

## Have Your Employee Taken a Step Forward to Save Tax by Way of Retirement Plans?

Tax Deductible Voluntary Contributions (TVC) has been launched for a few months and many customers have implemented a tax-deductible retirement plan by opening a TVC account.

### Statistics of Customers with TVC Accounts

Please find below the figures of BCT's customers with TVC accounts in terms of gender, age, contribution mode and contribution amount at the end of August for you and your employees' reference.

#### Gender



Male 65% Female 35%

#### Contribution Mode



- Over 60% used autopay to make monthly contribution. Timely contribution at fixed amount is one of the best investment strategy to manage your asset
- In addition to monthly contributions, many members made a one-off contribution to reach the \$60,000 tax deduction ceiling\*

#### Contribution Amount



- Among the members who made monthly contributions with autopay, most people set monthly contribution amount at \$5,000
- Older members made higher average contributions, which was estimated to be related to income

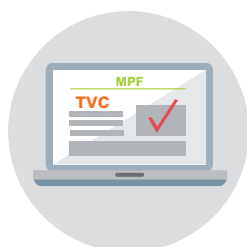
#### Age

40

Nearly 70% aged 40 or above

\* The maximum amount that can be claimed for tax deduction is \$60,000 for the year of assessment 2019/2020. It is the aggregate amount for both TVC and qualifying deferred annuity premiums.

### How Can Your Employees Enjoy TVC Tax Deduction in the Year of Assessment 2019-2020?



Set up an individual TVC account with any MPF scheme



Make TVC from 1/4/2019 to 31/3/2020



MPF provider to provide the TVC member with a "summary of the TVC account" 40 days after the financial year (i.e. 10 May 2020)



TVC member to complete the tax return

Your Employees Can Contact BCT Directly for Arrangement

# Making More Contributions Increases Retirement Reserves for Employees

As a caring employer, do you notice the latest information on voluntary contributions in the MPF market? The MPFA published the **Statistical Analysis of Accrued Benefits Held by Scheme Members of Mandatory Provident Fund Schemes** in August 2019. Below are some insights and data for you to understand the trend of increasing employee benefits.

## More Employers are Willing to Make Voluntary Contributions for Employees

In addition to mandatory contributions, you can make "Employer Voluntary Contributions" for employees to increase their retirement savings. Comparing the MPF data of 2018 and 2017 from the MPFA, the number of employers making voluntary contributions increased, accounting for 5.5% of all employers, while the number of benefited employees increased by 7% (13.2% of all participating employees), which showed that **more and more employers were willing to increase employee retirement benefits. The average voluntary contribution amount made by employers also rose**, in which employers made an average of nearly \$30,000 voluntary contributions for every employees in 2018.

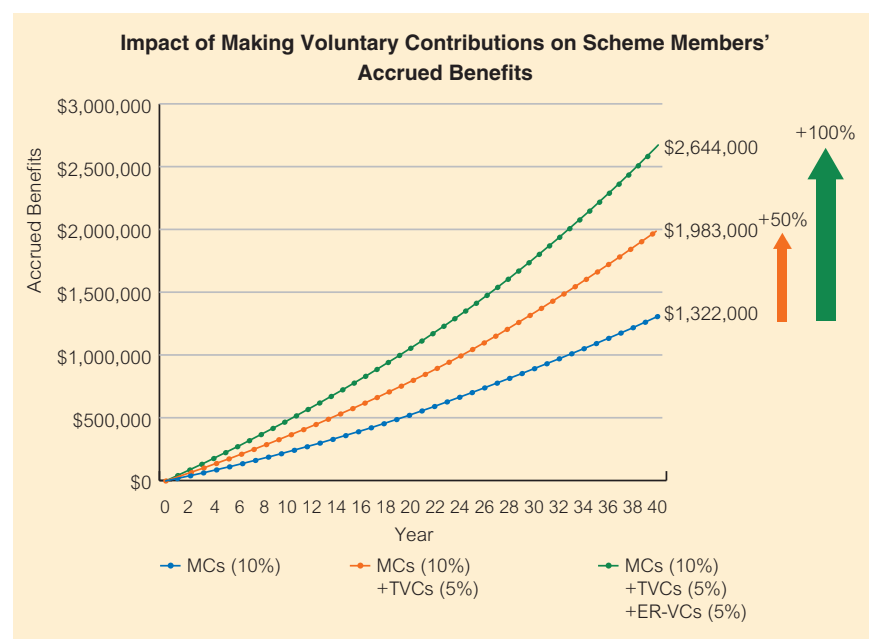
## Report on Employers Making Voluntary Contributions

Year	No. of Employers Involved	No. of Employees Involved	Average Amount Made by Employer (\$)	Average Amount Paid to Employee (\$)
2018	16,100	350,200	625,800	28,700
2017	15,900	328,500	561,000	27,100
Yearly Change (% change)	+200 (+1%)	+21,700 (+7%)	+64,800 (+12%)	+1,600 (+6%)

Note: Yearly changes are rounded to the nearest dollar.

## More Additional Contributions Bring More Retirement Protection

How much contributions your employee makes has a great impact on the accrued benefits upon retirement. The below example shows the impact of making voluntary contributions (including TVC) together with mandatory contributions, on the accrued benefits of scheme members.



### Scenario 1: Mandatory Contributions (10%)

Assuming that the employer and employee each contributes mandatory contributions only, which equals to 10% of the employee's relevant income. The estimated accrued benefits will be **\$1,322,000<sup>2</sup>** over an investment horizon of 40 years.

### Scenario 2: Mandatory Contributions (10%) + Tax Deductible Voluntary Contributions (5%)

Assuming that the employee makes 5% of his/her relevant income as TVC, together with the accrued benefits derived from mandatory contributions, the estimated accrued benefits will reach **\$1,983,000<sup>2</sup>** after 40 years, which are **50% more than the amount accumulated in scenario 1**.

### Scenario 3: Mandatory Contributions (10%) + Tax Deductible Voluntary Contributions (5%) + Employer Voluntary Contributions (5%)

Assuming that the employee makes 5% of his/her relevant income as TVC, and the employer makes 5% of the employee's relevant income as employer voluntary contributions, together with the accrued benefits derived from mandatory contributions, the estimated accrued benefits will reach **\$2,644,000<sup>2</sup>** after 40 years. This amount is **twice of the accumulated amount in scenario 1**.

Assumptions:

- (1) The relevant income is set to be \$18,000<sup>1</sup> and there is no pay adjustment in real terms throughout 40 years.
- (2) Contributions are made on monthly basis.
- (3) The annual investment return is 2% per annum which is net of fees, charges and inflation.
- (4) All figures in this example are at 2018 price.

<sup>1</sup> According to the Report on General Household Survey for the fourth quarter of 2018 published by the Census and Statistics Department, the median monthly employment earnings of employed persons (excluding foreign domestic helpers) was \$18,000.

<sup>2</sup> The estimated accrued benefits is calculated at present value (i.e. at 2018 price) which has already incorporated the assumed inflation rate throughout 40 years.

### Disclaimer:

These examples (including all values and figures) are hypothetical examples intended for illustration purposes only. All values and figures indicated do not represent, promise, or guarantee the actual amount of accrued benefits a scheme member will receive. None of these examples shall be taken as recommendation or advice on how a scheme member should invest.

## Reminder to Employees: Mobile Phone Number & Email Address are Essential for the Full Implementation of "Two-factor Authentication"







To offer a safer and more reliable online platform for your employees to manage MPF account, we have launched **Two-factor Authentication ("2FA")** for BCT's ePlatforms earlier this year. This measure **will be fully implemented from 8 October 2019**. If you have not provided BCT with a valid local mobile phone number or email address by then, you will not be able to log into your member account.



Two-factor authentication requires the use of two types of credentials to verify user's identity. When your employees log into their online accounts, they have to provide one more credentials besides "User ID" and "Password", to ensure that only he/she can log into the account, even someone knows his/her password.

We provide two options to enable 2FA:

- 1  **one-time password** via SMS / email, or
- 2  use of biometric factor such as fingerprints or facial recognition. When you register for **biometric factor**, you also need to receive the one-time password via SMS / email. Therefore, please remind your employees to provide a valid local mobile phone number or an email address to BCT to avoid any inconvenience when logging into their account in the future.

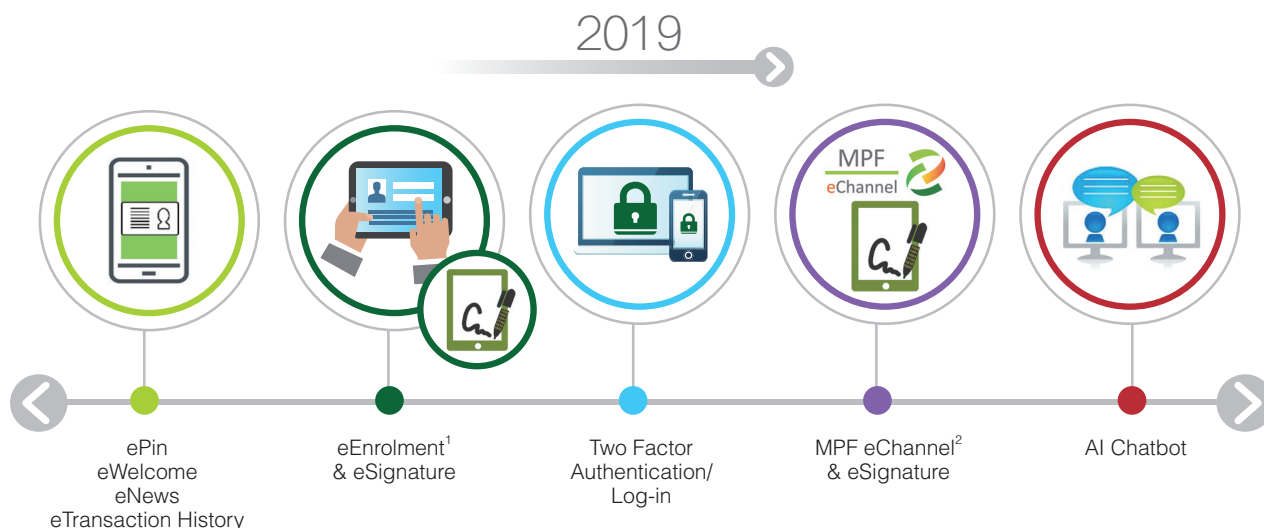
Update / Provide Mobile Phone Number and Email Address			
Member Website	After login, please update / provide your information in "Personal Information Maintenance" page under "My BCT".		<a href="#">Click here</a>
Information Update Form (For Scheme Member)	Please post or fax the completed and signed form to BCT		<a href="#">Click here</a>



Short Video - 3 Minutes Guide on "Two-factor Authentication" Usage  
[Click here](#)

## Go Green with BCT

To promote sustainable development and reduce paper use, we have encouraged you and your employees to use BCT ePlatform. We have also introduced a number of e-services to help you manage MPF easily. In 2019, we will continue to adopt paperless operation and launch AI Chatbot to enhance customer experience, please stay tuned.



<sup>1</sup> Employers and employees can complete enrolment online

<sup>2</sup> A member self-service portal for MPF account consolidation



Dr. Benjamin Tak Yuen Chan, Director of the Li Ka Shing Institute of Professional and Continuing Education, The Open University of Hong Kong, Prof. Reggie Kwan Ching Ping, Vice President (Academic), The Open University of Hong Kong, Dr. Leong Che Hung, GBM, GBS, OBE, JP, First Chairman of the Committee on Elder Academy Development Foundation, and Ms. Lau Ka Shi, BBS, President, BCT Next Academy (from left to right), attended the officiating ceremony.

BCT Next Academy (formerly known as BCT Third Age Academy) was established on BCT 10th anniversary in 2009, this year marks the 10th anniversary of the academy.

The academy aims to promote and encourage continuing education and lifelong learning, and to help Hong Kong people equip themselves for a better retirement.

Over the years, the academy offers tuition fee discounts and subsidies to eligible persons enrolling in the courses offered by the Elder Academy of Open University of Hong Kong ("OUHK"). At the 9th graduation ceremony of OUHK's Elder Academy in July, a total of 120 students received Lifelong Learning Certificates. As of the school term ended in May 2019, we sponsored 5,986 student enrolments to help them make a first step towards fun lifelong learning.

BCT Next Academy also encourages Hong Kong's working adults to upgrade themselves and to develop interests through learning, we collaborate with Li Ka Shing Institute of Professional and Continuing Education (LiPACE) of OUHK and offer tuition fee sponsorships. Members of BCT pension schemes ("BCT (MPF) Pro Choice", "BCT (MPF) Industry Choice" or "BCT Premier Pooled ORSO Retirement Plan") can enjoy 15% discount on tuition fee when applying for designated courses of LiPACE. For more details, please refer to the relevant leaflet.



BCT Next Academy's Leaflet  
[Click Here](#)

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

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