance levels.

Generally speaking, if your risk tolerance level is high, you might consider choosing a portfolio with a higher proportion of Equity Funds. If you have a lower risk tolerance level, you might consider choosing a portfolio consisting of more conservative funds.

There are five major types of MPF fund :



Slogan	Earning interest very slowly	Understand the terms and conditions for guaranteed returns	Looking for steady returns	The proportion of stocks and bonds determines the risk level	High potential returns come with high risk
Risk Level	Relatively low	Relatively low (depends on the qualifying conditions)	Low to medium	Medium to high	Relatively high

According to an MPFA study, after deducting fees and charges, the annualized rate of return of the MPF System over the past 10 years is 5.5%. Moreover, the rate of return of the above five types of the MPF funds beats the inflation rate (0.7% per year) and the one-month HK dollar deposit rate (1% per year) during the same period. The finding of the study is also in line with a fundamental investment concept: the higher the expected return, the higher the associated risk (see graph). In addition, diversification across regions or asset classes tends to lower investment risk.

For details about individual MPF funds, you should refer to the Offering Documents and Fund Fact Sheets, etc. provided by your trustee.

2

Which MPF scheme should I choose ?

Currently, you will have to choose an MPF scheme under the following five situations :

- When you are an employer
- When you are a self-employed person
- When your employer has enrolled in two or more schemes
- When you want to make special voluntary contributions
- When you cease to be employed and want another trustee to look after the MPF assets accumulated in your former employment

When choosing a scheme, you should consider :

- Range and quality of services of trustees and their service providers
- Choices and suitability of funds

- Fees and charges : Always compare funds of the same type. Check relevant information in the "Fee Comparative Platform" on the MPFA website (<http://cplatform.mpfa.org.hk>)
- While some scheme members may try to choose an MPF scheme by looking at the fund performance of the scheme, you are reminded that past performance is not a guide to the future performance of an MPF fund.



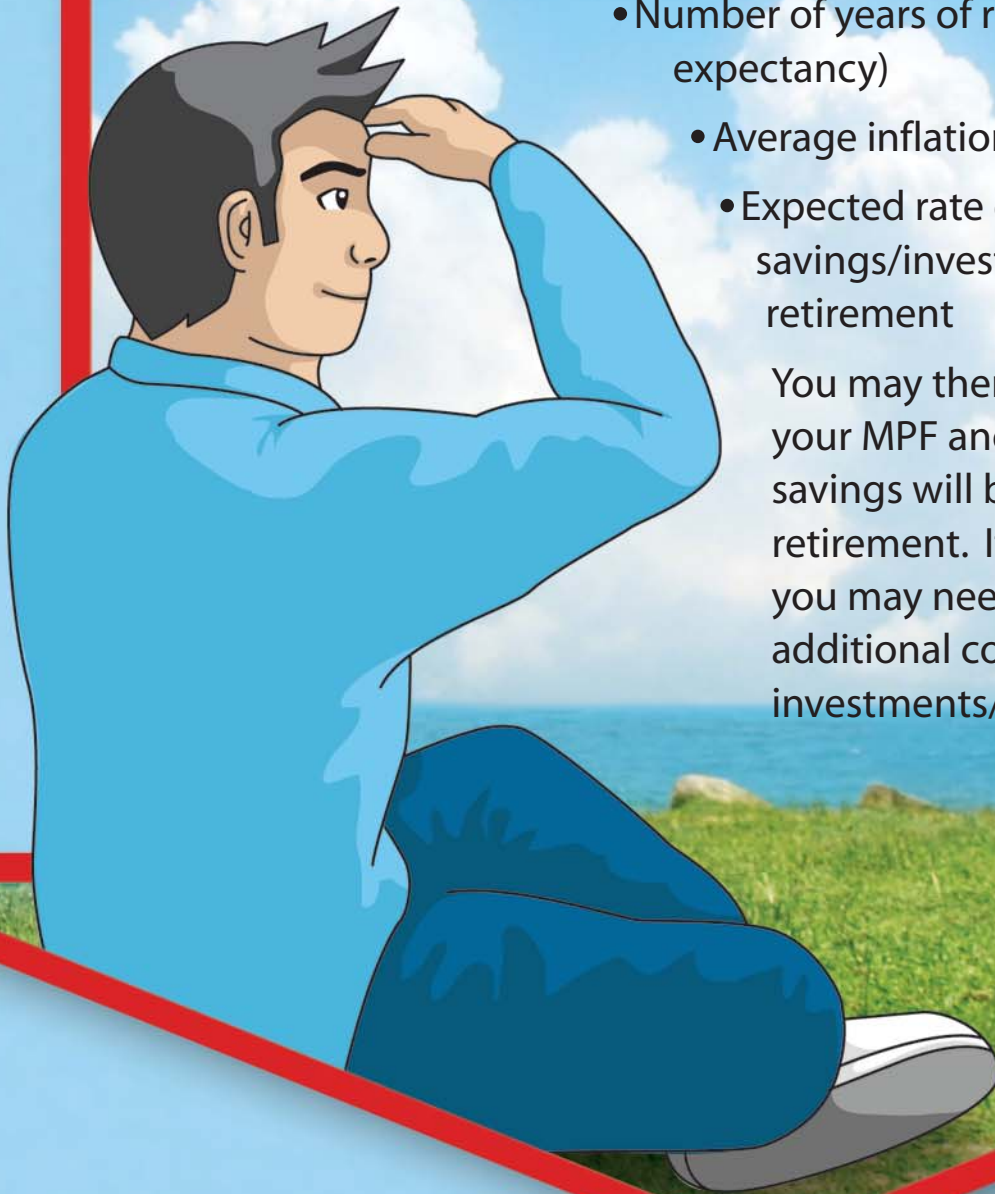
3

Should I make additional MPF contributions ?

You should first assess your retirement needs by considering :

- Number of years before retirement
- Monthly expenses during retirement
- Number of years of retirement (i.e. life expectancy)
- Average inflation rate
- Expected rate of return on your savings/investments during retirement

You may then consider whether your MPF and other investments/savings will be enough for retirement. If they are insufficient, you may need to consider making additional contributions or other investments/savings now.



4

What should I do with my MPF accrued benefits when I change employer ?



There are three ways to manage your MPF assets when changing jobs :

- Open a preserved account in the original scheme for continuous investment
- Open a preserved account in another scheme of your own choice for continuous investment
- Transfer to your contribution account in the scheme of your new employer

5

When and how should I adjust my MPF fund choices ?

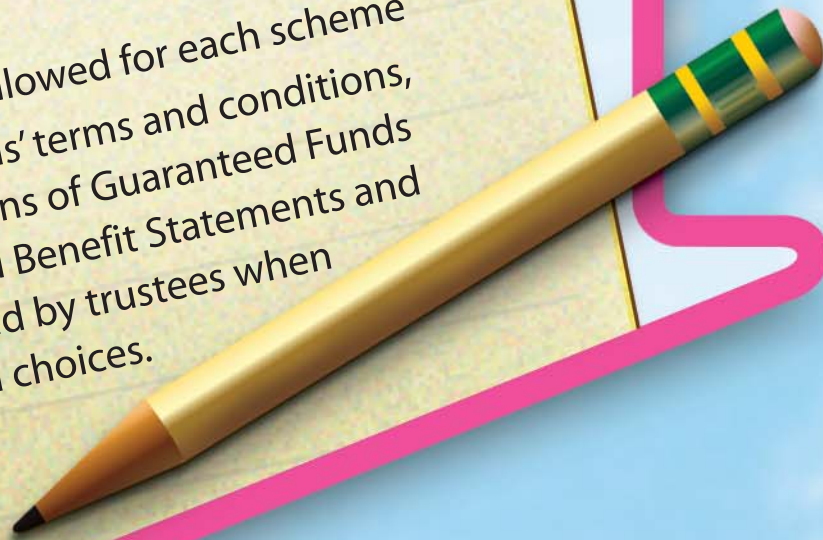
Having chosen the funds that meet your needs doesn't mean that you no longer need to monitor your account. You should regularly review your fund choices during the lifelong MPF investment process.

If you enter into a new life stage, for example, purchasing property, getting married or raising kids, you should consider reviewing your existing fund choices because your risk tolerance level may have changed. In general, it is a good idea to review your fund choices once every six months or once a year. Then you can consider making any necessary adjustments.

When considering switching funds, you should :

- Avoid redeeming funds just because of short-term price fluctuations
- Do not try to time the market
- Note the number of fund switches allowed for each scheme
- Make sure you understand the funds' terms and conditions, particularly the qualifying conditions of Guaranteed Funds

You should refer to the Annual Benefit Statements and Fund Fact Sheets provided by trustees when reviewing your fund choices.



6

What should I do with my MPF accrued benefits when I retire ?

Congratulations!

Now you can enjoy the fruits of your MPF investment!

When you reach the age of 65, you can withdraw all MPF assets in one lump sum, or consider retaining them in the existing or any other schemes for rollover and continuous investment.

For more information on MPF investment, please refer to MPFA publications, including ***FAQs on MPF Investment*** and ***How to Make MPF Investment Decisions***, visit the MPFA website (www.mpfa.org.hk), or contact your trustee.





The MPFA study on MPF investment over the past 10 years reveals the following:

1. The annualized rate of return of the MPF System is 5.5% (after deducting fees and charges).
2. MPF funds have exhibited “the higher the expected return, the higher the associated risk” relationship.
3. Scheme members’ investment decisions have an important impact on their saving outcomes and the overall return of the MPF System.
4. Diversification across regions or asset classes tends to lower investment risk.
5. MPF is a long-term investment. Scheme members need not be overly concerned about short-term market fluctuations and should not try to time the market.
6. Scheme members should review their MPF investments regularly in light of changing personal circumstances.
7. Scheme members should look at funds’ past performance with care. They should not make fund choice decisions solely based on short or even medium-term historical performance.



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