

From 1 November 2012, you will have a choice!

ECA Gives Employees Greater Autonomy

Enhanced rights of employees to choose MPF trustees and schemes

- After commencement of ECA, the transfer arrangements for accrued benefits in the three main sub-accounts in MPF contribution accounts under current employment will be different.

Type of accrued benefits in contribution account	Before ECA	After ECA
Employer mandatory contributions under current employment	✗ Not transferable	✗ Not transferable must be retained in scheme chosen by employer
Employee mandatory contributions under current employment	✗ Not transferable	✓ Transferable in a lump-sum once every calendar year [#]
Mandatory contributions from former employment or self-employment (if any)	✗ Not transferable	✓ Transferable in a lump-sum at any time

- ECA affects only mandatory contributions, and is **not applicable to voluntary contributions**. Arrangements for the transfer of voluntary contributions will still be subject to the governing rules of individual scheme.

No change to the rights and obligations of employers

- Employers' administrative arrangements for their employees' MPF accounts will remain unchanged after implementation of ECA. Whether employees have made transfers or not, employers will continue to make MPF contributions to their trustees and schemes (i.e. original trustees and original schemes) for both the employer and employee portions at each wage period, not to the new trustees and schemes chosen by employees.
- As the accrued benefits derived from the employer mandatory contributions under current employment are non-transferable, the employers' administrative arrangements on offsetting of severance payments or long-service payments will not be affected under ECA.

No change to the rights and obligations of self-employed persons

- Self-employed persons can, as at present, enrol in an MPF trustee and scheme of their own choice. ECA will not have any impact on the contribution arrangements, the procedures for transferring their accrued benefits, or any of their rights and obligations.

[#] Every calendar year means the period from 1 January to 31 December in any given year.

Employee Choice Arrangement (ECA)

will commence on 1 November 2012. Under ECA, employees will be allowed to transfer their accrued benefits, i.e. the accumulated contributions and investment returns from the employee mandatory contributions made during their current employment to another MPF trustee and scheme of their own choice once every calendar year[#]; or not to make any change by retaining the accrued benefits in the MPF scheme they are currently enrolled in. As only the employee's portion is transferrable and not the employer's, the arrangement is also known as "MPF Semi-Portability".



Friendly reminder: To Transfer? Not to Transfer?

Although employees have a new right under ECA, this does not imply that it is "compulsory" to make a transfer or they should make a transfer immediately after the commencement. MPF is a long-term investment, so employees should consider their own needs, rather than "switching for the sake of switching" or "just following the crowd" when deciding whether to transfer or not.

Coming up next:
ECA transfer arrangements



Your MPF. Your Choice.

Website: www.mpfa.org.hk Hotline: 2918 0102

