

14 April 2011

Hon Mr Chan Kam Lam
Chairman
Panel on Financial Affairs
Legislative Council
Hong Kong SAR

Dear Mr Chan,

**Review of the minimum and maximum relevant income levels for
Mandatory Provident Fund contributions**

We refer to your letter of 23 March 2011 relating to this matter.

For calculating the minimum and maximum relevant income levels, the government has an established mechanism which takes into account findings from the General Household Survey conducted by the Census and Statistics Department. The figure of reference for the minimum level of relevant income would be 50% of the monthly median employment earning, while that for the maximum level would be the monthly employment earnings at 90th percentile of the monthly employment earnings distribution. As the objective of having in place the review system is to extend the coverage of the MPF regime as far as possible taking into consideration the prevailing economic condition, the HKRSA is therefore supportive of seeing such a mechanism put into effect to adequately serve its purpose in enhancing the MPF system and offering greater retirement income protection to the workforce.

We would also like to take this opportunity to let you know that with the MPF system reaching its 10th anniversary on 1 December last year, the HKRSA undertook a comprehensive overview on the system and released a report titled "The Future of the MPF System – Review and Recommendations", which includes a list of key points (including

suggestions to increase contribution levels) for improvements to the system. Please refer to the following link for the full report:

<http://www.hkrsa.org.hk/HKRSA/flyers/2010PsnPprENG.pdf>

Thank you for your attention.

Yours sincerely,



Ka Shi Lau
Chairman

cc: Mr Stuart Leckie, Vice Chairman, HKRSA
Mr Jonathan Watkin, Director – Secretariat, HKRSA