

19 January 2016

Comments on Mandatory Provident Fund Schemes (Amendment) Bill 2015

Thanks Chairman. I am representing the Actuarial Society of Hong Kong. The Actuarial Society of Hong Kong supports the Bill. And we have two remarks. First, we will like to ensure the members be aware that the Default Investment Strategy is not necessarily better than other investment choices. The fee may be lower but, depending on the economic situation, the performance could be higher or lower than other investment choices, even after the risk-adjusted basis. Second, when more members are choosing the same default investment strategy, the systemic risk will be higher. For example, when the default investment strategy does not perform under some particular economic cycles, the whole generation of the MPF participants are suffering the same loss and this means to pose an exceptionally higher burden to the social security system at the time when they retire.

Billy Wong
Chairperson of Pension & Employee Benefits
The Actuarial Society of Hong Kong