AIA MPF EMPLOYEE CHOICE ARRANGEMENT

Providing you with more choice

AIA Corporate Solutions

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HEALTHIER, LONGER, BETTER LIVES

Employee Choice Arrangement Provides Employees with Greater Autonomy of Choice

The Employee Choice Arrangement (the "ECA") commenced on 1 November 2012, giving employees greater autonomy in transferring their accrued benefits (i.e. the accumulated contributions and investment returns) derived from employee mandatory contributions made during their current employment to a trustee and a scheme of their own choice.

Highlights of the ECA

- The ECA allows employees to transfer from their MPF contribution account the accrued benefits derived from the employee mandatory contributions made during their current employment to a trustee and a scheme of their own choice. This transfer can be carried out on a lump-sum basis once every calendar year. However, the future contributions under their current employment must continue to be made to the contribution account under the original scheme chosen by the employer.
- Employees also have the right at any time to make a lump-sum transfer of their accrued benefits derived from their former employment or self-employment to a trustee and a scheme of their own choice.
- Accrued benefits derived from employer mandatory contributions made under the current employment are non-transferable and must remain in the original scheme.
- Employees may contact their chosen trustee directly to make a transfer. The transfer need not be arranged through their employers.

Transfer Arrangements for Accrued Benefits

Types of accrued benefits	Before ECA	After ECA
Mandatory contributions		
Employer portion under current employment	✗ Non-transferable	✗ Non-transferable
Employee portion under current employment (if applicable)	✗ Non-transferable	✓ Transferable in a lump sum once every calendar year*
From former employment or self-employment (if applicable)	✗ Non-transferable	✓ Transferable in a lump sum at any time

* A "calendar year" means the period spanning 1 January to 31 December.

Three Steps in Effecting Transfer

1	Submitting the transfer form:	Complete the Transfer Election Form and submit it directly to the chosen trustee^.
2	The buying/selling of fund units by the trustee:	→ After verifying the information provided, the new trustee will send this information to the original trustee. → If the information is confirmed to be correct, the original trustee will cash out the fund units for the employee and then give the received amount to the new trustee. → On receiving the amount, the new trustee will buy in funds in accordance with the employee's instruction.
3	Receiving confirmation documents:	After the entire transfer process is completed, the employee will receive a Transfer Statement from his/her original trustee as well as a Transfer Confirmation Notice from the new trustee.

^ If the employee does not currently have an MPF account with the new trustee, he/she should set one up before making any transfer.

Should You Transfer?

In deciding whether or not to transfer your accrued benefits, you should consider the following points:

Transferring is an option, not a necessity	If you are satisfied with the services of your current trustee, you should retain the accrued benefits in the original scheme and refrain from making unnecessary transfers.
Avoid blind transfers	Before making a transfer, you should carefully consider whether the fund choice and its performance, as well as the services and fees of the new trustee, satisfy your investment needs. If your MPF scheme has been in force for years, then your accrued benefits are probably considerable. A blind transfer would likely lead to more harm than good.
Transfers take time	If the information in the transfer form is complete and accurate, the process of transferring benefits generally takes about 2-3 weeks. There will generally be a time-lag of one to two weeks, during which, your accrued benefits will not be invested in any fund.
Guarantee conditions	If you are currently invested in an MPF guaranteed fund, you should ascertain whether a transfer would violate any guarantee conditions, i.e. disqualify your entitlement to the relevant guarantee(s).

No Change to Rights and Obligations of Employers

- Employees may directly contact their chosen trustee and make a transfer of benefits without involving their employers.
- Employers' administrative arrangements regarding the offsetting of severance or long-service payments are not affected by the ECA.
- Employers' MPF administrative arrangements for employees remain unchanged. In other words, employers will still need to choose a trustee and scheme, enrol their new employees in the scheme chosen and make contributions to the scheme for their employees.
- Although employers are not obligated to help employees choose new trustees or MPF schemes, they can arrange ECA talks for employees through MPF intermediaries.

No Change to Rights and Obligations of Self-Employed Persons

As in the past, self-employed persons can still enrol themselves in an MPF trustee and scheme of their choice. The contribution arrangements, the procedures for transferring their accrued benefits and their rights and obligations remain unchanged.

For details, please contact your AIA MPF intermediary or call our Member Hotline at (852) 2200 6288.

Why is the ECA also called "Semi-Portability"?

It is so called because the ECA only involves the accrued benefits derived from employee mandatory contributions, but not those of employers.

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