

Analyze the Latest MPF Trend

The MPFA published the **Statistical Analysis of Accrued Benefits Held by Scheme Members of Mandatory Provident Fund Schemes** in September 2018. There are a few interesting analyses related to employee benefits which are worthy for you, a caring employer, to know more.

Take One More Step Strengthen Employee Retirement Benefits

You can take one more step to provide more protection to your employees' retirement by making voluntary contributions to your employees. According to MPFA figures, when comparing 2017 with 2016, **the number of employers making voluntary contribution increased to 5.6% of all employers, and the number of employees benefited increased by 11%**, indicating that more employers are willing to strengthen the retirement benefits of their employees.

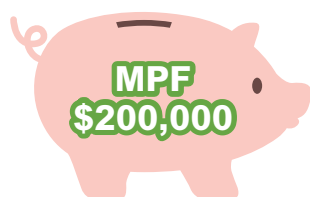
Voluntary Contributions Made by Employers

Year	No. of Employers Involved	No. of Employees Involved	Average Amount of ER-VCs (\$)
2017	15,900	328,500	561,000
2016	15,700	295,500	511,400
Yearly Change (% change)	+200 (+1%)	+33,000 (+11%)	+49,600 (+10%)

Note: Yearly changes are calculated from unrounded figures.



Do Not Ignore The Average Account Balance is around \$200,000



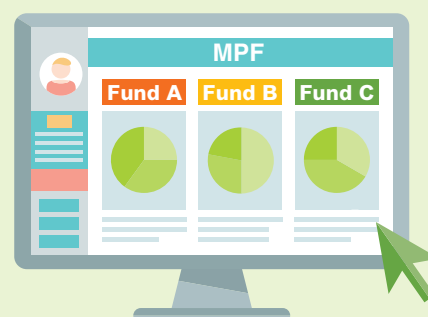
On average, each scheme member had around \$200,000 (reached \$197,000) accumulated in his / her account (s) as of December 2017. The average accrued benefits of male members (\$216,000) were 22% higher than those of female members (\$178,000). The accrued benefits of male members were also higher than those of female members in all age groups, and the differences tended to increase as the age increase.

This shows that your employees, regardless of gender and age, **have accumulated a considerable MPF. They should not ignore this basic retirement savings, and better manage MPF with care.**

Choose Carefully Did Your Employees Choose Suitable Funds?

Scheme members, regardless of their age, generally showed a stronger preference for equity funds and mixed assets funds. These two types of funds accounted 80% of their total assets. For the age group of 60-64, equity funds and mixed assets funds still account for 35% and 40% respectively, adding up to 75% of their total accrued benefits. On the other hand, members aged 24 or younger invest in conservative funds account for 13% of the portfolio, even higher than members close to retirement (12%).

Generally speaking, the younger the member, the longer the MPF investment horizon, and the higher the risk tolerance level; on the contrary, for members closer to retirement, their risk tolerance level is lower. **As a caring employer, you can remind employees to review their portfolios from time to time** and select suitable funds based on their age, risk tolerance level, investment objectives, fees and fund performance etc.



Going Green with BCT Simplify the Postal “Contribution Receipt”

To advocate green culture, environment protection and to reduce paper usage, **starting from November 2018, we will simplify the postal “Contribution Receipt”, with which only a contribution summary will be shown. If you need to check the details of contribution settlement, please login to employer website and download the “Contribution Settlement Report”.**

As a smart employer, you are encouraged to use our comprehensive ePlatform to manage your account anytime, anywhere. Except checking contribution information via employer website, you can make good use of BCT's electronic tools such as C-Online, an online system that helps preparing remittance statement. You may also register our “E-Alert Service on MPF Contribution”, so that we can send you reminders via SMS or email five business days prior to the statutory contribution due date.



Be a Responsible Employer, Remind Your Casual Employees to Complete Enrolment



If you have employed casual employees, do you know if they have enrolled into the industry scheme? **Regardless of the duration of the employment term, even just one day, employers are required to enroll their casual employees in an MPF scheme within the first 10 days of employment.** We noticed that some employers have made contributions for their casual employees, but the completed enrolment forms of industry scheme were often not submitted to BCT due to various reasons.

These employees might be missing important information on their MPF accounts, including Annual Benefit Statement and casual employee monthly statement. As a responsible employer, please ask your casual employees to submit the completed enrolment form to BCT as soon as they join the company. If your current casual employees have not submitted their enrolment forms, please remind them to do so immediately to complete the enrolment process.

BCT Helps Your Employee Plan Their Retirement



A desired retirement requires proper planning and preparations in 4 major aspects: financial management, self-actualisation, social support network, and physical wellness. To encourage early planning for a desired retirement, BCT launched "Step Up with BCT", an online platform with a range of resources and tools that support various aspects of retirement planning.

<https://retirement.bcthk.com/>



Diversified content:

- **Retirement Satisfaction Quiz** – A simple assessment on one's readiness to retirement
- **BCT Next Academy** – Promotes self enhancement among the working populations and retirees
- **Piggy's Classroom** – Provides educational videos on investment and MPF management
- **Retirement Calculator** – A basic tool that helps one estimate the costs of retirement
- **Other retirement-related information** – on topics such as retirement protection, social security, and lifestyle

BCT Next Academy – Self-improvement Lifelong Learning

BCT Next Academy collaborates with Li Ka Shing Institute of Professional and Continuing Education, Open University of Hong Kong ("OUHK"), in offering tuition fee discounts and subsidies to eligible persons enrolling the Active Elderly Learning Programme ("AELP") offered by the Elder Academy of OUHK. At the 8th graduation ceremony of OUHK's Elder Academy held in July, a total of 104 students of AELP received their Lifelong Learning Certificates, in recognition of their spirit of seeking knowledge.



8th graduation ceremony of OUHK's Elder Academy.

Do Hong Kong People Expect a Satisfying Retirement Life?

The population of Hong Kong continues aging. To better understand the retirement needs of Hong Kong people, BCT commissioned an international market research company to conduct a public opinion survey on retirement satisfaction in Hong Kong, with Dr. Billy S.C. Mak, Associate Professor of the Department of Finance and Decision Sciences of the School of Business at the Hong Kong Baptist University, served as the consultant of the survey. We shared the survey result in July and hope to convey the message that achieving a desired retirement requires proper planning and preparations in 4 major aspects: financial management, self-actualisation, social support network, and physical wellness. Survey results: <https://www.bcthk.com/en/what-s-new/latest-news/1600-bct-encouraged-the-public-to-plan-their-retirement-life-in-multiple-aspects>



Ms. Ka Shi Lau, MD & CEO of BCT Group, and Dr. Billy S.C. Mak encourage the public to plan for retirement from various aspects.

MPF Hot Topics – Latest Status of Enhancement Proposal

Minimum and maximum relevant income levels¹

The MPFA has completed the review of minimum and maximum relevant income levels. The authority suggested to raise the maximum relevant income level by phase, from current \$30,000 to \$48,000, meaning the maximum contribution amount would rise to \$2,400. The minimum relevant income level would also increase to HK\$8,250 from the current HK\$7,100, which means that an employee earning \$8,250 per month or below would not be required to make MPF contributions but his / her employer. This proposal is subject to approval by the Government and the Legislative Council.

Maximum Monthly Contribution Amount

	Employer Part 		Employee Part 	Contribution Amount
Current	\$1,500	+	\$1,500	= \$3,000
Proposed	\$2,400	+	\$2,400	= \$4,800

Tax Concessions on Voluntary Contributions

MPFA figures² show that there are 83,000 employees making nearly \$1,400 million voluntary contributions in 2017, more than that of 2016. To encourage more people to make additional MPF contributions for a better retirement, the government suggested to offer tax concession for “voluntary contributions” in May. The withdrawal restrictions of these contributions are the same as those in the “mandatory contributions”, i.e., withdraw at age 65 or under conditions permitted by law. The Government is currently negotiating with the industry on the current proposal, and targets to have it implemented in the financial year of 2019 / 20.

Source:

¹ The presentation of Cheng Yan-chee, Chief Corporate Affairs Officer of MPFA, at the Gain Miles MPF Forum <http://www.mpfa.org.hk/eng/main/speeches/files/2018-09-07-ppt-e-CAO.pdf>

² Statistical Analysis of Accrued Benefits Held by Scheme Members of Mandatory Provident Fund Schemes, MPFA, September 2018.

Understanding different types of Hong Kong equity funds

Many scheme members choose to invest their Mandatory Provident Fund (MPF) benefits in Hong Kong equity funds. Some scheme members may wonder why the performance of Hong Kong equity funds is not exactly the same as that of the Hang Seng Index (HSI).

There are two types of MPF funds: actively managed and passively managed ones. For actively managed Hong Kong equity funds, the fund manager is responsible for selecting stocks based on the fund's investment objectives. The stocks may include some that are not HSI constituent stocks. Therefore, these funds may outperform or underperform the market.

Index-tracking Hong Kong equity funds are passively managed. Many seek to track the HSI and perform largely in line with the index. However, these funds may not move completely in tandem with the HSI.

The market has been volatile recently, with some HSI constituent stocks recording a double-digit fall. Nonetheless, scheme members should not be too concerned about the fall of individual stocks. Under the MPF System, to ensure risk diversification, an MPF fund cannot invest more than 10% of its assets in a particular stock.

To learn more about the funds, scheme members should read the schemes' offering documents and the Fund Fact Sheets, posted on the “Repository of Scheme Documents” (www.mpfa.org.hk/eng/information_centre/RepositoryofSchemeDocuments) on the Mandatory Provident Fund Schemes Authority (MPFA) website.



Mandatory Provident
Fund Schemes Authority
Hotline: 2918 0102
www.mpfa.org.hk

Join “Friends of MPF” to get the
latest MPF info:



Member Hotline: 2298 9333
Employer Hotline: 2298 9388
www.bcthk.com
18/F Cosco Tower, 183
Queen's Road Central, Hong
Kong

Some of the information contained herein including any expression of opinion or forecast has been obtained from or is based on sources believed by us to be reliable, but is not guaranteed and we do not warrant the adequacy, accuracy, reliability or completeness of such information obtained from or based on external sources. The information is given on the understanding that independent investment advice should be sought when making investment decisions; that it will not be relied on in the making of investment decision and that any person who acts upon it or otherwise changes his or her position in reliance thereon does so entirely at his or her own risk. This is not an offer to buy or sell or a solicitation or incitement of offer to buy or sell any securities referred to herein, save for BCT (MPF) Pro Choice and BCT (MPF) Industry Choice and their underlying constituent funds. It should also be appreciated that under certain circumstances the redemption of units/shares may be suspended. Investment involves, in particular, risks associated with investment in emerging and less developed markets. Please refer to the relevant prospectus for details. Past performance is not indicative of future performance.

“BCT Group” — BCT Financial Limited (Plan Sponsor)
— Bank Consortium Trust Company Limited (Trustee & Administrator)

This document is issued by BCT Financial Limited