

Review and Reforms



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Throughout the years, we have conducted researches and implemented initiatives aiming to deliver better retirement protection for scheme members. We're confident that the launch of the eMPF Platform, a result of our comprehensive and in-depth study, will bring a groundbreaking transformation to the MPF System.

Objective

MPFA is committed to pursuing continual reforms so that the MPF System can better meet the expectations of scheme members and deliver better retirement outcomes for them.

Apart from proactively anticipating needs for reviews, MPFA closely monitors views on reform issues collected from a wide range of stakeholder engagement activities and expressed in public. Key issues are continually identified for further study by MPFA and deliberation by its Working Group on MPF Reform Issues (details of the Working Group are set out on pages 103 and 104).

Continual Review and Reforms

Regulatory Framework for MPF Permissible Asset Classes

Over the years, MPFA has continued to refine the regulatory framework for MPF permissible asset classes to optimize the MPF investment universe and enhance diversification, in order to increase the risk-adjusted return potentials for MPF funds.

During the year, MPFA has reviewed the policy on permissible asset classes for MPF investment purposes, and commenced a review on the current regulatory framework to consider the possibility of broadening the scope of permissible asset classes for MPF investment purposes, with a view to better supporting the development of retirement solutions to meet scheme members' needs and expectations. Following the review, proposals on refining the MPF

investment regulations to further protect scheme members' interests are being developed.

Minimum and Maximum Relevant Income Levels for MPF Contributions

MPFA completed a review of the minimum and maximum relevant income levels for the four-year cycle of 2018–2022 in accordance with the MPF legislation. Taking into account the special circumstances arising from the COVID-19 pandemic, MPFA recommended no adjustment be made to the two levels for that review. In April 2022, MPFA submitted a final review report containing the recommendation to the Government for consideration. The Government concurred with MPFA's recommendation and reported the result of the review to the Legislative Council in June 2023.

Separately, MPFA has started the review for the cycle of 2022–2026 and will put forth recommendation to the Government in due course.

Government Paying MPF Contributions for Low-Income Persons

Further to the Government's announcement of the initiative of paying 5% MPF contributions for persons who are exempt from making mandatory contributions due to low income, MPFA has been working closely with the Government to provide support for formulating details of the proposal and associated matters.

Portability of MPF Benefits

Currently, due to the severance payment (SP)/long service payment (LSP) offsetting arrangement, an employer needs to know the whereabouts of the benefits derived from employer mandatory contributions and be able to ascertain from the MPF trustee concerned the amount that can be used to offset SP/LSP. As a result, the existing Employee Choice Arrangement (ECA) can only permit an employee to transfer MPF benefits derived from employer mandatory contributions from the employer-chosen scheme to an MPF scheme of the employee's own choice.

The abolition of "offsetting arrangement" on 1 May 2025 will open up an opportunity to expand portability of MPF benefits. In this regard, MPFA has started a study to enhance employees' control over management of MPF benefits derived from employer mandatory contributions.

Enhancing Member Protection on Default Contributions

MPFA has examined various improvement initiatives pertaining to the default contribution recovery process and formulated proposals to enhance the effectiveness of our member protection work, including a proposed tiered surcharge mechanism for default contributions, for the Government's further consideration.

Enhancing Transparency of Regulatory/Enforcement Actions against MPF Trustees

MPFA is mindful of rising public expectations on transparency and accountability and has considered appropriate enhancement of disclosure of relevant regulatory/enforcement actions against MPF trustees as the MPF System continues to develop. The proposal will strengthen member protection by enhancing the industry's awareness in complying with all applicable statutory requirements and providing greater deterrent effect from non-compliance. It is part of our broader programme for holistically reviewing regulatory/enforcement tools and powers of MPFA for enhancing protection of scheme members' interests, which will lead to a comprehensive package of legislative proposals.

Cooperation with Pension Authorities in the Mainland

In an effort to actively dovetail with the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the Government's relevant initiatives, continual enhancement on flow of factors of production including labour is expected. With a view to facilitating talent flow, MPFA had a meeting in April 2023 with a delegation from the Human Resources and Social Security Department (HRSSD) of Guangdong Province and Administration of Social Insurance Fund of Guangdong (ASIFGD) to explore further collaboration. A conference was further held in November 2023 with HRSSD of Guangdong Province, ASIFGD and Social Security Fund of Macao SAR in Guangzhou. At the conference, MPFA and ASIFGD agreed to pursue collaboration on providing facilitation to MPF scheme members working in the Guangdong Province.