

MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

IV.7 Guidelines on Fees for Portability

INTRODUCTION

Section 34 of the Mandatory Provident Fund Schemes (General) Regulation (“the Regulation”) stipulates that “No fees may be charged, and no financial penalties may be imposed, for transferring accrued benefits from a registered scheme to another scheme or from one account to another account within the scheme, other than actual and reasonable expenses incurred by the trustee as a result of redeeming funds in connection with the transfer from a unit trust or similar type of investment and of purchasing units in another such investment, where a difference in price of the units is normally associated with the redemption of those funds and the purchase of those units.”. This applies regardless of whether the transfer is initiated by a scheme member or a participating employer.

2. Section 6H of the Mandatory Provident Fund Schemes Ordinance (“the Ordinance”) provides that MPFA shall issue guidelines for the guidance of approved trustees, service providers and other persons concerned with the Ordinance.

3. The MPFA hereby issues guidelines to specify the actual and reasonable expenses which may be charged for the transfer of accrued benefits.

ACTUAL AND REASONABLE EXPENSES

4. The “actual and reasonable expenses incurred” refer to those expenses incurred by the approved trustee of the scheme directly or resulting from paying fees or charges to a person or an authority (e.g. the Government) for the selling or buying of an investment to facilitate the transfer of the accrued benefits of a scheme member.

5. The actual and reasonable expenses may include, but are not limited to, brokerage fees, banking charges, stamp duty, commission to agents, fees to investment managers and any other expenses which may be incurred by the approved trustee of the scheme (except any administrative fees charged by the trustee of the scheme solely on the transfer of accrued benefits) in redeeming and purchasing an investment in connection with the transfer.

6. If the valuation of the constituent fund(s) to be redeemed or purchased is not done on a daily basis, any expenses to be charged for the purpose of the transfer may be effected on the date of the valuation which falls immediately after the date the election for transfer is made.