

For discussion on  
14 April 2015

**Legislative Council Panel on Welfare Services  
Subcommittee on Retirement Protection**

**Discussion of the Commission on Poverty on Retirement Protection**

**Purpose**

This paper briefs members of the Subcommittee on the discussion of the Commission on Poverty (CoP) on retirement protection.

**The CoP Meeting**

2. The CoP held a meeting on 27 March 2015 to continue the previous discussions on retirement protection. CoP members were briefed at the meeting on the functions of the Mandatory Provident Fund (MPF) System in retirement protection by representatives from the Financial Services and the Treasury Bureau and the MPF Schemes Authority. As one of the five pillars for retirement protection put forward by the World Bank, MPF has enabled more than 2.5 million employees to save for their retirement. As of December 2014, the MPF System had a net asset value exceeding \$560 billion. CoP members noted that the average Fund Expense Ratio of all funds had dropped from 2.10% in 2007 to 1.65% in February 2015 (representing a reduction of more than 20%) with the implementation of various enhancement measures since 2007. CoP members also noted the reform measure of “Default Investment Strategy”, i.e. introduction of a “Core Fund” with a fee control cap of not exceeding 0.75% of the assets under management per annum in each MPF scheme to help directly address public concern over the high fees and complexity of choice of some MPF schemes.

3. Retirement protection is a very important social issue. The CoP will continue to devise a framework and set out the details for the public consultation. The public consultation is expected to be launched in the fourth quarter of this year. The Government looks forward to rational and pragmatic discussions with a view to arriving at a community consensus. The Government agrees that protection for needy citizens after retirement should be improved. To demonstrate its determination

and commitment, the Government has earmarked \$50 billion to provide for future needs.

## **Conclusion**

4. Members of the Subcommittee are invited to note the content of this paper.

Labour and Welfare Bureau  
April 2015