



Mandatory Provident Fund Schemes Authority

Consultation Conclusions on Withdrawal of MPF Benefits

September 2012



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CHAPTER 1 INTRODUCTION

1. On 16 December 2011, the Mandatory Provident Fund Schemes Authority (“MPFA”) launched an open consultation exercise (“Consultation”) to gauge the views of the public on the proposals in respect of the following two areas:
 - (a) Modes of Benefits Payment
 - Allow scheme members upon retirement to withdraw their accrued benefits in stages (in addition to the current lump sum payment arrangement); and
 - (b) Additional Grounds for Early Withdrawal of MPF Benefits
 - Allow scheme members to early withdraw their MPF benefits on the ground of terminal illness.
2. A total of 8 questions were asked in the consultation paper and they are listed in Annex A.
3. The consultation period lasted for three and a half months and came to an end on 31 March 2012.
4. At the end of the consultation period, the MPFA had received a total of 287 submissions from respondents, including MPF trustees, medical professional bodies, other professional and industry associations, Government and regulatory bodies, academics, labour unions and individuals.
5. The Consultation Conclusions set out the summary views collected during the Consultation and the recommendations made by the MPFA to the Government on the proposals.
6. We would like to thank all respondents who participated in the Consultation and provided us with their feedback.
7. A copy of this Consultation Conclusions can be downloaded from the MPFA’s website at <http://www.mpfa.org.hk> or obtained from the following MPFA’s offices:
 - Unit 1501A and 1508, Level 15, International Commerce Centre, 1 Austin Road West, Kowloon

- 23/F, Nexxus Building, 41 Connaught Road Central, Central
- Level 36, Tower 1, Metroplaza, 223 Hing Fong Road, Kwai Fong, New Territories, Hong Kong
- Level 25, Tower 1, Millennium City 1, 388 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong
- Room G01, Labour Tribunal, 36 Gascoigne Road, Yaumatei, Kowloon, Hong Kong

CHAPTER 2 BACKGROUND AND CONSULTATION

8. The MPF System has been in operation for over 10 years. Since the inception of the MPF System in December 2000, the Government and the MPFA has been continuously working towards improving the System in the light of the experience gained from actual operations, comments from stakeholders and market developments.
9. Based on the operational experience gained and comments received over the past years, the MPFA carried out a review of the regulation of withdrawal of MPF benefits, including the modes of payment of MPF benefits on retirement as well as grounds for early withdrawal of MPF benefits.
10. Against this background, the MPFA on 16 December 2011 issued a consultation paper outlining the proposals in respect of the mode of payment of MPF benefits on retirement and the introduction of “terminal illness” as additional ground for early withdrawal of MPF benefits to gauge the views of the public.
11. The consultation paper was uploaded onto the MPFA’s website (<http://www.mpfa.org.hk>), with a pop-up drawing the attention of visitors to the website to the consultation. Hardcopies were made available at all MPFA offices, the Public Enquiry Service Centres of Government District Offices, the Job Centres and Recruitment Centres of the Labour Department and the Consumer Advice Centres of the Consumer Council. Newspaper advertisements were published following the press conference from 18 to 20 December 2011 and in March 2012 inviting views from the public.
12. To facilitate submission of responses to the consultation, a number of response channels, including by post, facsimile and electronic mail, were provided. In addition, a designated telephone recording system (1833 108) was set up and an on-line questionnaire were made available at the MPFA’s website to collect the views from the general public.
13. In total, we received 287 submissions. The analysis of submissions is made on an individual/organization basis. For the purposes of the analysis, repeated submissions from the same person/organization are counted only once.

CHAPTER 3 SUMMARY OF RESPONSES

14. There were in total 287 submissions received in respect of the two proposals covered in the consultation paper.
15. An overwhelming majority of the submissions supported the two proposals, with 89% of the submissions expressing support for the proposal of allowing scheme members to withdraw MPF benefits in stages and 92% of the submissions expressing support for the proposal of allowing early withdrawal on the ground of terminal illness.
16. Below is a summary of the level of support in respect of the two main proposals and their respective features covered in the consultation paper. A summary of specific comments received in respect of the two proposals covered in the consultation paper together with our responses are set out in Annex B.

Proposals	Level of Support
Mode of Payment of Benefits	
<i>Allow scheme members upon retirement to withdraw their accrued benefits in stages over their retirement years (in addition to the current lump sum payment arrangement).</i>	89%
Withdrawal arrangement should be left to be agreed between the MPF trustee and the scheme member	64%

Recommended Proposals	Level of Support
Additional Ground for Early Withdrawal of MPF Benefits	
<i>Allow scheme members to early withdraw their MPF benefits on the ground of terminal illness</i>	92%
<p>Appropriate time period of remaining life expectancy to be used as the criterion for allowing early withdrawal on terminal illness ground</p> <ul style="list-style-type: none"> ➤ 6 months ➤ 12 months ➤ Other periods 	<p>28%</p> <p>23%</p> <p>39%</p>
Certification to be made by one medical practitioner	62%
Certification can be provided by either a registered medical practitioner or registered Chinese medicine practitioner	75%
No further requirement on the qualification of the practitioners should apply	66%
No cap on the withdrawal amount should be prescribed	77%

CHAPTER 4 CONCLUSIONS AND RECOMMENDATIONS

17. Based on the 287 submission received, there was clear support for allowing scheme members to withdraw MPF benefits in stages and allowing early withdrawal of MPF benefits on the ground of terminal illness.
18. On the basis of general support in principle, the two proposals will be put forward to the Government as recommendations of the MPFA. It should be noted that in suggesting the details of the two recommendations set out below, the statistics have only formed part of the consideration and we have also considered broader issues in coming to a view as to whether the recommendations would be properly justified.

Recommendations to Government

Proposal of allowing scheme members to withdraw MPF benefits in stages

19. For the proposal to allow scheme members to withdraw MPF benefits in stages, about two-thirds of the respondents expressed support for the withdrawal arrangement to be agreed between the trustees and scheme members rather than prescribed in the legislation. We generally agree that it would not be desirable, nor necessary, for detailed terms of withdrawal arrangements to be prescribed in the legislation. However, some minimum standards, e.g. a minimum or maximum frequency of, and a minimum amount per withdrawal, may need to be set to ensure that a reasonable range of payout frequency/amount would be available for scheme members to choose from, while maintaining a relatively simple and efficient administration framework.
20. As such, the MPFA may need to be empowered, under statute if necessary, to set such minimum standards. The minimum standards may be set out in guidelines or other appropriate instruments.
21. In conclusion, we have proposed to the Government that the Mandatory Provident Fund Schemes Ordinance be amended as necessary *to allow scheme members to withdraw MPF benefits in a lump sum or in stages on attainment of retirement age or satisfaction of early retirement withdrawal criteria, and that the MPFA be empowered to prescribe minimum standards (e.g. in terms of withdrawal frequency/amount) in relation to voluntary staged withdrawal arrangements.*

Proposal of allowing scheme members with terminal illness to early withdraw MPF benefits

22. Regarding the definition of terminal illness, it seems that a time period of 12 months is most practicable and reasonable. This conclusion is reached having regard to the arguments put forward for preferring different time periods in relation to the remaining life expectancy, and, in particular taking into consideration the comments from the medical professionals.
23. Remaining life expectancy of 12 months certified by medical professionals also has international precedents; it is, for example, a ground for early withdrawal of retirement benefits under the Australian Superannuation System.
24. We understand that a definition that clearly states a qualifying condition of remaining life expectancy of 12 months may put a psychological burden on the scheme members and their family members. This has to be balanced against setting a definition of terminal illness that can be objectively and consistently certified by medical professionals and that can be written into the law with sufficient clarity. One way to balance this may be to set a clear benchmark in the law, while using less confronting wording in those documents, such as publicity materials and claim forms, that are directed at members. For example, it would be sufficient if the medical certificate were merely to state that the person has a “qualifying condition for the purposes of the Mandatory Provident Fund Schemes Ordinance”. What is, in turn, a “qualifying condition”, could be set out in the legislation or other supporting documents.
25. We understand that the remaining life expectancy of a scheme member is only an estimation and some medical professionals have concerns on their liabilities should their estimate turn out to be incorrect and the actual life span of a scheme member is longer than the estimation. In this regard, we would explain clearly to medical professionals the standards required when issuing certificates. The intention would be that a medical practitioner could provide the requisite certification in circumstances where it was reasonably likely, based on evidence reasonably available to or obtainable by the practitioner, that the person has a remaining life expectancy of less than 12 months. If considered necessary, this expectation could be set out in the legislation.
26. As regards the number of medical practitioners to make the certification for early withdrawal of MPF benefits on terminal illness ground, about two-thirds of the

respondents supported having the certification being provided by one medical practitioner rather than two.

27. There was also strong support for the terminal illness certification to be provided either by a registered medical practitioner or a registered Chinese medicine practitioner.
28. There was also clear preference that no specialist qualification should be imposed on the certifying medical practitioner.
29. We noted that the issue of whether certification by a registered Chinese medical practitioner should be accepted was a contentious one, and we have considered arguments both for and against. Accepting certification by a registered Chinese medical practitioner would be supported by the statistics of the Consultation results and consistent with the current statutory provision that a scheme member with terminal illness who can no longer continue working may withdraw his or her MPF benefits on the ground of total incapacity certified by a registered Chinese medicine practitioner. On the other hand, queries were raised as to whether registered Chinese medicine practitioners could make the terminal illness certification objectively.
30. Nevertheless, we understand that currently, medical treatment, examination and certification given by registered Chinese medicine practitioners are recognized for the purpose of certain employees' entitlement to benefits under the Employment Ordinance, the Employees' Compensation Ordinance and the Pneumoconiosis and Mesothelioma (Compensation) Ordinance ("PMCO"). In particular, under the PMCO, a person who suffers from pneumoconiosis and/or mesothelioma may, in every 21 months, request the Pneumoconiosis Medical Board to conduct a further medical examination. If the person obtains an opinion from his attending Chinese medicine practitioner that his health has deteriorated such that the death is likely to occur before the expiry of the prescribed 21-month period, he may request the Pneumoconiosis Medical Board to consider conducting the further medical examination earlier. This means that registered Chinese medicine practitioners are already, in some circumstances, recognized as being qualified to give assessments about the remaining life expectancy of patients in Hong Kong.
31. With regard to the supervision of registered Chinese medicine practitioners, we understand that the Chinese Medicine Council has issued a Code of Practice for

Registered Chinese Medicine Practitioners in Hong Kong. The Code requires registered Chinese medicine practitioners to be professionally responsible to patients and should not issue untruthful or misleading documents. Moreover, under the Chinese Medicine Ordinance, the Chinese Medicine Practitioners Board of the Chinese Medicine Council has well-established disciplinary proceedings against registered Chinese medicine practitioners in case of suspected abuse. Such regulation is substantively on par with the regulatory framework of western medical practitioners under the Hong Kong Medical Council.

32. As noted in paragraph 29 above, currently registered Chinese medicine practitioners may certify that a scheme member is totally incapacitated. From past operational experience, we have not observed any abuse cases in relation to such certification by Chinese medicine practitioners.
33. Based on the above, we consider that a scheme member should be allowed to provide a medical certificate issued by either a registered medical practitioner or a registered Chinese medicine practitioner for the purpose of withdrawal of MPF benefits on the ground of terminal illness.
34. From the views received, there was also clear preference that no cap should be imposed on the amount to be withdrawn by scheme members with terminal illness (i.e. such a person should be allowed to withdraw their entire accrued benefits).
35. Similar to other scheme members, a scheme member who has withdrawn his or her MPF benefits early on the ground of terminal illness but continues to work will still be subject to the contribution requirement. The scheme member and his or her employer, where relevant, would still be required to make mandatory contributions to an MPF scheme during employment.
36. In conclusion, we have recommended to the Government that the Mandatory Provident Fund Schemes Ordinance be amended as necessary *to allow a scheme member to withdraw all of his or her MPF benefits early (before attaining retirement age) on obtaining a medical certificate that the person is suffering from a qualifying condition. A qualifying condition would be defined in the law as relating to an illness that is life endangering, such that the remaining life expectancy of the member is reduced to 12 months or less from the date of the certificate. The certificate can either be issued by a registered medical*

practitioner or a registered Chinese medicine practitioner and such certificate should be dated no more than 12 months before the date of the lodgment of the claim by the member with the trustee concerned. For the purpose of issuing the certificate, a medical practitioner could issue a certificate where it is reasonably likely, based on evidence reasonably available to or obtainable by the practitioner, that the person has a remaining life expectancy of less than 12 months.

CONSULTATION QUESTIONS

Mode of Payment of MPF Benefits – Voluntary Staged Withdrawal on Retirement

1. Do you agree that scheme members on reaching retirement should be allowed to choose whether to withdraw their accrued benefits in a lump sum or gradually over their retirement years?
 Yes
 No (Please explain your views: _____)

2. If you support the proposal to permit scheme members to withdraw their accrued benefits gradually over their retirement years, do you agree that the withdrawal arrangement (e.g. frequency or amount per withdrawal) should be left to be agreed between the MPF trustee and the scheme member or some requirements (e.g. a minimum amount per withdrawal or a maximum number of withdrawals per year) should be prescribed in the legislation?
 Yes
 No (Please explain your views: _____)

3. Do you have any other views on permitting scheme members to withdraw their accrued benefits either in a lump sum or gradually over their retirement years?

Additional Ground for Early Withdrawal of MPF Benefits – “Terminal Illness”

4. Do you agree that a scheme member who suffers from an illness, or has incurred an injury, that is likely to reduce the life expectancy of the scheme member should be allowed to withdraw MPF benefits early?
 Yes
 No (Please explain your views: _____)

5. If you support the proposal of allowing early withdrawal on the proposed ground, do you think that the remaining life expectancy of 6 months, 12 months or some other period should be used as the criterion for allowing early withdrawal?
 6 months
 12 months
 ___months (Please explain your views: _____)

6. If you support the proposal of allowing early withdrawal on the proposed ground, do you think that certification that the scheme member is suffering from a “terminal illness” should be provided
- by one or alternatively two medical practitioners, and
 - Certification by one medical practitioner
 - Certification by two medical practitioners

 - whether they may be either a registered medical practitioner or registered Chinese medicine practitioner, and
 - Yes
 - No, other requirements are: _____.

 - whether further requirements on the qualifications of the practitioners (such as some relevant medical specialty) should apply?
 - No
 - Yes, other requirements are: _____.
7. If you support the proposal of allowing early withdrawal on the proposed ground, do you think that a cap on the withdrawal amount should be prescribed? If so, what would you suggest as an appropriate cap for the purpose?
- Yes, a cap should be set at _____.
 - No
8. Do you have any other views on permitting scheme members to withdraw their accrued benefits on the proposed ground?

Summary of Specific Comments Received with MPFA's Response

Proposal on allowing scheme members upon retirement to withdraw their accrued benefits in stages over their retirement years

Specific Comments Received	Response from the MPFA
<ul style="list-style-type: none"> • While a majority of the respondents supported that the withdrawal arrangement to be agreed between the trustees and scheme members, some respondents suggested that the withdrawal arrangement should be set out clearly in the legislation to avoid different trustees having different practices. A few submissions also proposed that some requirements on the type of retirement products provided by trustees should be set out by means of guidelines. • Some submissions suggested that a minimum amount of MPF benefits for each withdrawal should be set to avoid withdrawal of trivial amount of MPF benefits by scheme members and a reasonable number of payout frequency (e.g. monthly, quarterly, semi-annually or annually) should be available for scheme members to choose from. • Among the submissions that were in favour of prescribing some requirements, some were of the view that the MPFA, as a statutory body tasked with regulating and supervising the MPF System, should set out reasonable guidelines to protect scheme members' interest as 	<ul style="list-style-type: none"> • The MPFA generally agrees that it would neither be desirable nor necessary for detailed terms of withdrawal arrangements to be prescribed in the legislation. However, we understand the expectation by the general public that there should be some standardization of the withdrawal mode to be provided by MPF service providers. As such, some minimum standards may need to be set to ensure that a reasonable range of payout frequency/amount would be available for scheme members to choose from while maintaining a relatively simple and efficient administration framework. • The MPFA will propose to the Government such that the MPFA be empowered to prescribe minimum standards (e.g. in terms of withdrawal frequency/amount) in relation to voluntary staged withdrawal arrangements.

Specific Comments Received	Response from the MPFA
<p>scheme members might not be able to make the appropriate decisions by themselves.</p> <ul style="list-style-type: none"> ● A few submissions considered that the MPF industry should agree on some principles/minimum standards and set out such standards in guidelines. ● Some submissions, on the other hand, suggested that scheme members should be given complete freedom on the withdrawal amount and frequency of withdrawal. 	
<ul style="list-style-type: none"> ● Some submissions expressed concerns about the fees that would be charged by trustees for allowing the payout flexibility and suggested that some regulations should be imposed on fees to be charged by trustees and on the disclosure of fees charged for different payment modes (e.g. via the Fee Comparative Platform on the MPFA's website). ● A small number of views suggested that no fees should be allowed to be charged by MPF trustees for phased withdrawal of MPF benefits regardless of the payment mode. ● Some submissions commented that payout flexibility would incur extra work and impact on the administration costs of MPF schemes. 	<ul style="list-style-type: none"> ● The MPFA understands the concern that higher fees and charges might be imposed by MPF trustees for allowing the flexibility of staged withdrawal. In this regard, the MPFA would brief the MPF trustees on the views and concern received during the consultation exercise. ● The MPFA would also keep in close liaison with approved trustees to consider possible ways to lower the impact on fees and charges (if any) in allowing the withdrawal flexibility. ● The MPFA would consider whether any specific statutory restrictions should be imposed on fees relating to withdrawal transaction. We would consider how to ensure that the fees (if any) charged for and the services provided in relation to voluntary staged withdrawal are duly disclosed to scheme members

Specific Comments Received	Response from the MPFA
	to enable them to make informed decisions. At a minimum, existing disclosure requirements would need to be supplemented in this respect.
<ul style="list-style-type: none"> Some submissions considered that scheme members should be allowed the flexibility of choosing one of a combination of payment arrangements with possible changes over time to suit their needs. 	<ul style="list-style-type: none"> The MPFA would seek to cover this as part of the minimum withdrawal standards. The MPFA would also discuss with MPF trustees on the feasibility of switching MPF providers following the commencement of drawdown payments.
<ul style="list-style-type: none"> A few submissions discussed the impact of allowing phased withdrawal of MPF benefits on guaranteed funds and considered that the guaranteed conditions and disclosure requirements of guaranteed funds would need to be reviewed by MPF trustees. 	<ul style="list-style-type: none"> The MPFA would discuss with MPF trustees the application of guarantees under voluntary staged withdrawal arrangements in relation to those scheme members who have investments in guaranteed funds.
<ul style="list-style-type: none"> Some submissions from the industry commented that due to the forward pricing of MPF funds, the withdrawal of fixed amount by scheme members might not be practicable and recommended that scheme members should submit their withdrawal request with reference to a specified number of units of investment funds or a specified percentage of accrued benefits instead. 	<ul style="list-style-type: none"> The MPFA would discuss with trustees on the possible ways to determine the withdrawal amount.

Specific Comments Received	Response from the MPFA
<ul style="list-style-type: none"> Some submissions stressed that regardless of the benefits payment mode chosen by the scheme members, the taxation treatment on retirement benefits should be the same and considered that taxation treatment of different payment modes should be clarified. 	<ul style="list-style-type: none"> The MPFA would liaise with relevant Government department to discuss issues arising from the proposal, including the taxation treatment on MPF benefits paid under different payout modes.
<ul style="list-style-type: none"> Some submissions expressed the need for the MPFA to liaise with the Government on certain operational issues, e.g. whether an income stream from an MPF account would be counted as part of the member's assets for the application of Comprehensive Social Security Assistance. 	<ul style="list-style-type: none"> The MPFA would liaise with relevant Government departments to discuss operational issues arising from the proposal.
<ul style="list-style-type: none"> A few submissions stressed the importance of financial education and communication to members to facilitate their choice of payout products/modes. 	<ul style="list-style-type: none"> The MPFA understands that scheme members have to be educated to make informed choices under the MPF System. MPF education programs are regularly launched to raise the knowledge of scheme members on different aspects of MPF investments and the MPF System itself.
<ul style="list-style-type: none"> There was a view that the payout option should not be confined to benefits derived from mandatory contributions only but should extend to benefits derived from voluntary contributions as well. 	<ul style="list-style-type: none"> As the withdrawal arrangements for voluntary contributions are not prescribed by, or restricted in, the law, there should be adequate flexibility to facilitate various payout options for voluntary contributions. The MPFA would

Specific Comments Received	Response from the MPFA
	brief the MPF trustees on the view received during the consultation exercise and discuss with them on the possible ways to deal with the matter.

Proposal on allowing scheme members to early withdraw their MPF benefits on the ground of terminal illness

Specific Comments Received	Response from the MPFA
<ul style="list-style-type: none"> • While a majority of the respondents expressed support for the proposal of allowing early withdrawal on the ground of terminal illness, there were diverse views regarding the appropriate time period of remaining life expectancy as the definition of terminal illness as shown below: <ul style="list-style-type: none"> ➤ 6 months (28%) ➤ 12 months (23%) ➤ Other periods (39%) • Some submissions favoured a longer period of life expectancy of scheme members for early withdrawal of MPF benefits on terminal illness ground and explained that scheme members should be allowed to withdraw benefits earlier such that they could utilize the MPF benefits to meet their medical expenses, enjoy their remaining life or allocate the MPF benefits to family members while the physical and mental situations of the members still allow them to deal with personal financial matters. • A small number of submissions expressed that medical practitioners should not be obliged to certify the remaining life expectancy of a person at all. • A few submissions commented that the conditions for withdrawal of MPF 	<ul style="list-style-type: none"> • Although more submissions elected “other periods” as the appropriate time period of remaining life expectancy, a majority of these submissions in fact suggested a period of less than 6 months. The MPFA believes the individuals who chose a period of less than 6 months (and some of those opting for a period of 6 months) might have misinterpreted our question as asking how quickly a scheme member should be able to withdraw their MPF benefits after they are diagnosed as suffering from a terminal illness. We form this view as many of these submissions elaborated that scheme members with terminal illness should be able to withdraw their MPF benefits as soon as possible, and be given the freedom to withdraw their MPF benefits without being subject to any time constraint. • Having regard to the arguments put forward for preferring different time periods in relation to the remaining life expectancy (while excluding those who likely have misunderstood the question as mentioned above), and, in particular taking into consideration the comments from the medical

Specific Comments Received	Response from the MPFA
<p>benefits on the ground of terminal illness should be as lenient as possible and should not be so harsh as to pose a substantial burden on scheme members.</p>	<p>professionals, it seems that a time period of 12 months is the most practicable and reasonable.</p> <ul style="list-style-type: none"> Remaining life expectancy of 12 months certified by medical professionals also has international precedents, as it is a ground for early withdrawal of retirement benefits under the Australian Superannuation System.
<ul style="list-style-type: none"> There were comments that the proposed definition of terminal illness, which refers to an illness that is life endangering, such that the remaining life expectancy of the individual will be reduced to a specified period, and the specified period will end before the retirement age of 65, would not be able to cater for border-line cases where the specified period ends after the retirement age of 65 and might cause complaints. They suggested removing the requirement that the specified period would end before age 65. 	<ul style="list-style-type: none"> The MPFA notes the comments and has revised the proposed definition in this regard.
<ul style="list-style-type: none"> While a majority of the respondents supported having the certification being provided by one medical practitioner, some submissions supported the two medical practitioners approach. Some submissions which supported the two medical practitioners 	<ul style="list-style-type: none"> The MPFA understands that the issue of whether certification by a registered Chinese medical practitioner should be accepted was a contentious one, and there are arguments both for and against. There is already a well-established registration and disciplinary

Specific Comments Received	Response from the MPFA
<p>approach considered that at least one practitioner should be a specialist relevant to the terminal illness.</p> <ul style="list-style-type: none"> • Those that supported the one medical practitioner approach considered that the certification requirement under the proposed withdrawal ground should not be stricter than that under the existing ground of total incapacity and that the withdrawal process should be as simple as possible. • Some respondents, however, cast doubts on the ability of Chinese medicine practitioners to certify terminal illness as it was considered that there would be no objective means for Chinese medicine practitioners to make such certification. 	<p>framework for Chinese medical practitioners and the statutory standing of western doctors and Chinese medical practitioners are about the same in Hong Kong.</p> <ul style="list-style-type: none"> • Currently, a registered Chinese medicine practitioner is also allowed to certify that a scheme member is totally incapacitated for early withdrawal of MPF benefits on total incapacity grounds. They are also allowed, under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance, to assess if a person suffering from pneumoconiosis and/or mesothelioma is likely to die within 21 months. • The MPFA therefore recommends that a scheme member should be allowed to provide a medical certificate issued by either a registered medical practitioner or a registered Chinese medicine practitioner for the purpose of withdrawal of MPF benefits on the ground of terminal illness. • The MPFA may further liaise with the Chinese Medicine Council to consider if any reference guide may be issued to provide guidance to registered Chinese medicine practitioners on the issuance of the medical certificate and to clarify that the medical certificate should not be issued if the practitioners have reasonable doubts on whether a

Specific Comments Received	Response from the MPFA
	scheme member satisfy the qualifying condition.
<ul style="list-style-type: none"> • There were submissions which recommended that, in view of the practical difficulty in assessing the remaining life expectancy of a scheme member and the medical costs involved, the MPFA should set out a list of pre-defined illnesses, confirmed diagnosis of which, would allow the member to withdraw MPF benefits early on terminal illness. • Some submissions suggested that scheme members who are either certified to be suffering from one of the pre-defined illnesses or to have a remaining life expectancy of less than 12 months under any diagnosis should be allowed to withdraw their MPF benefits early. 	<ul style="list-style-type: none"> • During the review, the MPFA has considered whether a list of critical illnesses could be prescribed for early withdrawal of MPF benefits on terminal illness ground (paragraphs 52 and 53 of the Consultation Paper). • However, unlike “terminal illness”, a critical illness is not necessarily one that is fatal and those scheme members who recover after treatment will still require retirement protection. • Where a scheme member has a substantially reduced life expectancy due to a critical illness, the proposal to introduce an additional ground of “terminal illness” would address the situation. • In case a scheme member can no longer perform the work that he/she has been performing before the illness, early withdrawal is already allowed under the existing ground of total incapacity. • The MPFA therefore does not propose to extend withdrawal rights to a scheme member who has, or is suffering from a critical illness that does not reduce the person’s remaining life expectancy to less than 12 months.

Specific Comments Received	Response from the MPFA
<ul style="list-style-type: none">• There were submissions which raised data privacy issues as early withdrawal on the proposed ground of terminal illness would necessarily involve the disclosure of the medical condition of the employee concerned to the employer.	<ul style="list-style-type: none">• The MPFA would further consider during the legislative development process how to handle the data privacy issues regarding the need to disclose the medical condition of scheme members to employers upon withdrawal of MPF benefits on the ground of terminal illness. Such disclosure may be necessary so that employers would know the amount of benefits derived from employer's contributions that has been withdrawn and could include the amount in future offsetting calculations where necessary.