

What employees should know about MPF?



MANDATORY PROVIDENT FUND
SCHEMES AUTHORITY

The Mandatory Provident Fund (MPF) System aims at providing basic retirement protection for the Hong Kong workforce. This leaflet helps you better understand how the MPF System relates to you at different stages of your working life. It deals with:

- Joining an MPF scheme
- Making contributions
- Managing your MPF
- Withdrawing your accrued benefits

Who are Covered by the MPF System?

Except certain exempt persons stipulated in the Mandatory Provident Fund Schemes Ordinance, the MPF System covers employees and self-employed persons aged 18 to aged below 65.

Employees

Any full-time or part-time employee who is employed for 60 days or more, and the "casual employees"¹ in the catering and construction industries who are employed for less than 60 days. For details about MPF arrangements for part-time and casual employees, please refer to the "MPF Rights of Part-time Employees" and "MPF Industry Scheme" online leaflets.

Self-employed persons

Any person who works for himself and is not employed as an employee. A sole-proprietor or a partner in a partnership business is regarded as a self-employed person. For details, please refer to the "Guide on MPF Rights and Obligations for Self-employed Persons" leaflet.

Exempt persons

Some people are exempt from the MPF System, including:

- Domestic employees;
- Self-employed licensed hawkers;
- Employees covered by statutory pension or provident fund schemes;
- Members of MPF exempted Occupational Retirement Schemes² (MPF exempted ORSO schemes);
- Expatriates working in Hong Kong with an employment visa for a valid period of no more than 13 months, or covered by overseas retirement schemes; and
- Employees of the European Union Office of the European Commission in Hong Kong.

Joining an MPF scheme

Your employer must, by law, enrol you in an MPF scheme of his choice within 60 days of your employment. If your employer provides more than one MPF scheme, you can choose to join one of them.

As an employee, you should complete the MPF enrolment form provided by your employers, specify your fund choice or investment portfolio in the form and return it to your employer, who will then return the form to the scheme trustee on your behalf.

If your employer offers both MPF exempted ORSO schemes and MPF schemes as an option for your retirement protection, you may exercise your right to make a one-off choice for joining either one of them. Before exercising your right, make sure you understand the governing rules of the MPF exempted ORSO schemes³ and how they differ from those of the MPF schemes. For details, please contact your employer and trustee.

For details about MPF and MPF exempted ORSO schemes, please refer to the "Understanding MPF Schemes and ORSO Schemes" leaflet.



To protect your own MPF interests, you should:

- read and understand all the features, terms and conditions, as well as fees and charges of the MPF funds laid out in the offering documents provided by your trustee;
- make sure your personal particulars, such as your address and telephone number, are accurate and up to date. You should inform your trustee in person or through your employer of any changes in such information as soon as possible; and
- make sure you have received from your trustee a membership certificate within 60 days after joining the scheme and your personal particulars shown on the certificate are accurate. If you have not received the certificate, please contact your employer or trustee.

Remarks:

1. "Casual employee" refers to a person employed in the selected industries (currently catering and construction) on a day-to-day basis or for a fixed period of less than 60 days.
2. MPF exempted ORSO schemes are occupational retirement schemes established voluntarily by employers and registered under the Occupational Retirement Schemes Ordinance with the MPFA. These schemes were granted MPF exemption from certain MPF requirements by the MPFA.
3. The governing rules of the MPF exempted ORSO schemes cover aspects such as contribution rate, vesting scale, calculation of accrued benefits, management of "minimum MPF benefits", etc.

Making contributions

You and your employer are each required to make regular MPF contributions, based on your relevant income as follows:

Relevant Income	Employer's Contributions	Employee's Contributions
Less than HK\$5,000	5%	No contribution required
HK\$5,000 - \$20,000	5%	5%
More than HK\$20,000	HK\$1,000	HK\$1,000

Relevant income

It refers to any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance (including housing allowance or other housing benefit), expressed in monetary terms, paid by an employer to an employee. It does not include any severance or long service payments under the Employment Ordinance.

Employer's and employee's contributions

Employee's contribution will be deducted from your payroll at the end of each wage period, if your relevant income is not lower than the minimum relevant income level of HK\$5,000. The total contributions made by employee and employer will be submitted to the trustee not later than the 10th day of the following month.

Employees under a new employment will enjoy a contribution holiday, e.g. the first 30 days of employment and the following incomplete wage period, if the salary is paid on monthly basis. However, this contribution holiday does not apply to employers, who are required to make MPF contributions for employees from the first day of their employment.

All contributions are immediately vested in you, except for the accrued benefits derived from the employer's contributions for offsetting severance or long service payments. Mandatory contributions are tax deductible up to the maximum amount of HK\$12,000 per year.

You may also consider making voluntary contributions in light of your personal needs.

- If your employer has failed to enrol you in an MPF scheme or make contributions for you, please lodge a complaint with the MPFA as soon as possible.
- For enquiries about your MPF scheme, please contact your trustee or the MPFA.



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Managing your MPF

Smart ways to manage your MPF include carefully choosing fund or investment portfolio, proactively checking your MPF account, and regularly reviewing your fund choice or investment portfolio to see if it suits your needs at different stages of life. When you have changed jobs, you should also take good care of your MPF accrued benefits.

(1) Fund choice or investment portfolio that suits your needs

MPF is a long-term investment. Be sure to look into the following factors when choosing fund or investment portfolio:

1 Evaluate Personal Factors

- Set your investment goals
- Assess your risk tolerance level
- Estimate your investment horizon against the number of years to your retirement
- Adjust your fund choice or investment portfolio at different stages of life

2 Understand Funds

- Features as well as terms and conditions of the funds
- Investment objectives and strategies of the funds
- Investment risks of the funds
- Fees and charges of the funds

3 Study Relevant Information

You should study the information on the features as well as fees and charges of MPF funds laid out in the **offering documents**, **members' guides**, **marketing materials** and other documents such as **fund fact sheets** and **fee tables** provided by your trustee before choosing your MPF fund or investment portfolio.

For enquiries, please contact your trustee or MPF intermediary.



(2) Proactively check your MPF account

- Regularly check the monthly pay-records provided by your employer. Your employer is required to provide a monthly pay-record to you within seven working days after the contributions have been made;
- Regularly check your MPF account through different channels provided by your trustee, such as customer service hotlines, websites, Automatic Teller Machines (ATM), annual benefit statements and customer service centres; or
- Dial the MPF Contribution Enquiry Line at 183 3030, and you will be diverted to your trustee to help you check your employer's contribution status over the past three months.

(3) Regularly review your fund choice or investment portfolio

To meet your long-term retirement goals, you should review your MPF fund choice or investment portfolio regularly to decide if it still suits you in light of any changes in your financial condition, stages of life and risk tolerance level. In consideration of changing fund choice or investment portfolio, you may take reference to:

- your MPF account status and fund performance as listed in the annual benefit statements and fund fact sheets issued by your trustee regularly;
- the unit price information of MPF funds published by your trustee regularly in English and Chinese newspapers;
- relevant data from your trustee as available on its website, in its published materials or through its interactive telephone services; and
- the fees and charges information of different MPF schemes and funds available in the MPFA's Fee Comparative Platform (<http://cplatform.mpfa.org.hk>).

MPF is a long-term investment. You are advised to refrain from frequent fund switching simply because of short-term market fluctuations.



(4) Changing jobs

When changing jobs, there are three ways to handle the benefits accrued in your contribution account⁴ under your original MPF scheme. You may:

- open a preserved account⁵ in a scheme of your own choice for continuous investment;
- open a preserved account in the original scheme for continuous investment; or
- transfer to your contribution account in the scheme of your new employer.

To transfer your accrued benefits between accounts under MPF schemes, you should complete a Scheme Member's Request for Fund Transfer Form (Form MPF(S)-P(M)) available from your trustee or downloaded from the "Forms" column of the MPFA website and submit it to your new employer or the new scheme trustee, where appropriate.

Your original scheme trustee will, within 30 days after being notified of your transfer option, arrange the transfer of benefits to the new scheme trustee and give you a Transfer Statement afterwards. Your new scheme trustee will also send you a Transfer Confirmation stating the amount received from your original scheme trustee.

If your original scheme trustee does not receive your instruction within three months after receiving the notice of your cessation of employment, your accrued benefits will be automatically transferred to a preserved account under your original MPF scheme.

When handling the preserved accounts, you should be mindful that :

- Preserved accounts receive no mandatory contributions in respect of your current job, but the trustee will continue to invest with the existing accrued benefits and therefore administration or management fees will be charged.
- If you have multiple preserved accounts, you may consider consolidating them for easier management.

Please refer to the relevant leaflet for details on handling MPF accounts when changing jobs.



Withdrawing your accrued benefits

Normally, you can withdraw your accrued benefits when you reach the age of 65. Alternatively, you can consider retaining the accrued benefits in the existing scheme for continuous investment in light of your personal needs.

To make your claim, you need to complete a claim form available from your trustee and submit it together with the relevant supporting documents to the trustee. Please contact your trustee for details.

Request for early withdrawal of accrued benefits will only be allowed under specific circumstances in which you:

- have reached the age of 60 and declared that you do not expect to become employed or self-employed in the foreseeable future;
- have departed, or is about to depart from Hong Kong permanently;
- have become totally incapacitated⁶;
- have passed away (to be claimed by the scheme member's personal representative of estate); or
- have a small balance account with MPF accrued benefits of not more than HK\$5,000, and the period between the date of your claim and your last contribution date has exceeded at least 12 months, have no accrued benefits in other MPF schemes, and have declared that you do not expect to become employed or self-employed in the foreseeable future.

Remarks:

4. A contribution account is an account in which accrued benefits, including contributions and investment returns attributable to your current job are held. Accrued benefits attributable to previous job transferred to the contribution account under the new employer's MPF scheme cannot be transferred again until you cease employment with your new employer.
5. A preserved account is an account in which accrued benefits, including contributions and investment returns, attributable to previous job are held.
6. The incapacity must relate to the kind of work that you were last performing before becoming totally incapacitated.