



# Why Increasing The MPF Relevant Income Matters?

In April, there were news reports that the MPF Authority (MPFA) were reviewing the relevant income (RI) levels under the MPF and that they may consider increasing them. Hong Kong's economy has recently undergone a period of uncertainty, and the minimum and maximum relevant income levels have remained unchanged. As the relevant income levels have not been adjusted for many years, members may be unfamiliar with the concept of RI. This article will explain the adjustment mechanism for the relevant income levels and the impact of the adjustment on members' contributions and benefits.

## Adjustment criteria for Relevant Income levels

Under the MPF Ordinance, the MPFA must review the relevant income levels every four years. Further, the review must have regard to the monthly median employment earnings compiled by the Census and Statistics Department (C&SD). The minimum relevant income level is derived from 50% of the monthly median employment earnings, while the maximum relevant income level is benchmarked at the 90th percentile of the monthly employment earnings distribution.

The MPF Schemes Authority has also considered other factors in the past, such as the Statutory Minimum Wage, economic conditions, employer's affordability, cancellation of offset arrangements for severance payments/long service payments, and members' acceptance level.

## The MPF Schemes Authority's prudent approach to adjustment

From past reviews, the MPFA has been very cautious in adjusting the relevant income. The initial upper limit of the maximum relevant income was HK\$ 20,000, effective December 1, 2000. It was not adjusted until 12 years later to HK\$ 25,000, and then increased to HK\$ 30,000 two

years later. It has been almost ten years since the last adjustment.

After the last review in 2018, the MPFA recommended increasing the maximum RI level in 2 phases, taking into account the affordability of employers and employees, yet the government decide to maintain the existing RI level.

## Narrowing the gap in contribution rates

Setting the maximum relevant income reflects the policy objective of encouraging the workforce to save for their basic retirement needs, whilst high-income earners may opt to make additional retirement savings according to individual needs.

If salaries continue to increase and the maximum relevant income is not adjusted, there will be an increasing number of members with contribution rates lower than 10% of their total income. Based on the current upper limit of the maximum relevant income of HK\$ 30,000, if a member's salary was HK\$ 28,000 in 2015, the monthly contributions from the employer and employee were HK\$ 2,800, which is equivalent to 10% of their total income. Eight years later in 2023, if the member's salary has risen to HK\$ 35,000, the monthly contributions from the employer and employee are limited to the upper limit of HK\$ 30,000, which is HK\$ 3,000. As such, the proportion of total income has dropped to 8.6%.

Meanwhile, inflation continues to push up post-retirement living expenses. If a member's effective contribution rate reduces over time and if the member has not made other separate retirement savings, the accumulated MPF benefits may only provide basic post-retirement protection and quality of life. Therefore, regular reviews of the relevant income are helpful to protect employees at different income levels.

### **Employer contributions will also increase**

If the maximum relevant income level increases, only members with monthly salaries higher than HKD 30,000 will need to make additional contributions. Although increased MPF contributions will reduce members' disposable income, employers will also need to increase their MPF contributions. Given the investment compounding effect, the benefits of the relevant income adjustment arguably outweigh the drawbacks.

We believe that when the MPFA makes adjustments to the relevant income level in the future, it may recommend that the increases are implemented in phases rather than implementing at a single time.

# 為何要調升強積金的有關入息？



今年 4 月有報導指積金局正檢討強積金的有關入息水平，可能調升有關入息水平。自上一次檢討，因本港經濟環境挑戰重重，最低及最高有關入息水平維持不變。由於有關入息水平多年未有調整，成員對相關概念可能頗為陌生。本文將介紹有關入息水平的檢討原則，以及調升對成員的影響。

## 有關入息水平的調整基準

根據強積金條例，積金局必須每四年檢討有關入息水平。統計處的統計調查所得出的每月就業收入分佈是修訂入息水平的法定因素。最低有關入息水平的調整基準為每月就業收入中位數的 50%，而最高有關入息水平的調整基準為每月就業收入的第 90 個百分值。

積金局過往亦有考慮其他因素，例如法定最低工資、經濟狀況、僱主負擔能力、取消遣散費 / 長期服務金的抵銷安排以及成員接受程度等。

## 積金局審慎應對調整

從過往變化可見積金局對調整有關入息的態度非常審慎。最高有關入息上限於 2000 年 12 月 1 日的 20,000 港元起步，相隔 12 年後才調升至 25,000 港元，再於兩年後提升至 30,000 港元。對上一次調整距今經已近十年。

最近於 2018 年的檢討，積金局曾建議分兩階段調整最高有關入息，以顧及僱員及僱主負擔能力，最終政府決定維持現有水平。

## 收窄供款比率的差距

設定最高有關入息水平旨在反映有關的政策目標，鼓勵就業人口為基本的退休需要而儲蓄，高收入人士可按個人需要安排額外的退休儲蓄。

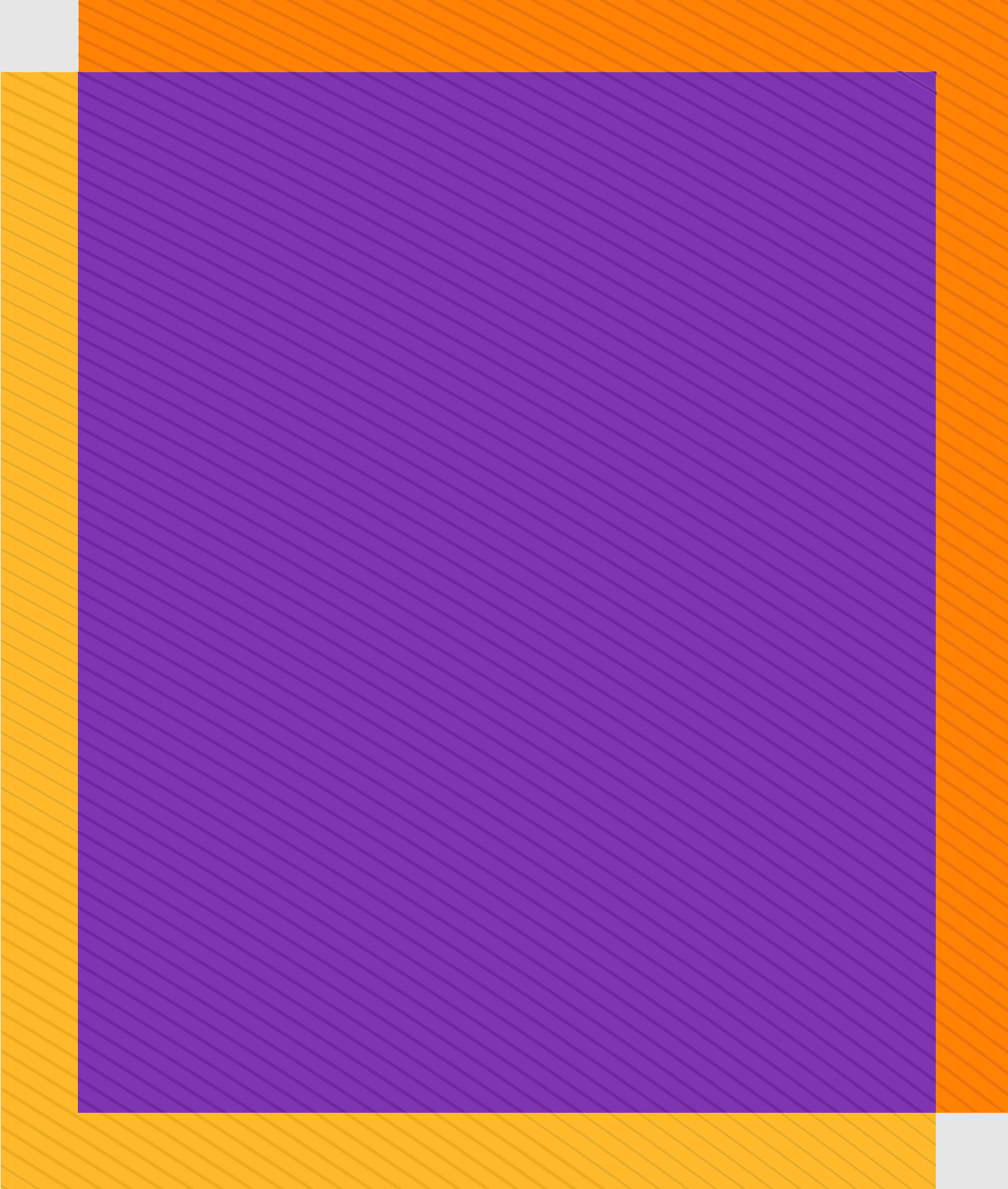
倘若工資持續上升，而最高有關入息沒有跟隨調整，便有更多成員的供款比率低於總收入的 10%。以現行最高有關入息上限 30,000 港元計算，假若成員於 2015 年的工資為 28,000 港元，僱主及僱員當時的每月供款是 2,800 港元，等於總收入的 10%。8 年後於 2023 年，若該成員的工資上升至 35,000 港元，僱主及僱員的每月供款受制於最高有關入息上限 30,000 港元，即 3,000 港元，佔總收入的比率便會下降至 8.6%。

同時，通脹在持續推高退休後的生活開支。若供款比率低而成員沒有自行為退休作準備，強積金的累積權益僅能應付退休後的基本開支，減低退休保障及生活質素。因此定期就有關入息水平進行檢討更能保障各收入水平的僱員。

### **僱主供款亦會增加**

倘若調升有關入息上限，只有每月工資高於 30,000 港元的成員需要作出額外供款。雖然供款增加難免令成員可動用收入略為減少，但僱主同樣需要增加供款。計及投資所帶來的複式效應，對成員來說應是利多於弊的方案。

相信未來積金局作出調整時仍然會分階段推行，成員的權益會是其中一樣最重要的考量。



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