

# MPF 積金快線 Express

A balanced perspective  
on your MPF

Issue no. 58

## The next milestone in the MPF system – MPF full portability proposals

On 28 March 2025, the MPFA issued a Consultation Paper on **Full Portability of MPF Benefits under the MPF System**. The full portability of MPF benefits is expected to further enhance the existing Employee Choice Arrangement (“ECA”), a.k.a. semi-portability, and will be a key development to offer better flexibility to members.

We will explore the why’s and how’s.

**Note “full portability” in this instance refers only to mandatory contributions made by the employer and employees to the MPF scheme. The consultation paper did not touch on voluntary contributions.**

### Why now?

- The eMPF Platform, has been onboarding MPF schemes since June 2024 and is scheduled to be completed by December 2025. Going forward, employees will be able to use this centralized and integrated digital platform to track and manage one or more MPF accounts anytime.
- With the abolition of offsetting MPF mandatory contributions against Long Service Payment/Severance Payment (“LSP/SP Offset”) from 1 May 2025, employer mandatory contributions (“**ERMC**”) made from 1 May 2025 will effectively belong to the employee and can be earmarked as such.
- ECA transfers have been gaining momentum over the past 5 years according to the MPFA, which indicates that employees are becoming familiar and actively utilizing this arrangement to manage their MPF.

All the above have contributed to this being a suitable time for the MPFA to put forward a proposal by leveraging on the existing ECA arrangement.

### Average annual transfer amount of MPF under ECA



Source: MPFA blog, 21 April 2025

## How

ECA allows an employee to transfer their Employee Mandatory Contributions (“EEMC”) to another MPF Scheme of their choice once a year, it is proposed to add ERMC to this arrangement.

The **Core Proposal** represents the long-term goal of full portability. Under this proposal, employees who join their employers on or after 1 May 2025 would be able to transfer both EEMC and ERMC from their current employment accounts into their personal account of any MPF scheme once a year.

However, given that ERMC can still be used for LSP/SP Offset for service completed before 1 May 2025, an interim arrangement, the **Extended Proposal**, for employees in service before 1 May 2025 (“**existing employees**”) where a special account will be set up for such transfer in order for employers to identify the balance in this account for potential LSP/SP offset.

The proposals may be implemented in 2 phases, beginning with the Core Proposal as this will require lesser legislative changes than the Extended Proposal, and there will be no need to make amendments to the eMPF platform to accommodate an extra account.

	Employees joining current employer on or after 1 May 2025	Employees joining current employer before 1 May 2025
<b>Current ECA Arrangement</b>		
Employee Mandatory Contributions ( <b>EEMC</b> )	✓	✓
Employer Mandatory Contributions ( <b>ERMC</b> )	✗	✗
<b>Proposed Full Portability</b>		
Employee Mandatory Contributions ( <b>EEMC</b> )	✓	✓
Employer Mandatory Contributions ( <b>ERMC</b> )	✓ Under <b>Core</b> proposal (may be implemented sooner)	✓ Under <b>Extended</b> proposal (may be implemented later)

It is worth highlighting that the proposed full portability arrangement is not the same as adding additional providers by employers because if an employer has more than one MPF scheme(s) for employees to choose from:

- The employer has flexibility to decide when to offer it, when to allow switching and whether it applies to future contributions and/or accumulated balances.
- The employer can conduct a review and include only those MPF providers it finds satisfactory.
- There is no need to use a new special account to hold employer balance.
- Employer may be able to negotiate a fee rebate from added providers so that employees can enjoy better net return.
- Both mandatory and voluntary contributions will be included.

The consultation period for the proposal ended on 28 April 2025, and the MPFA is reviewing findings before submitting their final recommendations to the Government. This is a positive step for the MPF’s continued enhancement and we look forward to further developments.

# Highlight of investment performance up to 31 March 2025

The annualised performance over 1-year and 5-year periods ended 31 March 2025 of each MPF fund type was as follows:

Performance ended 31 March 2025		1-year period			5-year period		
Fund Category	Fund Type	Highest % p.a.	Average % p.a.	Lowest % p.a.	Highest % p.a.	Average % p.a.	Lowest % p.a.
<b>Mixed Assets Funds</b>	Equity content > 80% Funds	11.5	9.7	8.7	8.8	7.4	5.3
	Equity content 60% - 80% Funds	9.8	7.7	2.5	6.4	5.4	3.8
	Equity content 40% - 60% Funds	6.7	5.3	2.0	4.0	3.1	1.6
	Equity content 20% - 40% Funds	4.8	3.6	1.5	1.8	1.1	0.1
<b>Default Investment Strategy Funds</b>	Core Accumulation Fund	4.9	4.2	3.2	8.4	8.2	7.6
	Age 65 Plus Fund	3.2	2.7	2.1	2.2	1.3	0.9
<b>Equity Funds</b>	Hong Kong Equity Funds	39.4	34.5	28.1	5.2	0.9	-2.7
	Hong Kong Equity (Index Tracking) Funds	45.0	44.0	40.6	2.9	1.9	-0.8
	China Equity Funds	51.4	41.0	27.9	0.5	-0.1	-0.9
	Greater China Equity Funds	21.6	18.7	14.8	5.5	3.2	0.2
	Asian ex Japan Equity Funds	11.0	6.5	1.2	7.3	5.6	3.9
	Asian Pacific ex Japan Equity Funds	8.9	5.9	0.1	14.0	7.4	5.2
	Global Equity Funds	7.3	4.0	-1.9	15.5	13.0	10.7
	United States Equity Funds	6.5	5.2	3.1	17.0	15.9	12.4
	European Equity Funds	5.9	2.4	-7.1	13.9	11.6	9.7
	Japanese Equity Funds	7.8	1.1	-2.5	14.6	11.5	9.5
<b>Bond Funds</b>	Hong Kong Dollar Bond Funds	5.9	5.3	5.0	0.9	0.4	-0.3
	Asian Bond Funds	4.8	4.4	3.9	3.8	1.4	-0.3
	Global Bond Funds	2.7	0.9	-0.1	-0.6	-2.4	-3.4
	RMB Bond	3.2	2.8	2.6	1.9	1.6	1.0
<b>Money Market Funds</b>	MPF Conservative Funds	3.6	3.3	3.0	2.0	1.7	1.4
	Hong Kong Dollar Money Market Funds	4.3	4.2	4.0	1.6	1.6	1.6
	RMB and HKD Money Market Funds	2.5	1.8	1.5	2.2	1.5	1.1
<b>Others</b>	Guaranteed Funds	9.0	4.2	0.9	1.4	0.3	-0.7

Source: MPFA as of 31 March 2025

# Other MPF resources

## Member Education

Given the defined contribution nature of the MPF scheme, it is vital to provide sufficient member education so that employees can achieve the best value from their contributions.

At WTW, we provide regular short educational articles to members on hot topics and recent events. Recent articles published by WTW are available on MPFexpress. Visit [our website](#) to find out more.

Article	Content
<b>Phasing out MPF offsetting will strengthen retirement protection</b>	After years of discussion and with the financial support of the government, the offsetting mechanism will be abolished starting 1 May this year. The method for calculating long service or severance payments, as well as the eligibility criteria, will remain unchanged. The article summarizes the key features of this amendment.
<b>Index funds play a more important role</b>	To reduce MPF fees and improve management efficiency, the Mandatory Provident Fund Schemes Authority (MPFA) began encouraging trustees to use index funds as part of their investment portfolio management some years ago. As of September 2024, index funds accounted for over 16% of the total MPF assets, amounting to more than HKD 220 billion.
<b>The distribution of MPF equity assets is becoming more international</b>	Investing internationally becomes more popular in recent years. This has coincided with a number of articles and discussions about the importance of diversification generally. In fact, the regional distribution of MPF equity assets is now quite international, with the latest overseas market equity allocation exceeding two-thirds.
<b>Understanding the “out-of-market” period</b>	Although mandatory contributions from the employer and the employee are made to the MPF scheme selected by the employer, employees have the flexibility to choose their own provider / scheme for any through Tax Deductible Voluntary Contributions (TVCs) application, Personal Accounts (PAs) consolidation, or the Employee Choice Arrangements (ECA). However, when a member chooses to switch MPF schemes, there is likely to be an “out-of-market” period during the transfer process. This article explains what this period represents and highlights a few key facts for reference.

## MPF market share

Do you know how your MPF sponsor ranks in terms of the market share within the entire MPF market? This information is available on [MPFexpress](#). This section provides the latest MPF market distribution information and helps you understand the relative MPF asset sizes of different sponsors in the MPF market.

### About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at [wtwco.com](#).



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