

Enhancements on MPF System in the Pipeline

The MPF system is in its 18th year of operation. The launch of Default Investment Strategy last year marked a milestone of the system, while several other enhancements are in full swing. With MPF being one of the key retirement protection pillars closely related to your employees, let's take a glance at the enhancement summary here.

Minimum and maximum relevant income levels



The MPFA reviews the minimum and maximum relevant income levels every four years. The last review was conducted in 2014 and therefore, the issue will be reviewed again this year. At present, the minimum and maximum relevant income levels are \$7,100 and \$30,000 respectively. According to the statutory adjustment factor, the MPFA proposes to adjust the above levels to \$8,000 and \$45,000 respectively. In that sense, **the employer's contribution limit for an employee may increase from \$1,500 to \$2,250** when calculated with the 5% contribution rate. The proposal is pending to be submitted to the Government and approved by the Legislative Council.

"eMPF" electronic platform

The MPFA is in the process of mapping out the design and functionalities of the eMPF platform. They are working with the industry to explore the provision of more convenient electronic services to employers and scheme members, and encourage them to use more of these services. This enhancement relies on the digital take-up of both employers and scheme members and their willingness to go **"paperless" in managing MPF**.



Tax concessions for voluntary contributions



The 2018-2019 Budget proposed to provide tax concessions for MPF voluntary contributions. To meet the long-term saving purpose for retirement protection, voluntary contributions which have enjoyed tax deduction will be transferred to the mandatory contribution accounts, and **subject to the same withdrawal restrictions on mandatory contributions**.

Abolition of the MPF "offsetting" arrangement

Regarding the abolition of the MPF "offsetting" Severance Payment or Long Service Payment against MPF contributions, the government is striving to put forth as soon as possible a proposal which is more acceptable to both employers and employees and will consult major stakeholders. **The Budget states that the Government is willing to increase its financial commitment to \$15 billion** for these measures.



On top of the optimizations for MPF system, another initiative related to retirement protection is for Hong Kong Mortgage Corporation Limited (HKMC)'s **Life Annuity Scheme** that will be launched in mid-2018. Under the scheme, purchasers will only have to pay a lump sum in exchange for a stable flow of monthly income. The Budget reveals that due to the community's positive response to the scheme, the HKMC **will consider increasing its issuance size**.



Sources:

MPFA Updates: Latest Developments of MPF System and Their Impacts on HR Practitioners (Speech on 2/2/2018)

<http://www.mpfa.org.hk/eng/main/speeches/files/2018-02-02-ppt-e-CAO.pdf>

"MPFA Newsletter" Dec 2017 Issue

http://www.mpfa.org.hk/eng/information_centre/publications/mpfa_newsletter/files/Newsletter_Dec2017.pdf

The 2018-19 Budget

<https://www.budget.gov.hk/2018/eng/index.html>



BCT has always been actively promoting green culture and environmental protection for sustainable development. In 2017, BCT participated in the “Green Office Awards Labeling Scheme” (GOALS) initiated by the World Green Organisation (WGO) and was awarded “Green Office Label” and “Eco-Healthy Workplace Label”, becoming one of the few financial institutions participating in the scheme and receiving recognition. In 2018, we will continue our efforts to execute green practices and commitment to create a sustainable world by incorporating green practices into our business operations.



To reduce paper usage and further enhance customer experience through e-journey, we are gradually digitalizing our services and information such as transaction confirmations, statements, forms and regular publications. Actually, employers and employees can now make good use of the BCT e-platform to manage accounts anytime and anywhere!

As an Employer



- Prepare remittance statement through our online contribution system “C-Online”
- Register the “E-alert Service on MPF Contribution” to receive reminder SMS or email five business days prior to the statutory contribution due date
- If you have updated email address or contact person, please complete the “Information Update Form (For Participating Employer)” and send it back to BCT, to avoid missing important communications.



Your Employees

- Login to BCT website to view and manage account
- Download BCT mobile app “BCT MPF”
- Register the “Account Balance SMS Service”

Available on the
App Store



GET IT ON
Google Play



If you forget your password, simply reset the password by getting a verification code via SMS / e-mail. Let's go green with BCT! More details on e-services will be announced soon. Please stay tuned.

Friendly Reminder: Please login to employer or member website to check the 2017 "Employer Statement" or "Member Benefit Statement"



Award-winning Streak Continues



As a major MPF company serving over 1.1 million member accounts in Hong Kong, BCT provides our members with premier retirement product and fund administration service. In January, we seized 7 prestigious awards at the **2017 Benchmark Fund of the Year Awards**:

Capability Awards

- Outstanding Achiever, Best Managed DIS
- Best-in-class, Employer Support
- Best-in-class, Member Servicing
- Best-in-class, Product Due Diligence
- Outstanding Achiever, Investor Education

Fund Awards

- Outstanding Achiever, Asia Ex Japan Equity
- Outstanding Achiever, Target Date

For more details of the award programme, please visit:
<https://www.fundawards.asia/hk/result-announcement-2017/>



Ms Ka Shi Lau, our Managing Director & CEO, received the awards on behalf of the company.

The winning momentum continued In March! BCT have clinched multiple titles at **"The 2018 MPF Awards"** by MPF Ratings Limited (MPFR), including the highly regarded "Rising Star Winner"!

- MPF Ratings 2018 Gold Rated Schemes
- 2018 Rising Star Winner
- 2018 Best Administration
- 2018 Best Employer Servicing
- 10 Year Consistent Performer for 2018 – Mixed Asset Fund (Dynamic)

These achievements not only demonstrate our leading standards and practices in the pension space, but also our commitment to our customers. We are particularly pleased to be the winner among the "2018 Rising Stars" for its recognition of our constant effort to achieve. These awards have given us great encouragement and we will continue to put forth our best efforts in delivering excellence experience for our customers.

MPFR is an independent pension research provider in Hong Kong. For more details of the ratings and the award programme, please visit: <http://www.mpfratings.com.hk/media/meth> and <http://www.mpfratings.com.hk/media/award>.



BCT considers Corporate Social Responsibility (CSR) a key element in the company, since 2003, BCT has been recognised as a Caring Company, which is awarded to companies that integrate care for the community, employees and the environment into their business practices. In March 2018, BCT became the awardee for **Caring Company 15 consecutive years**, in regards of our long-term commitment to CSR.

2017 MPF Report Card

The "Investment Performance of the MPF System in 2017" report issued by MPFA in February reveals that all fund types recorded positive return in 2017 and equity fund was the best performing one with an annual growth of 34.4%.



Performance in Market Fund Type	Annualized return in 2017	1 Dec 2000 - 31 Dec 2017	
		Annualized return	Cumulative return
Equity Fund	34.4%	5.5%	147.7%
Mixed Asset Fund	22.3%	4.6%	117.3%
Bond Fund	4.8%	2.7%	58.9%
Guaranteed Fund	3.0%	1.2%	23.4%
Money Market Fund (non MPF Conservative Fund)	2.5%	0.6%	10.3%
MPF Conservative Fund	0.1%	0.7%	13.0%

Source: MPFA

MPF scheme members, regardless of employers or employees, are always reminded to note their fund choices would affect their investment returns. MPF is a long-term investment and a difference in return rate may lead to great difference in the accumulated amount of retirement savings ultimately. The figures clearly show the performance of various MPF fund types, and it probably can provide you with some investment insights.

Good MPF Employer Award

Good MPF Employer Award 2017-18 open for applications from 3 April

The Good MPF Employer Award 2017-18, organized by the Mandatory Provident Fund Schemes Authority (MPFA), is inviting applications from 3 April to 30 June 2018. For all good employers, seize the chance to be recognized!

This year, interested employers can submit their application online. They can fill in and submit an application form on MPFA's [Good MPF Employer Award](#) website*. Employers can also submit the application form to the MPFA by email, fax or post, or in person.

The Good MPF Employer Award recognizes employers who are exemplary in enhancing the retirement benefits of their employees. In addition to having participated in a Mandatory Provident Fund (MPF) scheme for at least one year and complying with MPF legislation, a Good MPF Employer must have provided extra retirement protection for its employees.

Starting from last year, two new awards have been added to the programme: the e-Contribution Award, for efforts to adopt an electronic system for MPF administration, and the Support for MPF Management Award, for efforts to encourage employees to actively manage their MPF. Companies / organizations that qualify for the Good MPF Employer Award and fulfil the assessment criteria for one or both of the new awards will receive extra recognition.

The MPFA will hold an award presentation ceremony later this year. It will also provide special services to the awardees, such as organizing seminars for them, sending them MPFA publications and news, and providing early-bird enrolment for MPFA events.

This is the fourth year the MPFA has organized the Good MPF Employer Award. The response in the past three years has been encouraging. In 2017, 879 companies / organizations received the Good MPF Employer Award. The awardees came from different industries, including finance, construction, transportation and catering, and were estimated to employ over 160,000 employees overall.

Don't wait! Go ahead and apply to receive the Good MPF Employer Award!

* The link to the Good MPF Employer Award 2017-18 website will be activated on 3 April 2018.



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