

# What is the abolition of MPF offsetting arrangement



Starting from the transition date to be appointed by the Secretary for Labour and Welfare, employers can no longer use the accrued benefits of their mandatory contributions (ERMC) under the Mandatory Provident Fund (MPF) System\* to offset severance payment (SP) and long service payment (LSP) of employees.

\* Also applicable to occupational retirement schemes



Plenty!  
For example -

What benefits would the abolition bring to the employees?

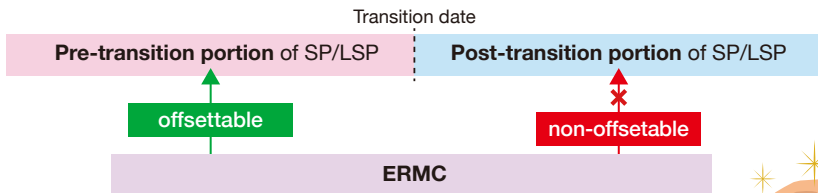


1

If the employee starts employment on or after the transition date, his/her SP/LSP can no longer be offset by the accrued benefits derived from ERMC.

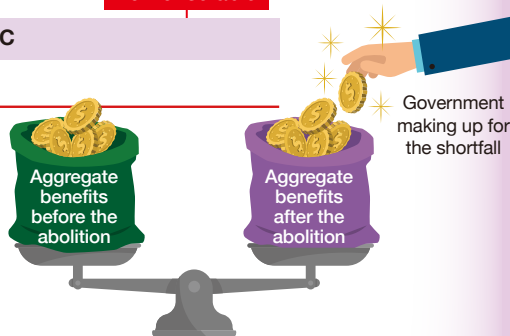
2

If the employee is already in employment before the transition date, only the SP/LSP in respect of the employment period before the transition date can be offset by ERMC.



3

If the aggregate benefits\* received by employees after the abolition of MPF offsetting arrangement is less than that before the abolition, the Government will make up for the shortfall to ensure employees would not be worse off. Details will be announced at opportune time.



\* Refers to the total amount of SP/LSP entitlement plus ERMC

*Relevant provisions of the laws concerned remain the sole authority for the abolition of MPF offsetting arrangement.*