MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

Employees' Handbook on MPF

A practical guide for the working public

MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

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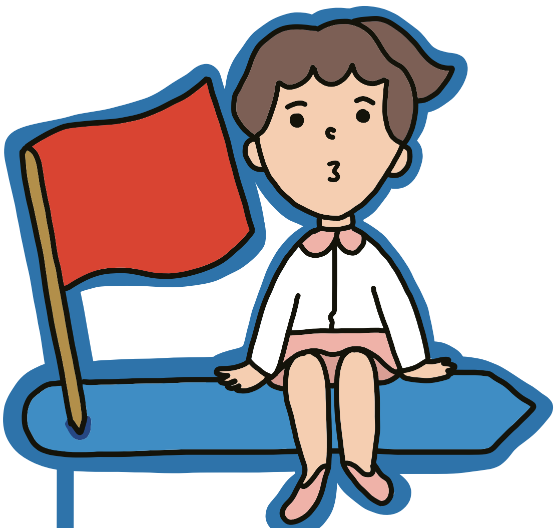
The information contained in this Handbook is for reference only. It is not legal advice. In case of discrepancies, the provisions stipulated in the Mandatory Provident Fund Schemes Ordinance (Chapter 485) and its subsidiary legislation shall prevail.

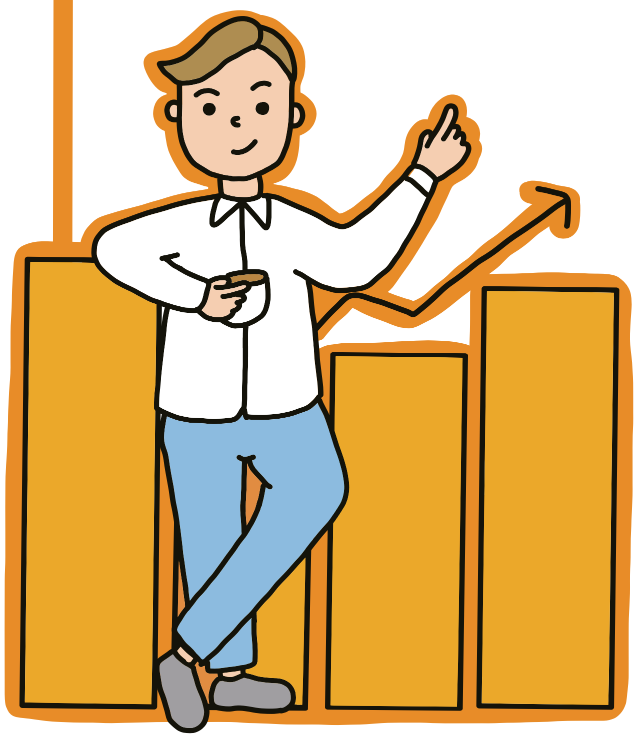
Mar 2021

Start your smart MPF journey



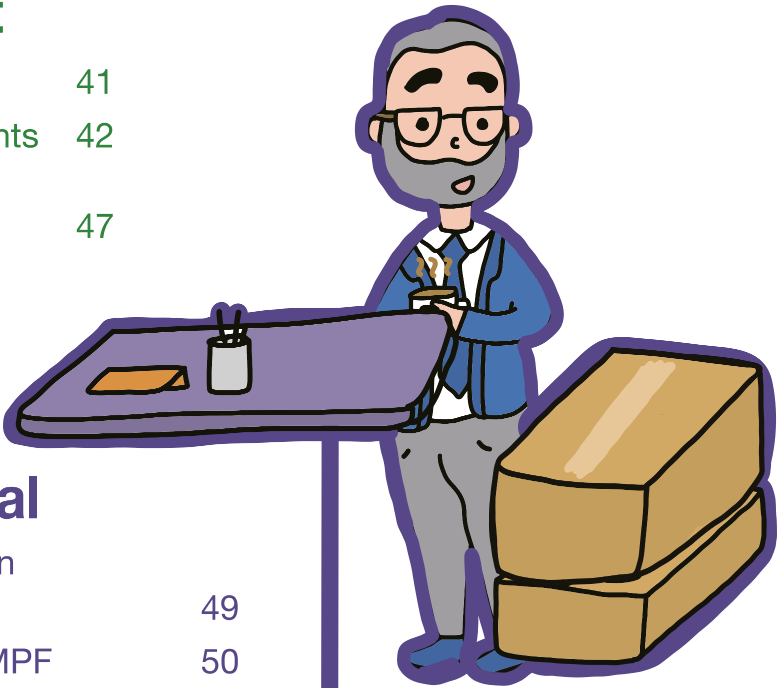
MPF Scheme Enrolment and Contribution Arrangement

MPF Investment



Understanding Your Rights

Account Management



MPF Withdrawal

Foreword

Hong Kong remains near the top of the world rankings for life expectancy. People may live for two or more decades after retirement. How should they plan for their retirement life? The best way to cope with longevity risk is to plan ahead, especially by setting up a fixed long-term savings plan. The Mandatory Provident Fund (MPF) is meant to help working people at all levels, and from all walks of life, including self-employed persons, to start saving from the time they enter the work force, and to plan for their future when they are most capable. By saving part of their wages over a long period, they can accumulate a retirement reserve bit by bit, using the power of the compounding effect, and enjoy basic retirement protection.

The MPF System was implemented in December 2000. The most obvious change it brought to the community is that currently about 85% of the total employed population enjoys different kinds of retirement protection, with about 75% of those covered under the MPF System, compared to only about one-third of the Hong Kong workforce having some form of retirement protection before the MPF System was in place*. At the same time, public awareness of the importance of retirement protection has gradually increased. The MPF System has also continuously evolved and improved over time.

The MPF System is an employment-based mandatory contribution scheme managed by the private sector. It provides basic retirement protection for the working public and more comprehensive retirement protection if it complements voluntary contributions and personal savings.

Cultivating good savings habits and long-term determination are the best strategy for managing your finances. This Handbook helps you understand MPF matters at different stages of your career. For the latest information on the MPF System, please visit the Mandatory Provident Fund Schemes Authority (MPFA) website: www.mpfa.org.hk.

"Do not save what is left after spending, but spend what is left after saving."

Warren Buffett

* As of March 2020

MPF Scheme Enrolment and Contribution Arrangements

Understanding the MPF System is the first step in retirement planning!

MPF Scheme Enrolment and Contribution Arrangements

1 Should I Enrol for the MPF?

Except for certain exempt persons stipulated in the Mandatory Provident Fund Schemes Ordinance (MPFSO), the MPF System covers all full-time and part-time employees and self-employed persons aged 18 to 64, including:

Regular employees

Regular employees are full-time or part-time employees employed for a continuous period of 60 days or more.

I am a part-time employee of a company, and I work for only several hours a week. Am I covered by the MPF System?

If you have been employed for a continuous period of 60 days or more, you are covered by the MPF System, regardless of the number of days and hours you work in a week. Your employer is required to enrol you in an MPF scheme.

Casual employees in Industry Schemes

Casual employees in the catering and construction industries are those engaged by an employer on a day-to-day basis or for a fixed period of less than 60 days. Even if the casual employees work for only one day, the employer must make MPF arrangement for them. The Industry Schemes are designed for casual employees in the two industries.

The "60-day" rule:

- Counted by calendar days (including holidays)
- Determined by the employment relationship between the employee and employer. The number of days or hours the employee works is irrelevant
- Covers both full-time and part-time employment

Employers cannot evade their MPF obligations by breaking up an employee's employment into periods of less than 60 days. If an employer and an employee enter into a series of such employment contracts and there is evidence that the employment relationship has lasted not less than 60 days, the employer must enrol the employee in an MPF scheme and make contributions.

Note: *If the 60th day of employment is a Saturday, public holiday, gale warning day or black rainstorm warning day, the enrolment deadline is extended to end on the following day that is not a Saturday, public holiday, gale warning day or black rainstorm warning day.*

Exempt Persons

The following are exempt persons who are not required to join an MPF scheme:

- domestic employees (e.g. part-time domestic helpers, post-natal care helpers);
- self-employed hawkers;
- people covered by statutory pension or provident fund schemes, such as civil servants and teachers of subsidized or grant school;
- members of occupational retirement schemes that are granted MPF exemption certificates;
- people from overseas who enter Hong Kong for employment for not more than 13 months, or who are covered by overseas retirement schemes; and
- employees of the European Union Office of the European Commission in Hong Kong.

Do you know? The Five Pillars Approach of the World Bank

With reference to the retirement protection systems in many countries, the World Bank recommended a three-pillar approach in 1994 and expanded it to five pillars in 2005. The MPF is categorized as the second pillar, complementary to other pillars. In the context of the five-pillar framework, the overall retirement protection of Hong Kong is shown in the following table:

World Bank	Hong Kong
Pillar 0 Non-contributory, publicly financed and managed system that provides a basic level of protection for retirement	• Old Age Allowance • Comprehensive Social Security Assistance (CSSA)
Pillar 1 Mandatory, contributory, publicly managed system	–
Pillar 2 Mandatory, privately managed, fully funded contribution system	• MPF schemes • Occupational Retirement Schemes (ORSO Schemes)
Pillar 3 Voluntary savings	• Voluntary MPF contributions • Personal savings/investment • Annuities
Pillar 4 Informal support, other formal social programmes and other individual assets	• Family support • Public housing • Public health care • Elderly Health Care Voucher Scheme

I have my own company. Do I need to enrol in an MPF scheme?

You are classified as a self-employed person (SEP) under the MPF System.
Although SEPs enjoy a certain degree of autonomy and flexibility at work, they receive no benefit nor MPF contributions from an employer. So they must prepare well for their retirement life.

Self-employed Person (SEP)

SEPs are people who are not employed by any person or company and receive income from their production of services or goods in a capacity other than an employee, irrespective of their capacity as sole proprietors or partners.

Common SEP

SEPs work in a wide range of industries, such as taxi drivers, private tutors or freelancers in various industries e.g. music instructors, photographers, sports coaches, etc.

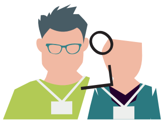
If I am a tutor or consultant, do I need to enrol in an MPF scheme?

If you have entered into a service contract with a company but are not an employee of the company, you would be regarded as an SEP. You are therefore required to enrol in an MPF scheme as an SEP and make contributions. If you have entered into an employment contract with a company and have been employed for 60 days or more, the employer is required to enrol you in an MPF scheme and make contributions for you accordingly.

2 Joining an MPF Scheme

It is very easy to join an MPF Scheme. Let's look at the enrolment procedure for different types of employees.

Regular employees



Your employer must, by law, enrol you in an MPF scheme of its choice within the first 60 days of employment. If your employer provides more than one MPF schemes, you can choose any one of them.

Complete the MPF enrolment form provided by your employer, specify your fund choice or investment choices in the form, and return it to your employer, who will send the form to the scheme trustee on your behalf. If you do not give your trustee investment instructions, the MPF benefits in your account will be invested automatically according to the "Default Investment Strategy" (DIS). For details of the DIS, refer to page 39.

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

Refer to page 25–26 for the differences between an MPF scheme and ORSO scheme.

Casual employees in Industry Schemes

In view of the high mobility of employees in the construction and the catering industries, and to make it more convenient for them to manage their MPF when they change jobs, Industry Schemes have been established under the MPF System for employers and employees in the two industries managed by two trustees[1].

If a casual employee has not opened an account in the same Industry Scheme that the employer has joined, the employer must submit the completed enrolment form for the employee to the trustee of the employee's Industry Scheme within the first 10 days of employment.

Casual employees in the construction and catering industries can open casual employee accounts in each of the two Industry Scheme trustees in advance. The two trustees will each provide them with a "casual employee card". Employers of the casual employees need to know only the MPF account number or casual employee number printed on the card to conveniently make contributions for the employees. With a "casual employee card", casual employees don't have to open an MPF account every time they change jobs, they can manage their MPF more easily, and they can monitor whether their employer has made contributions.The trustees will also send the casual employee MPF information from time to time.

Remember to provide your contact information to your employer!

After enrolling a casual employee in an Industry Scheme, the employer must provide the employee's contact information to the trustee to complete the account opening procedure, or the casual employees may not know the MPF benefits in their accounts and the accounts may become inert. Also the trustee may not be able to contact the account holders and provide related MPF documents and information. Therefore, as a casual employee, you should provide your contact information to your employer so that you can manage your MPF account effectively.

[1] The two Industry Schemes are "BCT (MPF) Industry Choice" and "BEA (MPF) Industry Scheme".

Both trustees of the Industry Scheme — Bank of East Asia (Trustees) Limited (BEA) and Bank Consortium Trust Company Limited (BCT), have their own online enrolment platforms to allow casual employees to enrol in their respective MPF Industry Scheme anytime, anywhere.

Online enrolment platforms:

Bank of East Asia (Trustees) Limited

https://www.hkbea.com/mpfform

Bank Consortium Trust Company Limited

https://www.bcthk.com/en/enroll

Alternatively, casual employees can contact BCT and BEA direct and fill in an application form for enrolment purposes.

For more details, contact the trustee(s) of the relevant Industry Schemes (BEA hotline: 2211 1777; BCT hotline: 2298 9333) or call the MPFA hotline: 2918 0102.

Self-employed Persons (SEPs)

Within 60 days from the day you became self-employed, you have to choose an MPF trustee to open an MPF SEP account.

To enrol in an MPF scheme, simply contact the MPF trustee of the scheme you have chosen. You will need to sign a participating agreement and fill in an application form, indicating your investment choices, your relevant income, and how often you want to make contributions. You should then return the completed form to your trustee to set up an MPF account for you. If you do not indicate your investment choices in the application form, your MPF contributions will be invested according to the DIS by the trustee. Refer to page 39 for details of the DIS.

3 Contribution Arrangements

Relevant Income

Employees and employers who are covered by the MPF System are each required to make regular mandatory contributions calculated at 5% of the employee's relevant income to an MPF scheme, subject to the minimum and maximum relevant income levels. For a monthly-paid employee, the minimum and maximum relevant income levels are $7,100 and $30,000[2], respectively, which would be reviewed periodically. Refer to the MPFA website for updated information.

Relevant income includes not only your salary!

"Relevant income" refers to all monetary payments paid or payable by an employer to an employee, **including wages, salary, leave pay, fees, commissions, bonuses, gratuities, perquisites and allowances,** but excluding severance payments or long service payments under the Employment Ordinance.

Employer and employee contributions

Employee contributions will be deducted from your payroll at the end of each wage period (if your relevant income is more than the $7,100 minimum). The total contributions made by employee and employer must be submitted by the employer to the trustee not later than the 10th day of the following month.

All contributions are immediately vested in you (except for the MPF derived from the employer contributions for offsetting severance payments or long service payments. Refer to page 19 for details). You may also consider making voluntary contributions (VC) according to your personal needs. Refer to page 21 for details of VC

[2] As of April 2020

When the contribution day falls on a holiday

If the contribution day falls on a Saturday, public holiday, gale warning day or black rainstorm warning day, the contribution day is extended to the following day that is not a Saturday, public holiday, gale warning day or black rainstorm warning day.

Employees need to check whether their employers have fulfilled their obligations

Many employer obligations are legal requirements stipulated in the MPFSO. Failure to comply with these requirements may constitute a criminal offence. The MPFA will take enforcement actions against non-compliant employers, including imposing a contribution surcharge of 5% on defaulting employers. If the surcharge is collected, the full amount goes to the affected employee's MPF account. The MPFA may also initiate civil proceedings and prosecution against the employer.

Failure to open an MPF account for employees or make mandatory contributions are two of the most frequently committed offences by employers. The following table shows the maximum penalties related to these common offences:

Type of Employer Non-compliance	Penalty
Failure to enrol an employee in an MPF scheme	Maximum penalty of a $350,000 fine and imprisonment for three years
Failure to make mandatory contributions to a trustee (without deducting 5% from employee's relevant income)	- ditto -
Failure to pay mandatory contributions to a trustee (after deducting 5% from the employee's relevant income)	Maximum penalty of a $450,000 fine and imprisonment for four years

Regular employees

The scale of contributions for regular employees (full-time and part-time employees):

- **Monthly paid employees**

Monthly Relevant Income	Mandatory Contribution Amount	
	Employer's Contributions	Employee's Contributions
Less than $7,100	Relevant income x 5%	Not required
$7,100 – $30,000	Relevant income x 5%	Relevant income x 5%
More than $30,000	$1,500	$1,500

I'm not paid on a monthly basis, and the amount varies. How is my contribution calculated?

- **Non-monthly paid employees**

  If an employee is paid on a daily, weekly or bi-monthly basis, the employer should calculate the minimum and maximum relevant income levels in respect of different payroll cycles based on the daily minimum relevant income level of $280 and the daily maximum relevant income level of $1,000 to determine the contribution amount. If an employee is paid weekly, his maximum relevant income level is $7,000 ($1,000 x 7 days) and his minimum relevant income level is $1,960 ($280 x 7 days). The following table illustrates the different contribution amounts of employers and employees regarding different minimum and maximum relevant income levels:

Relevant income	Employer's mandatory contributions	Employee's mandatory contributions
Lower than the minimum level	Relevant income x 5%	Not required
Between the minimum and maximum level	Relevant income x 5%	Relevant income x 5%
Higher than the maximum level	Maximum level x 5%	Maximum level x 5%

Contribution Holiday

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

Determining the contribution period

MPF contributions start when an employee has been employed for a continuous period of 60 days.

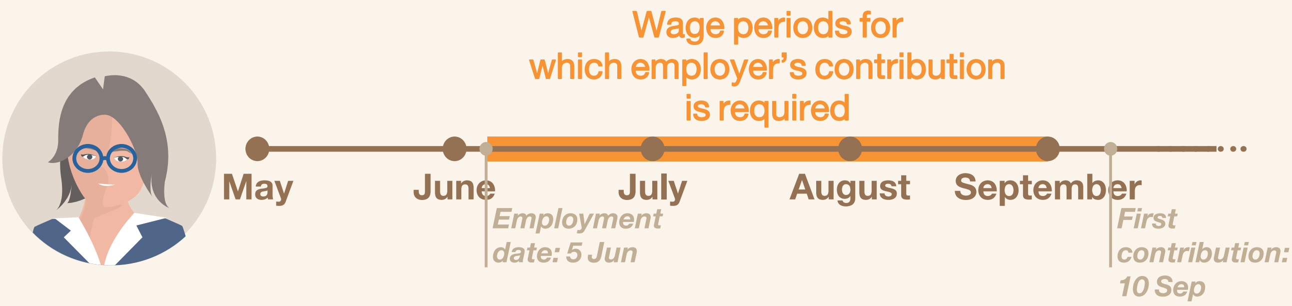
Employers Employers are required to remit the contributions for the first 60 days and to make contributions on or before the 10th day of every month from then on. They are required to provide monthly pay-records to the employees within seven working days after the MPF contributions are made.

Employees Employees are not required to make contributions for the first 30 days of employment and the following incomplete wage period.

Let's look at the following example of an employee who was employed by a company starting 5 June:

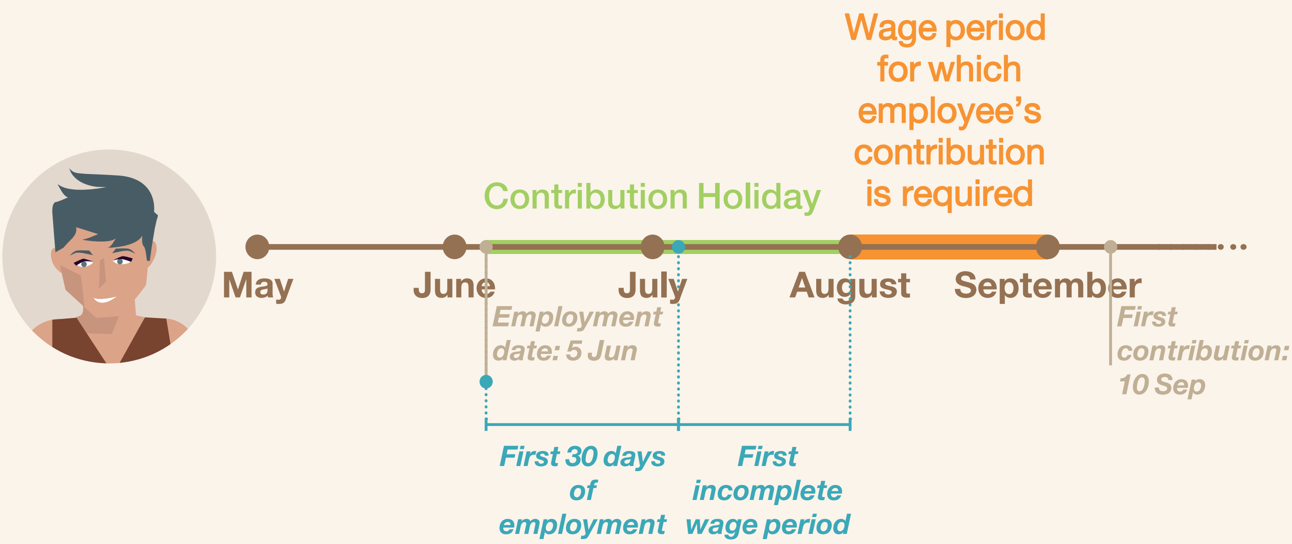
Employer's contribution:

The first contribution period is calculated from **5 June** to **31 August**.



Employee's contribution:

The contribution holiday includes the first 30 days of employment and the first incomplete wage period. The first contribution period is calculated from **1 August** to **31 August**.



Casual employees of Industry Schemes

The calculation of contributions for casual employees is different from that for regular employees.

Daily-rated income

If you are a daily-rated casual employee, your employer is required to make fixed sum contribution according to your daily relevant income. The contribution amounts are multiples of $5, making them simple and easy to remember.

Daily relevant income	Industry Schemes	
	Employer's mandatory contribution	Employee's mandatory contribution
Less than $280	$10	Not required
$280 to less than $350	$15	$15
$350 to less than $450	$20	$20
$450 to less than $550	$25	$25
$550 to less than $650	$30	$30
$650 to less than $750	$35	$35
$750 to less than $850	$40	$40
$850 to less than $950	$45	$45
$950 or more	$50	$50

Points to note about making contributions

The daily minimum and maximum relevant income levels for casual employees under Industry Schemes are as follows:

- If your daily relevant income is less than the daily minimum relevant income level (i.e. $280), you are not required to make any contribution but your employer is still required to make the employer's contribution (i.e. a contribution of $10) on time. If
- your daily relevant income is more than the daily maximum relevant income level (i.e. $950), both you and your employer are each required to make contribution according to the maximum relevant income level (i.e. contribution of $50 each).
- Employers are required to make contributions for you regardless of your relevant income level.

* Note: The length of the wage period of casual employees may be different. For instance, those employed on a day-to-day basis are usually paid every day after work. Accordingly, their contribution period is one day. However, there are also cases in which employees are paid less frequently, such as weekly or twice a month (once in the first half and again in the second half of the month).

Non-daily-rated income

If you are not daily-rated but instead are employed on a fixed weekly or monthly rate, for example, then your employer must calculate your average daily relevant income, and then check it against the corresponding income band under the contribution scale to determine the daily contribution amount, and finally calculate the total contribution payable for the entire wage period.

Average daily relevant income	=	Relevant income earned in a wage period/ No. of working days in the wage period
Daily contribution amount	=	Check average daily relevant income against the contribution scale for the contribution amount
Total MPF contribution amount	=	Daily contribution amount x number of working days in the wage period

Contribution Day

It is your employer's responsibility to deduct the contribution from your relevant income and remit it, together with its own contribution, to the MPF trustee. Employers can choose to pay the MPF contribution on the next working day following the pay-day (except Saturday); or pay the contribution within 10 days after the wage period ends.

Note: If the contribution day is a Saturday, public holiday, gale warning day or black rainstorm warning day, the contribution day is extended to the following day which is not a Saturday, public holiday, gale warning day or black rainstorm warning day.

Self-employed Persons (SEPs)

Contribution Amount

SEPs have to pay 5% of their relevant income as mandatory contributions. The amount is subject to a maximum level of relevant income (i.e. $30,000 a month or $360,000 a year) and a minimum level of relevant income (i.e. $7,100 a month or $85,200 a year). If your relevant income is less than the minimum, you are not required to make a contribution. If it is more than the maximum, you have to contribute the maximum amount (i.e. $1,500 a month or $18,000 a year).

SEPs making contributions monthly or yearly:

Relevant Income		Mandatory Contributions
Monthly Average	Annual	
Less than $7,100	Less than $85,200	Not required
$7,100 – $30,000	$85,200 – $360,000	Relevant income × 5%
More than $30,000	More than $360,000	$1,500 per month or $18,000 per year

Non-compliance and penalties

The following table summarizes the common types of SEP non-compliance and the relevant penalties:

Type of SEP Non-compliance	Penalty
Failure to enrol in an MPF scheme	A maximum fine of $50,000 and six months' imprisonment on the first occasion. For each subsequent conviction, the maximum penalty is a $100,000 fine and imprisonment for one year
Failure to pay mandatory contributions to a trustee	- ditto -

Contribution frequency

SEPs can choose to contribute on a monthly or yearly basis on or before the contribution day.

- **Monthly contributions**
  Notify your trustee in writing of your monthly contribution day. You can usually indicate the day in the application form. If you set your contribution day as the last day of each month, your contribution period will be from the first to the last day of the calendar month. If you set the 20th as your contribution day, your contribution period will be the 21st of each month to the 20th of the following month.

- **Yearly contributions**
  The contribution day is the last day of the financial year of the scheme and you should make your mandatory contributions once per financial year of the scheme.

  As the financial year of individual MPF schemes may vary, you should inform your trustees of your preferred frequency for making contributions when you first enrol in an MPF scheme. If the contribution day is a Saturday, public holiday, gale warning day or black rainstorm warning day, the contribution day is extended to the next following day that is not a Saturday, public holiday, gale warning day or black rainstorm warning day.

  If you want to change your contribution frequency for the next financial year, say, from yearly to monthly, you should indicate your new arrangement to the trustee at least 30 days before the end of the current financial year. Your trustee will provide you with a specific form for this purpose. The new frequency will take effect from the next financial year.

What should I do if my business sustains a loss?

You may report the loss to your scheme trustee and discontinue payment of mandatory contributions from the current contribution period until your relevant income is not less than the minimum level of relevant income ($7,100 per month or $85,200 a year).

4 Long Service Payments/ Severance Payments and the MPF

Under the MPF System, an employer can offset the long service payment/severance payment (LSP/SP)[3] paid to an employee against the employer's contributions and investment returns ("employer's contributions" in short) in the employee's MPF account. However, the employee's contributions and investment returns cannot be used for this purpose. In general, there are two scenarios in which employers can offset an LSP/SP against MPF contributions, depending on the amount of employer's contributions in the employee's MPF account.

Offsetting Procedures

There are two ways for the offsetting to take place, depending on whether your employer has paid the LSP/SP to you first.

LSP/SP paid to you: If your employer has already paid the LSP/SP to you in full, it may arrange with the trustee to withdraw the MPF benefits derived from the employer's contributions from your account. Your employer may ask you to acknowledge receipt of this payment in writing to facilitate its application for offsetting with the trustee.

LSP/SP not paid to you: If your employer has not yet paid any part of the LSP/SP to you, you may make an application in writing to the trustee direct to withdraw the MPF benefits derived from the employer's contributions from your account. The trustee will require you to provide proof that you are entitled to LSP/SP and that this payment has not been paid to you by your employer.

Tips

If your employer is unable to settle the LSP/SP, you should consider obtaining a letter from your employer, preferably with an authorized signature and company chop, stating your entitlement to an outstanding LSP/SP. This letter will be useful as documentation to the trustee in withdrawing your MPF benefits as an LSP/SP.

[3] According to the Employment Ordinance, you are entitled to receive an LSP/SP under certain conditions. For details on the conditions under which LSP/SP should be paid, the formula for calculating an LSP/SP and the payment deadline, refer to the Labour Department website (www.labour.gov.hk).

Example

According to the Employment Ordinance, you are entitled to receive $30,000 for an LSP/SP.

Scenario 1

The LSP/SP that you are entitled to receive is **less than** the amount of employer's contributions in your MPF account (i.e. the amount of employer's contributions is **sufficient to fully offset** the LSP/SP)

Employer's contributions in your MPF account		LSP/SP		Balance of employer's contributions in your MPF account
$80,000 (Before offsetting)	–	$30,000	=	$50,000 (After offsetting)

You have $80,000 of employer's contributions in your MPF account, $30,000 of which can be used to offset the LSP/SP that you are entitled to. After offsetting, the balance of the employer's contributions is $50,000, which will be retained and accrued in your MPF account.

Scenario 2

The LSP/SP that you are entitled to receive is **more than** the amount of employer's contributions in your MPF account (i.e. the employer's contribution amount is **not sufficient to fully offset** the LSP/SP)

Employer's contributions in your MPF account		Amount that your employer has to pay		LSP/SP
$10,000	+	$20,000	=	$30,000

As you only have $10,000 of employer's contributions in your MPF account, even if the whole amount is used to offset the LSP/SP you are entitled to, your employer must pay the remaining $20,000 ($30,000–$10,000), so you will receive a total of $30,000 for the LSP/SP.

5 Voluntary Contributions

If you want to boost your retirement reserve to make your retirement life more secure, you could consider making voluntary contributions (VC)!

Employers, employees and self-employed persons are free to make VC on top of their mandatory contributions.

The MPFA always encourages scheme members to make VC to boost their retirement savings and enhance their retirement protection.

Different types of Voluntary Contributions

Employee Voluntary Contributions

Scheme members, including employees and self-employed persons can make VC via their employers on top of their mandatory contributions. VC are subject to the terms of your MPF scheme, and you can withdraw or transfer your MPF benefits only after ceasing employment.

Employer Voluntary Contributions

Employers can make additional contributions for their employees on top of their mandatory 5% contributions. Arrangements for making VC, such as the minimum contribution, and vesting, transfer and withdrawal conditions, are all defined in the rules of the scheme.

Tax-deductible Voluntary Contributions (TVC)

Scheme members making VC can enjoy a tax break. See page 22 for details.

Special Voluntary Contributions (SVC)

This refers to VC paid direct by a member to a trustee. Unlike normal VC, these contributions do not go through the employer. Trustees may use different names for this contribution service (e.g. Personal Contribution or Additional VC). Withdrawing SVC is comparatively more flexible.

6 Tax-deductible Voluntary Contributions (TVC)

To encourage the public to save early for retirement, scheme members can enjoy tax deductions by making TVC since 1 April 2019.

- Holders of contribution accounts or personal accounts of MPF schemes; or
- Members of MPF exempted ORSO Schemes

Scheme members making voluntary contributions can enjoy tax deduction[4]. The maximum tax deduction cap is the aggregate limit for TVC and Qualifying Deferred Annuity Policies (QDAP) premiums. You can enjoy a tax deduction under the salaries tax or personal assessment tax for your TVC. If you claim a deduction in respect of both a TVC and a QDAP in the same year of assessment, the TVC must be deducted first.

Eligible persons can open a TVC account in an MPF scheme that offers a TVC of their own choice and make contributions direct with a trustee without involving their employers. Only those contributions made to TVC accounts not exceeding the tax deduction cap are eligible for tax deductions. Any voluntary contributions made to contribution accounts through employers are not eligible for tax deductions.

Most of the master trust schemes offer TVC accounts. You can refer to the TVC webpage (www.mpfa.org.hk/tvc) and the Trustee Service Comparative Platform on the MPFA website (www.mpfa.org.hk) to find the MPF schemes that offer TVC accounts.

To help scheme members file their tax returns, the MPF trustees provide a contribution summary to TVC account holders every year. The summary shows the contribution amount in the TVC account for the assessment year for easier tax return filing.

Please note that whether or not a tax deduction is allowed, the balance in the TVC account can be withdrawn only when the scheme member reaches the age of 65 (or other circumstances, as specified in the legislation). Any TVC that exceed the tax deduction limit cannot be withdrawn early.

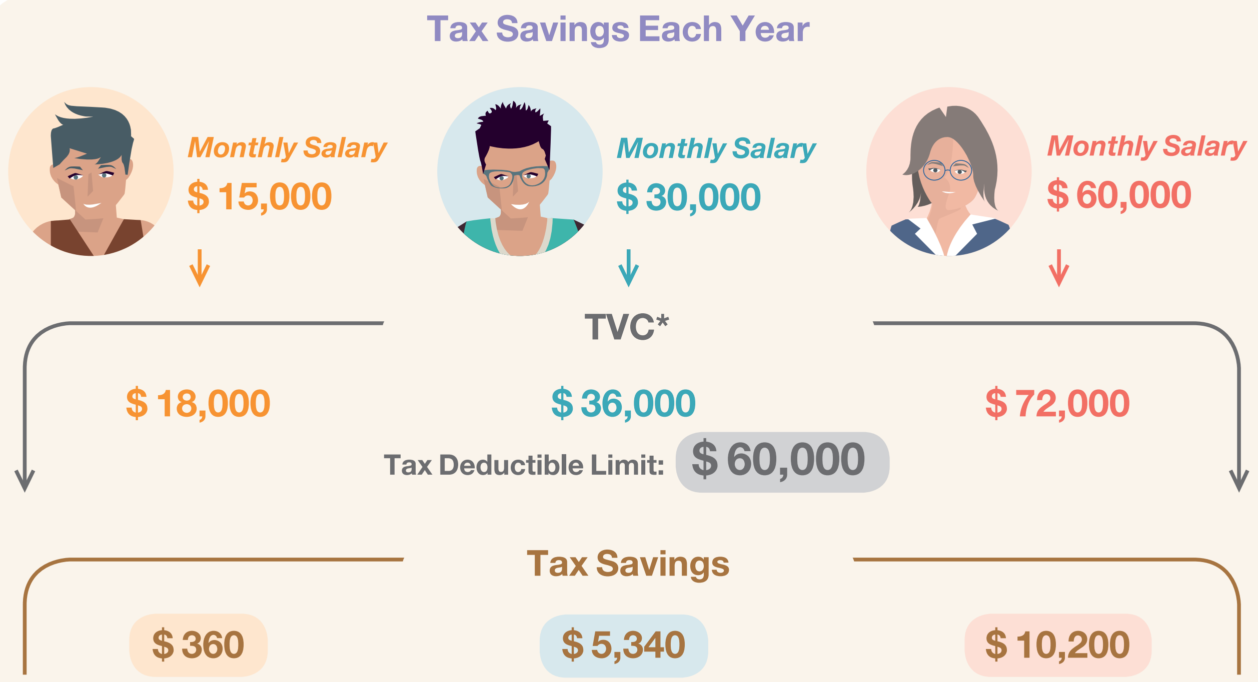
[4] The tax deduction cap is $60,000 for the 2019/20 assessment year.

Features of TVC

- Eligible persons can open a TVC account in an MPF scheme which offers a TVC of their own choice and make contributions direct with a trustee, with no fixed frequency or fixed contributions amount.

- TVC account holders can transfer the balance to another TVC account of an MPF scheme at any time.

TVC helps reduce your taxes and boost your retirement savings at the same time!



* The tax deduction cap is $60,000 for the 2019/20 assessment year, which is the aggregate limit for both TVC and QDAP premiums paid during the relevant assessment year.

* The examples are for illustration and reference only. The amount you can save depends on a number of factors, including personal income, entitled tax allowances and deductions, as well as the premiums paid for the QDAP or TVC, etc.

Refer to the TVC website for more details:
http://www.mpfa.org.hk/eng/mpf_system/system_features/tvc

7 Occupational Retirement Schemes (ORSO Schemes)

Occupational Retirement Schemes, also known as ORSO schemes, were retirement schemes set up voluntarily by employers prior to the launch of the MPF System to provide retirement benefits for their employees. ORSO schemes are regulated under the Occupational Retirement Schemes Ordinance (ORSO). Since they are not mandatory, scheme rules and provisions, including the amount of contributions, whether employees have to contribute, and their investment choices, are drawn up by individual employers.

Shortly before the implementation of the MPF System in 2000, ORSO schemes were allowed to apply for an MPF exemption. ORSO schemes that were granted an MPF exemption can continue to operate, but under the condition that the employer must provide an MPF scheme at the same time for employees to choose between the two, if the ORSO scheme is open to new members.

How to choose between an MPF scheme and an ORSO scheme?

If your employer provides an MPF-exempted ORSO scheme, it should also provide an MPF scheme:

- It should enrol you in either scheme within the first 60 days of employment.
- **It should give you a choice to join either scheme within the first 10 days of employment.** It should also provide you with detailed information of both schemes, such as the contribution arrangements and the appropriate calculation method of accrued benefits, to help you make a decision that best suits your needs.
- **You should notify your employer of your decision in writing within the first 30 days of employment,** if you do not do so, you will be deemed to have chosen the MPF scheme.
- You have a one-off option to choose one of the two schemes.

Differences between an MPF scheme and an ORSO scheme

The following table sets out the major differences between an MPF scheme and an ORSO scheme:

		MPF scheme	ORSO scheme
Contributions	Who pays?	• If your monthly relevant income is less than $7,100, you do not need to make employee mandatory contributions, but your employer still needs to make contributions equivalent to 5% of your relevant income. • If your monthly relevant income is from $7,100 to $30,000, the mandatory contributions made by you and your employer are equivalent to 5% of your relevant income each, i.e. 10% of your relevant income in total. • If your monthly relevant income is more than $30,000, the maximum monthly mandatory contributions made by you and your employer are $1,500 each, i.e. $3,000 in total.	• Contributions can be made solely by your employer or by both your employer and you, depending on your employer's decision. • The contributions payable by your employer or you are set out in the scheme rules.
	Who is entitled to the contributions?	• No matter how many years you have worked, the mandatory contributions made by both your employer and you are **fully and immediately vested in you** once they are paid to your trustee. • Severance payments or long service payments can be offset by the accrued benefits derived from your employer's contributions.	• **In general, a "vesting scale" is in place, specifying that you have to work for a number of years to be entitled to the accrued benefits derived from your employer's contributions. It is calculated based on the number of years of service when you cease employment in form of a percentage which is determined by the employer.** • Severance payments or long service payments can be offset by the accrued benefits derived from your employer's contributions.

		MPF scheme	ORSO scheme
Investment portfolio	Who makes the decision?	● Your employer chooses the MPF scheme. ● You choose the investment portfolio under the scheme.	● In general both the scheme and investment portfolio are chosen by your employer.
Accrued Benefits (Contributions and returns)	What are the withdrawal conditions?	● Generally, you can withdraw your accrued benefits derived from the mandatory contributions only when you reach the age of 65.	● If you joined an ORSO scheme on or before the day the MPF System was implemented (i.e. 1 December 2000), when your employment ends: ■ You should calculate and collect the accrued benefits you are entitled to in accordance with the vesting scale of the ORSO scheme your employer operates. ● If you joined an ORSO scheme after the MPF System was put in place (i.e. after 1 December 2000), when your employment ends: ■ Calculate the accrued benefits you are entitled to in accordance with the vesting scale of the ORSO scheme your employer operates. ■ Then calculate the minimum MPF benefits and transfer the whole sum from the ORSO scheme to an MPF account under your name. You can withdraw the benefits when you meet one of the withdrawal requirements, as set out in the MPF legislation. ■ You can withdraw any residual funds after the transfer according to the rules of the individual ORSO schemes.

The rules of ORSO schemes vary by employer. In general, your entitlement to the accrued benefits and hence your retirement protection, upon ceasing employment is determined primarily by the "vesting scale" of the ORSO scheme. So **make sure you understand the scheme rules in detail,** and contact your employer if you have any questions.

Minimum MPF benefits

If you joined an ORSO scheme before or on the launch of the MPF System, that is, before or on 1 December 2000, upon termination of your employment, you may generally withdraw all your accrued benefits under the ORSO scheme in accordance with the governing rules of the scheme.

However, if you joined an MPF-exempted ORSO registered scheme after 1 December 2000, you have to transfer and preserve a sum equivalent to the minimum MPF benefits ("MMB") from your ORSO account to an MPF account of your choice upon termination of employment. You can withdraw the preserved amount when you reach the age of 65, or if you meet one of the early withdrawal criteria under the MPF System. Generally, all residual funds in the ORSO scheme after preserving the MMB, if any, can be withdrawn in accordance with the governing rules of the scheme.

The MMB means the lesser of the following two calculation methods:

Calculation method 1

The accrued benefits under the ORSO scheme for the whole employment period, i.e. the accrued benefits derived from the employee's contributions + the accrued benefits derived from the employer's contributions under the vesting scale

Calculation method 2

Average monthly relevant income in the final year of service (capped at $30,000) × years of service × 1.2

Offsetting long service payments and severance payments

By law, your employer can offset the LSP or SP paid to you with the accrued benefits derived from the employer's contributions in an ORSO scheme. The offsetting mechanism and procedures are exactly the same as those in MPF schemes. In fact, the offsetting arrangement originated under the Employment Ordinance and was applicable to ORSO schemes well before the implementation of the MPF System. Refer to page19 for details of the offsetting arrangement.

MPF Investment

You should adjust your MPF investment portfolio according to your risk-tolerance level, investment goals and other personal factors.

MPF Investment

The MPF is a vital part of your retirement investment. You should plan your long-term retirement investment goal before deciding how to manage your MPF.

1 Retirement Investment

Assessing your retirement needs

To plan for retirement, you should start by estimating the amount of retirement savings you will need. You may refer to the "Rule of 123".

1. represents your expected monthly expenses, i.e. your anticipated monthly expenses during retirement.
2. represents two numbers relating to years: (1), the number of years before retirement, and (2), the expected number of years of retirement.
3. represents three percentages: (1) the average inflation rate, (2) the expected rate of return of your savings or investments before retirement, and (3) the expected rate of return of your savings or investments during retirement.

You can use our Retirement Planning Calculator to estimate your retirement needs:

Website: http://minisite.mpfa.org.hk/mpfie/en/retirement-planning-calculator

Mobile Application:

(Available only in Chinese version)

Risk management and expected return

When making plans for retirement investment, it is important to first understand the risks that you are likely to face, and then take appropriate measures to manage them.

- **Longevity Risk**

  Many retirees live for more than 20 years after retirement. The longer the retirement period, the higher your living and medical expenses will be.

- **Inflation Risk**

  If the rate of return from your savings or investments is lower than the inflation rate, then your purchasing power will decrease in the long run.

- **Investment Risk**

  To try to increase their retirement savings, some people choose to invest in investment products that have higher expected returns, such as stocks. However, investment products with higher expected returns also carry higher potential risks.

  A good retirement investment portfolio needs to balance risks and returns. One of the ways to manage investment risks is through diversification. This involves diversifying your capital across different asset classes (such as stocks and bonds) or regions (such as global markets), according to your risk tolerance level.

  Generally, when it comes to asset allocation, if your risk tolerance level is relatively high, you may consider a portfolio containing a higher proportion of higher-risk investments (such as stocks). If your risk tolerance level is relatively low, you may consider a portfolio containing a higher proportion of lower-risk investments (such as bonds).

2 Features of MPF Investment

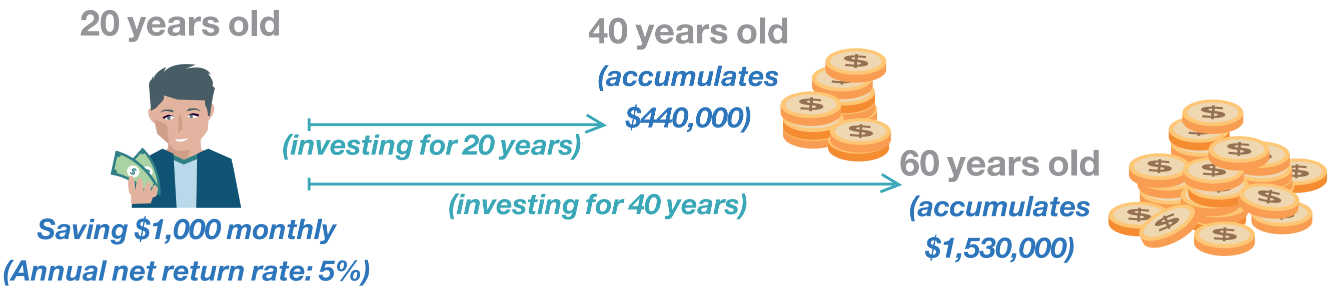
Comparing investing on your own with investing through the MPF

MPF funds address some of the main problems faced by most people when they are looking for ways to save money for retirement, such as, limited investment knowledge, and limited capital to invest, which causes difficulty in investing in a broad variety of investment products.

Investing on your own	Investing through the MPF
Limited investment knowledge Though there are many ways to save, such as bank deposits, bonds and mutual funds, shares, commodities (like gold and silver) and property, each has associated risks, whose assessment may be intimidating to laymen.	**Managed by professionals** With MPF funds, your investments are under the constant care of a team of professional fund managers. If you make your own investments, you probably cannot afford to hire a fund manager to manage your investments.
Limited capital to invest, leading to under-diversified investments If you have only a small amount to put aside each month, your choice of investment would be limited, let alone building a diversified investment portfolio. Moreover, putting too much capital in one type of investment may put your savings at risk.	**Pooled funds, and improved diversification and cost-effectiveness** MPF funds are required by law to meet minimum diversification standards. Better-performing assets in an MPF fund can balance out the losses from under-performing assets to reduce investment risk. Pooling small contributions from a large number of individual scheme members allows MPF funds to work with a much larger portfolio of assets than individuals can afford to buy on their own. This gives all participants access to a much wider choice of investments, increasing the potential to diversify their portfolio and reducing investment risk. It also means the fund can be run more cost-efficiently.

The compounding effect

This refers to the snowball effect created by generating investment returns from previous investment return. When you invest an amount (principal) in an asset, the principal generates income, which is then reinvested, together with the principal, to generate more interest. See the example with the following assumptions:



From the example above you can see although the investment horizon only doubles, the accumulated amount has tripled! Similarly, the higher the amount invested in retirement savings every month, the higher the amount will be accumulated thanks to the compounding effect.

Dollar cost averaging

Rather than making a one-time investment that may prove to be poorly timed, with dollar cost averaging, a fixed amount is invested regularly in a particular investment, regardless of unit price. When the unit price is **high**, the same amount buys **fewer** units. When unit price is **low**, the same amount buys **more** units.

This prudent investment technique reduces the effects of short-term market fluctuations on investments by averaging out the costs of your units over time. As you make regular contributions to your MPF fund at regular intervals, you are effectively using dollar cost averaging without even realizing it.

Although dollar cost averaging can mitigate the impact of short-term market fluctuations on fund prices over time, it does not guarantee gains. Any gains will be determined by the market price at the time you sell the fund.

3 Choosing an MPF Scheme

You are required to choose an MPF scheme in the following situations:

- When your employer has enrolled in two or more schemes
- When you are a self-employed person
- When you want to make TVC or SVC
- When you are no longer employed and want another trustee to look after your MPF benefits in respect of your former employment
- When you want to exercise your right to transfer under the Employee Choice Arrangement (ECA) (Refer to page 47 for ECA details)

Factors to consider when choosing an MPF scheme

Scope and quality of services of trustees and their service providers

You can compare the following trustee services:

1. Time required for fund switching
2. Number of Fund Fact Sheets and Annual Benefit Statements issued in a year
3. Sufficiency of online information

Sufficient choice and suitability of funds

In assessing an MPF scheme, the performance and the suitability of funds are more important than the range or number of funds that are offered.

Fees and charges

The funds in MPF schemes are managed by professionals and thus incur fees and charges. Different MPF schemes have different fee policies. In general, they all levy management fees, but you should also check whether other fees and charges, such as joining fees, annual fees, and member account transaction fees and charges, are applied.

Fees and charges have an impact on the net return of a fund, but this is just one of the factors to consider. When you compare funds, you must compare funds of the same type.

Understanding the MPF Scheme Brochure

You should make sure you understand the MPF Scheme Brochure of the MPF Fund thoroughly before making your choices. The MPF Scheme Brochure is like a user guide to an MPF scheme and its funds, which provides scheme members with detailed information about the scheme and its funds, including:

- Names of the service providers (i.e. trustees, custodians, investment managers, auditors or other service providers)
- Procedures for making contributions and withdrawals and switching funds
- Investment policies and objectives of each constituent fund
- Valuation of funds
- Guarantee features (if any)
- Fees and charges
- Fund performance
- Risk factors that could affect fund performance

Smart Tip: Make good use of online tools

The MPFA offers various online tools for scheme members to analyze and compare MPF funds and MPF schemes, in order to devise an MPF portfolio that best suits their needs:

MPF Fund Platform (https://mfp.mpfa.org.hk/eng)
This one-stop platform provides useful information about all funds, including funds' returns, fees, risk levels, and the Fund Expense Ratio. It helps employees review funds from different perspectives to see whether the selected funds suit their retirement needs.

Trustee Service Comparative Platform
(https://tscplatform.mpfa.org.hk/scp/eng)
The MPFA has consolidated key information about the services provided by trustees under three major areas: Fund Choices, Account Administration, and Customer Services. Scheme members and employers can use this platform to choose a trustee to suit their needs.

MPF Investment Education Thematic Website
(http://minisite.mpfa.org.hk/MPFIE/en)
This platform provides financial planning tips to address the needs of scheme members of different age groups. It helps scheme members better understand their personal situation, and motivates them to manage their MPF proactively to realize their desired retirement life.

Repository of Scheme Documents
(https://www.mpfa.org.hk/en/mpf-investment/investment-regulations-and-disclosure/repository-of-scheme-documents)
The MPFA maintains a repository of MPF scheme documents to provide scheme members with easy access to the information on MPF schemes offered by all MPF trustees such as MPF Scheme Brochures and Fund Fact Sheets.

4 Choosing MPF Funds

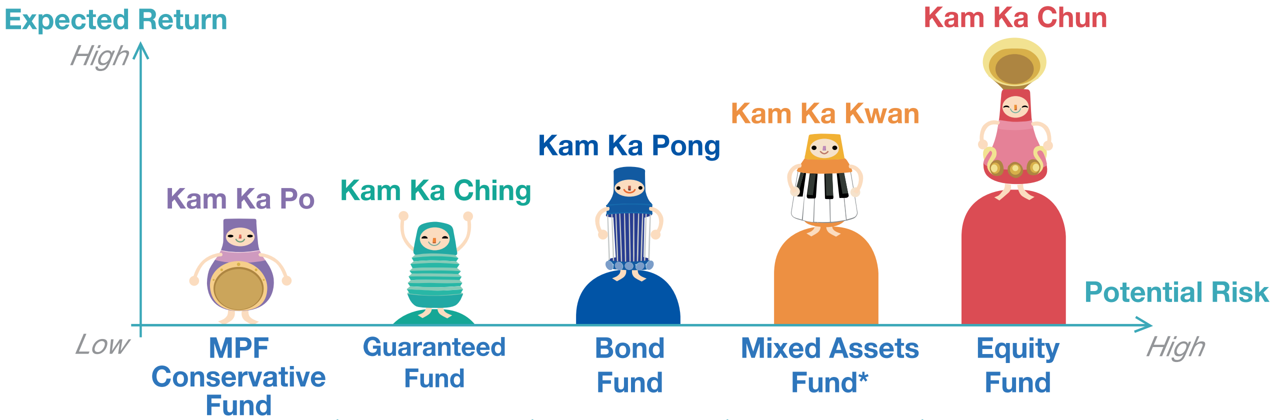
Factors to consider when choosing MPF funds

Different MPF funds have different risk levels. You should first assess your risk tolerance level, which is affected by various factors, including:

- **Investment Horizon**
  This is the number of years before your retirement. If your investment horizon is relatively long, you might consider choosing more aggressive funds.
- **Investment Appetite**
  This is usually shaped by factors such as your personality, past investment experience and investment objectives.
- **Other Savings or Investments for Retirement**
  If you have sufficient savings or investments from other sources for your retirement, you might consider taking a more aggressive MPF investment approach.

Types of MPF funds

There are five major types of MPF funds:



	MPF Conservative Fund	Guaranteed Fund	Bond Fund	Mixed Assets Fund*	Equity Fund
Feature	Earns interest very slowly	Examine 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 guarantee conditions)	Low to medium	Medium to high	Relatively high

Refer to the following website for details:
http://minisite.mpfa.org.hk/MPFIE/en/major-types

* If you do not want to choose an MPF fund, you could consider adopting the "Default Investment Strategy" (DIS). The DIS is a ready-made investment solution comprising two mixed-asset funds, which will gradually reduce your exposure to investment risks as you approach retirement age. Refer to page 39 for details.

5 Reviewing Your MPF Fund Choices Regularly

Your MPF investment can span several decades, during which you may go through different life stages, such as changing jobs, purchasing property, getting married, raising a family and finally retiring. You should review your MPF investment regularly to ensure that it is in line with your investment objectives, preferred asset allocation and risk tolerance level. If there is any mismatch, you should adjust your fund choices. In general, it is good to review your fund choices every 6 to 12 months, and consider making adjustments if necessary. For example, as you get closer to retirement, you might consider switching to a more conservative portfolio. You can make reference to the following information:

Annual Benefit Statement

Your Annual Benefit Statement is like a "report card" of your MPF investment, showing information about the contributions and the investments of your MPF account during the previous year. The information includes:

- The inflow and outflow of your account (including contributions, transfers and transactions)
- Your account balance, benefits accrued and the extent to which they are vested
- The gains and losses associated with your account

Refer to the Annual Benefit Statement leaflet for more information:
https://www1.mpfa.org.hk/eng/information_centre/publications/booklets_publications/mpf_investment/files/ABS_Leaflet_Eng.pdf

Your trustee will issue at least one Annual Benefit Statement to you every year. The legislation requires that the Annual Benefit Statement be issued within three months after the end of the financial period[5] of a scheme.

5 Different schemes may have different financial periods, ending on different dates. For information regarding the financial period end dates of individual schemes, you can refer to the "Registered MPF Schemes and Constituent Funds" under the section "Public Registers" on the MPFA website, or contact your trustee.

Smart Tip

Make good use of the electronic tools provided by trustees

Some trustees provide an electronic version of the Annual Benefit Statement, in addition to the hardcopy that is mailed to scheme members. Contact your trustee to request the e-version. In fact, most of the trustees provide electronic tools or services to help you review your MPF account information. You should make good use of these tools to enhance the effectiveness of managing your MPF. Check with your trustee for details.

MPF Fund Fact Sheet

MPF Fund Fact Sheet is like a résumé of a fund, listing the basic information of each fund, including the following:

- Fund size (net asset value)
- Fund performance
- Launch date
- Performance benchmark (if any)
- Fund descriptor
- Fund Expense Ratio
- Investment policies and objectives of each constituent fund
- Commentary on fund performance
- Risk class, with a seven-point risk classification (with 7 as the highest risk), to indicate the risk level

Refer to the Fund Fact Sheet leaflet for more information:
https://www1.mpfa.org.hk/eng/information_centre/publications/booklets_publications/mpf_investment/files/FFS_Leaflet_Eng.pdf

Trustees are required by the legislation to issue at least two Fund Fact Sheets to their members in each financial year of a scheme. One of these Fund Fact Sheets must be provided together with the Annual Benefit Statement (i.e. within three months after the end of each financial period of the scheme). The other must be distributed within the seventh or eighth month after the end of the financial period of the scheme.

You may also request Fund Fact Sheets from your trustee or download them from the Repository of Scheme Documents on the MPFA website (https://www.mpfa.org.hk/en/mpf-investment/investment-regulations-and-disclosure/repository-of-scheme-documents).

Points to note when switching funds

If you plan to switch funds after reviewing your fund choices, you should consider the following:

- Do not redeem a fund simply because of short-term price fluctuations or try to predict market movement.
- Note the number of fund switches allowed for each scheme.
- Make sure you understand the terms and conditions of the funds (especially those of Guaranteed Funds), as failure to fulfill one of the qualifying conditions may cause the loss of guaranteed returns.
- Be aware of potential out-of-market risk.

Out-of-market risk may cause "selling low, buying high"!

The transfer of MPF benefits between trustees involves buying and selling units in funds. The transfer process generally involves an investment time-lag of one to two weeks between the time when the trustee of your original scheme redeems the units in funds and the time the trustee of your new scheme subscribes to units in new funds for you. During this period, your MPF benefits will not be invested in any fund. Fund prices may change due to market fluctuations during this period.

6 Default Investment Strategy (DIS)

The DIS is a major reform of the MPF System. Its aim is to provide scheme members with better retirement protection. The DIS standardizes the default arrangements of MPF schemes, and is designed for scheme members who do not know how to manage or are not interested in managing their MPF.

If scheme members do not give their trustees any investment instructions for their MPF benefits, their MPF benefits will be invested automatically according to the DIS. Scheme members can also choose to invest their MPF benefits either according to the DIS or in the two individual funds under the DIS.

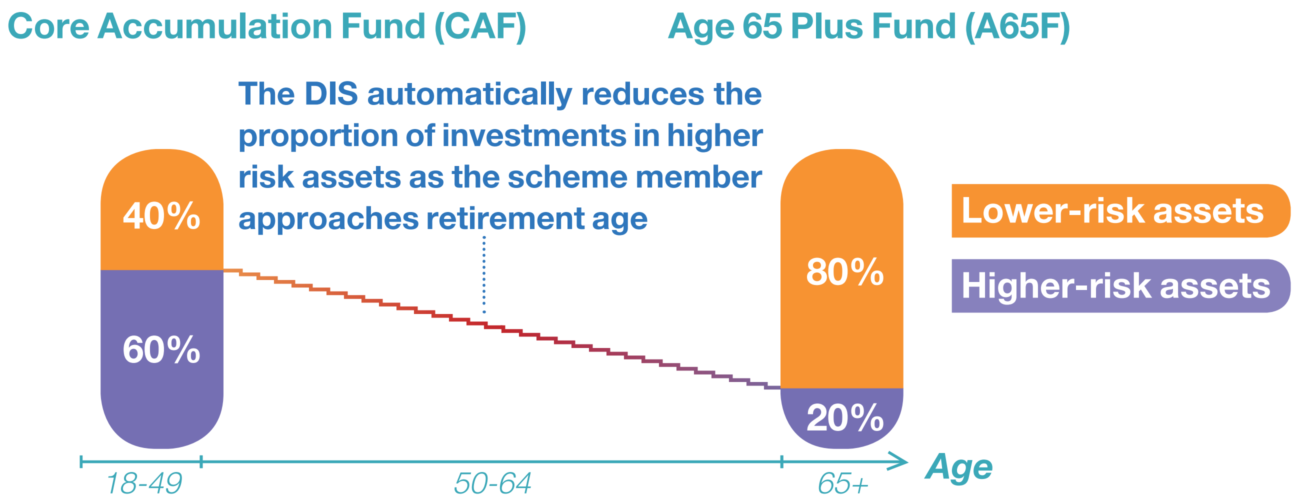
DIS 1-2-3

1 The DIS is 1 ready-made investment solution.

The DIS is designed primarily for scheme members who do not specify an MPF choice. The DIS automatically invests MPF benefits in different asset classes according to a pre-set proportion so that scheme members do not need to worry about adjusting their MPF investment portfolios themselves. Other scheme members can also choose to invest according to the DIS.

② 2 mixed-asset funds under DIS.

- Core Accumulation Fund (CAF): About 60% of the assets of this fund are invested in higher-risk assets (mainly global equities), and the rest are invested in lower-risk assets (mainly global bonds).
- Age 65 Plus Fund (A65F): About 20% of the assets of the fund are invested in higher-risk assets (mainly global equities), and the rest are invested in lower-risk assets (mainly global bonds).



③ 3 key features of DIS:

1. Automatic reduction of investment risk as members approach retirement age ("automatic de-risking")
2. Fee caps set at 0.95%
3. Global investment for risk diversification

If scheme members invest in the CAF or the A65F as standalone investments, rather than as part of the DIS, their investment in these two funds will still benefit from the fee caps and the globally diversified approach, but the automatic de-risking will not apply to these investments.

> For more information on the DIS, refer to the DIS thematic website (https://minisite.mpfa.org.hk/DIS/en) or contact your trustee.
>
> Scan the QR code to watch an introductory video about the DIS!

Account Management

Holding just one personal account is one of the best ways to make your MPF management easier and more efficient.

Account Management

1 Different Types of MPF Accounts

Why do I have multiple personal accounts?

Whenever employees change to a new employer, they need to open a new MPF "contribution account" for the MPF contributions made during the new employment. As an employee, if you do not take any action, the MPF benefits accumulated during your previous employment will be retained in a "personal account" under the scheme chosen by your former employer for continued investment.

Let's learn what "contribution account" and "personal account" are, and the advantages of account consolidation!

Contribution account

- This accrues the MPF benefits derived from a scheme member's **current employment**.
- **New contributions are held** in this account.

Personal account

- This accrues the MPF benefits derived from a scheme member's **previous employment or self-employment**.
- It accrues the MPF benefits transferred from a scheme member's contribution account under current employment by exercising the transfer right under the **Employee Choice Arrangement**.
- **New contributions are not held** in this account.

2 Consolidation of Personal Accounts

Remember to manage your MPF when you change job.

Most employees who change jobs tend to focus on their new job, and often forget about the MPF benefits that accumulated during their previous employment. If you do not manage your MPF benefits each time you change jobs, you will accumulate more and more personal accounts over time. Holding multiple accounts may make account management inconvenient. You may also find it difficult to work out an overall investment strategy if your assets are scattered across different accounts.

The MPFA maintains a Personal Account Register for members of the public to check for free. The information available includes whether a scheme member has any personal accounts and, if so, the name(s) and contact number(s) of the trustee(s) maintaining the personal account(s).

Scheme members may also look up their own MPF personal accounts via the e-Enquiry of Personal Account (ePA). Holders of a Hong Kong Identity Card can apply for the ePA service via the ePA website or mobile application (MPFA ePA).

Smart Tip

Download the MPFA ePA mobile application

Would you like to access your personal account information anytime, anywhere? Register for the e-Enquiry of Personal Account service via the mobile application (MPFA ePA) or website (https://epa.mpfa.org.hk).

At the time of registration, you can use the mobile application (MPFA ePA) to capture and submit a photo of your HKID card and proof of residential address; or upload a scanned copy of both documents to the ePA website. Upon successful registration, you will be able to enjoy the service for the rest of your life.

Download MPFA ePA mobile application:

How to consolidate your personal accounts?

You need to follow three simple steps to consolidate your personal accounts:

Step 1

Select a trustee and scheme

When choosing a trustee and scheme, you should consider the following factors:

- The scope and quality of services of the trustee and its service providers
- Sufficient choice and suitability of funds
- Fees and charges
- Fund performance

For details, refer to page 32, "Choosing an MPF Scheme".

Step 2

Submit the completed form to your trustee

Fill in the "Scheme Member's Request for Account Consolidation Form" (Form MPF(S)-P(C)).
The form can be downloaded from the "Forms" section of the MPFA website, or obtained from your trustee.

Refer to the leaflet "How to consolidate MPF Personal Account" for details on filling in this form:
https://www1.mpfa.org.hk/eng/information_centre/publications/booklets_publications/mpf_system/files/CPA_handy_guide_eng.pdf

Step 3

Check the relevant documents once the consolidation is completed

Once your consolidation is completed, you will receive a "Transfer Statement" from the trustee of your original scheme and a "Transfer Confirmation" from the trustee of your new scheme. Check the information on them carefully to make sure it is correct.

Alternatively, you can manage your MPF benefits that you accumulated during your previous employment by transferring them in one of the following ways:

- **If you want to transfer the MPF benefits to your "contribution account" opened under your new employment**
  Submit the completed Transfer Form (Form MPF(S)-P(M)) to your new employer, together with the member enrolment form for the MPF scheme under your new employment.

- **If you want to transfer the MPF benefits to your existing personal account**
  Submit the completed Transfer Form to the trustee holding your existing "personal account", and contact your trustee to check whether you previously gave investment instructions for this account. The form can be downloaded from the "Forms" section of the MPFA website, or obtained from your trustee.

  You will receive the relevant documents once your transfer is completed. Check these documents carefully to make sure that the transfer amount and the account details are correct.

Pay attention to potential risk during transfer!

The process of consolidating personal accounts involves buying and selling funds. After the original trustee has redeemed the funds, and before the new trustee subscribes for new funds in accordance with your instructions, there will generally be a time-lag of one to two weeks. Refer to page 38 for the details of "out-of-market" risk.

Also, if you have invested in guaranteed funds in your original scheme, you may not be able to enjoy the guaranteed returns if the transfer causes you to fail to fulfill certain qualifying conditions, such as the minimum investment period.

3 Employee Choice Arrangement (ECA)

The ECA gives employees greater autonomy, allowing them, once a calendar year[6], to opt to transfer the accrued benefits derived from the employee mandatory contributions in their contribution accounts to a scheme of their own choice (New Scheme).

Even if you have exercised your transfer right under the ECA, your new MPF contributions (including both the employer and employee portions) for subsequent wage periods will continue to be made to the original trustee and scheme chosen by your employer, instead of your new trustee and scheme.

Before making a transfer decision, consider the following:

1 Check every detail

The MPF contribution account in the MPF scheme under your current employment (the Original Scheme) accumulates accrued benefits are derived from different types of contributions. Under the ECA, the different parts of the accrued benefits in a contribution are governed by different transfer rules.

Parts of accrued benefits in a contribution account (i.e. Types of contributions that the accrued benefits are derived from)	Before ECA	After ECA
Contributions from current employment		
Employer mandatory contributions	✗ Not transferable	✗ Not transferable
Employee mandatory contributions	✗ Not transferable	✓ Transferable once every calendar year[7]
Employer voluntary contributions	✓ Subject to the governing rules of the Original Scheme	✓ Subject to the governing rules of the Original Scheme
Employee voluntary contributions		
Contributions from former employment		
Mandatory contributions transferred to the contribution account under current employment	✗ Not transferable	✓ Transferable at any time
Voluntary contributions transferred to the contribution account under current employment	✓ Subject to the governing rules of the Original Scheme	✓ Subject to the governing rules of the Original Scheme

6 Calendar year means the period from 1 January to 31 December in any given year.

7 Unless the governing rules of Original Scheme provide for more frequent transfer-out.

You may transfer a **selected part(s)** of the accrued benefits in your contribution account under the ECA. For example, you can choose to transfer only the accrued benefits derived from the mandatory contributions from former employment in your contribution account, while retaining other parts of the accrued benefits (e.g. employee mandatory contributions from current employment) in the account.

The selected part(s) of your accrued benefits must be transferred in a **lump sum**. For example, if you have $40,000 of accrued benefits derived from employee mandatory contributions in your contribution account, the entire $40,000 must be transferred in one go.

2 Pay attention to potential risks

Before exercising the right to transfer, carefully consider the following factors:

- Scope and quality of services of trustees and their service providers
- Sufficient choice and suitability of funds
- Fees and charges

For details, refer to page 32, "Choosing an MPF Scheme".

ECA transfer process

When you have completed the "Employee Choice Arrangement ("ECA") — Transfer Election Form" (Form MPF(S)-P(P)) (Transfer Form), submit it direct to the trustee of the new scheme. Your employer is not required to be involved in the process. The form can be downloaded from the "Forms" section of the MPFA website or obtained from your trustee.

For more details of the ECA, visit:
http://minisite.mpfa.org.hk/eca/en

MPF Withdrawal

Congratulations!

Now you can reap the fruits of your MPF Journey!

MPF Withdrawal

Generally, you have to reach the age of 65 to withdraw your MPF benefits. However, there are specific circumstances in which your accrued benefits may be withdrawn before you reach the age of 65.

1 MPF Withdrawal upon Retirement

Once you reach the age of 65, you can choose any of the following ways to manage your MPF benefits:

- withdraw your MPF benefits **by instalments**;
- withdraw all your MPF benefits **in a lump sum**; or
- **retain all** your MPF benefits in your account for continued investment

Reminder

Trustees are required to process withdrawals free of charge[8] for the first four instalments of a scheme member in a year. If you intend to withdraw your MPF benefits by instalments, you should contact your trustee to find out more about the withdrawal arrangements before sending your application.

[8] Other than necessary transaction costs which are incurred, or reasonably likely to be incurred, by the trustee in selling or purchasing investments in order to give effect to the payment; and payable to a party other than that trustee.

2 Early Withdrawal of MPF

Under the law, you can withdraw your MPF benefits before you reach age 65 on one of the following grounds:

- **Early retirement**

  You must be at least 60 years old and declare that you have ceased all employment and self-employment, and have no intention of becoming employed or self-employed again.

You may wonder: After I have withdrawn my benefits on the ground of "early retirement", am I allowed to become employed or self-employed again if I experience financial difficulties in the future?

The law does not prohibit you from becoming employed or self-employed again, if the need arises as a result of a change in your circumstances.

In such a case, if you have not reached the age of 65 and have been employed for 60 days or more, or employed as a casual employee, your employer will be required to enrol you in an MPF scheme. You and your employer will have to make MPF contributions. If you are self-employed, you will have to enrol in an MPF scheme by yourself and make contributions.

- **Permanent departure from Hong Kong**

  You must declare that you have departed or will depart from Hong Kong to reside elsewhere and have no intention of returning for employment or to resettle in Hong Kong as a permanent resident, and provide proof satisfying the trustee that you are permitted to reside in a place outside Hong Kong.

- **Total incapacity**

  You may withdraw your MPF benefits if you have become permanently unfit to perform the particular kind of work you were doing in your previous job. You must provide a medical certificate issued by a registered medical practitioner or registered Chinese medicine practitioner certifying such a condition.

- **Terminal illness**

  You may withdraw your MPF benefits if you have an illness that is likely to reduce your life expectancy to 12 months or less. You must provide a medical certificate issued by a registered medical practitioner or registered Chinese medicine practitioner stating that in the practitioner's opinion, you have a terminal illness.

- **Small balance**

  The balance of your MPF account must not exceed $5,000 and do not have any MPF benefits in any other MPF scheme. As at the date of your application, at least 12 months must have elapsed since your last contribution date. You must declare that you have no intention of becoming employed or self-employed.

- **Death**

  The MPF benefits of a deceased member are a part of the member's estate and therefore must be claimed by the scheme member's personal representative or the Official Administrator.

Making a false claim to withdraw MPF benefits is a crime!

The MPFA reminds scheme members that it is a criminal offence to make a false statement to trustees for early withdrawal of MPF benefits. Offenders are liable to a maximum fine of $100,000 and one year's imprisonment on first conviction.

The MPFA has noted that suspected crime syndicates are offering to help scheme members make early withdrawal of MPF benefits by inducing them to make false statements, in return for a commission fee or handling charge. The MPFA keeps a register of all scheme members who have withdrawn their MPF benefits on the grounds of permanent departure from Hong Kong. If a scheme member requests to withdraw MPF benefits on the same ground again, the trustee will be notified by the MPFA that the scheme member has withdrawn benefits on this ground before and the trustee will not release the benefits to the scheme member.

3 Three Steps for Withdrawing Your MPF

Step 1

Find out how many MPF accounts you have

If you are not clear about the number of MPF accounts you have, or need other details about your MPF account(s), refer to page 42, "Consolidation of Personal Account", for details.

Step 2

Fill in the form and prepare the supporting document(s)

- Contact your trustee to obtain the "Claim Form for Payment of Accrued Benefits on Ground of Attaining the Retirement Age of 65 or Early Retirement" [Form MPF(S)-W(R)], or the "Claim form for payment of accrued benefits on ground of Permanent Departure from Hong Kong/Total Incapacity/Terminal Illness/Small Balance/Death" [MPF(S)-W(O)].
- Read the Explanatory Notes in the application form carefully before completing the form. You are required to fill in only the specific parts relevant to your ground for withdrawal.
- Prepare the supporting document(s). Note that different grounds for withdrawal require different supporting document(s). Refer to page 54, "Other Documents Required", for details.

Step 3

Submit the documents to your trustee

Submit the following documents to your trustee:

- the completed application form;
- a copy of your identity document; and
- other supporting documents if necessary

* Submit the completed form and the necessary documents direct to your trustee(s).

Note:

- If you have accounts in more than one MPF scheme, you must submit a separate application to the trustee of each scheme.
- If you choose to withdraw MPF benefits by instalments, **you will need to file a new application by completing and submitting a form for each withdrawal**.
- In general, trustees are required to pay you the MPF benefits and issue a benefit payment statement within 30 days of submission of all the required documents. You should carefully check the information on the statement (e.g. the account balance), and keep it properly.

You can obtain the forms from your trustee, or download the relevant forms from the "Forms" section of the MPFA website.

Smart Tip

You must submit the **original copy** of the statutory declaration to your trustee. If you have to submit applications to a number of trustees, remember to prepare one statutory declaration form for each trustee and ask the Commissioner for Oaths to sign each form.

Other Documents Required

To file an early withdrawal application to your trustee, you will need to submit your identity document, together with the relevant application form and supporting documents:

Reason for Early Withdrawal	Documents Required	Relevant Forms
Early retirement	● Statutory declaration form	[MPF(S)-W(SD1)]
Permanent departure from Hong Kong	● Statutory declaration form ● Documentary proof to satisfy the trustee that you are permitted to reside in a place outside Hong Kong	MPF(S)-W(SD2)
Total incapacity	● "Certificate of a person's permanent unfitness for a particular kind of work" issued by a doctor	[MPF(S)-W(M)]
Terminal illness	● Medical certificate issued by a doctor	[MPF(S)-W(T)]
Small balance	● Statutory declaration form	[MPF(S)-W(SD3)]
Death	● Identity document of the personal representative; and ● Letter of Probate or Letter of Administration	—

You can download the forms from the "Forms" section of the MPFA website or get them from your trustee.

Factors to consider and points to note

Pay attention to the following points before making a decision on how to manage your MPF benefits:

- **Consider your personal needs**
  Think about the amount of assets you have and the amount you will need when you retire. For instance, ask yourself whether you will need money immediately to cover your daily expenses or for other purposes. The MPF should be only part of your retirement assets, so you should plan for your retirement well by considering your MPF together with any other retirement savings you may have.

- **Learn more about the operation of MPF funds**
  The MPF invests in funds. Fund prices change due to market fluctuations, and this can affect the value of your MPF assets. After you have filed a withdrawal application, your trustee will sell the fund units in your account at the current market price and pay you the relevant amount. However, the price obtained when the trustee sells your funds may be different from the prevailing price when you submit your withdrawal application.

- **Find out the withdrawal rules for voluntary contributions**
  Withdrawal of MPF benefits derived from voluntary contributions is subject to the governing rules of the scheme concerned. If your account includes voluntary contributions, you should check the MPF Scheme Brochure of your scheme, or contact your trustee for the withdrawal rules for voluntary contributions.

- **Be aware of the conditions associated with a Guaranteed Fund**
  If you have invested in a Guaranteed Fund, you should check whether withdrawal in a lump sum or by instalments will result in the failure to fulfil certain qualifying conditions, such as the minimum investment period. This could make you ineligible for the guaranteed returns. Contact your trustee for details.

- **Review your investment portfolio**
  Remember that any MPF benefits you do not withdraw will be retained in your account for continued investment. You should therefore regularly review your investment portfolio, and consider whether you need to make any adjustments.

Smart Tip

Regardless of whether you choose to withdraw your MPF benefits by instalments or retain them all in your account, any benefits you do not withdraw will continue to be invested in your chosen fund(s). The values of these assets may change due to market fluctuations, and you should be aware of the investment risks involved. In addition, your account will, as usual, be subject to management fees and other charges by the trustee based on its total asset value.

4 Unclaimed Benefits Enquiries

Under the following special circumstances, the MPF benefits of a scheme member may be classified as “unclaimed benefits”:

- Members reached the age of 65 but do not withdraw their MPF benefits from the trustee and remain unreachable despite attempts by the trustee to locate them through different means; or
- Members request their trustee to withdraw the MPF benefits. The cheque is sent to the member by the trustee, but it remains unpresented after six months from the issue date and the member remains unreachable despite attempts by the trustee to locate them through different means.

The MPFA maintains an Unclaimed Benefits Register for members of the public to check for free. The information available includes whether a scheme member has any unclaimed benefits and, if so, the name and contact number of the trustee with which the benefits are placed.

If you wish to enquire about your unclaimed benefits, please contact the MPFA for assistance. You can refer to page 66 for the MPFA contact.

Understanding Your Rights

You should understand your rights to enhance the protection of your MPF, which is a vital part of your retirement savings.

Understanding Your Rights

Established by legislation, the MPF System is a retirement protection system for the working population of Hong Kong. It protects the rights of employees by ensuring employers comply with the law. As an employee, you have to learn about your MPF rights to safeguard your retirement protection.

1 Reporting Employer Non-compliance

Your employer is required by law to provide you with an MPF monthly pay-record showing the date on which contributions were made and the amount of contributions, both the employer and employee portions, made by the employer for the previous wage period. Make it a habit to check the information on the record and ensure that the contributions were made on time and that the amounts are correct.

To be 100 percent certain, you may enquire directly with the trustee to double-check your account details. Trustees normally provide different channels for you to check your account details, such as hotlines, websites, automatic teller machines, benefit statements and customer service centres.

If you suspect your employer has failed to make contributions for you, you may consider clarifying with your employer or your trustee. If your employer indeed failed to make a contribution, do not hesitate to contact the MPFA to lodge a complaint. The MPFA treats every case in the strictest confidence.

You can refer to page 66 for various means to contact the MPFA.

Non-compliant Employer and Officer Records

The MPFA set up the Non-Compliant Employer and Officer Records (NCEOR) to further enhance the deterrent effect on non-compliant employers and officers and to increase the transparency of MPFA's enforcement actions. Using NCEOR, members of the public can view and search for information on employers and officers with MPF non-compliance records resulting from legal proceedings initiated by the MPFA[9].

Members of the public may search the NCEOR by date range, company name or business registration number:
https://www1.mpfa.org.hk/eng/enforcement/nceor/nceor.jsp

Real Case: Cleaning worker comes forward in prosecution of non-compliant employer to safeguard her MPF rights!

As an employee, you can take a proactive role in safeguarding your MPF rights, and the MPFA will support you every step of the way to protect your rights and ensure that employers comply with the law. Here is a real enforcement case the MPFA handled.

Ms Lee was employed by a cleaning company. The employer was late in enrolling her in an MPF scheme, as she was enrolled only after her three-month probation. Six months later, the company failed to make MPF contributions on time, and Ms Lee found that the employer had even embezzled MPF contributions for stock investment.

Ms Lee called the MPFA to file a complaint, and agreed to come forward and act as witness in the prosecution of her employer. She explained to the MPFA her employment relationship with her employer and the calculation of her salary. She also provided documents such as her employment contract, monthly pay-records, payroll cheques, and bank statements.

MPFA inspectors took immediate action, warning the employer to rectify the situation. Although the employer paid the default contributions and surcharges for Ms Lee and the other employees, the employer was still in violation of the MPFSO, as it had not enrolled Ms Lee in an MPF scheme within the first 60 days of employment and had not made timely contributions. The employer was therefore prosecuted and convicted, and was fined $20,000 for the offences.

9 NCEOR is a system launched on 23 May 2011.

2 Getting help through MPF intermediaries

Some scheme members obtain advice or services on MPF products from MPF intermediaries, including principal intermediaries (PIs) and their subsidiary intermediaries (SIs)[10]. Please note that any person offering selling or advisory services in relation to MPF products must first register with the MPFA as an MPF intermediary. In their initial contact with a client, SIs must identify themselves with their business card bearing the name used in their registration as an intermediary and their MPF registration number. Clients can also check whether a person or corporation is a registered MPF intermediary through the Register of MPF Intermediaries on the MPFA website.

MPF intermediaries must comply with the conduct requirements stipulated in the Mandatory Provident Fund Schemes Ordinance. Our past supervisory experience has shown the importance of reminding scheme members that to effectively protect their rights, they must clearly understand the contents and purposes of MPF forms before signing and not sign any incomplete or blank form. Scheme members are also reminded that an SI should provide a copy of the signed form to them as soon as reasonably practicable and that the PI must keep another copy for at least seven years.

If scheme members have any suspicion that an MPF intermediary is involved in improper conduct, such as asking a client to sign an MPF form without clearly explaining its contents or asking a client to sign an incomplete form, they should contact the MPFA. The MPFA takes all non-compliance case seriously.

10 Principal intermediaries (PIs) are business entities registered with the MPFA to carry on regulated activities.

Subsidiary intermediaries (SIs) are persons attached to a PI to carry on regulated activities on behalf of the PI.

Smart Tips

Smart tips for managing your MPF:

- Ensure your employer has enrolled you in an MPF scheme.

- Regularly check your MPF monthly contribution record, and ensure that the contributions are made on time and that the amounts are correct.

- When you change a new job, remember to arrange for your MPF to be transferred in a timely manner to avoid creating more personal accounts. If you currently have multiple personal accounts, please consolidate them into one account to enhance the efficiency of account management.

- The requirements relating to Automatic Exchange of Financial Account Information, which apply to MPF schemes, took effect on 1 January 2020. For all MPF accounts that were opened on or after 1 January 2020, the account holder (including employees and self-employed persons) is required to complete a self-certification, which includes tax residency (i.e. declaring whether he/she is a tax resident outside Hong Kong). The account -opening procedure cannot be completed by the trustee unless the account holder provides the self-certification.

- MPF trustees regularly send scheme members important information about their MPF accounts. If your correspondence address (including email address) or other personal particulars have changed, you should update your trustee(s) as soon as possible to ensure that you receive letters / notices sent by your trustees without delay.

- Review your MPF investment portfolio regularly. It is best to review your portfolio every 6 to 12 months and make adjustments if necessary.

Smart Tips

Go digital to embrace a new era of eMPF Platform!

MPF trustees will send various printed materials to scheme members regularly, such as Annual Benefit Statements and Fund Fact Sheets, most of which are available in electronic version. They also provide different electronic tools for scheme members to review and manage their MPF accounts online. We encourage scheme members to make good use of these electronic services to make MPF management easier and more convenient, and also to protect the environment by using less papers.

The MPFA is now developing a one-stop, user-centric, common digital platform, eMPF Platform, to standardize, streamline and automate the existing administration processes of the System. Join us on our digital reform journey by familiarizing yourself with digital services and to experience a faster, easier, better and cheaper MPF System brought by the eMPF Platform.

4 Major Benefits of eMPF Platform

Faster

- Employers could save time enrolling new employees in MPF schemes.
- Save time to make contributions electronically.
- Save time switching funds and changing MPF schemes.
- Enhance efficiency of enforcement by closer monitoring timely contributions by employers.

Easier

- Employers could offer more MPF scheme choices to employees.
- Allow fund transfer on a 24/7 basis with more payment methods.
- Scheme members could manage their MPF anytime, anywhere.

Better

- Avoid penalties due to non-compliance.
- More convenient for scheme members to get hold of their account information.

Cost efficient

- Centralizing the administration procedures to enhance efficiency and facilitate fee deduction.
- Create a level playing field for the industry.
- Move towards a paperless operating environment for the MPF.

More about eMPF Platform: https://www.mpfa.org.hk/en/empf

Useful Tools

MPF Fund Platform

https://mfp.mpfa.org.hk/eng

Trustee Service Comparative Platform

https://tscplatform.mpfa.org.hk/scp/eng

e-Enquiry of Personal Account

https://epa.mpfa.org.hk

Retirement Planning Calculator

https://minisite.mpfa.org.hk/mpfie/en/retirement-planning-calculator

Repository of Scheme Documents

https://www.mpfa.org.hk/en/mpf-investment/investment-regulations-and-disclosure/repository-of-scheme-documents

MPF Trustees' Hotline

http://www.mpfa.org.hk/eng/main/contact_us/files/List_of_Trustees_Hotline.pdf

Mobile Apps

"MPFA Apps"

This application provides MPF information and useful links.

"MPFA ePA Mobile App"

The ePA mobile app provides a convenient channel for members of MPF schemes to look up their own MPF personal accounts anytime.

"Retirement Planning Mobile App" (Available only in Chinese)

The mobile app helps keep you on track to achieve your retirement goals gradually by helping you calculate your retirement needs, set a savings goal, and manage your money wisely.

"MVP (Most Valuable Player) @ Workplace" (Available only in Chinese)

Apart from providing young people with up-to-date information on the MPF and helping them with job hunting, the app gives users the chance to win prizes by accomplishing designated MPF-related missions.

"MPF Fund Platform"

This mobile application provides a one-stop platform for the public to view information about different MPF funds and compare their management fees, investment performance, etc., on smartphones or tablets anytime, anywhere.

Friends of MPF

The MPF has established Friends of MPF to strengthen its connections with different sectors of the community. Once you have registered as Friends of MPF, you can receive information updates about the MPF and the MPFA publicity and education programmes.

The MPFA also organizes activities exclusively for Friends of MPF to enhance their understanding of the MPF.

We cordially invite you to become one of the Friends of MPF. Please fill in the Friends of MPF Application and Consent Form and send the completed form by email to friends@mpfa.org.hk, or by post to Level 8, Tower 1, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung (please specify Friends of MPF on the envelope).

Details

https://www.mpfa.org.hk/en/mpfa/friends-of-mpf

Social Media

"MPFA Facebook Corporate Page"

https://www.facebook.com/mpfa.hk

"Workplace Incredibles" Facebook page

https://www.facebook.com/workplaceincredibles

"Rolling My Money" Facebook Page

https://www.facebook.com/rollingmymoney.mpf

Instagram — "Office Meme"

https://www.instagram.com/office_meme_hk

Contact Us

- **Hotline**

2918 0102 (24-hour Interactive Enquiry Service)

- **Mail/Fax/E-mail**

Mailing Address:	Level 8, Tower 1, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung
Fax No.:	(852) 2259 8806
E-mail:	mpfa@mpfa.org.hk

- **Office**

<table>
<tr><th>Office</th><th>Address</th><th>Office Hours</th></tr>
<tr><td>Head Office</td><td>Level 8, Tower 1, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung</td><td rowspan="3">Weekdays: 8:45 am to 5:45 pm

Closed: Saturdays, Sundays and public holidays</td></tr>
<tr><td>Hong Kong Island Office</td><td>Room 1201–1207, Nan Fung Tower, 88 Connaught Road Central, Sheung Wan</td></tr>
<tr><td>Kowloon Office</td><td>Level 25, Tower 1, Millennium City 1, 388 Kwun Tong Road, Kwun Tong</td></tr>
</table>