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AIA Company (Trustee) Limited
12/F, AIA Tower
183 Electric Road
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Hong Kong

Important Document

1 April 2019

Dear customer,

Important: This notice is important and requires your immediate attention. If you are in any doubt about the contents of this notice, you should seek independent professional advice.

Notice to Participating Employers and Members of AIA MPF – Prime Value Choice on tax deductible voluntary contributions

Thank you for your continuous support of AIA MPF Services. We are pleased to inform you of the following changes to the Principal Brochure of AIA MPF – Prime Value Choice (the “**Scheme**”) issued in March 2019.

You should read this notice carefully because the changes may affect the investment of both your accrued benefits and future contributions. Capitalised terms not defined in this notice have the same meanings as ascribed to them in the Principal Brochure of the Scheme.

This table summarises the key changes to the Scheme:

Tax deductible voluntary contributions (“TVC”)

With effect from 1 April 2019:

- TVC is a new type of contributions and can only be paid into a TVC account of a Registered Scheme, such as the Scheme. TVC may be eligible for tax concessions starting from the year of assessment 2019/2020. The maximum tax deductible amount for the year of assessment 2019/2020 is HK\$60,000. It is an aggregate limit for both TVC and other qualifying annuity premiums.
- TVC is voluntary in nature. However, it is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions. In particular, Members should note that the accrued benefits held in a TVC account can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF Legislation.
- Please refer to the main body of this notice for the eligibility requirements for opening a TVC account and other details with regard to TVC.

Miscellaneous change

With effect from 1 April 2019, the address of the registered office of AIA Company Limited (being the insurer for the underlying fund in which the Guaranteed Portfolio invests only) will be changed to 27th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

If you have any questions in relation to the changes set out in this notice, please call our Employer Hotline at 2100 1888 or Member Hotline at 2200 6288.



What are the changes about?

Changes to the Inland Revenue Ordinance will take effect on 1 April 2019. From 1 April 2019, similar to premiums paid for qualifying deferred annuity products, MPF voluntary contributions made in a specified account set up by scheme members (namely, TVC account) can also enjoy tax concession in order for them to meet the long-term saving objective for retirement protection.

Your investment decision should not be based on this document alone. We encourage you to read the Addendum to the Principal Brochure carefully because the new arrangement may affect your retirement planning and tax benefits associated with the TVC account.

(i) What is TVC?

TVC is a new type of contributions and can only be paid into a TVC account of a Registered Scheme. TVC may enjoy tax concession. Other characteristics of TVC are as follows:

- TVC can only be made directly by the persons who fulfil the eligibility requirements as mentioned in (iii) below
- Involvement of employers is not required
- Although it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions

Accordingly, any accrued benefits derived from TVC (including the TVC made in excess of the maximum tax deduction limit during a tax assessment year) will be preserved. **Members should note that accrued benefits held in a TVC account can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF Legislation.**

TVC Account Holders can make their own fund selection or choose to invest in the MPF default investment strategy under the Scheme according to their circumstance and risk appetite. If a TVC Account Holder fails to submit to the Trustee a valid Specific Investment Instruction or does not make any investment choice at the time of TVC account opening, his/her TVC will be invested in the MPF default investment strategy.

(ii) Tax Concessions for TVC

TVC may be eligible for tax concessions starting from the year of assessment 2019/2020. The maximum tax deductible amount for the year of assessment 2019/2020 is HK\$60,000. It is an aggregate limit for both TVC and other qualifying annuity premiums.

Same as the tax deduction for mandatory contributions and other tax concessions, **the individual tax payer (not the Trustee, Sponsor and/or other operators of the Scheme) is responsible for the application of tax deduction and keeping track of how the maximum tax deductible limit is fully utilized.** In this regard, the Trustee will provide a TVC summary to facilitate TVC Account Holders in filling in the relevant tax concession information on their tax return if TVC is made by the Member to the Scheme during a year of assessment.



(iii) Eligibility

Any person who is:

- a current holder of contribution account or personal account of a Registered Scheme; or
- a current member of an MPF exempted ORSO scheme,

can make TVC to a Registered Scheme by opening a TVC account.

The Trustee of the Scheme may reject any application to open a TVC account in the event of (i) having reason to know that information and documents provided to the Trustee are incorrect or incomplete; (ii) failure of applicants to provide information and documents as required by the Trustee to ensure compliance with applicable laws and regulations relating to anti-money laundering or tax reporting; and/or (iii) other circumstances which the Trustee and the Sponsor may consider appropriate.

For compliance purposes, there could be circumstances (such as (i) to (iii) in the preceding paragraph) that TVC may be rejected. Any rejected TVC (with no interest) will be refunded within 45 days of receipt of any such TVC unless for some exceptional regulatory reasons the Trustee is unable to effect a refund within such timeframe.

(iv) Transfer of TVC accrued benefits

A TVC Account Holder may, at any time, choose to have ALL accrued benefits in the TVC account in the Scheme transferred to another TVC account in another Registered Scheme nominated by such TVC Account Holder. **Transfer of TVC accrued benefits in part or to a contribution account / personal account, however, will not be accepted.**

For the avoidance of doubt, such benefit transfer amount cannot be claimed as deductions for taxation purpose.

(v) Termination of TVC accounts

TVC accounts with zero balance and in respect of which there is no transaction activity for 365 days may be terminated by the Trustee.

Note: Investment involves risks and the account balance of TVC (as tax incentivized retirement savings) may go up as well as down.

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Where can you learn more?

The changes will be reflected in the Addendum to the Principal Brochure of the Scheme. The Principal Brochure of the Scheme and the Addendum thereto can be downloaded from mpf.aia.com.hk. Hard copies can also be requested at our Employer Hotline at 2100 1888 or Member Hotline at 2200 6288.

Yours sincerely,

Elaine Lau
Chief Executive Officer
AIA Company (Trustee) Limited

If you have any questions about the content of this letter, you should seek independent professional advice.

AIA Company (Trustee) Limited accepts responsibility for the accuracy of the contents of this notice.