

# What employees should know about MPF



The Mandatory Provident Fund (MPF) System aims at assisting the employed population of Hong Kong to accumulate retirement savings. This leaflet helps you better understand how the MPF System relates to you at different stages of your working life. It deals with:

- Joining an MPF scheme
- Understanding the MPF Scheme Member Enrolment Form
- Making contributions
- Managing your MPF
- Withdrawing your MPF
- Long service payment/severance payment and MPF

## Who are covered by the MPF System?

Except certain exempt persons stipulated in the Mandatory Provident Fund Schemes Ordinance, the MPF System covers employees and self-employed persons aged 18 to 64.

### Employees

Any full-time or part-time employee who is employed for 60 days or more, and the “casual employees”<sup>1</sup> in the catering and construction industries who are employed for less than 60 days are required to join an MPF scheme. For details about MPF arrangements for part-time and casual employees, please refer to the e-version of “MPF Rights of Part-time Employees” and “MPF Industry Scheme” leaflets available on MPFA website.

### Self-employed persons

Any person who receives income from his/her provision of services or goods in a capacity other than an employee, irrespective of his/her capacity as a sole-proprietor or a partner in a partnership business is regarded as a self-employed person. For details, please refer to the “Guide on MPF Rights and Obligations for Self-employed Persons” leaflet.

### Exempt persons

Some people are exempt from the MPF System, including:

- Domestic employees;
- Self-employed licensed hawkers;
- Employees covered by statutory pension or provident fund schemes;
- Members of MPF exempted Occupational Retirement Schemes<sup>2</sup> ( MPF exempted ORSO schemes );
- Expatriates working in Hong Kong with an employment visa for a valid period of no more than 13 months, or covered by overseas retirement schemes; and

- Employees of the European Union Office of the European Commission in Hong Kong.

## Joining an MPF scheme

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

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

If your employer offers both MPF exempted ORSO schemes and MPF schemes as an option for your retirement protection, you may exercise your right to make a one-off choice for joining either one of them. Before exercising your right, make sure you understand the governing rules of the MPF exempted ORSO schemes<sup>3</sup> and how they differ from those of the MPF schemes. For details, please contact your employer and trustee.

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



# Understanding the MPF Scheme Member Enrolment Form

Sample

## Earn More Trust Company Limited Scheme Member Enrolment / Registration Form

- Some trustees offer more than one MPF scheme. Please confirm with your employer the name(s) and number(s) of the participating scheme(s).

### Part I: Employer details

|   |                         |
|---|-------------------------|
| Name of scheme: Golden Years MPF                            | Scheme number: 00001010 |
| Name of company/employer: People Investment Company Limited |                         |
| Scheme membership number: to be provided by the trustee     |                         |

### Part II: Employee details

|  |                               |
|--|-------------------------------|
| Name of scheme member: Chan Tai-man (Mr/Ms/Mrs)*                   | Gender: M/F*                  |
| Hong Kong Identity Card / <del>Passport</del> * number: A123456(3) | Date of birth: 1/1/1988       |
| Employment commencement date: 5/4/2017                             | Scheme joining date: 5/4/2017 |
| Contact number (home): 2123 4567                                   | Mobile: 9876 5432             |
| Fax number: 2123 4568  | Staff number: 01010 (if any)  |
| Address: 1/F, 1 First Street, Tsim Sha Tsui                        | Email: chantaiman@abc.com     |

\* Please delete where appropriate.

### Part III: Voluntary contributions by scheme member (if applicable)

- ☒ I want to make voluntary contributions in the following amount:  
 % contribution x monthly basic income;  
 % contribution x monthly MPF relevant income;  
or fixed amount of HK\$

- Only applicable to voluntary contributions. You must be aware that these are additional contributions.

- Your employer will deduct the amount of voluntary contributions from your salary.
- In general, you are allowed to withdraw the accrued benefits generated from your voluntary contributions only upon termination of your current employment or reaching the age of 65. For details, please contact your trustee.

### Part IV: Transfer of accrued benefits from other schemes

- ☒ I want to transfer my accrued benefits from other MPF schemes.

- You are required to fill in this part if you want to transfer the accrued benefits from a personal account under your former employer's scheme to this new contribution account. You must also complete and return the "Scheme Member's Request for Fund Transfer Form" to the trustee of this form.

#### Remarks:

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

### Part V: Investment choices

|                             | Employer's and employee's mandatory contributions | Employer's and employee's voluntary contributions |
|-----------------------------|---|---|
| Default Investment Strategy |   |   |
| Core Accumulation Fund      |   |   |
| Age 65 Plus Fund            |   |   |
| Equity Fund                 |   |   |
| Mixed Assets Fund           |   |   |
| Bond Fund                   |   |   |
| Guaranteed Fund             |   |   |
| MPF Conservative Fund       |   |   |
| <b>Total</b>                | <b>100%</b>                                       | <b>100%</b>                                       |

Chan Tai Man 5/4/2017

Signature of member

Date

- Please remember your signature specimen as it will be used to verify the documents you will submit to the trustee in the future.

- Declaration on personal particulars, and other terms and conditions in the enrolment/registration form may vary among trustees. Please read them carefully before you sign.

- You can set up your own investment portfolio by investing your MPF benefits wholly or partially by one or more investment choice(s) that listed on the form (investing in a combination of the Default Investment Strategy ("DIS") and other MPF fund(s), is subject to the governing rules of the respective schemes).
- If you have not specified an investment portfolio, any future MPF benefits will be invested according to the DIS automatically. Please visit the DIS thematic website ([www.mpfa.org.hk/DIS](http://www.mpfa.org.hk/DIS)) for details.

- The percentages must be in whole numbers and add up to 100%.
- The investment allocation you specify generally applies to all contributions made by your employer, as well as your own accrued benefits and new contributions.
- For details of all funds, please refer to the MPF Scheme Brochure which are available on trustees' websites.

### To protect your own MPF interests, you should:

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

## Making contributions

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

| 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                  |

### Relevant income

It refers to any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance, expressed in monetary terms, paid or payable by an employer to an employee, but excluding severance payments or long service payments under the Employment Ordinance.

### Employer's and employee's contributions

Employee's contributions will be deducted from your payroll at the end of each wage period, if your relevant income is not lower than the minimum relevant income level of \$7,100. The total contributions made by employee and employer will be submitted to the trustee not later than the 10<sup>th</sup> day of the following month.

Employees under a new employment will enjoy a contribution holiday, e.g. the first 30 days of employment and the following incomplete wage period, if the salary is paid on monthly basis.

However, this contribution holiday does not apply to employers, who are required to make MPF contributions for employees from the first day of their employment.

All contributions are immediately vested in you, except for the MPF derived from the employer's contributions for offsetting severance payments or long service payments.

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

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

## MPF contributions

Let's see the example below. Ms Chu's income for November and December is as follows:

|          | Employee's Monthly Relevant Income                            | Employer's Contributions | Employee's Contributions |
|----------|---|--------------------------|--------------------------|
| November | \$6,000<br>(monthly salary)                                   | \$300                    | Not required             |
| December | \$8,500 (monthly salary: \$6,000+<br>year-end bonus: \$2,500) | \$425                    | \$425                    |

- In November, Ms Chu's monthly relevant income is \$6,000. As it is lower than the minimum relevant income level of \$7,100, she is not required to make MPF contributions for the month of November. Her employer, however, has to contribute 5% of employee's monthly relevant income to the employee's MPF account.
- In December, in addition to her monthly salary of \$6,000, Ms Chu gets \$2,500 for a year-end bonus, which makes her monthly relevant income total \$8,500. For December, she and her employer must each contribute \$425 to her MPF account.

Employees may refer to the **"Employees' Handbook on MPF"** for comprehensive MPF information to help them plan for retirement.

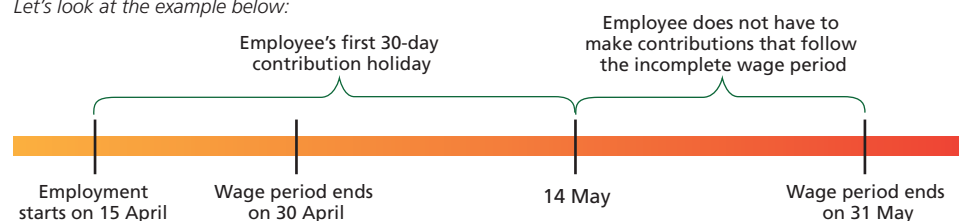


## Determining the contribution period

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

|                  |  |
|------------------|--|
| <b>Employers</b> | Employers are required to remit the contributions for the first 60 days, and make contributions on or before the 10 <sup>th</sup> 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. |
| <b>Employees</b> | 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 example below:



- Let's assume that an employee starts working on 15 April and the payroll day is the last day of every month.
- The contribution holiday for the first 30 days of employment starts on 15 April and ends on 14 May. As the period from 15 to 31 May is an incomplete wage period, the employee is not required to make any MPF contributions.
- The employee will start making contributions from the wage period starting on 1 June. The employer's contributions should be calculated from the employee's first day of employment and the first contributions for the employee should be made on or before 10 July.



MANDATORY PROVIDENT FUND  
SCHEMES AUTHORITY

Hotline : 2918 0102

Fax : 2259 8806

Website : [www.mpfa.org.hk](http://www.mpfa.org.hk)

# Managing your MPF

## (1) MPF Investment

MPF is a long-term investment. You should carefully choose MPF schemes and funds which suit your personal needs and regularly review your investment portfolio in accordance with changes to your life stages or personal circumstances.

When choosing MPF schemes and funds, you may refer to the following in order to make an informed investment decision:

- the annual benefit statements and fund fact sheets issued by your trustee regularly;
- the unit price information of MPF funds published by your trustee regularly in English and Chinese newspapers;
- relevant data from your trustee as available on its website, in its published materials or through its interactive telephone services; and
- the MPF Fund Platform ([mfp.mpfa.org.hk/eng](http://mfp.mpfa.org.hk/eng)) and Trustee Service Comparative Platform ([tscplatform.mpfa.org.hk/scp/eng](http://tscplatform.mpfa.org.hk/scp/eng)) on the MPFA website.

Download MPF Fund Platform App for free now:



(For details, please refer to the “Making Informed Decisions for Your MPF Life” booklet.)

## (2) Account Management

When changing jobs or ceasing employment, you should manage the MPF benefits accumulated during your previous employment in one of the following ways:

- by transferring the MPF benefits to your contribution account<sup>4</sup> under the MPF scheme of your new employer; or
- by transferring the MPF benefits to your existing personal account<sup>5</sup>.

If you transfer your MPF benefits to an existing personal account, you should contact your trustee to ascertain if you have previously given an investment instruction for this account.

If you do not hold a personal account, and you are satisfied with the MPF scheme chosen by your former employer, you can choose to retain and keep your MPF benefits invested in a personal account under the scheme of your previous employment. You should contact your trustee to give an investment instruction for this account.

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



To transfer your MPF, you should complete a “Scheme Member’s Request for Fund Transfer Form” (Form MPF(S)-P(M)) and submit it to the new trustee. The form can be downloaded from the Useful Tools – “Forms” section of the MPFA website or obtained from your trustee.

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

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

(For details, please refer to the “New Wisdom in MPF Management - Tips on Managing Personal Accounts” booklet.)

## Employee Choice Arrangement

Employee Choice Arrangement (ECA) gives employees greater autonomy, allowing you, once a year, opt to transfer the employee’s part of your mandatory contributions and investment returns in your contribution account under current employment to a trustee and scheme of your own choice. If you have transferred your MPF benefits from your former employment or self-employment to your contribution account, those benefits can be transferred to a trustee and scheme of your own choice at any time.

Even if you have exercised your transfer right under ECA, new MPF contributions (including both the employer’s and employee’s parts) for the subsequent wage periods will continue to be made to the original trustees and schemes chosen by your employer.

(For details, please refer to the “Employee Choice Arrangement - MPF Boss Tactics” booklet.)



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



Better hold only one personal account to save time and effort in account management.



## Withdrawing your MPF

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

1. Withdraw your MPF benefits **by instalments** from your account, making your own decisions about the timing, frequency and amount of the withdrawals;
2. Withdraw all your MPF benefits from your account **in a lump sum**;
3. **Retain all** the MPF benefits in your account for continuous investment.

You are allowed to withdraw your MPF benefits **before the age of 65** on one of the following grounds:

- Early retirement;
- Permanent departure from Hong Kong<sup>6</sup>;
- Total incapacity;
- Terminal illness;
- Small balance; or
- Death.

Reminder:  
If you decide to withdraw your MPF benefits on the ground of "early retirement", you can choose to withdraw your MPF benefits either **by instalments** or **in a lump sum**.

If you intend to withdraw your MPF benefits, please contact your trustee to obtain the relevant forms (including the application form and any other forms needed in support of your request). For more details about the withdrawal of MPF benefits, please refer to the "How to Manage Your MPF Upon Retirement?" and "Early Withdrawal of MPF" leaflets.

### Remarks:

4. "Contribution account" accrues the MPF benefits derived from a scheme member's current employment.
5. "Personal account" accrues the MPF benefits derived from a scheme member's previous employment or self-employment; and/or the MPF benefits (employees' contributions) transferred from a scheme member's contribution account under current employment by exercising the transfer right under Employee Choice Arrangement.
6. According to section 163(3) of the Mandatory Provident Fund Schemes (General) Regulation, if a scheme member has been paid his or her MPF benefits on the ground that, on a specified date, the member has departed or was about to depart from Hong Kong permanently, he or she is not entitled to be paid his or her MPF benefits again on the ground of "permanent departure from Hong Kong" on a later departure date.
7. For details on the conditions under which LSP/SP should be paid, the formula for calculating LSP/SP and the payment deadline, please refer to the Labour Department website ([www.labour.gov.hk](http://www.labour.gov.hk)).

For enquiries, please contact your trustee or MPF intermediary.



## Long service payment/ severance payment and MPF

According to the Employment Ordinance, you are entitled to receive long service payment/severance payment (LSP/SP)<sup>7</sup> under certain conditions. Under the MPF System, an employer can offset the LSP/SP paid to the 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 such purpose.

In general, there are two scenarios when employers offset LSP/SP against MPF contributions, depending on the amount of employer's contributions in the employee's MPF account:

**Example: According to the Employment Ordinance, you are entitled to receive \$30,000 of LSP/SP.**



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<br>(Before offsetting)              | = | \$30,000 | = | \$50,000<br>(After offsetting)                          |

You have \$80,000 of employer's contributions in your MPF account. \$30,000 of the amount 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.



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 himself/herself |   | 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 for offsetting the LSP/SP you are entitled to, your employer must pay the remaining \$20,000 (\$30,000 - \$10,000) himself/herself, so that you will receive a total of \$30,000 for the LSP/SP.