

MPF SYSTEM

MPF is an employment-based retirement protection system. Except for exempt persons, employees (regular or casual) and self-employed persons who are at least 18 but under 65 years of age are required to join an MPF scheme.

The following are exempt persons who are not required to join an MPF scheme:

- domestic employees;
- self-employed hawkers;
- people covered by statutory pension or provident fund schemes, such as civil servants and subsidized or grant school teachers;
- members of occupational retirement schemes which are granted MPF exemption certificates;
- people from overseas who enter Hong Kong for employment for not more 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.

MPF Arrangements for Employees Working Outside Hong Kong

The guiding principle for MPF coverage is that the Mandatory Provident Fund Schemes Ordinance (Chapter 485, Laws of Hong Kong) is intended to cover only those employees who are employed in or from Hong Kong. An employee working outside Hong Kong may be covered by the MPF System if there is sufficient connection between the employee and Hong Kong.

Broadly speaking, a Hong Kong resident employed from Hong Kong by a company engaging in business in Hong Kong to work outside Hong Kong for a limited period should generally be considered as sufficiently connected to Hong Kong, and therefore the employer has to enrol the employee in an MPF scheme and make MPF contributions for him/her.

Contributions

Self-employed Person:

Self-employed persons who are covered by the MPF System must make regular mandatory contributions calculated at 5% of their relevant income to an MPF scheme, subject to the minimum and maximum relevant income levels. They can opt to make mandatory contributions on a monthly or yearly basis. The minimum and maximum relevant income levels are \$6,500 per month (or \$78,000 per year) and \$25,000 per month (or \$300,000 per year) respectively.

Relevant Income	Mandatory Contributions
Less than \$6,500 per month (or \$78,000 per year)	No contributions required
\$6,500 to \$25,000 per month (or \$78,000 to \$300,000 per year)	Relevant income x 5%
More than \$25,000 per month (or \$300,000 per year)	\$1,250 per month (or \$15,000 per year)

The current minimum relevant income level of \$6,500 per month (or \$78,000 per year) applies to contribution periods commencing on or after 1 November 2011 while the current maximum relevant income level of \$25,000 per month (or \$300,000 per year) applies to contribution periods commencing on or after 1 June 2012. For the previous minimum and maximum relevant income levels and the amount of mandatory contributions payable, self-employed persons can contact their trustee or MPFA for details.

Employee and Employer:

Employees and employers who are covered by the MPF System are each required to make regular mandatory contributions calculated at 5% of the employee's relevant income to an MPF scheme, subject to the minimum and maximum relevant income levels. For a monthly-paid employee, the minimum and maximum relevant income levels are \$6,500 and \$25,000 respectively.

Monthly Relevant Income	Mandatory Contributions	
	Employer Portion	Employee Portion
Less than \$6,500	Relevant income x 5%	No contributions required
\$6,500 to \$25,000	Relevant income x 5%	Relevant income x 5%
More than \$25,000	\$1,250	\$1,250

The current minimum relevant income level of \$6,500 per month applies to contribution periods commencing on or after 1 November 2011 while the current maximum relevant income level of \$25,000 per month applies to contribution periods commencing on or after 1 June 2012. For the previous minimum and maximum relevant income levels and the amount of mandatory contributions payable, employees and employers can contact their trustee or MPFA for details.

"Relevant income" refers to all monetary payments paid or payable by an employer to an employee, including wages, salary, leave pay, fees, commissions, bonuses, gratuities, perquisites or allowances (including housing allowance or other housing benefit), but excluding severance payments or long service payments under the Employment Ordinance (Chapter 57, Laws of Hong Kong).

Both employees and employers are free to make voluntary contributions in addition to mandatory contributions.