

## **Illustration**

New eligible employee:

- Age 40 at the Date of Employment
- Belongs to the Managerial Staff Grade in both ORSO and MPF Schemes
- Salary of \$30,000 per month
- Annual Remuneration = 12 months pay + bonus

The MPF Scheme:

- Employee Contribution : 5% of Relevant Income  
(up to \$20,000 on or before 31 May 2012; \$25,000 from 1 June 2012 to 31 May 2014 (both days inclusive); and \$30,000 on or after 1 June 2014 increasing each year in line with the salary inflation assumption)
- Employer Contribution : 5% of Relevant Income  
(up to \$20,000 on or before 31 May 2012; \$25,000 from 1 June 2012 to 31 May 2014 (both days inclusive); and \$30,000 on or after 1 June 2014 increasing each year in line with the salary inflation assumption)
- Relevant Income : \$30,000 per month increasing each year with the salary inflation assumption

Benefit Illustration:

The calculations are based on the following assumptions:

- (i) The new eligible employee joined the company on 1<sup>st</sup> January 2015
- (ii) The birthday of the new eligible employee is also 1<sup>st</sup> January
- (iii) Salary increment takes effect on 1<sup>st</sup> January each year
- (iv) Contributions are made on last day of each month
- (v) The annual rate of return and administrative expenses are applied on a monthly basis

(a) *Higher Investment Return Scenario*Projection Assumptions

Rate of Gross Investment Return : 7% p.a.

Rate of Salary Inflation : 4% p.a.

Rate of Administrative Expenses : 2% p.a.

At the beginning of	Projected Benefit under the MPF Scheme			Projected Benefit under the ORSO Scheme		
	Value of Employee Contributions \$	Value of Employer Contributions \$	Total Value of Contributions \$	Value of Employee Contributions \$	Value of Employer Contributions \$	Total Value of Contributions \$
Age 41	18,418	18,418	36,836			
Age 42	38,516	38,516	77,032			
Age 43	60,407	60,407	120,814			
Age 44	84,216	84,216	168,432			
Age 45	110,071	110,071	220,142			
Age 50	275,180	275,180	550,360			
Age 60	860,557	860,557	1,721,114			
Age 65	1,345,583	1,345,583	2,691,166			

*(b) Lower Investment Return Scenario*Projection Assumptions

Rate of Gross Investment Return : 4% p.a.

Rate of Salary Inflation : 4% p.a.

Rate of Administrative Expenses : 2% p.a.

At the beginning of	Projected Benefit under the MPF Scheme			Projected Benefit under the ORSO Scheme		
	Value of Employee Contributions \$	Value of Employer Contributions \$	Total Value of Contributions \$	Value of Employee Contributions \$	Value of Employer Contributions \$	Total Value of Contributions \$
Age 41	18,166	18,166	36,332			
Age 42	37,425	37,425	74,850			
Age 43	57,829	57,829	115,658			
Age 44	79,430	79,430	158,860			
Age 45	102,285	102,285	204,570			
Age 50	237,478	237,478	474,956			
Age 60	641,535	641,535	1,283,070			
Age 65	933,065	933,065	1,866,130			

**Warning:** *The amount of benefits one will eventually receive upon termination of service or retirement may be higher or lower than those being illustrated depending upon the actual experience over the period.*