

Issue no. 51

# Does Your MPF Attract and Retain Key Talent?

**MPF**  
**EXPRESS**

積金快線

A balanced perspective on your MPF





### **Does Your MPF Attract and Retain Key Talent?**

With the current war for talent, employers are starting to turn their focus from salary to the employee benefits package. As a key benefit that must be offered to all employees in Hong Kong, your MPF scheme could be a useful tool to help attract and retain talent. So how can your MPF offering differentiate you from your competitors?

#### **If you provide Employer Voluntary Contributions (ERVCs)...**

ERVCs are additional employer contributions the company makes on top of the mandatory contributions (ERMCs). According to the latest WTW Benefits Design Practices Report, over 60% of employers offer retirement benefits better than at the basic mandatory level. Such ERVCs are typically subject to 10-year vesting and can therefore have a certain retention effect. In addition, employees often consider MPF employer contributions together with their basic salary as the total cash offering. *Make sure your potential new hires and your current employees know about any ERVCs you contribute on their behalf.*

#### **If you are getting a fee discount / rebate from your MPF provider(s)...**

Management fees are charged by MPF providers as a certain percentage of the total balance of each member's investment fund. By negotiating for a better fee discount / rebate, the actual fees on the accumulated balances will be less, leading to higher balances upon retirement. Depending on circumstances, some MPF providers can offer fee rebates as high as 50%. *If you are getting fee rebates from your MPF provider, make sure your potential new hires and your current employees know about this.*

#### **If you are offering more than one MPF provider...**

Different MPF providers have a different investment style and offer different fund choices. From an employee's perspective, choice is often a good thing as it provides flexibility to help find an MPF provider / investment fund that better suits the employee's investment needs / style / appetite. According to the latest WTW Benefits Design Practices Report, over 17% of employers offer more than one MPF scheme to employees. In recent years, this trend has been increasing. Choice can enhance employee satisfaction and appreciation with little extra cost to employers. Also, it encourages employees to study their MPF schemes in detail in order to help them make an informed choice. Whether you offer one provider or more than one, *make sure your potential new hires and your current employees know about your offering and the education support provided.*

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**From the above, you would have gathered that employee communication and education are vital to help employees understand and appreciate what the company is providing and how much the company are spending.**

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Some examples of what you can do for employee communication include:



Insert a one-pager in the new hire pack highlighting key points about your MPF scheme's important features.



Highlight periodic articles and videos that are relevant to retirement savings. Note this includes those available on your MPF scheme's own website and information available elsewhere, e.g., the MPFA, Chin Family etc.



Organise periodic one-on-one helpdesks by your MPF provider(s) so that employees can have direct contact with the provider, especially towards the tax year-end when there may be opportunities for tax-saving options via the MPF platform and at the time of onboarding to deal with MPF personal accounts consolidation.



Arrange an annual briefing session by your MPF provider(s) to provide a comprehensive scheme update, including a review of investment performance

Before you embark on this journey, it is important to understand your own MPF scheme profile. MPF providers can provide useful MPF scheme statistics, e.g., asset distribution among the various funds; employees' fund switching frequency; number of employees or asset size invested in the default investment strategy (DIS); number of employees making employee voluntary contributions, etc. This information will provide useful insights into your retirement scheme and will enable you to develop a communication and education strategy to enhance employees' education and appreciation.

Contact us if you need help with any of the above.

# Other MPF resources

## Member education resources

Given the defined contribution nature of the MPF scheme, it is vital to provide sufficient member education so that employees can obtain the best value from their contributions and their employer contributions.

At WTW, we are keen to provide regular short educational articles to members on hot topics and recent events. Recent articles published by WTW are available on MPFexpress [\[Click Here\]](#). Visit our website to find out more.

Article	Content
MPF schemes are also offering ESG funds	In case you were not aware, ESG funds have recently been introduced by some providers within the MPF market, and some existing MPF funds have been transformed into ESG-themed funds. This move provides members with more investment options generally and it caters to those whose investment preference is to follow this latest investment market trend.
Refining MPF benchmarks – a more valid measure of your MPF’s performance	Members evaluate MPF fund performance in different ways. Some compare against Hong Kong or US stock market performance, whilst others take a simpler approach and see whether a positive or negative return has been achieved. However, a more legitimate method to evaluate fund performance and determine if the manager has outperformed or underperformed is to compare against asset class benchmark performance.
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. 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.
How MPF Trustees Protect Members’ Rights	The MPF trustee plays a critical role in the MPF system, overseeing essential tasks such as system administration and holding the scheme assets. We examine this in more detail and share how our MPF benefits are protected by the MPF trustees, especially in light of the recent failure of some overseas financial institutions.
The Ultimate Guide to decipher your MPF Annual Benefit Statement	In the first quarter of each year, MPF members receive an annual benefit statement from their MPF provider. However, the annual benefit statement is not always easy reading, so members should learn how to interpret the information therein to maximize the effectiveness of the statement.

## MPF market share

Do you know how your MPF sponsor ranks in terms of the market share within the entire MPF market? This information is available on MPFexpress [\[Click Here\]](#). This section provides the latest MPF market distribution information and helps you understand the relative MPF asset sizes of different sponsors in the MPF market.

# Highlight of investment performance up to 30 June 2023

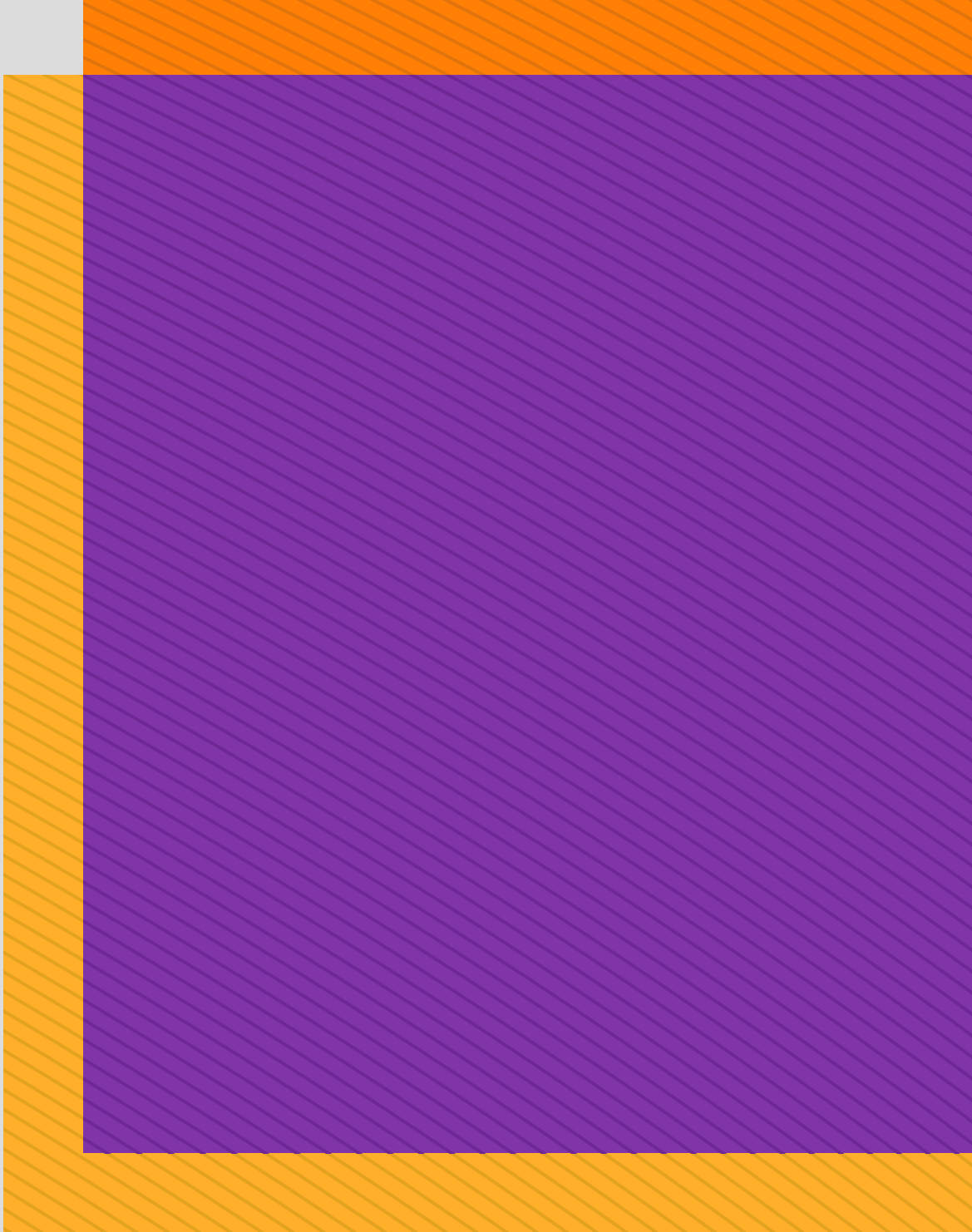
The annualised performance over 1-year and 5-year periods ended 30 June 2023 of each MPF fund type was as follows:

Performance ended 30 June 2023		1-year period			5-year period		
Fund category	Fund type	Highest % p.a.	Average % p.a.	Lowest % p.a.	Highest % p.a.	Average % p.a.	Lowest % p.a.
Mixed Assets Funds	Equity content > 80% Funds	4.7	2.7	-0.7	2.5	1.3	-0.1
	Equity content 60% - 80% Funds	3.8	1.7	-1.1	2.0	0.9	-0.6
	Equity content 40% - 60% Funds	1.8	-0.1	-2.2	1.1	0.2	-0.7
	Equity content 20% - 40% Funds	1.5	-0.7	-2.6	0.2	-0.5	-1.2
Default Investment Strategy Funds	Core Accumulation Funds	9.0	8.2	5.0	4.9	4.4	3.6
	Age 65 Plus Funds	1.6	0.6	0.0	1.5	1.1	0.7
Equity Funds	Hong Kong Equity Funds	-13.2	-16.2	-19.9	-1.2	-5.0	-7.6
	Hong Kong Equity (Index Tracking) Funds	-11.0	-11.5	-14.1	-4.9	-5.9	-6.2
	China Equity Funds	-14.4	-17.5	-20.3	-5.2	-6.8	-8.6
	Greater China Equity Funds	-8.7	-12.8	-16.7	2.0	-0.5	-3.7
	Asian ex Japan ex HK Equity Funds	-2.0	-2.4	-2.8	0.1	-0.4	-0.6
	Asian ex Japan Equity Funds	-1.4	-4.5	-6.3	1.4	-0.7	-4.3
	Pacific Basin ex Japan Equity Funds	13.4	0.0	-5.9	5.2	-0.3	-5.9
	Global Equity Funds	18.5	14.1	8.4	7.4	5.3	2.3
	United States Equity Funds	21.1	17.0	13.9	10.4	9.1	7.6
	European Equity Funds	28.6	20.3	16.8	7.9	3.5	0.9
	Japanese Equity Funds	20.4	19.5	18.5	4.0	3.3	2.2
Bond Funds	Hong Kong Dollar Bond Funds	0.2	-0.2	-0.8	0.8	0.5	-0.2
	Asian Bond Funds	2.5	0.9	-0.1	0.8	-0.3	-1.8
	Global Bond Funds	0.8	-2.3	-4.1	-0.5	-1.9	-3.4
	RMB Bond	-1.5	-2.2	-3.4	1.6	0.8	0.3
Money Market Funds	MPF Conservative Funds	2.6	1.7	0.6	1.6	0.8	0.2
	Hong Kong Dollar Money Market Funds	2.0	1.9	1.7	0.7	0.7	0.7
	RMB and HKD Money Market Funds	-1.9	-3.1	-3.9	1.1	0.3	-0.3
Others	Guaranteed Funds	1.3	-0.7	-3.3	0.7	-0.3	-1.9

Source: Based on unit price information downloaded from MPFA website

As of 30 June 2023

Disclaimer: The information and data included in this table are provided for general information purposes only and do not constitute investment advice, nor should they be construed as an offer or solicitation or recommendation to invest in or deal in any scheme, fund, product, service provider or service referred to. As such, the information provided should not be relied upon for any investment or other financial decisions and no such decisions should be taken without seeking specific professional advice. Any use of or reliance on any information or materials contained herein is entirely at the reader's own risk and WTW and its affiliates accept no responsibility and will not be liable for any consequences howsoever arising from any such use or reliance. In addition, please be reminded that past performance is not an indication of future performance.



### About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success - and provide perspective that moves you. Learn more at [wtwco.com](https://www.wtwco.com).



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