



# Phasing out MPF offsetting will strengthen retirement protection

To enhance members' retirement protection, individuals and groups from various sectors have long advocated for the abolition of the offsetting mechanism that allows employers to use their contributions to the Mandatory Provident Fund (MPF) to offset severance or long service payments. After years of discussion and with the financial support of the government, the offsetting mechanism will be abolished starting May 1 this year. The method for calculating long service or severance payments, as well as the eligibility criteria, will remain unchanged. However, due to the "cut-off line" and transitional arrangements before and after the transition date of May 1, it will take some time before employees fully benefit from the change.



### Transition date takes effect on May 1

The “cut-off line” refers to the arrangement whereby MPF employer contributions accumulated before May 1 (the transition date) can still be used to offset long service or severance payments earned before that date. Only payments calculated in respect of service after May 1 will no longer be offset by the employer’s mandatory MPF contributions. For example, if an employee joined on May 1, 2020, and retires on April 30, 2026 upon reaching age 65, and is eligible for long service payment, the calculation based on the monthly wage cap of HKD 22,500 and pre-transition service would be  $2/3 \times 22,500 \times 5 \text{ yrs} = \text{HKD}75,000$ , which can be offset; while the long service payment after the transition date would be  $2/3 \times 22,500 \times 1 \text{ yr} = \text{HKD}10,000$ , which cannot be offset. In addition, if the employer has made employer voluntary contributions, those can still be used to offset long service or severance payments, regardless of whether they are calculated before or after the transition date.

### Long-serving employees may not benefit

Employees should also note that the HKD 390,000 cap on long service or severance payments remains unchanged. If an employee’s years of service and salary before the transition date are such that the long service or severance payment already reaches this cap, they may not benefit from the abolition of offsetting.

### Post-transition service accrual increases benefits

As employees accrue more years of service after the transition, the benefits of the new system will gradually increase. Using the wage cap of HKD 22,500 per month, each employee will accrue HKD 15,000 per year of service.

### Reduced loss of benefits strengthens retirement protection

For employees who join after the transition date, employers can no longer use the mandatory MPF contributions to offset severance or long service payments. This change will reduce the loss of employees’ MPF benefits and will gradually strengthen their retirement protection.

#### About WTW

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# 取消對沖逐漸加強 成員退休保障

為了提升成員的退休保障，不同界別的人士和團體一直以來爭取取消強積金僱主部分用作對沖長期服務金或遣散費的安排。經過多年的討論，再配合政府提供的資助，取消對沖的機制將於今年5月1日落實。有關計算長期服務金或遣散費的方式，以及領取條件維持不變。然而，由於當中涉及「劃線」，「轉制日前和後」的安排，成員的得益需要一段時間才能完全受惠。





## 5月1日劃線生效

「劃線」是指於今年5月1日(轉制日)前所滾存的強積金僱主部分權益，仍然可以被用作對沖成員於當日前可獲取的長期服務金或遣散費，只有轉制日後所計算的長期服務金或遣散費，才不會被僱主強制性供款累算權益部分對沖。舉例成員於2020年5月1日入職，將於2026年4月30日年滿65歲後退休，並符合領取長期服務金的條件，按月薪僱員工資上限為22,500港元作為計算長期服務金的基準，轉制日前所計算的長期服務金為 $2/3 \times 22,500 \times 5 = 75,000$ 港元，此部分仍能被對沖，轉制日後所計算的長期服務金 $2/3 \times 22,500 \times 1 = 10,000$ 港元，則不能被對沖。

此外，如果僱主有為成員額外提供僱主自願性供款，不論轉制日前或後所計算的長期服務金或遣散費，該部分仍可被僱主自願性供款累算權益部分對沖。

## 長年資員工或未能受惠

除此以外，僱員亦要留意無論長期服務金或遣散費，39萬港元的上限仍然不變。如果成員轉制前的年資及工資計算已觸及這個上限，便未能受惠於今次取消對沖的機制。

## 轉制後年資累積提升新制效益

當僱員於轉制後累積一定年資，取消對沖所帶來的效益也會逐漸提升。以月薪工資上限(即22,500港元)計算，僱員每累積一年年資，可累積15,000港元。

## 減少權益流失加強退休保障

如果僱員是於轉制後入職，僱主則不能再以僱主強制性供款累算權益部分對沖長期服務金或遣散費。隨著僱主不能再以強積金對沖轉制後所產生的長期服務金或遣散費，一方面能夠減少僱員的強積金權益流失，同時有關的退休保障也會逐漸得到加強。

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