



強制性公積金計劃管理局
MANDATORY PROVIDENT FUND
SCHEMES AUTHORITY

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By Email Only

19 June 2015

Circular Letter: SU/CTR/2015/002

To All Approved Trustees of MPF Schemes

Dear Sirs,

Mandatory Provident Fund Schemes (Amendment) Ordinance 2015
(Amendment Ordinance)

As you are aware, the Legislative Council passed the Mandatory Provident Fund Schemes (Amendment) Bill 2014 on 21 January 2015. The amendments are now contained in the Amendment Ordinance which was enacted on 30 January 2015.

The Amendment Ordinance mainly covers the amendments to allow phased withdrawal of accrued benefits, add “terminal illness” as a ground for early withdrawal of benefits, simplify administrative processes for driving down MPF fees, and other technical amendments. The amendments of early withdrawal of accrued benefits on the ground of terminal illness will be implemented on 1 August 2015. You may refer to the Mandatory Provident Fund Schemes (Amendment) Ordinance 2015 (Commencement) Notice 2015 (“Commencement Notice), which can be accessed via “www.legco.gov.hk/yr14-15/english/subleg/negative/ln098-2015-e.pdf”. The Commencement Notice also covers other provisions in the Amendment Ordinance which will be implemented on 1 August 2015. The amendments of withdrawal of accrued benefits by phases will tentatively be implemented on 1 February 2016. To prepare for the implementation of the Amendment Ordinance, we have set up a Working Group with all approved trustees of MPF schemes to thresh out and resolve issues relating to the implementation.

The implementation of the Amendment Ordinance will bring about important changes to the MPF industry and will involve a considerable change to the trustees' work processes, administration systems, and scheme documentation. The likely increase in volume of withdrawal transaction will trigger demand for streamlining and automating the withdrawal process. Trustees should put in extra efforts on system and process amendments to ensure readiness before the implementation date and assess the adequacy of resources in your organizations to prepare for the implementation.

As previously communicated to you, scheme members suffering from terminal illness need extra care. We call upon trustees offering guaranteed fund in MPF schemes to review the guarantee features with a view to allowing members withdrawing benefits on terminal illness to be entitled to the guarantee. In any event, trustees should clearly disclose in the offering document the guarantee entitlement for different withdrawal grounds, which include appropriate risk statement to alert members of the possibility and the specific circumstances of losing their guarantee entitlement upon withdrawal. Trustees should communicate such messages through appropriate and effective means so that MPF members are well informed of the consequences before they apply for withdrawal of MPF benefits.

We would also like to take this opportunity to remind trustees that in handling claims for payment of accrued benefits, you have to ensure that your obligations under the MPF legislation are fully and satisfactorily discharged. Trustees are expected to:

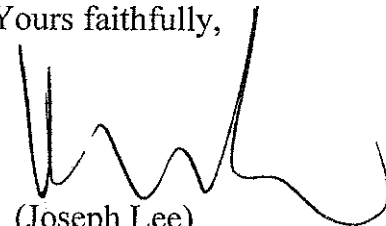
- (i) ascertain the withdrawal instructions contained in the claim form and, as far as reasonably practicable, give all necessary services and assistance to the scheme members (especially members that need special care like those suffering from terminal illness) to effect the claim;
- (ii) ensure that the claim for payment of accrued benefits can be effected efficiently;
- (iii) ensure that there are sufficient resources in handling claims for

payment of accrued benefits including, without limitation, providing assistance to scheme members in understanding and resolving the problems encountered during the process of claim and making available adequate facilities (e.g. call centres and customer service centres) to scheme members to help resolve these problems;

- (iv) consider all practicable means to authenticate the identity of the scheme member lodging a claim for payment of accrued benefits that could balance the need to facilitate smooth withdrawal and contain fraudulent risks; and
- (v) provide clear, accurate, and timely communication to scheme members about the results of the claim.

We will continue to communicate to you regarding other preparatory tasks as we progress. If you have any questions, please do not hesitate to contact your case manager in the Authority.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Joseph Lee', written in a cursive style.

(Joseph Lee)
Head (Trustees Supervision)