

LCQ20: Retirement protection for employees

Following is a question by the Hon Wong Kwok-kin and a written reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (October 31):

Question:

According to the Mandatory Provident Fund Schemes Ordinance (Cap 485), employees/self-employed persons whose monthly relevant income is less than \$7,100 are not required to make contributions to their accounts under mandatory provident fund (MPF) schemes. In this connection, will the Government inform this Council:

(1) of (i) the number of employees who had joined MPF schemes and (ii) the total amount of contributions made to the relevant MPF accounts, in each year from 2015 to 2017 (set out in Table 1 of the Annex 1);

(2) of (i) the number of employees who had joined other recognised retirement schemes and (ii) the total amount of contributions made to the relevant accounts under such retirement schemes, in each year from 2015 to 2017 (set out in Table 2 of the Annex 1);

(3) of the number of employees who were exempted from joining any local retirement scheme, in each year from 2015 to 2017 (set out in Table 3 of the Annex 1);

(4) of the number of employees who were required to join but had not yet joined any MPF scheme, in each year from 2015 to 2017 (set out in Table 4 of the Annex 1); and

(5) whether it will consider making contributions to the employees' MPF accounts for those months in which the relevant income of such employees is less than \$7,100, so as to enhance the retirement protection for such employees; if so, of the details and timetable; if not, the reasons for that?

Reply:

President,

According to the information provided by the Mandatory Provident Fund Schemes Authority (MPFA), the replies to parts (1) to (4) of the question are as follows:

(1) The estimated numbers (Note 1) of participating relevant employees and participating self-employed persons (SEPs) who have joined Mandatory Provident Fund (MPF) schemes and the total contribution amounts (Note 2) of

their MPF accounts as at December 31 for the years from 2015 to 2017 are set out in Table 1 of the Annex 2.

The Government and MPFA do not have further breakdown of the information by mode of employment or period for which such persons were not required to make MPF contributions.

(2) The estimated numbers of employed population who have joined other retirement schemes as at December 31 for the years from 2015 to 2017 are set out in Table 2 of the Annex 2.

(3) The estimated numbers of employed population who are not required to join/exempted from joining any local retirement schemes as at December 31 for the years from 2015 to 2017 are set out in Table 3 of the Annex 2.

The Government and MPFA do not have the information of employees of the European Union Office of the European Commission in Hong Kong.

(4) The estimated numbers of employed persons who should join but have not yet joined any MPF schemes as at December 31 for the years from 2015 to 2017 are set out in Table 4 of the Annex 2.

The Government and MPFA do not have further breakdown of the information by mode of employment.

As for part (5) of the question, according to section 7A of the Mandatory Provident Fund Schemes Ordinance (Cap 485), under the MPF System, unless exempted, an employer and employee must each contribute 5 per cent of the employee's relevant income to an MPF scheme as mandatory contributions. The mandatory contributions are subject to the minimum and maximum levels of relevant income. The minimum and maximum levels of relevant income as currently prescribed in Schedules 2 and 3 to Cap 485 are HK\$7,100 per month (or HK\$85,200 per annum) and HK\$30,000 per month (or HK\$360,000 per annum) respectively. The policy intent of setting a minimum level of relevant income is to balance the need for retirement protection and imminent daily-life financial burden of certain employees or SEPs with lower income by exempting them from making monthly MPF contributions.

The Government has no plan at present to make contributions to the employees' MPF accounts in the months that their relevant income is lower than the minimum level of relevant income. According to the Labour and Welfare Bureau, the Government will continue to provide appropriate assistance to elderly persons in need through the existing retirement protection system (including social security and public services).

Notes:

1. As the MPF System is employment-based, some members may be participating in more than one scheme in more than one capacity. Hence, the numbers are estimated figures.

2. The figures include mandatory contributions and voluntary contributions but exclude special voluntary contributions.