College of Professional and Continuing Education Limited (“CPCE”)
Mandatory Provident Fund (“MPF”) Scheme Guide

1. MPF Scheme

The Mandatory Provident Fund Schemes Ordinance (“MPFSO”) came into operation on 1 December 2000. All MPF schemes are governed by the MPFSO and regulated by the MPF Schemes Authority (“MPFA”). The MPF scheme arranged by CPCE for its employees is the Fidelity Retirement Master Trust (“FRMT”). The trustee, administrator and investment manager of the FRMT are HSBC Provident Fund Trustee (Hong Kong) Limited, HSBC Institutional Trust Services (Asia) Limited and FIL Investment Management (Hong Kong) Limited (“Fidelity”) respectively.

2. MPF Scheme Guide

This Guide is intended to serve as a quick reference for members of the CPCE MPF Scheme. In case of any discrepancy or dispute, the Trust Deed governing the FRMT shall prevail.

More information on the FRMT (including the employee guide) can be obtained from other materials which are supplied by CPCE Human Resources Office to eligible employees upon their joining CPCE.

3. Eligibility

In accordance with the MPFSO, employees of CPCE who are aged 18 or above but below 65 and employed for 60 days or more must join the CPCE MPF Scheme. There are some exceptions:

a) Employees who have been granted an employment visa for permission to work in Hong Kong for a period of 13 months or less; or
b) Employees on work visas who are members of a provident fund, pension, retirement or superannuation scheme of a place outside Hong Kong.

Under these exceptions, both the employees and CPCE are not required to make Mandatory Contributions and therefore the employees may not need to be enrolled to the MPF scheme.

4. Member Enrolment

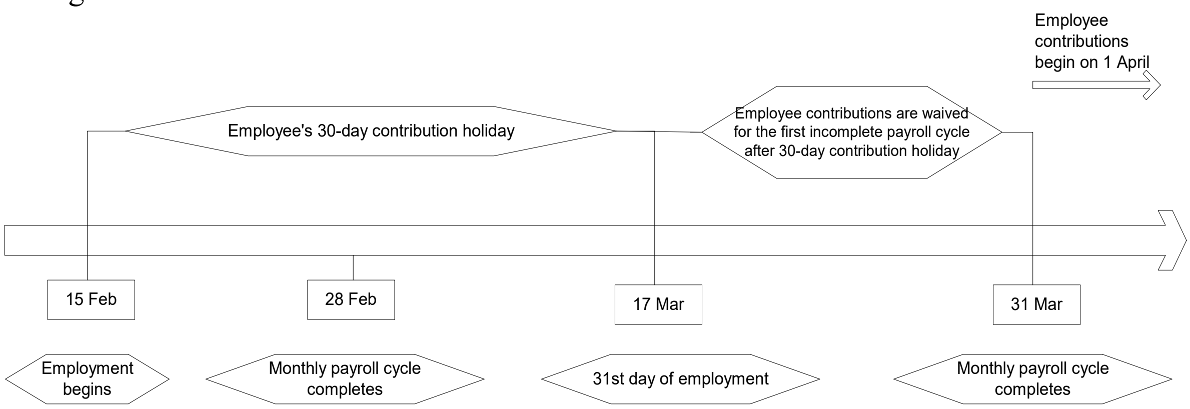
Upon joining the CPCE MPF Scheme, each employee must complete a member enrolment form and specify his/her investment options. If an employee has more than one appointment with CPCE and if there is a break of 7 days or more between one appointment and another, then he/she is required to complete a separate enrolment form for each appointment.

If new MPF members do not provide a valid investment instruction on the enrolment form, their contributions will be invested in accordance with the Default Investment Strategy (“DIS”), which comprises the Core Accumulation Fund and the Age 65 Plus Fund. For further information on the investment funds (including the DIS) and how to choose investment funds, please refer to the employee guide of the FRMT.

5. Contributions

There are two types of MPF Contributions: (i) those that are required by the MPFSO, which are referred to as ***Mandatory Contributions***, and (ii) those in excess of the Mandatory Contributions, which are referred to as ***Voluntary Contributions***.

When an employee commences MPF membership upon completion of **60 days of employment**, CPCE makes Employer Mandatory Contributions for the previous 60 days, i.e. from the first day of employment, while the employee has 30-day contribution holiday. Employee Mandatory Contributions for the first incomplete payroll cycle immediately following the 30-day contribution holiday are waived. The following diagram illustrates the arrangement:



In compliance with the statutory requirement, MPF contributions for each month should be paid to the trustee on or before the 10th day of the following month. Currently, the monthly contributions are paid to the trustee on the 1st working day of the following month in general. The trustee, upon receiving the contributions, will subscribe fund units into members' accounts within a few days. Members are encouraged to view their monthly contribution records via the website of Fidelity.

Various examples of calculating MPF contributions are set out at **Appendix I** for reference. The details of MPF Relevant Income and different types of MPF contributions are explained as follows:

MPF Relevant Income

MPF Relevant Income is the sum of a member's emoluments used for the purpose of calculating the Mandatory Contributions, and for any given contribution period, it includes all wages, salary, leave pay, overtime payment, fee, commission, bonus, gratuity, perquisite and allowance expressed in monetary terms, but excluding long service payments and severance payments. The minimum level of MPF Relevant Income for calculating the Employee Mandatory Contributions is HK$7,100 per month, and the maximum level of MPF Relevant Income for calculating the Employer and Employee Mandatory Contributions is HK$30,000 per month.

Employee Mandatory Contributions

The amount of Employee Mandatory Contributions is 5% of MPF Relevant Income, subject to a monthly contribution cap of HK$1,500. If an employee's MPF Relevant Income falls below HK$7,100 in a month, he/she is not required to make Employee Mandatory Contributions for that month.

Employer Mandatory Contributions

The amount of Employer Mandatory Contributions is 5% of MPF Relevant Income, subject to a monthly contribution cap of HK$1,500.

6. Optional Employee Voluntary Contributions

Payroll deductions of Optional Employee Voluntary Contributions authorized by member

Each member may elect to make *optional* Employee Voluntary Contributions through payroll deduction by completing the 'Arrangement for/Change of Voluntary Contributions for Member Form' for FRMT. The whole amount of *optional* Employee Voluntary Contributions can only be paid to the member upon his/her leaving CPCE service and termination of the MPF membership. The aforesaid form can be obtained from CPCE Human Resources Office or PolyU Finance Office.

Opening Employee Special Voluntary Contributions account with scheme trustee

Each member may elect to make Employee Special Voluntary Contributions by opening a Special Voluntary Contributions ("SVC") account with the trustee of his/her selected MPF scheme. Employee SVC are made directly by the member into his/her SVC account via regular or lump sum payments. They are fully vested and can be wholly withdrawn at any time. For the detailed account opening and contribution arrangement, members should contact the trustee of the MPF scheme.

7. Accumulation of Contribution Balances

The contributions for each period are invested in the constituent funds of the MPF scheme according to members' instructions. The accumulated value of contribution balances is the sum of the contributions made, together with investment return less any necessary fees and expenses.

7.1 Balances

Due to the different treatment of benefit preservation, the contribution balances of the MPF scheme are kept separately as follows:

Contribution Balances	Source of Contributions
Employee Mandatory Balance	Employee Mandatory Contributions
Employer Mandatory Balance	Employer Mandatory Contributions
Employee Voluntary Balance	Employee Voluntary Contributions

7.2 Investment Options and Investment Return

The following 22 investment options are currently available in the FRMT:

a) Hong Kong Equity Fund
b) Asia Pacific Equity Fund
c) Global Equity Fund

d) Growth Fund
e) Balanced Fund
f) Capital Stable Fund
g) Stable Growth Fund
h) Hong Kong Bond Fund
i) RMB Bond Fund
j) World Bond Fund
k) MPF Conservative Fund
l) Fidelity SaveEasy 2050 Fund
m) Fidelity SaveEasy 2045 Fund
n) Fidelity SaveEasy 2040 Fund
o) Fidelity SaveEasy 2035 Fund
p) Fidelity SaveEasy 2030 Fund
q) Fidelity SaveEasy 2025 Fund
r) Fidelity SaveEasy 2020 Fund[#]
s) Fidelity Hong Kong Tracker Fund
t) Core Accumulation Fund
u) Age 65 Plus Fund
v) Default Investment Strategy

[#] Although the Fidelity SaveEasy 2020 Fund has reached its target year in 2020, Fidelity does not terminate the constituent fund. It will continue managing the Fidelity SaveEasy 2020 Fund until 2025.

All investments are 'unitized' so that investment return is reflected in 'unit value'. It must be noted that investment value can go up and down so that unit value will also fluctuate.

7.3 Fees

Management fees payable to Fidelity include fees paid to the trustee, custodian, administrator, investment manager (including fees based on fund performance, if any) and sponsor of a scheme for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value and deducted from the assets of the investment funds. The rates of the management fees applicable to members of the CPCE MPF Scheme are set down below:

Investment Funds	*Management Fees (% of net asset value per annum)*	
	Regular Contributions	*Transfer-in Assets*
Fidelity Hong Kong Tracker Fund	0.70%	0.70%
Core Accumulation Fund Age 65 Plus Fund	0.75%	0.75%
MPF Conservative Fund	0.93%	0.93%
Hong Kong Bond Fund RMB Bond Fund Fidelity SaveEasy 2020 Fund Fidelity SaveEasy 2025 Fund	1.20%	1.20%
Other Fidelity SaveEasy Funds*	1.45%	1.42%
Other funds	1.45%	1.42%

*Management fee of these Fidelity SaveEasy Funds shall be further reduced by 0.25% of net asset value per annum for Regular Contributions and 0.22% of net asset value per annum for Transfer-in Assets five years prior to reaching the beginning (i.e. 1 January) of the applicable target year for the particular SaveEasy Fund.

Expenses incurred in relation to the FRMT, such as the safe custody and bank charge, regulatory registration fee, interest expense, stamp duty and auditors' remuneration may also be charged to the assets of the investment funds.

For a full list of the current maximum levels of fees and charges in relation to the FRMT, please refer to the MPF Scheme Brochure at https://www.fidelityinternational.com/legal/documents/FRMT/HK-en/sb.frmt.HK-en.HK.pdf. The fees and charges listed in the MPF Scheme Brochure represent the maximum levels that may be charged. Some fees and charges may be waived, reduced or deferred at the discretion of Fidelity and other service providers.

7.4 Benefit Statement

The trustee sends out an Annual Member Benefit Statement to each member within 3 months after each financial year-end of the scheme, which is 31 December for the FRMT. The benefit statement sets out details of the contributions made to the scheme in respect of the member during the period, the units held and the accrued balances.

8. Benefit Payment

If an employee ceases employment, CPCE will report his/her MPF membership termination to the trustee on or before the 10th day following the month in which the employee ceases employment. The benefit entitlements under the MPF scheme will fall due to a member upon termination of employment. If a terminating member does not provide any instruction to CPCE or to the trustee ***within 3 months*** after the trustee has been notified of the termination, his/her benefit payable will be transferred to a 'personal account' in the name of the terminating member.

8.1 Payment of Mandatory Balances

According to the MPFSO, Employee Mandatory Balance and Employer Mandatory Balance are payable to a member under the following circumstances:

- He/she has attained the age of 65; or
- He/she has attained the age of 60 and declared that he/she ceases employment permanently; or
- He/she declares that he/she is departing from Hong Kong permanently (this can be used only once in a lifetime as a reason for withdrawal of benefits); or
- He/she has been medically certified as suffering from total incapacity in relation to the kind of work he/she has been carrying out; or
- He/she has been medically certified as having a terminal illness that is likely to reduce his/her life expectancy to 12 months or less; or
- He/she has a balance of not more than HK$5,000 in an MPF scheme and does not have MPF benefits in any other MPF scheme, and at least 12 months have elapsed since his/her last contribution date; or
- He/she has died (in which event, the benefit will be payable to the deceased member's legal personal representatives).

8.2 Payment of Voluntary Balances

Members who have elected to make *optional* Employee Voluntary Contributions have Employee Voluntary Balance. The Employee Voluntary Balance is entirely payable upon cessation of the employment.

8.3 Taxation

The Employee Mandatory Contributions to the MPF scheme are deductible under Hong Kong Salaries Tax. The maximum deductible amount for tax years of 2015/16 onwards is HK$18,000.

For Employee Voluntary Contributions, only those made into Tax Deductible Voluntary Contributions ("TVC") accounts are tax deductible. Any other form of voluntary contributions is not eligible for tax deduction. For details of the TVC arrangement, please refer to part 10.

8.4 Statutory Long Service Payment and Severance Payment

In respect of a terminating member who is also entitled to receive a Long Service Payment or Severance Payment under the Employment Ordinance, such statutory amount will be offset/reduced by the benefit payable to the member from the MPF scheme which represents the Employer Mandatory Balance.

9. Employee Choice Arrangement ("ECA")

Following the launch of the ECA on 1 November 2012, members are allowed to transfer their accrued benefits derived from Employee Mandatory Contributions of current employment to a trustee and a scheme of their own choice on a lump sum basis once every calendar year. Members are also allowed to transfer the mandatory portion of the transfer-in assets from former employment in a lump sum at any time. However, their accrued benefits derived from Employer Mandatory Contributions of current employment are non-transferable. Further, according to the governing rules of FRMT, members of the CPCE MPF Scheme are allowed to transfer the voluntary portion of the transfer-in assets from former employment in a lump sum at any time. However, their accrued benefits derived from Employee Voluntary Contributions of current employment are non-transferable until they retire or cease employment.

Details of the structure of the MPF accounts, the payment condition of current employment contribution account under CPCE's terms of service, and the transferability of the MPF balances before and after launch of the ECA are set out at **Appendix II**.

Members who wish to make a transfer of their accrued benefits under the ECA should contact their new MPF trustees directly. The process of transfer will not involve CPCE and members need not approach CPCE or the trustee of the existing scheme for such a transfer. Notwithstanding whether members have made transfers or not, CPCE will continue to make MPF contributions (including the employee and employer contributions) to the FRMT for all employees.

As advised by the MPFA, since the transfer of accrued benefits requires buying and selling of funds, it will involve investment risks. Members should carefully consider the following four major factors before deciding the transfer:

- Products (e.g. fund choices, fund features, risk level and fund performance)
- Services (e.g. range and quality of services provided by the MPF trustees)
- Fees and Charges
- Personal factors (e.g. personal investment objectives and risk tolerance level)

Members should visit the MPFA website at http://minisite.mpfa.org.hk/eca/en/ for the details of the ECA (including the transfer arrangements, the factors to consider in transferring accrued benefits and the procedure for the transfer) before making the transfer decision.

10. Tax Deductible Voluntary Contributions (“TVC”)

With effect from 1 April 2019, TVC made into TVC accounts in MPF schemes are tax deductible in accordance with the Inland Revenue Ordinance. Members of the CPCE MPF Scheme are eligible to open a TVC account in an MPF scheme of their own choice which provides TVC. While members can only have one TVC account in each MPF scheme, they may have more than one TVC account in more than one MPF scheme.

Only contributions made into TVC accounts, which are separate from contribution accounts or personal accounts, are eligible for tax deduction. TVC members can choose to make regular monthly contribution or irregular lump sum contribution. They can make their own fund selection or choose to invest in accordance with the DIS. If a TVC member fails to submit a valid investment instruction or does not make any investment choice, his/her TVC will be invested in the DIS.

The maximum tax deductible limit is HK$60,000 per year starting from the year of assessment 2019/2020 and may change in the future. The limit applies to the total amount of contributions of all TVC accounts of a TVC member and any qualifying deferred annuity policies premiums. The MPF trustee will provide a contribution summary to facilitate TVC members in filling the relevant tax concession information on their tax return.

TVC is subject to the same preservation rules and withdrawal restrictions applicable to mandatory contributions. Therefore, any accrued benefits derived from TVC will be preserved and can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF legislation as listed in part 8.1. TVC members may, at any time, choose to transfer all accrued benefits in a TVC account to another TVC account under a different MPF scheme. However, TVC accrued benefits cannot be transferred to a contribution or personal account.

Members who wish to open TVC accounts should contact the respective MPF trustees directly. The process of opening TVC accounts and making contributions to the TVC accounts will not involve CPCE. For more information regarding TVC, members may visit the MPFA website at http://www.mpfa.org.hk/eng/mpf_system/system_features/tvc/index.jsp.

11. Further Information

In addition to the information provided in this Guide, Fidelity provides internet service, hotline and interactive voice response system for members to gather further information about the MPF scheme. To change personal particulars, effect investment switches and download forms related to the scheme, please contact Fidelity as follows:

Fidelity Hotline: ***2629 2629***
Internet Website: ***https://www.fidelity.com.hk/investor***

For members who want to obtain the 'Arrangement for/Change of Voluntary Contributions for Member Form', please contact CPCE Human Resources Office or PolyU Finance Office.

Examples of calculation of MPF contributions

Appendix I

	Case 1	**Case 2**	**Case 3**	**Case 4**
MPF exempt person	not exempt	not exempt	not exempt	exempt
	HK$	HK$	HK$	HK$
MPF Relevant Income	7,000	17,000	35,000	35,000
MPF Relevant Income for calculating				
- Employee Mandatory Contributions	0	17,000	30,000	0
- Employer Mandatory Contributions	7,000	17,000	30,000	0
Employee Mandatory Contributions	0	850	1,500	0
Employer Mandatory Contributions	350	850	1,500	0
Total Contributions	350	1,700	3,000	0
				(Note)

Note: In practice, an MPF member who is an MPF exempt person would not be enrolled to an MPF scheme since no contributions are required to be made.

The structure of the MPF accounts, the payment condition of current employment contribution account
under CPCE's terms of service and the transferability of the MPF balances before and after launch of the ECA

Accrued benefits		CPCE's terms of service			Before ECA	After ECA		
		MPF members	MPF members making optional EE VC via payroll deduction	Payable before or after launch of ECA?	Transferable?	Transferable?	To where?	Payable after transfer?
(a) Contribution Accounts:								
Current Employment (Contri-butions)	EE MC	5% of RI (capped at $1,500 per month)		Age 65	No	Yes, once every calendar year	Any MTS's personal account	Age 65
	ER MC	5% of RI (capped at $1,500 per month)				No	Not applicable	
	EE VC		Optional EE VC	Retired or ceased employment		No		
	ER VC							
Former Employment (Transfer-in Assets)	EE MC + ER MC			Age 65	No	Yes, any time	Any MTS's contri-bution or personal account	Age 65
	EE VC + ER VC			Retired or ceased current employment		Yes, any time		Contribution account - depends on scheme rules; Personal account - any time
(b) Personal Accounts:								
EE MC + ER MC				Age 65	Yes, any time	Yes, any time	Any MTS's contri-bution or personal account	Age 65
EE VC + ER VC				Any time				Contribution account - depends on scheme rules; Personal account - any time

EE - employee
MC - mandatory contributions
RI - relevant income

ER - employer
VC - voluntary contributions
MTS - master trust scheme

legal requirement

scheme rules