



Foreword

China Life Trustees Limited ("China Life Trustees") cares what employers need. To let you know the latest information about China Life MPF, we will issue "Employer Newsletter" periodically. We wish to build a closer relationship with you, and assist you to handle MPF with ease and efficiency through this newsletter.



Awards

China Life Trustees Won Two Offshore China Fund Awards

With outstanding MPF performance, China Life Trustees won first runner-up in the 2 categories "Best Total Return – Multi-asset allocation (3-Year and 5-Year)" of "Offshore China Fund Awards 2019", jointly organized by China Asset Management Association of Hong Kong (CAMAHK) and Bloomberg. It is also the only MPF product which attained award in this year's ceremony. The awards prove the outstanding performance of China Life MPF in different periods and were well recognized by the industry.

"Offshore China Fund Awards" is an authoritative recognition. The award rankings were calculated using proprietary methodologies from data provided and compiled by Bloomberg, with the aims to recognize the asset managers' performance and contributions to China's offshore fund industry.

Source: CAMAHK's press release and Bloomberg's website



▲ Mr. Yu Deben (middle), Principal-in-Charge of China Life Insurance (Overseas) Company Limited, mother company of China Life Trustees Limited, together with Mr. Thomas Tam (second right), General Manager of China Life Trustees Limited and Mr. Aaron Wu (second left), Deputy General Manager of China Life Trustees Limited received the awards.

China Life Trustees Attained Quamnet Outstanding Enterprise Award for The Sixth Time



▲ Mr. Aaron Wu (right), Deputy General Manager of China Life Trustees Limited, received the trophy from Prof. Terence Chong of The Chinese University of Hong Kong (left).

China Life Trustees received "Outstanding MPF Scheme" award for the sixth time in "Quamnet Outstanding Enterprise Awards 2019" (QOEA) organized by Quamnet, a professional financial website. The award is a recognition to China Life Trustees for our excellent MPF products and extended services on e-platform with continuous digital transformation.

The judging panel of QOEA is formed by the Quamnet editorial team, research team, and independent financial analysts. They have selected the most representative enterprises by eight categories, including excellent products and services, brand reputation, philosophy of operation, marketing strategies, sustainable development strategies, accomplishments, corporate social responsibility and unique business philosophy or development.

Source: website of QOEA 2019

Important Note: You should consider your own risk tolerance level and financial circumstances before making any investment choices. Investment involves risks. The value of constituent funds may go down as well as up. You should not invest based on this document alone. Before making any investment choices, please read the relevant principal brochure for details.



Making contributions via mailing cheques or over-the-counter of banks are easily affected by unexpected situation and may cause default contribution. China Life MPF offers various e-channels to let employers handle contributions with ease.

e-Payment Channels

Cheque Deposit
Machine of Bank of
China (Hong Kong)



Online Banking
of Bank of China
(Hong Kong)



e-Cheque



Direct Debit



Please visit China Life MPF / ORSO Payment Methods webpage for details:
<http://www.chinalife.com.hk/customer-service/payment-and-collection/payment-mpf>

e-Channels to Submit Remittance Statement



**Employer Online
Service Account**
(you may choose to upload files or
input data directly after login)



Email
mpf@chinalife.com.hk



Fax
2893 2103

We have prepared series of demonstration video for online services, showing the steps of submitting remittance statements and other functions in detail. Employers are most welcomed to download the videos by visiting Online Service - Download Centre - Online Service Demonstration Video - Employer on China Life MPF website:
https://www.chinalifetrustees.com.hk/trustee/downloadCentre.action?request_locale=en#E_SEV_GUI_ER

Advantages that Employers Can Enjoy



24-hour operation - more flexible in time



Manage with ease - avoid postal delay



Convenient for record keeping -
easy for filing management

The MPFA has rolled out a short video introducing e-tools that employers can make use of to make timely contributions. Please visit MPFA Facebook Fanpage and Youtube.



Know More
About MPF

Employer's Voluntary Contributions Helps to Attract and Retain Talents

Talents are important assets of corporations. To attract talents, motivate employees and promote their sense of belonging so as to lower the cost incurred by staff turnover, many employers have added various benefits on top of basic salary. Other than traditional benefits e.g. double pay, bonus or paid annual leaves, MPF is also a good choice.

MPF is just all about the statutory "mandatory contributions" which is 5% of wages? Far more than that! Employers can make "voluntary contributions" (VCs) for their staff. In short, VC means making extra contributions to employees on top of mandatory contributions.

According to the MPFA's statistics, the total amount of VCs (including Employer and Employee VCs, but excluding special voluntary contributions) grew by 167% from \$4,346 million to \$11,595 million from 2009 to 2018. In 2018, a total of 16,100 employers (or 5.5% of all participating employers) made Employer VCs to MPF schemes of 350,200 employees (or 13.2% of all participating employees) with an aggregate amount of \$10,067 million. The average amount of Employer-VCs per employee also rose from \$27,100 to \$28,700 from 2017 to 2018. These statistics reveal that Employer-VCs is becoming more and more popular.

Employers can enjoy the following advantages by using VCs as a way to attract and retain good employees:

1. Enjoy tax deductions

Employers can claim tax deductions for the mandatory and voluntary contributions made for their employees, to the extent that they do not exceed 15% of the employee's total emoluments.

2. Customize contribution amount and mode

Employers can set the contribution amount flexibly, e.g. a higher contribution rate for staff having longer year of services or at a higher position. Other than making contributions on monthly basis, there are some employers choose to make lump sum contributions as special incentive to outstanding employees.

3. Set your own vesting scale

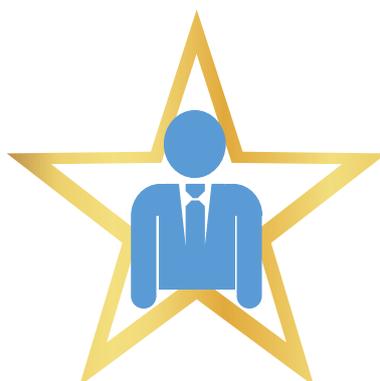
Unlike mandatory contributions, the percentage of the benefits derived from Employer VCs that the member to be entitled upon termination (i.e. vesting scale) can be set by employers (subject to governing rule of each scheme). Generally, the longer the year of services, the higher the percentage. For example, an employee will be entitled to 30% of the relevant balance after completing 3 years of services, 50% after 5 years and fully vested after 10 years.

4. Make use of existing facilities

Employers can use the same MPF or human resources system of mandatory contributions, to make VCs together with salary payment and mandatory contributions. Fewer administrative work and lower cost are needed.

Starting from 1 April 2019, employees can also make contributions in "Tax Deductible Voluntary Contribution" (TVC) Account to enjoy tax deduction, with maximum tax savings of HK\$10,200*. Please encourage your staff to make TVC by themselves, and build up more protection for retirement together!

* The actual tax saving depends on personal income, entitled tax allowances and deductions, as well as the amounts of qualifying deferred annuity premiums paid or the amount of TVC made. Based on the prevailing highest tax rate (i.e. 17%) and maximum tax deduction amount of \$60,000, the maximum tax saving can be \$10,200. The maximum tax deduction amount is \$60,000 for the year of assessment 2019/2020 (it is an aggregate limit for both TVC and other qualifying annuity premiums).





For employers, opening MPF accounts for new employees and making contributions for them are the most frequently asked questions. Here are some tips:

Opening MPF Accounts for New Employees

Employee Enrolment Form should be completed:

1. Employees' personal particulars;
2. Date of employment;
3. Investment choices;
4. Tax residency self-certification and
5. Authorized signature of employers (with company chop) and signature of employee.

Employers have to enroll their employees in an MPF scheme within the first 60 days of employment, please return the completed form to China Life Trustees as early as possible, so that sufficient time is allowed for account opening and avoid contribution delay.

Making Contribution and Completing Remittance Statements Timely and Accurately

By regulation, employers are required to make contributions for your employees. Generally, for monthly-paid employees, the contribution day is the 10th day of each month.

Whenever you make contributions for your employees, a remittance statement is required showing the amount of each employee's relevant income, and the amounts of employer's and employee's contributions etc. To avoid mailing delay, we provide a HR management system free of charge. It enables you to prepare and submit the remittance statement online and prepare electronic remittance statement to save your time in filling out the document and mailing every month. Please contact us for details.



Going Digital: Gearing up for the eMPF Platform

Under the booming trend of digital transformation, the pension industry has to catch up with the fast-evolving world by providing advanced, convenient digital services to the public. The MPFA was entrusted by the Government at the end of 2018 to design, build and operate an eMPF Platform to standardize, streamline and automate the MPF scheme administration process, to help reduce paper consumption and improve efficiency.

Developed in 2000, the MPF System has always relied mainly on paper cheques and reports as the backbone of the System. Even now, most MPF transactions are paper-based and administered through various scheme administration platforms operated by individual trustees. Over the years, these decentralized operations, together with a number of cumbersome administration processes and a high volume of paper-based transactions, have resulted in high administration costs for the MPF System.

For employers, the complicated administration processes also incurred a large amount of paper work, resulting in high operating costs. In 2018, the MPFA issued payment notices to over 200,000 employers who had delayed or defaulted on contributions, resulting in \$60 million in surcharges. Eighty per cent of them were micro-enterprises with less than 10 staff. Manpower in SMEs is already very tight, and it is not uncommon for their employees to assume multiple roles. The extra duty of handling the relevant MPF contribution procedures adds to their workload and increases the risk of human error.

The implementation of the eMPF Platform will replace the existing cumbersome enrolment procedure, like filling and signing paper forms and manual submission of documents. With the eMPF Platform, employers will only need to input the basic employee information and set up new accounts for them. Enrollment in MPF scheme and make contributions will then be made electronically. The eMPF Platform will also make it easier for employers to offer multiple scheme choices to employees and provide them with better retirement protection.

The MPFA is working at full steam to develop the eMPF Platform with the target of launching it in phases starting in 2022 making the MPF System faster, simpler, better and cheaper benefitting all stakeholders. Before the platform is in place, employers should make good use of the electronic services and tools provided by the trustees, so that they can be better prepared for digital transformation. This will also help them enhance the accuracy and efficiency of overall MPF administration while helping the environment by using less paper.

4 Major Benefits

Faster	Save time enrolling new employees in MPF schemes	Save time by making contributions electronically
Simpler	Offer more scheme choices to employees	More payment methods to make contributions on a 24/7 basis
Better	Avoid penalties due to non-compliance	
Cheaper	Create a level playing field for the industry	Move towards a paperless operating environment for the MPF