

MPF Guide

HSBC Mandatory Provident Fund





Your total MPF planning

HSBC MPF Employer Hotline

2583 8033

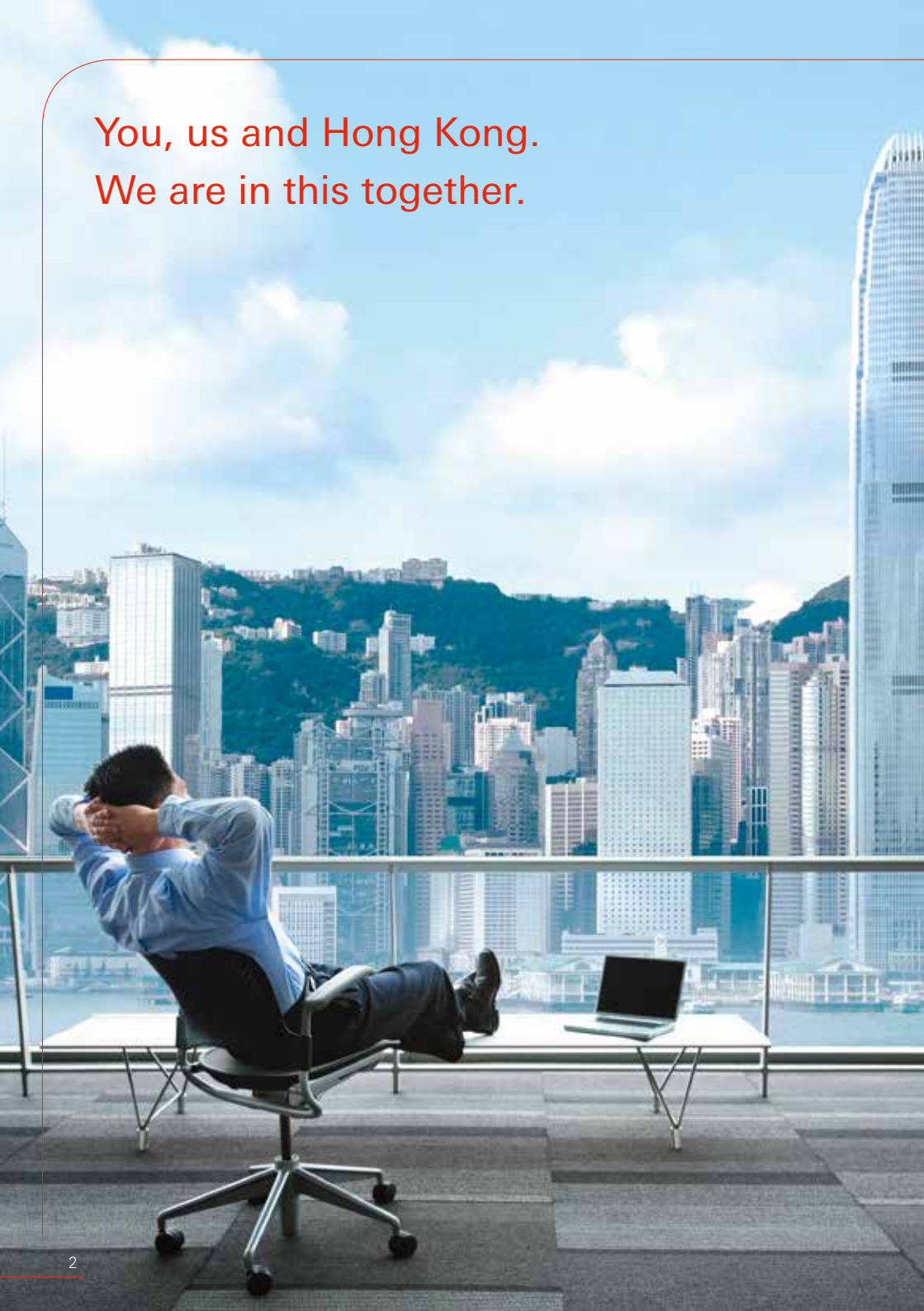
HSBC MPF Website

www.hsbc.com.hk/mpf

Important notes

- The HSBC Mandatory Provident Fund – SuperTrust Plus and ValueChoice are mandatory provident fund schemes.
- You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of funds, you are in doubt as to whether a certain fund is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the fund(s) most suitable for you taking into account your circumstances.
- You should consider your own risk tolerance level and financial circumstances before investing in the MPF Default Investment Strategy. You should note that the DIS constituent funds, namely, the Core Accumulation Fund and the Age 65 Plus Fund, may not be suitable for you, and there may be a risk mismatch between the DIS constituent funds and your risk profile (the resulting portfolio risk may be greater than your risk preference). You should seek financial and/or professional advice if you are in doubt as to whether the DIS is suitable for you, and make the investment decision most suitable for you taking into account your circumstances.
- You should note that the implementation of the DIS may have an impact on your MPF investments and benefits. We recommend that you consult with the Trustee if you have doubts on how you are being affected.
- The Guaranteed Fund under HSBC Mandatory Provident Fund – SuperTrust Plus invests solely in an approved pooled investment fund in the form of an insurance policy provided by HSBC Life (International) Limited. The guarantee is also given by HSBC Life (International) Limited. Your investments in the Guaranteed Fund, if any, are therefore subject to the credit risks of HSBC Life (International) Limited. Please refer to the 'Warning' section under 'Guaranteed Fund' in Part II – Fund Structure of the 'Principal Brochure' of HSBC Mandatory Provident Fund – SuperTrust Plus for details of the credit risk.
- The guarantee in the Guaranteed Fund only applies under certain conditions. Please refer to the 'Guarantee features' section under 'Guaranteed Fund' in Part II – Fund Structure of the 'Principal Brochure' of HSBC Mandatory Provident Fund – SuperTrust Plus for full details of the guarantee features and Guarantee Conditions, including the guarantee features in the context of payment of benefits in instalments.
- MPF Benefits and AVC Benefits payable on a member's 65th birthday or early retirement on or after his/her reaching age 60 can be paid in one lump sum or in instalments, at the member's election (in such form and on such terms as the Trustee may, to the extent not prohibited by the 'MPF Ordinance' or General Regulation, prescribe). Please refer to the 'Payment of MPF Benefits and AVC Benefits' section under 'Payment of benefits' in Part I – Product Information of the relevant 'Principal Brochure' for full details.
- You should not invest based on this document alone and should read the relevant 'Principal Brochure'.
- Investment involves risks. Past performance is not indicative of future performance. The value of financial instruments, in particular stocks and shares, and any income from such financial instruments, may go down as well as up. For further details including the product features and risks involved, please refer to the relevant 'Principal Brochure'.

You, us and Hong Kong.
We are in this together.



Since the arrival of the Mandatory Provident Fund (MPF), HSBC MPF has become the MPF service provider of choice for large and small companies, family-run businesses and the self-employed.

This is because the community knows what HSBC MPF represents: commitment to you and commitment to Hong Kong.

Where the financial future is concerned, a sense of security is essential. HSBC MPF's experience and expertise in investment and retirement scheme administration provide this.

We are here for the long term. We look forward to you joining us.

Just moments to join

To enjoy the benefits of HSBC MPF, all you need to do is complete the application form making sure it is signed by an authorised signatory. Please send the duly completed and signed forms to the Administrator of HSBC MPF schemes at:

HSBC Mandatory Provident Fund
PO Box 73770
Kowloon Central Post Office

Should you need further assistance, call the Customer Service Team of HSBC MPF Employer Hotline on 2583 8033 or visit HSBC MPF Website at www.hsbc.com.hk/mpf. A dedicated MPF Service Team is also stationed at designated HSBC branches to help you with any MPF enquiries.

Consolidate your MPF with HSBC MPF

The HSBC Group is experienced in retirement fund management and our comprehensive approach make us the provider of choice. If you would like to transfer your MPF scheme to HSBC MPF, simply complete the relevant forms for setting up a scheme or account and send it to the Administrator of HSBC MPF schemes.

Remember, with MPF, you need to think of the long-term benefits and security of your service provider. Spend a few minutes now to switch to HSBC MPF and enjoy advantages throughout the years ahead.

Look ahead with confidence. Join HSBC MPF.

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1 Your total MPF planning



The MPF was introduced by the Government of the Hong Kong Special Administrative Region (SAR) in December 2000 to ensure financial peace of mind for the workforce of Hong Kong upon retirement. If you are an employer, you must select an MPF service provider and enrol your employees in an MPF scheme. If you are a self-employed person, you are also required to enrol yourself in an MPF scheme.

HSBC is the founding member of the HSBC Group and serves customers worldwide through our global businesses. HSBC provides two MPF schemes and serves over one million MPF customers. We are also one of the MPF service providers in Hong Kong with the largest MPF market shares in terms of MPF assets of the schemes¹. Our global strength and over 40 years of experience in retirement fund management enable us to stand out in the market. With our strong and long-term commitment to the Hong Kong community, you can rest assured that no matter what the future may have in store, you have one of the world's largest banking and financial services organisations on your side.

¹ Source: 'Mercer MPF Market Shares Report' as at 30 June 2018 by Mercer (Hong Kong) Limited

2 Quality MPF services

2.1 Solid foundation and reputation of the HSBC Group

A choice for trust and strengths

The HSBC Group's strong local background, international expertise and track record for managing retirement funds make us the sound choice for your MPF service provider.

We have:

- the depth and breadth of experience to generate confidence
- worldwide fund management teams
- a variety of investment options
- made-to-measure services

We are:

- one of the largest retirement scheme administrators in Hong Kong
- one of the few organisations that can offer the full range of MPF services to customers

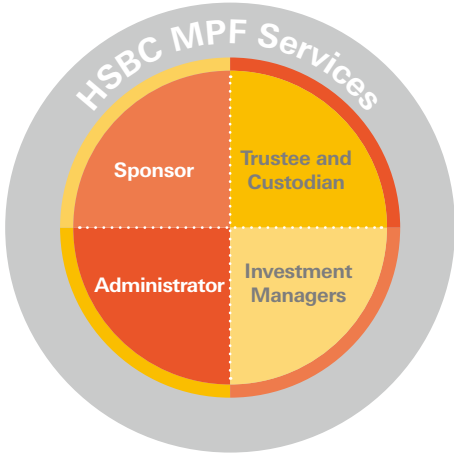
So you can count on us being here in the years to come.



2.2 The complete MPF manager

Total MPF service planning

The HSBC Group is highly experienced and is equipped with expertise in all four aspects involved in operating an MPF scheme: sponsor, trustee and custodian, administrator and investment managers. This enables us to provide a comprehensive planning when meeting your MPF needs.



Sponsor and Administrator

The Hongkong and Shanghai Banking Corporation Limited

- established in 1865 and is the founding member of the HSBC Group
- one of the world's largest banking and financial services organisations

Trustee and Custodian

HSBC Provident Fund Trustee (Hong Kong) Limited

- incorporated in Hong Kong and is registered as a Trust Company under the Trustee Ordinance and an Approved Trustee under the Mandatory Provident Fund Schemes Ordinance

Investment Managers

HSBC Global Asset Management (Hong Kong) Limited (for HSBC Mandatory Provident Fund – SuperTrust Plus) / HSBC Investment Funds (Hong Kong) Limited (for HSBC Mandatory Provident Fund – SuperTrust Plus and ValueChoice)

- over 40 years of experience in managing retirement funds
- one of Hong Kong's largest retirement fund managers
- experienced worldwide fund management teams
- global investment planning platform supported by a worldwide network

Hang Seng Investment Management Limited

- investment arm of Hang Seng Bank
- extensive experience in managing index-tracking funds, retirement funds, institutional accounts and private client portfolios

2.3 Made-to-measure services for employers

The MPF may seem like an administrative burden, but with the right MPF service provider, you can lessen your worries. As an experienced MPF service provider, we know what you want:

Hassle-free administration

Straightforward contribution methods:

- electronic remittance statement via HSBC Business Internet Banking (BIB) MPF Service
- electronic remittance statement via designated securemail account and submission channel
- HR software with facilities to handle MPF contribution calculation
- file interface arrangement
- paper-based remittance statement

Various voluntary contribution arrangements

Flexibility to enable you to provide additional employee benefits by making additional voluntary contributions:

- monthly fixed amount
- monthly amount based on a percentage of the relevant income
- lump sum contributions

Ongoing MPF maintenance

We make it simple for you:

- MPF statements
- dedicated service support through the HSBC MPF Employer Hotline 2583 8033
- quarterly Fund Fact Sheet



- Monthly Fund Performance Summary
- updates of latest MPF news
- providing employers with advice and total planning on MPF and Employee Benefits

Convenient communication

Keeping in touch is important and has never been easier:

HSBC MPF Employer Hotline – 2583 8033

A dedicated Customer Service Team will be happy to explain your scheme in greater details or answer any MPF enquiries you may have.

HSBC MPF Member Hotline – 3128 0128

The 24-hour interactive voice response hotline enables members to manage their MPF accounts and make the changes they want. They can also speak to the Customer Service Team during office hours.

HSBC MPF Website – www.hsbc.com.hk/mpf

Our website features an interactive guide for employers and employees, provides handy access to the latest MPF information, and enables members to manage their MPF accounts at anytime and anywhere.

HSBC Mobile Banking App

With the application design optimised for the screen size of the smartphone and tablets, you can access the latest MPF information at anytime and anywhere with your handsets and tablets smoothly.

Branch and ATM networks

We have arranged ready access to information and assistance via HSBC designated branches, and HSBC's and Hang Seng Bank's ATMs for HSBC card holders.

Straightforward fees and charges

HSBC MPF pricing is simple and clear. You know what and when the charges apply. With HSBC MPF, you are assured of excellent value for money.

For more details on the fees and charges of our MPF schemes, please refer to the relevant 'Principal Brochure'.

3 HSBC MPF – The provider of choice

3.1 Opening up your investment options

Variety designed to suit your needs

As an employer, you must enrol your eligible employees in an MPF scheme to which you both will make contributions. You must also join an MPF scheme and make contributions if you are self-employed.

HSBC MPF gives members a range of choices to suit their investment style, while helping to make setting up and administering a scheme straightforward and easy to manage.

Under HSBC MPF, members are enrolled into a:

Master Trust Scheme

This pools all contributions for administration and investment purposes to provide higher efficiency.

We have designed two master trust schemes which differ in the number of constituent funds they offer:

HSBC Mandatory Provident Fund – SuperTrust Plus
provides 14 constituent funds

HSBC Mandatory Provident Fund – ValueChoice
provides 11 constituent funds

Members can choose to invest in one or across any of the constituent funds or the Default Investment Strategy ('DIS') to meet their investment needs. Please refer to next section for a list of constituent funds available under each HSBC MPF scheme.

If you are an employer, when you choose your scheme, you should consider whether the investment choices available are adequate and meet the needs of your employees, as all constituent funds under a selected scheme must be offered to all your employees.

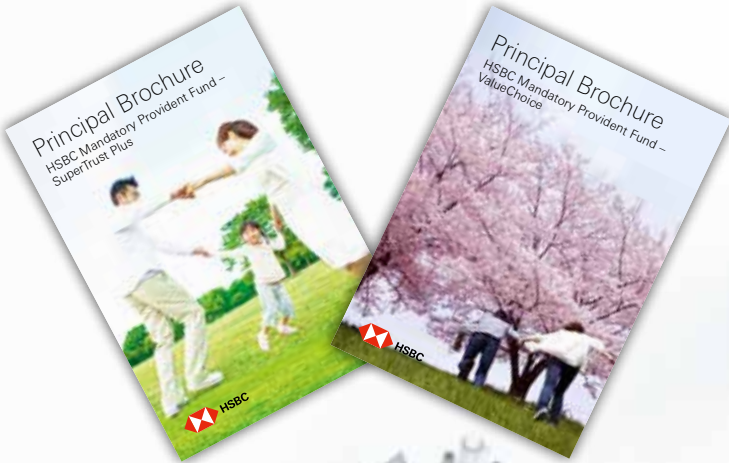
3.2 Making investment decision

Portfolio selection

When your employees enrol in our MPF scheme, they must decide how their contributions are allocated to the constituent funds or the DIS under the selected scheme. HSBC MPF provides members with a range of constituent funds to suit their investment needs while helping employers to make setting up and administering a scheme straightforward and easy to manage.

If you are self-employed, you must also make this choice for your selected scheme.

If your employees or self-employed persons do not make a valid investment instruction, their contributions will be invested in accordance with the DIS.



Default Investment Strategy

The Default Investment Strategy ('DIS') is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make an investment choice, and is also available as an investment choice itself, for members who find it suitable for their own circumstances. For those members who do not make an investment choice, their contributions and accrued benefits transferred from another registered scheme will be invested in accordance with the DIS.

The DIS aims to balance the long term effects of risk and return through investing in two constituent funds, namely the Core Accumulation Fund and the Age 65 Plus Fund, according to the pre-set allocation percentages at different ages. The DIS will manage investment risk exposure by automatically reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the member gets older.

For further details of the DIS, please refer to the relevant 'Principal Brochure'.



HSBC Mandatory Provident Fund – SuperTrust Plus

Constituent fund type	Name of constituent fund
Money market fund	MPF Conservative Fund ²
Guaranteed fund	Guaranteed Fund ^{3,5}
Bond fund	Global Bond Fund
Mixed assets fund	Stable Fund
	Balanced Fund
	Growth Fund
	Core Accumulation Fund
	Age 65 Plus Fund
Equity fund	North American Equity Fund
	European Equity Fund
	Asia Pacific Equity Fund
	Hang Seng Index Tracking Fund ⁶
	Hong Kong and Chinese Equity Fund
	Chinese Equity Fund



HSBC Mandatory Provident Fund – ValueChoice

Constituent fund type	Name of constituent fund
Money market fund	MPF Conservative Fund ²
Bond fund	Global Bond Fund
Mixed assets fund	ValueChoice Balanced Fund
	Core Accumulation Fund
	Age 65 Plus Fund
Equity fund	Global Equity Fund
	ValueChoice US Equity Fund
	ValueChoice European Equity Fund
	ValueChoice Asia Pacific Equity Fund
	Hang Seng Index Tracking Fund ⁶
	Hang Seng China Enterprises Index Tracking Fund ⁷

2 Fees and charges of an MPF Conservative Fund can be deducted from either (i) the assets of the fund or (ii) members' account by way of unit deduction. The MPF Conservative Fund of HSBC MPF schemes uses method (i) and, therefore, its unit prices, net asset value (NAV) and fund performance quoted have reflected the impact of fees and charges.

3 The Guaranteed Fund under HSBC Mandatory Provident Fund – SuperTrust Plus invests solely in an approved pooled investment fund in the form of an insurance policy provided by HSBC Life (International) Limited. The guarantee is also given by HSBC Life (International) Limited. Your investments in the Guaranteed Fund, if any, are therefore subject to the credit risks of HSBC Life (International) Limited.

Guarantee conditions:

> Withdrawal of mandatory and/or voluntary balances on:

- Termination of employment⁴
- Reaching retirement age or normal retirement date
- Reaching early retirement date
- Total incapacity
- Terminal illness
- Death
- Permanent departure from the Hong Kong SAR
- Making a claim on small balance under section 162(1)(c) of the Mandatory Provident Fund Schemes (General) Regulation ('General Regulation')

> Transfer of balances to a recipient scheme on termination of employment⁴

4 This condition does not apply to balances in a personal account (as defined in the General Regulation) invested in the Guaranteed Fund. However, the other Guarantee Conditions will still be applicable to the accrued benefits held in the personal account.

The guarantee in the Guaranteed Fund only applies under certain conditions. Please refer to the 'Guarantee features' section under 'Guaranteed Fund' in Part II – Fund Structure of the 'Principal Brochure' of HSBC Mandatory Provident Fund – SuperTrust Plus for full details of the guarantee features and Guarantee Conditions, including the guarantee features in the context of payment of benefits in instalments.

5 The account balance of a member in the Guaranteed Fund will be crystallised (the 'Crystallised Amount') on 31 December in the year in which the member reaches age 65. The Crystallised Amount will be the greater of the Actual Balance and the Guaranteed Balance to which he/she would be entitled had he/she withdrawn the benefits from the Guaranteed Fund on 31 December in that year on the ground of reaching retirement age or normal retirement date, as calculated in accordance with the provisions under the 'Principal Brochure' (the '31 December Amount'). However, where the 31 December Amount is less than the amount of benefits as at the member's 65th birthday calculated in accordance with the provisions of the 'Principal Brochure' (the '65th Birthday Amount'), the 65th Birthday Amount will be deemed to be the Crystallised Amount. Where the member switches or withdraws part of his/her investment out of the Guaranteed Fund between his/her 65th birthday and 31 December in that year, the Crystallised Amount will be the higher of the 31 December Amount and the pro-rated 65th Birthday Amount calculated in the following manner:

$(X/Y) \text{ times } Z$

where:

X: the number of Guaranteed Units as at 31 December in the Relevant Year

Y: the number of Guaranteed Units as at 65th birthday of the member

Z: the greater of the Guaranteed Balance and the Actual Balance as at 65th birthday of the member.

The Crystallised Amount will then become the Actual Balance from 1 January in the following year. No further Guarantee will apply to the Crystallised Amount, any new contributions or transfer-in assets that are to invest in the Guaranteed Fund thereafter (the 'Relevant Amount'). However, while all fees and charges including the guarantee charge will continue to apply to the Relevant Amount, the guarantee charge will be rebated to the member on a monthly basis in arrears, calculated by using the daily net asset value in that month. Please refer to the 'Guarantee features' section under 'Guaranteed Fund' in Part II – Fund Structure of the 'Principal Brochure' of HSBC Mandatory Provident Fund – SuperTrust Plus for full details.

6 The approved ITCIS directly or indirectly held by the Hang Seng Index Tracking Fund may gain exposure to the Hang Seng Index or its constituent stocks as allowed under the applicable laws and regulations.

7 The approved ITCIS directly or indirectly held by the Hang Seng China Enterprises Index Tracking Fund may gain exposure to the Hang Seng China Enterprises Index or its constituent stocks as allowed under the applicable laws and regulations.

3.3 Management fees

The table below only provides a brief summary of the management fees (as a percentage of the net asset value (NAV) per annum) of the constituent funds under each HSBC MPF scheme for reference only. Please refer to the relevant 'Principal Brochure' for more details of the management fees and other applicable fees, charges and expenses⁸ of the constituent funds.

HSBC Mandatory Provident Fund – SuperTrust Plus		
Name of constituent fund	Management fees^{9, 11} (As a percentage of NAV per annum)	Deducted from
	Current level Contribution Account / Personal Account	
MPF Conservative Fund ²	0.75%	Asset of the Fund
Guaranteed Fund ¹⁰	1.275%	Asset of the Fund
Global Bond Fund	0.79%	Asset of the Fund
Stable Fund	1.25%	Asset of the Fund
Balanced Fund	1.35%	Asset of the Fund
Growth Fund	1.45%	Asset of the Fund
Core Accumulation Fund	0.75%	Asset of the Fund
Age 65 Plus Fund	0.75%	Asset of the Fund
North American Equity Fund	1.35%	Asset of the Fund
European Equity Fund	1.35%	Asset of the Fund
Asia Pacific Equity Fund	1.45%	Asset of the Fund
Hang Seng Index Tracking Fund	Up to 0.755%	Asset of the Fund
Hong Kong and Chinese Equity Fund	1.45%	Asset of the Fund
Chinese Equity Fund	1.45%	Asset of the Fund

HSBC Mandatory Provident Fund – ValueChoice

Name of constituent fund	Management fees ^{9, 11} (As a percentage of NAV per annum)	Deducted from
	Current level	
	Contribution Account / Personal Account	
MPF Conservative Fund ²	0.75%	Asset of the Fund
Global Bond Fund	0.79%	Asset of the Fund
ValueChoice Balanced Fund	0.79%	Asset of the Fund
Core Accumulation Fund	0.75%	Asset of the Fund
Age 65 Plus Fund	0.75%	Asset of the Fund
Global Equity Fund	0.79%	Asset of the Fund
ValueChoice US Equity Fund	0.79%	Asset of the Fund
ValueChoice European Equity Fund	0.79%	Asset of the Fund
ValueChoice Asia Pacific Equity Fund	0.79%	Asset of the Fund
Hang Seng Index Tracking Fund	Up to 0.755%	Asset of the Fund
Hang Seng China Enterprises Index Tracking Fund	Up to 0.79%	Asset of the Fund

⁸ Other applicable fees, charges and expenses include but not limited to joining fee, annual fee, contribution charge, offer spread, bid spread, withdrawal charge and other expenses. For further details, please refer to the relevant 'Principal Brochure'.

⁹ 'Management fees' includes fees paid to the trustee, custodian, administrator, investment manager (including fees based on fund performance, if any) and sponsor of the scheme for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value (NAV) of a fund.

In the case of the Core Accumulation Fund and the Age 65 Plus Fund, management fees payable to the parties named above (excluding the custodian), or their delegates, can only (subject to certain exceptions in the MPF Ordinance) be charged as a percentage of the NAV of the fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the NAV of the fund which applies across both the fund and underlying approved pooled investment fund(s) and ITCIS(s).

¹⁰ The percentage does not include the guarantee charge of 0.75% pa of NAV.

¹¹ A preferential rate on the management fee is credited on monthly basis. The discount on the management fees will be refunded as 'special bonus' in the form of fund units allocation to the members' accounts each month and credited into employer's sub-accounts (if applicable) and member's sub-accounts (if applicable). The 'special bonus' forms part of the account balance and is subject to relevant fees and charges applicable to HSBC Mandatory Provident Fund – SuperTrust Plus and ValueChoice. If a member terminates his/her account or transfers all assets out before the units allocation of that month, no 'special bonus' unit rebate will be granted for that month. The Trustee may offer other rebate/incentive arrangement to certain participating employers and/or members.

4 Inside HSBC MPF

4.1 The MPF basics

Clear from the start

Our experience and expertise mean that with HSBC MPF, you do less and gain more in value-added service.

Below, we explain basic information related to MPF. In the later sections, we look at the different responsibilities that employers and the self-employed have under MPF, and how we can help.



Coverage

All employees and self-employed persons who are at least 18 but under 65 years of age are required to join MPF schemes, unless they are exempt persons.

Employees are those:

- employed for 60 days or more under a continuous contract of employment, or
- casual employees engaged in the construction or catering industries and employed on a day-to-day basis or for a short-term fixed period of less than 60 days.

Self-employed person is:

- a sole proprietor, a partner in a business, or someone who works for himself or herself and is not employed as an employee by another party.

Exempt persons include:

- domestic employees,
- self-employed licensed hawkers,

- people covered by statutory pension or provident fund schemes, such as civil servants and subsidised or grant school teachers,
- members of occupational retirement schemes which are granted exemption certificates,
- non-permanent residents from overseas who enter Hong Kong for the purposes of employment for less than 13 months, or who are covered by overseas retirement schemes, and
- employees of the European Union Office of the European Commission in Hong Kong.

Contributions

Mandatory contributions

Employers must contribute 5% of an employee's relevant income per month subject to the maximum relevant income level. Employees are required to match this portion unless their relevant income is below the minimum relevant income level.

Self-employed persons also have to contribute 5% of their relevant income subject to the maximum relevant income level. They can opt to make contributions on a monthly basis or a yearly basis. If their relevant income is below minimum relevant income level on a monthly or a yearly basis, they are not required to contribute but still need to be enrolled into an MPF scheme.

For the minimum and maximum relevant income levels, please visit MPFA website at www.mpfa.org.hk.

Relevant income

Relevant income includes wages, salaries, leave pay, housing allowances, housing benefits, fees, commissions, bonuses, gratuities, perquisites or allowances, expressed in monetary terms, paid or payable by an employer (directly or indirectly) to their employees, and in consideration of the employees' employment contracts, but excluding long service payments or severance payments.

Voluntary contributions

Employers and self-employed persons can opt to make additional voluntary contributions in addition to mandatory contributions.

Employees can make additional voluntary contributions via payroll deduction by the employer, or choose to make Flexi-Contributions (non-employment related voluntary contribution) on their own without going through their employers.

Employees can change their amount of Flexi-Contributions, or even withdraw their accumulated amount up to 12 times per scheme financial period free of charge, subject to a minimum withdrawal amount of HKD5,000 each time.

Buying fund units

Contributions will be invested in the respective constituent fund(s) chosen by each member. All constituent funds are denominated in Hong Kong dollars. Contributions are converted into fund units, the value of which is subject to changes with the ups and downs of the constituent funds. If any member does not make a valid investment instruction, their contributions will be invested in accordance with the DIS.

Vesting

All mandatory contributions for members are fully and immediately vested as accrued benefits once they are allocated to the member's MPF account. Investment income or profit derived from the investment of accrued benefits within the MPF funds is also vested in the member.

Contribution Day

Contribution day is the day in which an employer requires to pay the mandatory contributions in full for their employees (or by which a self-employed person must make his/her mandatory contributions) to the trustee.

The contribution day for different payroll cycles may vary, employers are recommended to check with trustee for the details. You may contact the Customer Service Team of HSBC MPF Employer Hotline on 2583 8033 or visit our HSBC MPF Website www.hsbc.com.hk/mpf. You can also obtain the relevant information from MPFA website at www.mpfa.org.hk.

Please note: Outstanding contribution, discrepancies, or late payment may incur surcharge. Failure to comply with the legislative requirement to make contribution payments may also be subject to financial penalties and prosecution.

Long service payment or severance payment

Employers can offset a long service payment or severance payment made to their employees under the Employment Ordinance with vested accrued benefits derived from the employer's mandatory and voluntary contributions (including ORSO transfers) under an MPF scheme. Employers can request a refund of the relevant amount from the MPF account of their employees after paying the employee.

In handling the request for offsetting the long service payment or severance payment, the relevant amount will be calculated according to the following offset sequence:

1. Employer's voluntary contributions (if applicable)
2. AVC Benefits attributable to employer's ORSO transfers (if applicable)
3. Employer's special contributions (if applicable)
4. Employer's mandatory contributions.

All benefits will be paid in Hong Kong dollars.

Tax advantages

As an employer, your MPF mandatory contributions and additional voluntary contributions are profits tax deductible. Your employees' mandatory contributions are also tax deductible but their additional voluntary contributions or Flexi-Contributions are not tax deductible.

For self-employed person, mandatory contributions are tax deductible but additional voluntary contributions are not tax deductible.

For further details on tax issues, please refer to the latest announcements by the Inland Revenue Department of the Government of the Hong Kong SAR. We recommend that you seek professional advice regarding your own particular tax circumstances.

Transfer of accrued benefits

Accrued benefits in contribution account

Employees may transfer their accrued benefits attributable to their own mandatory contributions made under their current employment (the employee's mandatory contributions but not the employer's) to a personal account with HSBC MPF or any other MPF scheme of their choice once a calendar year (ie 1 January to 31 December).

Accrued benefits derived from former employment

Employees may transfer their accrued benefits derived from mandatory contributions from former employment(s) in their contribution accounts to a personal account or contribution account with HSBC MPF or to any other MPF scheme of their choice at any time.



When employee ceased employment

When your employees change jobs, they can then transfer all their accrued benefits to a personal account with HSBC MPF, or transfer their accrued benefits to their new employer's MPF scheme or any other MPF scheme of their choice.

Withdrawal of accrued benefits

Members can withdraw their accrued benefits in a lump sum or in instalments on the ground of retirement at the age of 65 or early retirement at the age of 60.

There are also certain circumstances under which accrued benefits may be paid before reaching the age of 65:

- early retirement between age 60 and 64
- total incapacity
- terminal illness
- death (to be paid to member's legal personal representatives)
- permanent departure from Hong Kong
- small balance

(in the event that an account balance is HKD5,000 or less, and provided that as at the date of the claim application, at least 12 months have elapsed since the contribution day in respect of the latest contribution period for which a mandatory contribution is required to be made to any registered scheme, and the member does not have any accrued benefits kept in any other registered scheme, and does not intend to become employed or self-employed.)

Claiming MPF benefits

Members are required to submit a completed claim form together with the necessary supporting documents. Benefits are paid at the age of 65 or under the circumstances listed above.

4.2 How HSBC MPF works for employers

Your business is our business

At HSBC MPF, we have tailored our services to ensure you and your employees receive maximum support. Here we set out further details of how MPF works, your responsibilities as an employer and how we can help both you and your employees.



How we help you

Straightforward data reporting

As an employer, you need to provide us with certain information, such as your employees' relevant income and contribution amounts. In order to make reporting your contribution data as convenient as possible, five options have been made available to you:

- electronic remittance statement via HSBC Business Internet Banking (BIB) MPF Service
- electronic remittance statement via designated securemail account and submission channel
- HR software with facilities to handle MPF contribution calculation
- paper-based remittance statement
- file interface arrangement

The MPF Service of HSBC BIB is convenient to use in which automatically calculate the MPF contribution amount for employers.

The contributions can be paid by cheque or direct debit authorisation. If you choose to pay by direct debit authorisation, simply complete the 'Direct Debit Authorisation' form and submit it together with your application form. We also accept direct debits from other banks. If you need to arrange an alternative payment method, please contact us.

Direct Debit Authorisation Form

	Form code
HSBC Mandatory Provident Fund – SuperTrust Plus	IN14
HSBC Mandatory Provident Fund – ValueChoice	



On-going MPF maintenance

Various MPF publications are available for employers in order to facilitate your MPF administration:

- Employer newsletters
- Monthly Fund Performance Summary and quarterly Fund Fact Sheet
- MPF statement for employers

In addition, a dedicated Customer Service Team of HSBC MPF Employer Hotline 2583 8033 will be happy to answer your enquiries.

Easy enrolment

Time is at a premium these days so we have arranged for most enrolment information to be on hand the moment you require it. You can find the details on how to enrol and what you as an employer need to provide to your employees from HSBC MPF Website.

To keep enrolment stress-free for your employees, we have prepared a special 'Enrolment Kit' which helps them with their initial fund choices. They can also visit HSBC MPF Website for enrolment information.

Voluntary contributions

You can make regular additional voluntary contributions (AVCs) to your employees as part of the employee benefits programme. You can choose whether these AVCs will be fully and immediately vested in your employees or whether a vesting scale will apply. This is normally determined by an employee's length of service and/or reason for termination of employment.

To set up employer's AVC and the corresponding vesting arrangement, just complete the 'Additional Voluntary Contribution Application Form' and submit it together with your application to the Administrator of HSBC MPF schemes.

Additional Voluntary Contribution Application Form

	Form code
HSBC Mandatory Provident Fund – SuperTrust Plus	IN12
HSBC Mandatory Provident Fund – ValueChoice	INV2

Your employees can also opt to make regular AVCs through you or Flexi-Contributions by themselves in addition to their mandatory contributions. However, there is no obligation for you to match the voluntary contribution amount of your employees.

Your responsibilities¹²

Once the MPF scheme is in place, your responsibilities as an employer includes:

- enrolling your employees within the regulatory deadlines
- calculating contributions and preparing a remittance statement showing each employee's relevant income and the amount of mandatory and any additional voluntary contributions for each contribution period
- paying contributions by the contribution day
- informing us when an employee ceases employment by the regulatory deadlines
- providing your employees with a pay slip showing the contributions that have been made and the information required according to regulatory requirement

¹² Under the MPF, regulatory deadlines are set for enrolment, making contributions and reporting cessation of employment for employees. Employers are responsible to follow the timeline and please visit our HSBC MPF Website for the relevant information. You may also visit MPFA website at www.mpfa.org.hk for further details on the deadlines.

- maintaining records of MPF and MPF-related statements; employers must keep remittance statement records for seven years from the statement date and employee records for six months after they cease employment
- notifying us of any changes of business name, address, telephone number, facsimile number, etc

How we help your employees

Account control

After your employees have enrolled in HSBC MPF, a Notice of Participation and an enrolment confirmation will be sent to your employees. Each year your employees will receive an annual benefit statement which gives them a summary of fund balances and accrued benefits for each scheme financial period.

We have designed a wide range of sophisticated services to make it convenient and easy for members to manage and keep track of their MPF accounts.

Fund switching

Our range of constituent funds allows members to create their own investment portfolios and to change them according to their needs. Members may switch between constituent funds or re-allocate all or part of their contributions across different constituent funds.

Experience in fund management

All investment involves risks. Your employees need to be confident that the MPF service provider you choose will invest their contributions prudently to protect for their retirement. With HSBC MPF, they can rest assured.

4.3 How HSBC MPF works for the self-employed



Your comprehensive service provider

As someone who is self-employed, you want to feel confident and in control of your investments, without having to handle lots of time-consuming administration. Under HSBC MPF, we take care of the day-to-day operations so you can devote more time to your work.

Here we set out further details of how MPF works, your responsibilities and how we can help.

Your mandatory contributions

Self-employed person is required to pay 5% of relevant income as mandatory contributions. The calculation of mandatory contributions is subject to the minimum and maximum relevant income levels under the MPF legislation. Your relevant income for MPF purposes is defined as the 'assessable profits' stated in your most recent Notice of Assessment.

However:

- If your most recent Notice of Assessment was issued more than 24 months ago, or you have objected to or appealed against your most recent Notice of Assessment, you may declare your relevant income as equivalent to your assessable profits for the preceding year calculated in accordance with the Inland Revenue Ordinance.
- If you do not have any evidence of relevant income, for example, your business is newly established, you may declare your relevant income as equivalent to the basic allowance under the Inland Revenue Ordinance.
- If your circumstances do not enable you to declare your relevant income based on any of the criteria stated above, you may declare your relevant income as equivalent to the maximum level of relevant income.
- If your relevant income is above the maximum level of relevant income per year, you may also declare your relevant income as equivalent to the maximum level.

For the minimum and maximum relevant income levels, please visit MPFA website at www.mpfa.org.hk.



Voluntary contributions

To build up your fund, you can choose to make regular additional voluntary contributions by completing and submitting the relevant forms. You may also change the amount of regular voluntary contributions to suit your personal need. Self-employed person's additional voluntary contributions is not subject to the preservation requirement under the MPF legislation.

Partnerships

If you are a partner in your company, you should calculate your relevant income according to your share of business profit for the period. If you have more than one business, your relevant income will be equal to the total income (profits and losses) from all your businesses for the period.

Losses

Business does not always boom and if you suffer losses, you may temporarily suspend mandatory contribution payments until your relevant income again exceeds the minimum level of relevant income. However, you will need to provide a statement showing the amount of loss calculated in accordance with Part IV of the Inland Revenue Ordinance.

Scheme financial period

HSBC MPF's scheme financial period runs from 1 July to 30 June each year.

Partial year

If you join HSBC MPF on a date other than 1 July, you will only need to pay contributions for the remainder of the scheme financial period. HSBC MPF can help you to prorate and calculate the contribution amounts required when partial year payments are involved.

Your responsibilities

You have some key responsibilities under the MPF legislation. Your responsibilities are to notify the trustee regarding:

- your relevant income
- your chosen payment frequency and make contribution payments
- any change to your circumstances or contact details

How we can help

By completing and submitting the 'Self-employed Application Form', you will have already advised the trustee of your relevant income.

Self-employed Application Form

	Form code
HSBC Mandatory Provident Fund – SuperTrust Plus	IN31
HSBC Mandatory Provident Fund – ValueChoice	INL1

Declare relevant income

You must notify the trustee before 1 June each year of your relevant income for the next scheme financial period of the scheme (ie 1 July to 30 June). A letter together with a 'Self-employed Person Relevant Income Declaration Form' (IN24) will be sent to you in April each year, requesting notification of your relevant income. If we do not hear from you, this will be regarded as acknowledgement that your relevant income has not changed from the last scheme financial period.

Contribution payments

In completing and submitting the application form, you will have already advised the trustee of your preferred payment frequency and method. If you want to modify the frequency or payment basis for the next scheme financial period, you must notify the trustee before 1 June each year.

Contribution payments by cheques and direct debit authorisation are accepted. However, for your convenience, it is recommended that payments are made through direct debit facility. This saves you from having to worry about making your payments on time. To set up your direct debit, simply complete the 'Direct debit authorisation' section of the 'Self-employed Application Form'. Direct debit from other banks is also accepted. If you need to arrange an alternative payment method, please contact us.

Change of circumstances

If you want to transfer your accrued benefits from one master trust scheme to another, or start to work for someone else, just complete the relevant forms to tell us about the changes.

If you become employed, you can make your life simple by keeping your accrued benefits with HSBC MPF. You can do this by setting up an HSBC MPF Personal Account. You can also transfer your accrued benefits to your new employer's MPF scheme or another MPF scheme of your choice.

An HSBC MPF Personal Account is an individual account held in your own name to preserve your accrued benefits. Keeping your MPF in one place makes it easy to manage and keep track of your funds.

Please call the HSBC MPF Member Hotline on 3128 0128 or refer to our publication 'HSBC MPF Personal Account Flexi-Contributions' for more details.

5 Notes

- It is important that you read this publication in conjunction with the relevant 'Principal Brochure' which contains more detailed information about HSBC Mandatory Provident Fund – SuperTrust Plus and ValueChoice including information on the fund structure, risk involved, fee table and of our ability to alter these fees and charges in the future.
- Investment involves risks. Past performance is not indicative of future performance. The value of financial instruments, in particular stocks and shares, and any income from such financial instruments, may go down as well as up. For further details including the product features and risks involved, please refer to the relevant 'Principal Brochure'.
- The information contained in this publication is for reference only and the provisions of the Mandatory Provident Fund Schemes Ordinance, other applicable legislation/regulations and guidelines or announcements published by the Mandatory Provident Fund Schemes Authority shall prevail.
- Additional voluntary contributions and Flexi-Contributions are accepted at the discretion of the Trustee. The Trustee reserves the absolute right not to accept any additional voluntary contributions and Flexi-Contributions at any time.
- If you are in doubt about the meaning or effect of the contents of this document, you should seek independent professional advice.
- HSBC Provident Fund Trustee (Hong Kong) Limited accepts responsibility for the accuracy of the information contained in this publication only at the date of publication.