

**For information**

**Legislative Council Panel on Financial Affairs**

**Government Injection**

**into Mandatory Provident Fund Accounts of Eligible Persons**

**Arrangements for handling requests for review of eligibility**

**Purpose**

This paper informs Members of the arrangements to be made by the Mandatory Provident Fund Schemes Authority (“MPFA”) for handling requests for review of eligibility arising from the injection exercise.

**Background**

2. To demonstrate the Government’s commitment to enhancing retirement protection for the lower-income workers, the Financial Secretary announced in the 2008-09 Budget and subsequently during the Budget Concluding Speech in April 2008 that a one-off injection of \$6,000 (“the special contribution”) would be made to the Mandatory Provident Fund (“MPF”) accounts of eligible members of the MPF Schemes and the MPF-exempted Occupational Retirement Schemes (“ORSO Schemes”) whose aggregated monthly income does not exceed \$10,000.

3. The Mandatory Provident Fund Schemes (Amendment) Bill 2008 (“the Bill”) which provides the legal framework for the MPFA to implement the proposal was enacted in July 2008. The eligibility criteria as well as the methodology to be adopted by the MPFA in assessing individual cases are set out in Appendix III to the Report of the Bills Committee dated 3 July 2008 (LC Paper No. CB(1)2091/07-08). The appendix is reproduced at **Enclosure** for Members’ easy reference.

4. During the Bills Committee discussions, we advised that the MPFA would provide further information on the arrangements to handle requests for review to this Panel before the Administration submits the relevant funding proposal to the Legislative Council Finance Committee. Paragraphs 5 - 12 below explain such arrangements.

### **Latest progress**

5. The MPFA has collected the required data of more than 7 million MPF/ORSO accounts from the trustees and employers concerned. The data consolidation and matching work required to identify those scheme members who are eligible to receive the special contribution are near completion. According to MPFA's latest estimate, about 1.4 million scheme members would be eligible to receive the special contribution. Subject to final confirmation by the MPFA of the number of eligible persons, the total funding requirement for implementing the injection exercise would be around \$9 billion. We will seek funding approval from the Finance Committee in mid February 2009, with a view to commencing the injection of funds within the current financial year.

6. Once the funding approval is obtained, the MPFA would instruct the trustees to commence immediately the procedures for injecting the special contribution into the relevant MPF accounts and for setting up new MPF preserved accounts for eligible ORSO members who do not have MPF accounts in order for them to receive the special contribution. The MPFA expects that all the injection would be completed by batches between March and end April 2009. The trustee concerned would send a written notification to each eligible person within 10 working days after the injection has been made to the relevant MPF account.

### **Arrangements to handle requests for review**

7. Starting from April 2009, persons who have not received the special contributions and the above-mentioned written notification but consider themselves eligible for the injection may check their eligibility

status with the MPFA in person or by phone<sup>1</sup>. The MPFA would allow for a reasonable lead time of about three months for requests to be made to the MPFA for a review of one's eligibility. Any such request may be made in person, in writing or by phone by the person concerned to the MPFA before end July 2009<sup>2</sup>.

8. The MPFA would verify one's eligibility status strictly in accordance with the pre-set eligibility criteria on the basis of all available facts and evidence. It would designate a team of officers to consider requests for review. The MPFA officers would check the accuracy of available information, examine additional information (if any) provided by the persons concerned such as their employment records and income proof, and where necessary, seek further information from the trustees and employers concerned. Depending on the number of requests, the complexities of individual cases and the time taken to collect evidence, the MPFA expects that the individuals would receive written notification setting out the decision on their requests for review within three months.

9. Any appeal against a decision made by the MPFA officers on a request for review would be handled by an independent panel ("the Appeal Panel"). The Appeal Panel comprise non-executive directors of the MPFA as members, and will be chaired by the Chairman of the MPF Schemes Advisory Committee<sup>3</sup>. If an individual is not satisfied with the decision on his request for review, he may, within three weeks after written notification of MPFA's decision, lodge an appeal with the Appeal Panel. The Appeal Panel would review the decision having regard to all of the information provided by the appellant and the findings of the MPFA officers' investigation. The individual would be notified of the outcome of the appeal in writing. The decision of the Appeal Panel shall be final.

10. As for cases where, after an injection has been made, the MPFA finds that a recipient is not eligible and should not have received the special

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<sup>1</sup> The MPFA will verify the identity of the person first by requiring provision of personal identification information before advising on his eligibility.

<sup>2</sup> The MPFA will announce and widely promulgate the deadline for submitting requests for review of eligibility in its publicity campaign to be launched after funding approval is obtained.

<sup>3</sup> The incumbent Chairman is Mr Lee Kai-ming. The MPF Schemes Advisory Committee is established under the MPF Schemes Ordinance to make recommendations to the MPFA as to the operation of the MPF Schemes Ordinance and to advise the MPFA with respect to any matter referred to the Committee by the MPFA.

contribution, the MPFA would notify the person concerned in writing. The arrangements mentioned in paragraphs 8 – 9 above would apply in the handling of requests for review and appeals in such cases. The persons concerned would be given an opportunity to make a request for review of the decision to withdraw the special contribution within three weeks after written notification of that decision. And if after the due process of review, an individual is still dissatisfied with the review result, he may lodge an appeal with the Appeal Panel. In the latter cases, the MPFA would direct the trustee to withdraw the special contributions only after the Appeal Panel has made a final decision and confirmed the decision to make the withdrawal.

11. Under the above two-stage process for handling requests for review and subsequent appeals, the MPFA aims to be able to complete the handling of all appeal cases by end 2009.

## **Publicity**

12. The MPFA would launch an extensive publicity programme to inform the public of the details of the injection exercise, including the eligibility criteria, the payment mechanism, the implementation timetable and the arrangements for lodging requests for review and appeals, after the Administration has obtained funding approval for the injection exercise. These would be conducted through Announcements in the Public Interest, advertisements, newspaper articles and other appropriate means.

13. Members are invited to note the content of this information paper.

**Mandatory Provident Fund Schemes Authority**  
**Financial Services and the Treasury Bureau**  
**January 2009**

**For information**

**Bills Committee on  
Mandatory Provident Fund Schemes (Amendment) Bill 2008**

**Eligibility criteria for the injection to MPF accounts**

**Purpose**

To demonstrate the Government's commitment to enhancing retirement protection for the lower-income working people, the Financial Secretary announced in the 2008-09 Budget and subsequently during the Budget Concluding Speech on 23 April 2008 that a one-off injection of \$6,000 would be made to the Mandatory Provident Fund ("MPF") accounts of eligible persons. The Mandatory Provident Fund Schemes Authority ("MPFA") will be responsible for implementing the injection exercise. The Administration briefed Members of the LegCo Panel on Financial Affairs on the principal criteria for eligibility at the meeting on 5 May 2008, and explained further details concerning the assessment of eligibility and other arrangements of the injection exercise via the LegCo Brief issued on 10 June 2008 and attendance with the MPFA at the meetings of the Bills Committee on Mandatory Provident Fund Schemes (Amendment) Bill 2008 ("the Bill") on 27 and 30 June 2008. This paper consolidates the information provided to Members as mentioned above on the criteria which would be followed by the MPFA in assessing whether an individual is eligible to receive the injection.

**Eligibility Criteria**

2. The following categories of persons would be eligible for the injection if they meet the monthly income threshold requirement of earning not more than \$10,000 a month -

- (i) holders of an MPF contribution account on 29 February 2008;

- (ii) members of MPF-exempted Occupational Retirement defined contribution schemes on 29 February 2008;
- (iii) members of MPF-exempted Occupational Retirement defined benefit schemes on 29 February 2008;
- (iv) holders of an MPF preserved account (who do not have any MPF contribution accounts) on 29 February 2008 who last contributed to an MPF contribution account between 1 March 2007 and 29 February 2008; and
- (v) persons not covered in categories (i) to (iv) above but were members of an MPF Exempted Occupational Retirement Scheme (“ORSO scheme”) (including defined contribution and defined benefit schemes) between 1 March 2007 and 29 February 2008.

3. The MPFA will assess whether the persons mentioned in paragraph 2 above are eligible for the injection based on the following criteria -

- (i) if the lowest monthly income in the three consecutive months from (and including) the month of the anchored income (which means the last available monthly income record and the monthly income record in the two immediately preceding months) does not exceed \$10,000, then that person will be eligible for the injection;
- (ii) “anchored income” refers to the last available monthly income among all the months with income records in the period between 1 March 2007 and 29 February 2008;
- (iii) if a person is not employed for the full period in those three consecutive months as illustrated in Example (III) in the Annex, the MPFA will assess whether that person would be eligible for the injection based on the income information in those months with income records;
- (iv) for a person who holds multiple MPF/ORSO accounts, his monthly income for each of the respective months will be

aggregated; if the lowest aggregate monthly income in the three months does not exceed \$10,000, then that person will be eligible for the injection; and

- (v) for casual employees under the MPF industry schemes viz. workers in the construction and catering industries, in view of the sporadic nature of their employment, the MPFA will determine their monthly income using their average monthly income between 1 March 2007 and 29 February 2008. If the average monthly total income does not exceed \$10,000, then the casual employee concerned will be eligible for the injection.

4. The MPFA will adopt the following criteria in handling special cases below -

- (i) Change in employment or deceased after 29 February 2008

Any person who meets the eligibility criteria for the injection would remain eligible for the injection even if there are changes to his income or employment after 29 February 2008, or if he has ceased employment or passed away after 29 February 2008.

- (ii) Employees commencing employment on or before 29 February 2008 but have not been enrolled in an MPF scheme by the employer by that date.

If an employee has commenced employment on or before 29 February 2008 and meets the other eligibility criteria for receiving the injection but his employer has not enrolled him in an MPF scheme by that date, the employee concerned can inform the MPFA of the case so that the MPFA can take follow-up actions as soon as possible. After the employee has been enrolled and an MPF account for him is opened, the employee will receive the injection. The MPFA urges the employees concerned to inform the MPFA on these cases as soon as possible.

- (iii) Employment commenced in February 2008 but procedures for opening an MPF contribution account were completed after 29 February 2008

The existing legislation requires an employer to enroll an employee who maintained employment with him in an MPF scheme within 60 days after commencement of the latter's employment. As such, if the employee commenced his employment in February 2008, the employee may not have an MPF contribution account on 29 February 2008. In these cases, if the employee meets the income eligibility requirement, he will receive the injection after completion of enrollment procedures.

5. Relevant examples to illustrate the application of the eligibility criteria mentioned above are set out in the Annex. The MPFA will publish publicity pamphlets to inform the public of the eligibility criteria and other relevant information about the injection exercise.

6. The MPFA will direct the trustees to pay the contributions to the relevant MPF accounts according to the list of eligible recipients, and to give written notification to the recipients after the injection was made. The MPFA will set up a mechanism for those who do not receive the injection but consider themselves eligible to request a review of their cases. The MPFA intends that members of the public may submit applications for review within a period of two to three months after completion of the injection. The MPFA has briefed the Bills Committee on the broad arrangements for handling public enquiries and applications for review. They will take into account views of Members of the Bills Committee in drawing up the detailed arrangements. Before the Administration seeks funding approval from the LegCo Finance Committee, the MPFA will provide the LegCo Panel on Financial Affairs with further information about the time line and detailed arrangements of this mechanism for public information.

### **Next steps**

7. If the Bill is passed within the current legislative session, the MPFA will give written notification to the trustees and ORSO employers in July 2008 requiring submission in specified format of information covering over 5 million accounts. In view of the large volume of information involved, the MPFA needs to allow sufficient time for the trustees and employers to make the preparation. In parallel, the MPFA



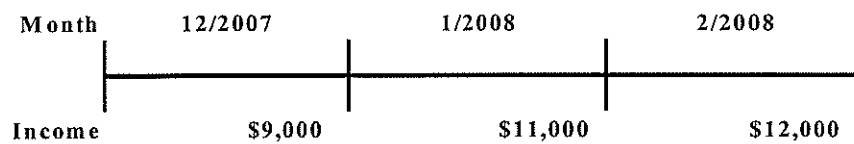
has embarked on enhancement of its computer system for storing, consolidating and processing the large amount of account information to be received. The MPFA expects to receive the information from the trustees and employers in around November 2008. The MPFA will follow up with the trustees and employers to seek clarification of the information where necessary in order to complete compilation of a list of eligible recipients as early as possible to tie in with the work of the Administration in seeking funding approval from the LegCo Finance Committee.

Financial Services and the Treasury Bureau  
July 2008

**Examples on Application of the Eligibility Criteria**

**Example (I)** An employee has only one employment covering the employment period from December 2007 to February 2008.

Income for December 2007	:	\$9,000
Income for January 2008	:	\$11,000
Income for February 2008	:	\$12,000

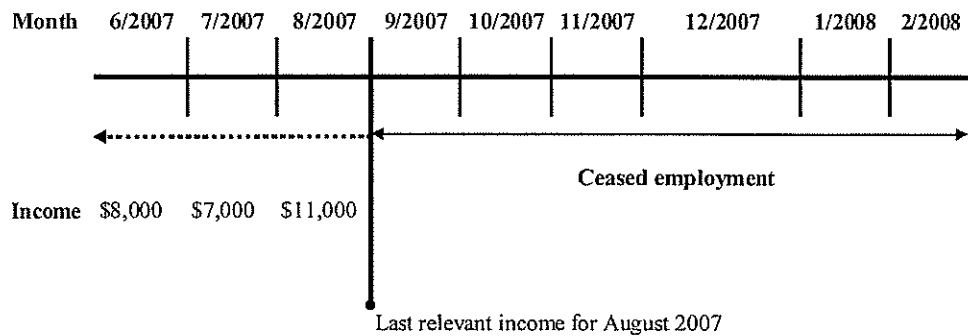


The income for December 2007 is the lowest among the three months and does not exceed \$10,000. The employee is eligible to receive the injection.

**Example (II)** An employee was under employment in June, July and August 2007 but has ceased employment since September 2007.

Income for June 2007	:	\$8,000
Income for July 2007	:	\$7,000

Income for August 2008 : \$11,000



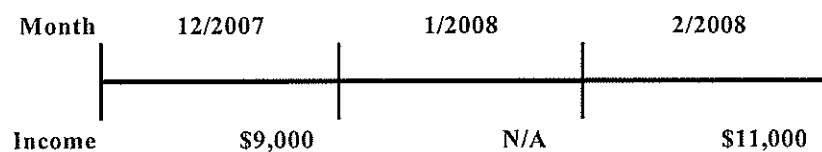
The income for July is the lowest among the three months of June, July and August and does not exceed \$10,000. The employee is eligible to receive the injection.

**Example (III)** An employee was engaged in a former employment in December 2007 and before and he started a new employment in February 2008, but he was not employed in January 2008.

Income for December 2007 : \$9,000

Income for January 2008 : Not applicable  
(Not employed)

Income for February 2008 : \$11,000



The employee has income record for only two of the three months, and the income for December 2007 is the lowest and does not exceed \$10,000. The employee is eligible to receive the injection.

**Example (IV)** An employee was engaged in a full-time job and a part-time job at the same time during the period from December 2007 to February 2008.

	<u>Full-time job</u>	<u>Part-time job</u>	<u>Aggregate income</u>
Income for December 2007	\$8,500	\$1,600	\$10,100
Income for January 2008	\$8,500	\$2,000	\$10,500
Income for February 2008	\$8,500	\$1,300	\$9,800

The aggregate income for February 2008 is the lowest among the three months and does not exceed \$10,000. The employee is eligible to receive the injection.