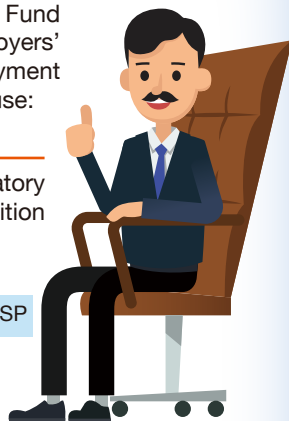


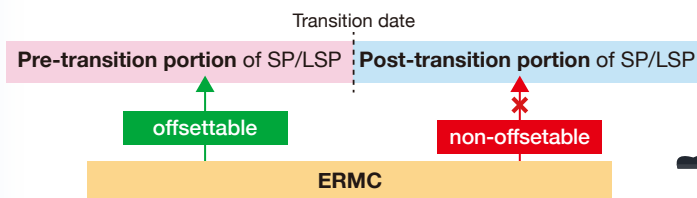
# Employers need not worry about the abolition of MPF offsetting arrangement

Since the legislation on the abolition of Mandatory Provident Fund (MPF) offsetting arrangement has no retrospective effect, employers' additional expenses on severance payment (SP) / long service payment (LSP) in the initial years after the abolition would be limited because:



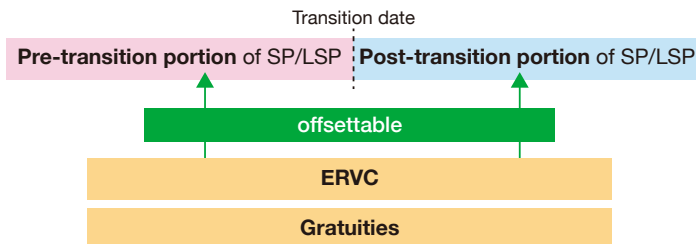
1

The accrued benefits derived from employer's MPF mandatory contributions (ERMC) can still be used to offset pre-transition portion of SP/LSP



2

The accrued benefits derived from employer's MPF voluntary contributions (ERVC) and gratuities based on employees' years of service can continue to be used to offset pre- and post-transition portion of SP/LSP



To estimate the amount of SP/LSP and compare the total benefits for employees before and after the abolition, you are welcome to use "EasyCal" – a calculating tool developed by the Labour Department.



<https://www.op.labour.gov.hk/en/calculator.html>

You may also visit our thematic website for more details on the abolition.



<https://www.op.labour.gov.hk/en>

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