



HONG KONG

Understanding the Pension System in Hong Kong

Hong Kong has its own structure compared with China's diversified social security system. Employers in Hong Kong are required by law to provide employees with employees' compensation insurance and Mandatory Provident Fund (MPF). The role of group health and life insurance has also been gradually recognised in providing protection for employees and their covered dependents.

Companies in Hong Kong face a war for talent. Research by a local insurance consulting agency shows the number of organisations in Hong Kong providing comprehensive health and life insurance for their employees has increased to secure key talent. At the same time, overall medical claim rate has been trending upwards.

There are four types of employee insurance in Hong Kong namely, statutory insurance, group medical insurance, group life insurance, dental and healthcare. Statutory insurance and group medical insurance account for 60% and 20% of the overall expenditure respectively. Compared with 2005, corporate expenditure for dental and healthcare has nearly doubled, while statutory insurance and group medical insurance have increased nearly 1.3 times. This reflects the impact of rising salaries, inflation and increasing demand of employees for insurance. Companies are responding by devoting more resources into insurance to retain their talents, to improve the overall productivity and enhance engagement of their employees.

In work-related accidents or injuries, employee compensation insurance may not be sufficient to fully compensate the medical cost, injury or death, which reinforces the importance of group medical coverage. With its expertise and experience in the Hong Kong labour market, BIPO can help companies review and optimise their employee benefits programs and welfare systems.

<p>Statutory Insurance</p>	<ul style="list-style-type: none"> • Employees' compensation • Pension (MPF) • Optional pension (Occupational Retirement Scheme Ordinance (ORSO)/ Voluntary Contribution)
<p>Group Life Insurance</p>	<ul style="list-style-type: none"> • Life insurance • Accidental death/disability insurance • Permanent disability insurance • Personal accident insurance • Business travel insurance
<p>Group Medical Insurance</p>	<ul style="list-style-type: none"> • Hospitalisation insurance • Outpatient security • Additional major medical insurance • Maternity security
<p>Dental & Healthcare</p>	<ul style="list-style-type: none"> • Body checkup • Dental examination

Mandatory Provident Fund (MPF)

Employers and employees who are covered by the MPF system are required to make regular mandatory contributions calculated at 5% of the employee's relevant to an MPF scheme, subject to the minimum and maximum relevant income levels. For a monthly-paid employee, the minimum

and maximum relevant income levels are HK\$7,100 and HK\$30,000 respectively. As MPF is a mandatory and long-term investment for retirement purposes, employees cannot withdraw accumulated funds until they reached 65 years of age.

MPF Scheme	
Registration Qualification	All full-time and part-time employees (18 - 65 years old)
Exemptions	<ul style="list-style-type: none"> • Self-employed hawkers • Foreign employees with working period less than 13 months or are covered by overseas retirement schemes • Members of occupational retirement schemes which are granted MPF exemptions • Employees covered by ORSO
Contribution	
Corporate	5% of pre-tax income (If pre-tax income > HK\$30,000, maximum payment is capped at HK\$1,500)
Personal	Pre-tax income > HK\$7,100: 5% of pre-tax income (If pre-tax income > HK\$30,000, maximum payment is capped at HK\$1,500)

Employee Compensation Ordinance

Under the Employee Compensation Ordinance, employers are liable to pay the medical expenses for medical treatment if an employee sustains a work injury or dies as a result of an accident arising out of and in the course of employment.

Items	
Accident announcement	7 days (fatal cases); 14 days (after the accident)
On-time payment	4/5 of average daily wages for a maximum of 24 months
Medical allowance	Max. HK\$200/day (Outpatient clinic/Hospital stay) Max. HK\$280/day (Outpatient clinic & Hospital stay)

Work-Related Injury

Compensation for permanent loss of earning capacity

Location	Age under 40	Age 40 to under 56	Age 56 or above
Hong Kong	96 mths X % of permanent loss of earning capacity	72 mths X % of permanent loss of earning capacity	48 mths X % of permanent loss of earning capacity

*Monthly earnings subject to maximum HK\$21,500 per month

Compensation for work-related death

Location			
Hong Kong	Basic Salary X 84 mths	Basic Salary X 60 mths	Basic Salary X 36 mths

*Monthly earnings subject to maximum HK\$21,500 per month

About BIPO



BIPO is a leading one-stop human resources provider in Asia Pacific, focused on providing organisations with innovative ways to manage complex end-to-end HR processes. Through our cloud and mobile-based Human Resources Management system as well as industry-leading solutions such as Payroll Outsourcing, Attendance Automation, Business Intelligence, HR Consulting, Recruitment & Business Process Outsourcing and Flexible Employee Management, we help companies transform their HR operations to and beyond their expectations, while achieving business goals related to cost and profitability.

Established in Shanghai in 2004, our Asia Pacific headquarters is in Singapore and R&D centre in Indonesia. We have offices in Australia, Hong Kong, India, Japan, Malaysia, New Zealand, Philippines, Vietnam, Taiwan and Thailand with business links in over 10 countries and regions. Visit www.biposervice.com and connect with us on Facebook, LinkedIn and WeChat.