

# HSBC Pooled Provident Plan - Frequently Asked Questions

## Employers

### Enrolling as an employer

#### 1. What documents do I need to include in my ORSO application as an employer?

If you're enrolling your company in an existing HSBC Pooled Provident Plan, please provide:

- a completed 'Employer Application' form
- a completed 'ORSO Change of Relevant Employer ORS-7' form
- an authenticated and/or certified copy of power of attorney, if applicable
- a copy of the updated Business Registration Certificate
- a copy of the Certificate of Incorporation / Certificate of Change of Name
- a copy of the Certificate of Registration of Change of Corporate Name, if it's not a Hong Kong Company
- a copy of the Education Certificate, if applicable
- a completed 'FATCA' form
- a completed 'Entity Tax Residency Self-certification' form
- a completed 'Controlling Person Tax Residency Self-certification' form, for individuals who exercise control of a passive national equity fund (NEF) such as certain trusts or investment vehicles

If you're enrolling your employees in your scheme, please submit a completed member application form signed by both the employee and the authorised signatory for your company.

#### 2. Will HSBC notify me about the enrolment application status?

If you're enrolling your company in an existing HSBC Pooled Provident Plan, we will send you a letter to let you know the Pay Centre ID once your information has been updated in our records. This will be done once we've received all the required documents and completed all the required processes.

If you're enrolling your employees in your scheme, we will send you confirmation of the enrolment along with an enrolment confirmation statement that you can pass to your employee. This will be done once we've received your completed member application form and your information has been updated in our records.

#### 3. What's the deadline for enrolling new employee in an ORSO scheme?

You must enrol new employees in your scheme according to the governing rules of the scheme.

## **Contributing as an employer**

### **1. How do I make contributions to my employees?**

You'll need to make contributions in accordance with the governing rules of your scheme.

### **2. What is the contribution due date for monthly payments?**

ORSO contributions are usually due on the last day of the next following month. For example, contributions for October are due on 30 November.

### **3. When do I need to report back payments made to my employees and make the corresponding contributions?**

You must report back payments (payments relating to an earlier period, such as arising from a salary adjustment) as soon as they're paid to your employee and included as salary under the scheme.

You'll need to complete a 'Change of Member Data Report' form, submit it to us and make the corresponding contributions as soon as possible.

### **4. An employee's salary was increased last month but I forgot to report the change. What should I do?**

If you forgot to report the change in salary by submitting a 'Change of Member Data Report' form, you must submit the completed form to us and make the corresponding contributions as soon as possible.

### **5. Should I make contributions into the ORSO accounts of employees who have reached retirement age?**

As the governing rules and arrangement of ORSO schemes may vary, please refer to the governing rules of your scheme for how a member's retirement age is defined and how to handle contributions accordingly.

### **6. How do I change the basic monthly salary for my employees?**

You don't need to update us about your employees' basic monthly salary. But if a member's account under the scheme is terminated, you'll need to provide us with the employee's final average monthly basic salary using a 'Membership Termination' form if the employee either:

- joined the scheme after 1 December 2000; or
- was terminated due to summary dismissal.

This information facilitates us to calculate the employee's minimum MPF benefits.

### **7. Will there be a penalty if the company does not make the contribution?**

The Mandatory Provident Fund Schemes Authority (MPFA) may impose upon the employer in an MPF-exempted ORSO-registered scheme, a surcharge on the contribution arrears amount. The surcharge is 15% and 20% p.a. upon the issuance of second and third notices respectively.

## Terminating an employee

### 1. When and how should I report an employee whose employment has been terminated?

You should report the details of the termination of an employee's employment to us as soon as possible. You'll need to submit a completed 'Member Termination' form signed by both the employee and the authorised signatory for your company.

## Making long service or severance payment

### 1. My employee has both an ORSO and MPF accounts. Which one should I use to offset long service / severance payment?

Generally, the long service / severance payment will first be offset from the member's vested benefits, derived from the employer contributions to the ORSO scheme. Any remaining amount will then be offset from the member's vested accrued benefits, derived from the employer contributions to the MPF Scheme.

### 2. How do I check an employee's vested benefits, as derived from the employer contributions, so I can offset the long service / severance payment?

Please send us a written request to obtain information on the vested balances of employer's portion as held in the employee's ORSO account.

### 3. What documents do I need to submit to offset long service / severance payment?

If you have paid the long service / severance payment to the employee whose employment has been terminated, you can ask for a reimbursement of the long service / severance payment paid to the employee from the employee's vested benefits derived from the employer's contributions. You can do so by indicating it in the relevant section of the employee's 'Member Termination' form. You should also complete and submit a 'Payment Proof for Long Service Payment / Severance Payment' form signed by both the employee and the authorized signatory for your company to us as soon as possible.

#### Long service/severance payment eligibility for termination reason:

Termination reason	Eligible to long service/severance payment
Resignation	Long service/severance payment
Retirement	Long service payment
Dismissal 1. Summarily dismissal 2. Due to redundancy 3. Not due to redundancy	1. N/A 2. Severance payment 3. Long service payment
Ill health	Long service payment
Death	Long service payment

## Minimum MPF benefits

### 1. What are minimum MPF benefits?

Under the Mandatory Provident Fund Schemes (Exemption) Regulation (the “MPF Exemption Regulation”), the accrued benefits of new employees who join an MPF-exempted ORSO-registered scheme after 1 December 2000 are subject to the preservation, portability and withdrawal requirements of the provisions up to an amount equivalent to the minimum MPF benefits. When a new member is entitled to receive benefits under the MPF Exemption Regulation, the minimum MPF benefits will be transferred, in accordance with the governing rules of the scheme, to an MPF scheme designated by the member. Any accrued benefits in excess of the minimum MPF benefits will be paid out as soon as possible.

Existing members who joined an MPF-exempted ORSO-registered scheme before or on 1 December 2000 are exempted from the preservation, portability and withdrawal requirements under the MPF Exemption Regulation.

The minimum MPF benefits mean the lesser of:

- the member’s benefits accrued and held under the scheme during the period when the exemption certificate applied to the scheme (which for this purpose means the years of post-MPF service); and
- 1.2 x final average monthly relevant income x years of post-MPF service

### 2. How do I determine the years of post-MPF service for an employment period which contains incomplete months?

The Mandatory Provident Fund Schemes (Exemption) Regulation defines ‘years of post-MPF service’ as the member’s continuous years of service - including part thereof. It’s counted from whichever of the following is the latest date:

- the date the member joined the scheme
- 1 December 2000
- the date on which the trustee of the scheme received the member’s claim for which benefits were last paid (if the member was previously paid on the grounds of terminal illness)

And counted to whichever of the following is the earliest date:

- the date of termination of the member’s employment
- the date of cessation of the member’s scheme membership (if the scheme was winding up)
- the effective date on which the MPF exemption certificate was withdrawn
- the date on which the trustee of the scheme receives the member’s latest terminal illness claim for which benefits have not been paid

### 3. Can I forfeit a member’s minimum MPF benefits if they were dismissed for causing any losses?

No, you cannot forfeit a member’s minimum MPF benefits upon the member’s dismissal from employment as the member’s minimum MPF benefits shall not be liable for and stand charged with the settlement of any losses to employer caused by the member. You cannot charge the member’s minimum MPF benefits with any debts owed to an employer or any other person either.

Note: this applies to existing members who joined an ORSO scheme on or before 1 December 2000. However, existing members may withdraw and be paid their minimum MPF benefits in accordance with the governing rules of the scheme.

## Annual audits and taxes

### 1. What is the process for the annual audits? When is the submission deadline?

An administrator will prepare the financial statements as soon as possible after each financial year for the scheme and provide these statements to an independent auditor to allow the auditor to prepare a report on the accounts. The trustee appoints the independent auditor and the employer will need to pay any fees to the auditor directly for the arrangement.

The administrator will also prepare Form A and Form B in the format specified by the Mandatory Provident Fund Schemes Authority (MPFA), and send them to the employer. The employer will need to sign the Form B and appoint an auditor to carry out an audit. Once the audit has been completed, the auditor should complete and sign Form A. The employer shall then send both completed forms to the administrator's auditor.

Annual returns (in the format specified by the MPFA), the auditor's reports and audited financial statements must be submitted to the MPFA within 6 months after the end of a scheme's financial year end.

**An employer who fails to comply with subsection (7) or (7B) of Cap. 426 Occupational Retirement Schemes Ordinance commits an offence and shall be liable on summary conviction to a fine at level 3 (currently HK\$10,000).**

### 2. When the Form A and B will be provided to employers?

Both Forms A and B for the preceding financial year-end (31 August) will normally be sent to the employers in September each year. Employers must send the completed forms to the administrator's auditor by 30 November each year.

### 3. Are an employer's contributions considered deductible expenses under profits tax?

Certain ORSO contributions are tax-deductible under the Inland Revenue Ordinance (Chapter 112, Laws of Hong Kong).

For relevant employers, up to 15% of an employee's total emolument as made to an ORSO scheme are tax-deductible for profits tax.

For the latest details, please visit the Inland Revenue Department website.

### 4. Are my employee's contributions to the ORSO scheme tax-deductible?

If your ORSO scheme is MPF-exempted, the contributions that your employee makes to that scheme are tax-deductible, subject to the following restrictions:

- the deductible amount is the lesser of two amounts—the amount your employee actually contributed to the ORSO scheme or the amount of mandatory contributions that your employee would have been required to pay if the employee had joined an MPF scheme
- the maximum deduction for each year of assessment, ie HKD18,000 from 2015/16 onwards (this amount is subject to change by the Inland Revenue Department)

For the latest details, please visit the Inland Revenue Department website.

## **Servicing for employers**

### **1. When and how should I notify HSBC about a change in business details?**

If there are any changes to your company details – such as company name, address, contact person, contact number or email address – please notify us as soon as possible. You can do so by completing an ‘Employer Change of Details’ form (INCDER01) and providing the required documents.

If there’s a change in the company name or address, please notify us within 30 days of the change. You’ll need to provide a certified copy of a valid Business Registration Certificate, Certificate of Incorporation / Certificate of Change of Name, and/or other relevant registration documents.

If the registration type and registration number has changed, you may need to set up a new employer scheme.

If there’s a change of legal entity, please contact your account servicing manager or call our ORSO services hotline for assistance.

### **2. Will employers be issued a year-end statement for their ORSO scheme? When?**

Yes, employers will normally be issued a year-end statement for their ORSO scheme by the end of September every year.

### **3. What should I do if there are no employees in my company’s ORSO scheme? How do I terminate the ORSO scheme?**

#### **For MPF-Exempted ORSO-Registered Scheme:**

1. Submit a written request that includes the termination effective date and authorized signature.
2. Go to the MPFA website and download the following forms. Complete them, then send the original form to MPFA directly and a copy to us:
  - Notice of termination / winding up of a registered scheme
  - ‘Application for withdrawal of exemption certificate of an ORSO-registered scheme (Form WD-ER)’ (not required if the scheme has not applied for MPF exemption)

#### **For schemes exempted from both MPF and ORSO:**

1. Submit a written request that includes the termination effective date and authorized signature.
2. Go to the MPFA website and download the following forms. Complete them, then send the original form to MPFA directly and a copy to us:
  - Notice of termination of an exempted scheme
  - ‘Application for withdrawal of exemption certificate of an ORSO-exempted scheme (Form WD-EE)’ (not required if the scheme has not applied for MPF exemption)

The scheme cannot be closed if there is any remaining scheme asset. This includes minimum MPF benefits, expired cheque and any balance being kept in our record pending for outstanding information or documents.

Where a registered scheme is terminated or otherwise wound up, the relevant employer and designated person of the scheme shall within 14 days of the commencement of the winding up or termination process give a notice in writing of that fact to the MPFA and each member of the scheme.

### **4. What should I do if the company decides to change their ORSO scheme rule, which may result in reduction in future or vested benefits to employees?**

If the employer decides to reduce their employees' future benefits or rights under an MPF-exempted ORSO-registered scheme, the employer must provide employees with a one-time option to remain in the ORSO scheme or become an MPF scheme member.

This one-time option must be offered to employees 50 days before the effective date of change. All employees must make a choice 30 days before the effective date of change.

If any change to the terms of the scheme will be detrimental to the members - either to their accrued rights or vested benefits under the scheme - no less than 90% of the scheme's members must consent to the change. Members concerned may elect to receive the vested benefits they're entitled to as at the date of the change.

If you need a template of the one-time option or consent to changes, please contact your account servicing manager directly or call our ORSO services hotline for assistance.

## **Employees**

### **Enrolling and ceasing employment as an employee**

#### **1. Can I nominate a beneficiary to receive my accrued benefits?**

You can nominate a beneficiary or beneficiaries to receive the benefits you're entitled to from the scheme in the event that you pass away during your employment by completing Section C for Beneficiary Information on the 'Member Application Form'. You may also complete a 'Change of Beneficiary Nomination Form' if you wish to change the nomination.

#### **2. Can I withdraw all my ORSO benefits under an MPF-exempted ORSO-registered scheme after ceasing my employment?**

It depends on the governing rules of the scheme.  
If you joined the scheme after 1 December 2000, a part or all of your benefits entitlement is subject to the preservation, portability and withdrawal requirements up to an amount equivalent to the minimum MPF benefits under the Mandatory Provident Fund Schemes (Exemption) Regulation.

#### **3. Can I retain the ORSO benefits in my ORSO member account after ceasing my employment? How?**

Once you cease your employment, you are not allowed to keep your existing benefits in your ORSO member account.

#### **4. How and when will I be paid the benefits after ceasing my employment?**

We'll generally issue a cheque in your name and send it to your employer so they can pass it to you. The cheque will normally be issued within 1 month after we've received all required documents from your employer.

#### **5. Can my employer use my vested benefits, as accrued from the employer contributions, to offset any long service / severance payment after I've ceased my employment?**

Yes, your employer has the statutory right to do so under section 70A of the Occupational Retirement Schemes Ordinance.

## Minimum MPF benefits

### 1. What are minimum MPF benefits?

Under the Mandatory Provident Fund Schemes (Exemption) Regulation (the “MPF Exemption Regulation”), the accrued benefits of new employees who join an MPF-exempted ORSO-registered scheme after 1 December 2000 are subject to the preservation, portability and withdrawal requirements of the provisions up to an amount equivalent to the minimum MPF benefits. When a new member is entitled to receive benefits under the MPF Exemption Regulation, the minimum MPF benefits will be transferred, in accordance with the governing rules of the scheme, to an MPF scheme designated by the member. Any accrued benefits in excess of the minimum MPF benefits will be paid out as soon as possible.

Existing members who joined an MPF-exempted ORSO-registered scheme before or on 1 December 2000 are exempted from the preservation, portability and withdrawal requirements under the MPF Exemption Regulation.

The minimum MPF benefits mean the lesser of:

- the member’s benefits accrued and held under the scheme during the period when the exemption certificate applied to the scheme (which for this purpose means the years of post-MPF service); and
- 1.2 x final average monthly relevant income x years of post-MPF service.

### 2. Will I be charged for making any minimum MPF benefits arrangement?

No, you won’t be charged any administration fees for arrangements in handling your minimum MPF benefits.

### 3. Can I withdraw my minimum MPF benefits balance at any time without any conditions? How?

You can apply to withdraw your minimum MPF benefits on the grounds of:

- retirement i.e. when you’ve reached the retirement age of 65
- early retirement i.e. when you’ve reached the age of 60 and you’ve permanently ceased all employment and self-employment with no intention of becoming employed or self-employed again
- total incapacity
- terminal illness
- death
- permanent departure from Hong Kong

Please visit the MPFA website to download the relevant forms for withdrawing your minimum MPF benefits from an MPF-exempted ORSO-registered scheme. All completed forms and required documents should be sent to the administrator so they can be processed.

Note: If you need to submit a statutory declaration form—such as for the grounds of early retirement or permanent departure from Hong Kong—the statutory declaration should be made before and signed by a Commissioner for Oaths (eg at a Public Enquiry Service Centre of the Home Affairs Department), a Notary Public or a Justice of the Peace.



## **Servicing for employees**

### **1. How often will I receive my ORSO scheme member benefit statement?**

You will receive your ORSO annual member benefit statement annually.

### **2. How can I change my personal details?**

You'll need to complete and submit a 'Personal Details Change' form to your employer. Your employer will then arrange for it to be signed by the authorised signatory for your company before submitting it to us for processing.

### **3. How do I access my ORSO portfolio online? How do I reset my password?**

If you're already an HSBC customer and have access to HSBC Personal Internet Banking, you can use the same log on credentials to view your ORSO portfolio.

You can still register for our online banking services.

Before you get started, you'll need to have your ORSO scheme membership number on hand, and updated us with your mobile number in our records. If you don't know your membership number, you can call our ORSO services hotline to check. If you need to update your mobile number, please complete a 'Personal Details Change' form and return it to your employer for further action.

Once you're ready, simply follow these steps:

1. Go to the HSBC Personal Internet Banking registration page.
2. Choose 'MPF / ORSO Defined Contribution Scheme' as your account type.
3. Read the terms and conditions. If you accept them, select the 'I have read and accepted the terms & conditions', then 'Continue'.
4. Enter the information required, including your membership number, then select 'Continue'.
5. Enter a username, create a memorable question and answer, and password to create your Personal Internet Banking profile.
6. Choose your security questions and set answers for them so you can reset your password if you forget it.
7. Once your registration is confirmed, you can log on HSBC Online Banking right away.

If you forget a password, please select 'Forgot your password?', then follow the instructions to reset it.

### **4. Where can I find ORSO forms?**

You can find the ORSO forms in this HSBC Pooled Provident Plan website. If you can't find the forms you need on the page, please check with your employer.

### **5. Where can I get investment performance reports?**

Investment performance reports will be issued to your employer periodically. You can also view and download investment performance reports from this HSBC Pooled Provident Plan website.

### **6. Besides my ORSO member benefits statement, where else can I check my ORSO account balances?**

You can check your ORSO account balances in HSBC Personal Internet Banking or submit a written request to us through your employer to obtain the information.

## **Switching funds and changing instructions**

### **1. How do I change the investment allocation for my ORSO account?**

You should first check with your employer whether investment options are offered to you. If you're allowed to make your own investment portfolio, you can submit your instructions by completing a 'Change of Investment Instruction by Member' form. Please note that there are pre-determined cut-off times and dates, and switching dates for changing your investment instructions. Your employer will be able to provide you the exact details for your scheme.

### **2. What's the difference between 'portfolio rebalancing' and 'contribution redirection'?**

#### **Portfolio rebalancing**

Portfolio rebalancing refers to the change in investment allocation of your existing account balance. The investment allocation of future contributions or amounts to be transferred into your account will remain unchanged.

The distribution will be compared to the new allocation percentage you've requested for your existing balance every time you make a portfolio rebalancing request. If the new allocation percentage is smaller than the distribution of the existing balance, it will be deemed to be a switch-out from the portfolio. The appropriate units in your account will be redeemed in order to purchase other funds to fulfil your request.

#### **Contribution redirection**

Contribution redirection refers to the change in investment allocation of any future contributions or amounts to be transferred into your account. The investment allocation of your existing account balance will remain unchanged.

You should check with your employer to find out whether investment options are offered to you. If you're allowed to create your own investment portfolio, you can submit your instructions by completing a 'Change of Investment Instruction by Member' form.

Please note that there are pre-determined cut-off times and dates, and switching dates for changing your investment instructions. Your employer will be able to provide you the exact details for your scheme.

### **3. How do I cancel my fund switching request?**

If you submitted your instructions by paper form, you can cancel the request by contacting your employer or calling our ORSO services hotline. Please note that instructions cannot be cancelled if we have already been processed them.

### **4. How do I check the investment allocation of my account balance?**

You can log on to HSBC Personal Internet Banking and go to 'MPF/ORSO' to check it. Alternatively, you can send us a written request through your employer to obtain the information.

## **Common Reporting Standard (CRS)**

### **1. What is the Common Reporting Standard?**

The Common Reporting Standard (CRS) is a new information-gathering and reporting requirement for financial institutions in participating countries/regions/jurisdictions. It helps us fight against tax evasion, and protect the integrity of tax systems. The CRS framework was developed by the Organisation for Economic Cooperation and Development (OECD).

### **2. Who is reportable?**

The CRS aims to establish the tax residency of customers. Under the CRS, financial institutions are required to identify customers who appear to be a tax resident outside of the country, region or jurisdiction where they hold accounts and products, and report certain information to the local tax authority. The local tax authority may then share that information with the tax authorities where the customers is a tax resident.

### **3. Why is HSBC asking me which jurisdiction(s) I'm a tax resident in?**

Under the CRS, we're liable to report on MPF/ORSO account holders and controlling persons who are tax residents of any reportable country, region or jurisdiction outside of Hong Kong.

For example, if you open a new MPF/ORSO account or change your circumstances in some way, we'll ask you to certify some details about yourself. This process is called 'self-certification' and we're required to collect this information under the CRS.

### **4. Do all financial institutions do this?**

All financial institutions in Hong Kong, except those that are exempted, are legally required to comply with the CRS.

### **5. What information will HSBC ask customers to provide and verify?**

Under the CRS, we may ask you for information including but not limited to:

- your name
- your address
- your date of birth (for individual and controlling persons)
- your countries, regions and jurisdictions of tax residency
- your taxpayer identification numbers or their functional equivalent
- place of registration or incorporation (for entities)
- entity type (for entities)
- controlling person type for certain entity types (for controlling persons)

### **6. How is my tax residency defined?**

It depends on where you live and your personal circumstances. Please contact a professional tax adviser or check the OECD CRS portal for more information on how to determine your tax residency, as HSBC cannot give you tax advice.

### **7. The information I've been asked under the CRS is similar to the information I've been asked for under FATCA. What's the difference between FATCA and CRS?**

You may still need to provide additional information under the CRS, even if you've already provided the information under the United States Government's Foreign Account Tax Compliance Act (FATCA), as these are different regulations with different requirements.

FATCA is a US law that requires financial institutions to identify US persons and report on them in line with FATCA Intergovernmental Agreement.

On the other hand, CRS was developed by the Organisation for Economic Cooperation and Development (OECD). It requires financial institutions to identify the tax residency of all our customers and in most cases, report information on customers who appear to be a tax resident outside of the country, region or jurisdiction where they hold accounts and products.

**8. I live in the same country, region or jurisdiction as I pay tax. Why do I need to give HSBC my details under the CRS?**

Under the CRS, we are required to establish the tax residency status of all our customers, even if you are tax resident in Hong Kong where you hold your account.

**9. How often will I need to provide this information under the CRS?**

Once we've received a completed and valid self-certification, we'll only ask you to complete another self-certification when you update certain information about your account or when we believe your reportable status may have changed.

**10. Why is HSBC providing tax authorities with my tax details?**

We're required to report your tax details under the local CRS legislation.

**11. Does HSBC respect my data privacy? Is my information safe?**

Yes, we respect your data privacy. We'll only disclose your information to the relevant tax authorities if we're legally obliged to do so.

Your information is protected by a strict code of secrecy and security which all members of HSBC Group, their staff and third parties are subject to.

**12. I've already provided HSBC with my details. Why is HSBC asking me for supporting documents?**

We're required by law to verify the details you've provided as part of your self-certification. We may ask you for a copy of your identification document, such as HKID Card and/or passport, to verify your identity, or for some other evidence of the tax residency you declared in your self-certification.

**13. What information will HSBC reported to tax authorities?**

We'll report the information you provided in your self-certification form, along with details about the accounts and products you hold with us. This includes their balances or values, and the total amounts of investment returns or payments credited.

**14. Which countries, regions and jurisdictions are participating in the CRS?**

For a full list of participating countries, regions and jurisdictions, and the dates on which they start exchanging information, please visit the OECD CRS portal.

**15. Must I provide my tax residency details?**

Under local legislation, if you hold any MPF/ORSO accounts with us, you may receive request(s) for your tax residency details from us by post.

For more information about CRS, please refer to our CRS website.

**16. Where can I find further information and advice?**

For more information on tax residency, please refer to the rules governing tax residence as published by the tax authority of the relevant country or region.

You can also visit these resources to learn more:

- OECD CRS portal
- Automatic Exchange of Financial Account Information (AEOI) on the Inland Revenue Department website
- Hong Kong Trustees' Association

Issued by The Hongkong and Shanghai Banking Corporation Limited as the Product Provider and Administrator of the HSBC Pooled Provident Plan