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財經事務及庫務局
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FINANCIAL SERVICES BRANCH
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29 March 2018

Ms Connie SZETO
Clerk to Panel on Financial Affairs
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Fax No.: 3529 2837)

Dear Ms Szeto,

Mandatory Provident Fund Schemes (Amendment) Ordinance 2015

I refer to the Paper for the House Committee Meeting on 9 January 2015 regarding 'Report of the Bills Committee on Mandatory Provident Fund Schemes (Amendment) Bill 2014' (LC Paper No. CB(1)414/14-15). The Administration undertook to review the arrangement to allow the withdrawal of MPF accrued benefits by instalments upon a scheme member's retirement or early retirement some time after the implementation of this arrangement. I now write to report statistics on withdrawal by instalments since the implementation of the arrangement in 2016.

Starting from 1 February 2016, MPF scheme members have the flexibility to withdraw their MPF benefits by instalments, in a lump sum, or retain them in the account for continuous investment upon their retirement or

early retirement. The table below shows the number and amount of benefits paid to scheme members on retirement and early retirement grounds from 2016 to 2017.

Reporting period	Claims on Retirement / Early Retirement Grounds					
	In a lump sum		By instalments			
			First claim		Subsequent payment of sums withdrawn by instalments	
	No. of claims	Amount of benefits paid (HK\$M)	No. of claims	Amount of benefits paid (HK\$M)	No. of claims	Amount of benefits paid (HK\$M)
2016	89 993	6,493	1 052	122	311	28
2017	102 881	9,391	1 117	163	666	62
Total	192 874	15,884	2 169	285	977	90
Average amount of benefits withdrawn from 2016 to 2017	\$82,300		\$131,400		\$92,100	

We notice that around 1% of the retirement and early retirement claims applied for withdrawal of benefits by instalments. We also notice that for scheme members who choose to withdraw their MPF benefits by instalments have a much higher MPF balances when compared to those who withdraw in a lump sum. Payment in a lump sum appears to be the preferred method for the time being.

Among the 32 MPF schemes under the MPF System, 23 schemes do not impose any limit on the number of free withdrawals by instalments. The remaining schemes impose a limit on the number of free withdrawals per calendar year, with three schemes allowing 12 free withdrawals and six schemes allowing four free withdrawals. A fee of \$100 may be charged per withdrawal for withdrawals exceeding the limit, but such fees are currently waived under some of the schemes. There is no minimum amount of withdrawal imposed in all MPF schemes.

It is possible that more retiring members will opt for phased withdrawal option as their MPF balances grow and the MPF System matures. Scheme members are free to decide whether their MPF benefits would be paid in a lump sum or by instalments upon retirement giving due consideration to their own financial situation and circumstances.

We will continue to monitor the implementation of the withdrawal arrangement by instalments and will report to the Legislative Council on our findings and review as appropriate.

Yours sincerely,



(Miss Elania LUK)
for Secretary for Financial Services
and the Treasury

c.c. Mandatory Provident Fund Schemes Authority
(Attn: Ms Gabriella Yee)