

## **DIS RE-INVESTMENT NOTICE MANDATORY PROVIDENT FUND SCHEMES ORDINANCE**

**This DIS Re-investment Notice (the Notice) is important as it deals with how your Mandatory Provident Fund (MPF) benefits may be affected by the Default Investment Strategy as set out in the Mandatory Provident Fund Schemes Ordinance (the Ordinance). You should read it carefully, and in particular note the impact explained in paragraph 4 about what happens if no action is taken by you within 42 days. You are also reminded to consider it in conjunction with the [Offering Document]<sup>1</sup> of the MPF Scheme mentioned below.**

**This Notice is sent to you by us, the approved trustee of your MPF Scheme (the Scheme), in relation to your MPF account listed below, under sections 34DI and 34DJ of the Ordinance because:**

- (a) as at 1 April 2017, all of the accrued benefits in your account listed below were invested according to the Default Investment Arrangement of the Scheme and have since remained so invested;**
- (b) we have not received any investment instructions from you to invest the accrued benefits in the account in constituent funds according to your selection as permitted under the governing rules; and**
- (c) you were under 60 years of age or became 60 years of age on 1 April 2017, or your birthday is unknown to us<sup>2</sup>.**

### **Your MPF Account Details**

Name of scheme member: [xxxxxx]

Account number of scheme member: [xxxxxx]

Date of birth (dd/mm/yyyy): [xxxxxx]<sup>3</sup>

Name of scheme: [xxxxxx] (the Scheme)

Name of approved trustee: [xxxxxx]

Default Investment Arrangement details: [Insert brief details about holdings, e.g. “All benefits in the account are held in units of the ABC Fund and the DEF Fund as of [xx-xx-2017]”<sup>4</sup>]

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<sup>1</sup> Note for trustees: Substitute other terms as appropriate for the scheme in describing the offering document throughout the Notice.

<sup>2</sup> Note for trustees: Include only the relevant option.

<sup>3</sup> Note for trustees: Insert “Unknown” if the date of birth is unknown.

<sup>4</sup> Note for trustees: Insert table as necessary if current holdings are split between various prior default funds.

## Why you are getting this Notice

1. Amendments to the Ordinance in 2016 provide for the establishment of a new investment arrangement called the Default Investment Strategy (the DIS) in all MPF schemes. In essence, the DIS has been designed as a standardized investment arrangement that applies to accrued benefits in accounts where the scheme member has not given any investment instructions.
2. Details of the DIS, including its automatic de-risking characteristics and fee controls, were sent to scheme members in the notice in [relevant months] setting out changes to the governing rules and [offering document] of the Scheme (Amendment Notice). If you do not have a copy of the Amendment Notice, a copy of it and the [offering document] is available on our website at [trustees' website address] or [set out details about how the member could obtain another copy of the Amendment Notice].
3. Under the Ordinance, as the approved trustee of the Scheme, we must, by 3 October 2017 give you this Notice so that you can understand the impact of this change on your account.

## The impact on your account

4. **If, by [yy-yy-2017], i.e. 42 days after the date of this Notice, we have not received any specific investment instructions from you for the accrued benefits in your account and all of the accrued benefits in your account continue to be invested according to the Default Investment Arrangement of the Scheme set out under “Your MPF Account Details” above, we must, by [zz-zz-2017], i.e. 14 days after [yy-yy-2017], invest those benefits according to the DIS.** We are required to invest those benefits according to the DIS and any investment instruction received by us after [yy-yy-2017] can only be carried out after the benefits have been first invested according to the DIS, providing that such investment instruction is still a valid instruction. There is potential investment gain or loss since the processes of investing according to the DIS will involve selling units from the existing Default Investment Arrangement fund(s) then purchasing units in the DIS funds at prevailing prices.
5. Further, if accrued benefits referred to in paragraph 4 are invested according to the DIS, this will also affect how future contributions or accrued benefits transferred from another scheme are invested. Contributions received or accrued benefits transferred from another scheme into the account after the date on which the accrued benefits referred to in paragraph 4 are invested according to the DIS will also be invested according to the

DIS unless we receive specific investment instructions from you to invest them in some other way. [You should note that special rules apply in some cases where benefits are transferred between accounts (e.g. between a contribution account and a personal account) within the 42-day period. If this applies to you, we will advise you accordingly.]<sup>5</sup>

6. [Note<sup>6</sup>] The accrued benefits in your account are partly/fully invested in a guaranteed fund. According to the Ordinance, we will not invest those benefits according to the DIS, if, on [yy-yy-2017] the market value of those benefits is less than the value guaranteed by the fund to be paid to you on that day. In that case, those benefits will stay in the guaranteed fund unless or until you give investment instructions to invest them in some other way.

## What you need to do – your options

### Option 1 – Take no action and be invested in DIS

7. You are not required to do anything, however, if you do not take any action, then as set out in paragraphs 4 and 5 above, the accrued benefits in your account will be automatically re-invested according to the DIS [except for that part invested in a guaranteed fund, if, on [yy-yy-2017] the market value of those benefits is less than the value guaranteed by the fund to be paid to you on that day<sup>7</sup>] and future contributions and transfers will also be invested according to the DIS<sup>8</sup>.

### Option 2 – Stay invested in the existing constituent funds

8. If you want the accrued benefits in your account and/or<sup>9</sup> future contributions and transfers to stay invested in the existing constituent funds, as set out under “Your MPF Account Details” above, then you need to complete and return the attached **Option 2 Form** to us by [yy-yy-2017]. This Form can be returned by post to the address indicated on the form [or by (insert return options, e.g. through our website, other electronic options), if relevant]. This Form can only be acted on by us if it is received by us by [yy-yy-2017]. Accordingly, if you are replying by post, please allow adequate time and affix sufficient postage for postal delivery so that it will be received by us by [yy-yy-2017]. If you want to invest in the existing constituent funds after your accrued benefits

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<sup>5</sup> Note for trustees: Sentence may be deleted if not applicable to scheme.

<sup>6</sup> Note for trustees: Paragraph to be included only if relevant to scheme.

<sup>7</sup> Note for trustees: Text to be included only if relevant to scheme.

<sup>8</sup> Note for trustees: The words “and future contributions and transfers will also be invested according to the DIS” should be deleted in the rare case where a recipient of the Notice has already given specific investment instructions for such benefits.

<sup>9</sup> Note for trustees: Whether this is “and” or “and/or” is subject to scheme rules. Select as appropriate and amend Option 2 Form accordingly.

and/or contributions and transfers have been invested according to the DIS, you are free to do so at any time by giving us an investment instruction.

9. You are reminded that if you want to re-invest the accrued benefits in your account into some other constituent funds, you are free to give us investment instructions to do so at any time, whether before or after [yy-yy-2017], by [set out brief details about how to do so]. Please note, however, as set out in paragraph 4 above, any investment instructions in relation to existing benefits received by us after [yy-yy-2017] can only be carried out after those benefits have been first invested according to the DIS.
10. As always, when making decisions about how to invest the accrued benefits in your MPF account, you should obtain the necessary information from the [offering document] of the Scheme and consider whether you need to obtain independent advice. Please note that the DIS does not provide any guarantee on the capital or return and investments in the DIS are subject to risks that are different from the risks of other investment strategies and constituent funds (including, for example, the impacts of the de-risking process and a different risk profile from the previous Default Investment Arrangement). These risks are set out more fully in the scheme [offering document] and in paragraph 4 above.
11. If you have any enquiries about what is set out in this Notice, please contact us by [set out details about how/where a member may make enquiries].

[date of Notice “xx-xx-2017”]

**DIS Re-investment Notice****Option 2 Form**

**Note: You only need to complete and send this Form to us if you wish to stay invested in the existing constituent funds, i.e. proceed with Option 2 as described in paragraph 8 of the DIS Re-investment Notice**

To : [Name of approved trustee], [Name of scheme]  
 Address : [Address of trustee]  
 Email : xxxxx@trustee.com.hk  
 Fax No. : xxxx xxxx

**MPF Account Details**

Name of scheme member: [xxxxx]  
 Account number of scheme member: [xxxxxx]  
 Date of birth (dd/mm/yyyy): [xxxxxx]  
 Name of scheme: [xxxxxx] (the Scheme)  
 Name of approved trustee: [xxxxxx]  
 Default Investment Arrangement details: [Insert brief details about holdings, e.g. “All benefits in the account are held in units of the ABC Fund and the DEF Fund as of [xx-xx-2017]”]

[Note for trustees: The above box repeats information from the 1<sup>st</sup> page of the Notice.]

I have read and understood the DIS Re-investment Notice dated [xx-xx-2017].

In respect of the existing accrued benefits in my account, the details of which are set out under “MPF Account Details” above, I hereby instruct you that these benefits are to stay invested in the existing constituent funds of the Default Investment Arrangement as set out above.

I note that this instruction also applies to future contributions and accrued benefits transferred from another scheme into the account. This instruction stays in force unless, or until, I make some other investment instructions in the manner set out in paragraph [9] of the DIS Re-investment Notice<sup>10</sup>.

\_\_\_\_\_  
 Signature of the Scheme Member

\_\_\_\_\_  
 Date

<sup>10</sup> Note for trustees: Include Personal Information Collection Statement of the approved trustee in the Form.