

# Sun Life Rainbow MPF Scheme

Tax Deductible Voluntary Contributions Account



Enjoy tax  
savings while  
planning  
for retirement



**Sun Life**  
永明金融

### **Important Notes**

- Sun Life Rainbow MPF Scheme (the "Scheme") is a mandatory provident fund scheme.
- Investment involves risks and not all investment choices available under the Scheme would be suitable for everyone. There is no assurance on investment returns and your investments/ accrued benefits may suffer significant loss.
- You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of funds, you are in doubt as to whether a certain fund is suitable for you (including whether it is consistent with your investment objectives), you should seek independent financial and/or professional advice and choose the fund(s) most suitable for you taking into account your circumstances.
- Members reaching 65<sup>th</sup> birthday or early retiring on reaching age 60 may apply (in such form and on such conditions as the Trustee may from time to time determine but subject to the Mandatory Provident Fund Schemes Ordinance and the Mandatory Provident Fund Schemes (General) Regulation (the "MPFS Regulation")) for payment of the MPF Benefits and/or TVC benefits in instalments. Please refer to Section 6.1.12 "Withdrawal of Benefits" of the MPF Scheme Brochure for further details.
- You are advised to read the MPF Scheme Brochure and the relevant marketing materials of the Scheme for further details and risk factors prior to making any investment decision.

**“Retirement”** is supposed to be a fruitful result of a busy life. However, many people cannot enjoy a worry-free retirement. Some people even think that retirement is an unreachable dream. After all, insufficient retirement savings is the root cause. The aging trend of Hong Kong population continues. The average life expectancy for Hong Kong people is more than 80 years old. With facing long-term retirement living expenses, cost of inflation and medical fees, we should plan ahead to have a comprehensive retirement plan in order to achieve a worry-free retirement.

To encourage the working population developing a saving habit and plan ahead for their retirement, the Hong Kong government has passed the legislation<sup>1</sup> to provide tax benefits to members who make tax deductible voluntary contributions (“TVC”) with effect from 1 April 2019.

## About TVC

<b>Easy to open an account</b>	<ul style="list-style-type: none"><li>• If you are an MPF scheme’s employee member, a self-employed person member, a personal account holder or a member of an MPF exempted ORSO scheme, you are eligible to open a TVC account with your preferred trustee.</li></ul>
<b>Flexible contribution</b>	<ul style="list-style-type: none"><li>• You can choose making either regular contributions or lump-sum contributions and you are allowed to adjust contribution amounts based on your different stages of life and personal financial circumstances. You can even suspend and resume making contributions at any time.</li></ul>
<b>Enjoy tax benefits</b>	<ul style="list-style-type: none"><li>• According to Hong Kong Inland Revenue Ordinance (“IRO”), with effect from the assessment year 2019/2020, your TVC can enjoy tax benefits. The tax deduction for TVC caps at HK\$60,000<sup>2</sup> and the maximum amount of tax savings is HK\$10,200.</li></ul>
<b>Convenient to manage</b>	<ul style="list-style-type: none"><li>• You can either make your investment portfolio via the constituent funds offered by the MPF scheme you selected or choose Default Investment Strategy (“DIS”). In addition, you can transfer all your TVC benefits to a TVC account under another MPF scheme.</li></ul>

<sup>1</sup> Inland Revenue and MPF Schemes Legislation (Tax Deductions for Annuity Premiums and MPF Voluntary Contributions) (Amendment) Ordinance 2019 provides that tax incentives will be provided for TVC made by MPF scheme members and premiums paid for qualifying deferred annuity policies (QDAP) from the assessment year 2019/20.

## The differences between TVC and other voluntary contributions

An MPF scheme may offer different types of voluntary contributions. You should, based on your investment needs, select the most suitable voluntary contribution.

	Employee Voluntary Contributions	Special Voluntary Contributions	Tax Deductible Voluntary Contributions ("TVC")
Account opening	<ul style="list-style-type: none"> <li>Set up an account under the MPF scheme chosen by your employer</li> </ul>	<ul style="list-style-type: none"> <li>Set up an account under your preferred MPF scheme</li> </ul>	<ul style="list-style-type: none"> <li>Set up an account under your preferred MPF scheme</li> </ul>
Contribution Arrangement	<ul style="list-style-type: none"> <li>Contribution amount is based on your income</li> <li>Make regular contributions via your employer</li> </ul>	<ul style="list-style-type: none"> <li>Regular or lump-sum contributions and suspension of contributions is allowed</li> <li>Contributions are paid to the trustee directly</li> </ul>	<ul style="list-style-type: none"> <li>Regular or lump-sum contributions and suspension of contributions is allowed</li> <li>Contributions are paid to the trustee directly</li> </ul>
Benefits Transfer	<ul style="list-style-type: none"> <li>Benefits can be transferred only after ceasing employment</li> </ul>	<ul style="list-style-type: none"> <li>Benefits can be transferred anytime</li> </ul>	<ul style="list-style-type: none"> <li>Benefits can be transferred anytime</li> </ul>
Benefits Withdrawal	<ul style="list-style-type: none"> <li>Subject to the terms of your MPF scheme or you can withdrawal the benefits only after ceasing employment</li> </ul>	<ul style="list-style-type: none"> <li>You can withdraw the benefits anytime, subject to a maximum withdrawal frequency and withdrawal amount set by the trustee</li> </ul>	<ul style="list-style-type: none"> <li>Benefits are required to preserve upon reaching 65 years of age (or on other statutory grounds)</li> </ul>
Tax Benefits	<ul style="list-style-type: none"> <li>Contributions are not eligible for tax deduction</li> </ul>	<ul style="list-style-type: none"> <li>Contributions are not eligible for tax deduction</li> </ul>	<ul style="list-style-type: none"> <li>Contributions are tax deductible and capped at HK\$60,000<sup>2</sup></li> <li>The maximum amount of tax savings is HK\$10,200</li> </ul>

<sup>2</sup> This is the maximum tax concession amount in the year of assessment 2019/2020. This cap is an aggregate limit for both TVC and qualifying deferred annuity policies ("QDAP").

## By making TVC, how much tax payment may be saved? And how much MPF benefits may be more

Example (for illustration and reference only)

### Assumptions:

- Member A starts working and enrolls in an MPF scheme from 21 years old. He/she makes different amounts of TVC at different stages of life until early retirement at age 60;
- Only the current Basic Personal Allowance and the deductions for MPF mandatory contributions are taken into account;
- Tax rates maintain at the level of the assessment year 2019/2020;

Career Starter: Aged 21-30		Breadwinner: Aged 31-40	
Average Annual Salary:	<b>HK\$300,000</b>	Average Annual Salary:	<b>HK\$600,000</b>
Amount of mandatory contributions Per Year:	<b>HK\$30,000</b>	Amount of mandatory contributions Per Year:	<b>HK\$36,000</b>
Amount of TVC Per Year:	<b>HK\$40,000</b>	Amount of TVC Per Year:	<b>HK\$30,000</b>
Total amount of tax savings			
Age	Tax payable without making TVC	Tax payable with making TVC	
21 ▼ 30	HK\$94,200	HK\$53,000	
31 ▼ 40	HK\$585,000	HK\$534,000	
41 ▼ 50	HK\$993,000	HK\$891,000	
51 ▼ 60	HK\$1,401,000	HK\$1,299,000	
<b>Total amount of tax savings with making TVC:</b>		<b>HK\$296,200</b>	

Note: The tax calculations in the above example do not take into account other factors of tax assessment example are calculated based on the assumptions listed above and do not take into account other factors The above example is based on an assumption with positive returns, investors should be aware of any hypothetical and illustration purpose only, and it is not intended to provide any forms of guarantee or

- Member A does not apply for QDAP for tax benefits;
- Both Employer and Member A contribute 5% of the Relevant Income (as a total of 10%) with the amount of mandatory contributions capped at HK\$3,000 per month; and
- Member A's MPF investments obtain an annualized return of 3.5%

### Business Achiever: Aged 41-50

### Golden Age: Aged 51-60

Average Annual Salary: **HK\$840,000**

Amount of mandatory contributions Per Year: **HK\$36,000**

Amount of TVC Per Year: **HK\$60,000**

Average Annual Salary: **HK\$1,080,000**

Amount of mandatory contributions Per Year: **HK\$36,000**

Amount of TVC Per Year: **HK\$60,000**

### Projected Balance of Retirement Investment

Without making TVC	With making TVC	
Mandatory contributions made by employer and employee per year	Mandatory contributions made by employer and employee per year	Amount of TVC per year
HK\$30,000 ▼ 10 years ▼ HK\$36,000 ▼ 30 years ▼	HK\$30,000 ▼ 10 years ▼ HK\$36,000 ▼ 30 years ▼	HK\$40,000 ▼ 10 years ▼ HK\$30,000 ▼ 10 years ▼ HK\$60,000 ▼ 20 years
Projected mandatory contributions account balance HK\$2,945,863	Projected mandatory contributions account balance HK\$2,945,863	Projected TVC account balance HK\$3,844,171
	Projected total MPF account balance HK\$6,790,034	

(e.g. other allowances and tax deductibles). The projected retirement investment balances in the above of MPF investments (e.g. the changes of investment portfolio during the investment period). situations with negative returns during the investment period. The figures in the above example are investment advice.

# Saving tax and cumulating retirement savings via TVC account under Sun Life Rainbow MPF Scheme

## Product features

### Wide range of investment choices

The Scheme offers 14 constituent funds with different risk levels to meet different investment goals. 9 of the constituent funds are managed under “Multi-manager” investment approach to effectively reduce the concentration risk by not relying on a single underlying fund manager

Constituent funds	Managed by “multi-manager” investment approach
Sun Life MPF Conservative Fund	No
Sun Life MPF Hong Kong Dollar Bond Fund	Yes
Sun Life MPF Global Bond Fund	Yes
Sun Life MPF RMB and HKD Fund	No
Sun Life MPF Stable Fund	Yes
Sun Life MPF Balanced Fund	Yes
Sun Life MPF Growth Fund	Yes
Sun Life MPF Multi-Sector Equity Fund	Yes
Sun Life MPF Asian Equity Fund	Yes
Sun Life FTSE MPF Hong Kong Index Fund <sup>3</sup>	No
Sun Life MPF Hong Kong Equity Fund	Yes
Sun Life MPF Greater China Equity Fund	Yes
Sun Life MPF Core Accumulation Fund	No
Sun Life MPF Age 65 Plus Fund	No

### Simple investment tool

If you want to manage your investment portfolio with less hassle, you may consider to choose Fund Cruiser<sup>4</sup> or Default Investment Strategy (“DIS”).

### Contribution requirement and methods of TVC

The minimum amount of regular contribution and lump-sum contribution is HK\$300. You can either make contributions on a regular basis (via auto pay) or lump-sum (via cheque). You can even suspend making contributions in order to meet your investment needs at different stages of your life.

### Manage your MPF easily

You can change your investment instructions (e.g. fund switching) anytime via Online Pension Services Centre or interactive voice response system.

### Fees and charges<sup>5</sup>

The management fees of the constituent funds (except the Sun Life MPF Core Accumulation Fund and Sun Life MPF Aged 65 Plus Fund) range from 0.883% to 1.743%. The payment for services relating to DIS for the Sun Life MPF Core Accumulation Fund and the Sun Life MPF Age 65 Plus Fund is up to 0.733%.

<sup>3</sup> All rights in the FTSE MPF Hong Kong Index (the "Index") vest in FTSE International Limited ("FTSE"). "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence. The Sun Life FTSE MPF Hong Kong Index Fund (the "Fund") has been developed solely by Sun Life Trustee Company Limited (the "Trustee"). The Index is calculated by FTSE or its agent. FTSE and its licensors are not connected to and do not sponsor, advise, recommend, endorse or promote the Fund and do not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of the Fund. FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Index for the purpose to which it is being put by the Trustee.

<sup>4</sup> Fund Cruiser is a program that adopts a pre-determined asset allocation method, which automatically rebalances your MPF portfolio every year according to your age on your birthday. For details of Fund Cruiser, please refer to the MPF Scheme Brochure of the Scheme.

<sup>5</sup> The above management fees and payment for services relating to DIS do not include all fees, charges and expenses to be paid by the scheme members. For details of the fees and charges, please refer to the MPF Scheme Brochure of the Scheme.

## Easy to open a TVC account

To open a TVC account under Sun Life Rainbow MPF Scheme, you should submit the following forms and documents:

- Completed Sun Life Rainbow MPF Scheme - Tax Deductible Voluntary Contribution Account Enrolment Form;
- A copy of your Hong Kong Identity Card;
- Completed Scheme Member's Request for Transfer of Tax Deductible Voluntary Contributions (TVC) (Form MPF(S) – P(T)) (applicable to transfer benefits from the TVC account under other MPF scheme to the TVC account under the Scheme); and
- Direct Debit Authorization ("DDA") form along with a cheque for the first contribution (for first two months) (applicable to monthly contributions) or a cheque for lump-sum contribution (applicable to lump-sum contribution)



Plan ahead of your retirement. Call your Sun Life MPF Consultant/MPF intermediary or **Sun Life Pension Services Hotline at 3183 1888** for details.

### **Important Note**

Investment involves risks and past performance is not indicative of future performance. Investment return may rise as well as fall due to market condition and currency movement which may affect the value of investments. The value of units may vary due to changes in exchange rates between currencies. Emerging markets may involve a higher degree of risk than in developed markets and are usually more sensitive to price movements.

The return of Sun Life MPF RMB and HKD Fund may be adversely affected by movements in RMB exchange rates as well as foreign exchange controls and repatriation restrictions imposed by the Chinese government as the fund invests part of its assets in RMB denominated money market and debt instruments.

You are advised to read the MPF Scheme Brochure of the Scheme for further details including risk factors prior to making any investment decision.

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# "Save Tax Again"

## Tax Deductible Voluntary Contributions Welcome Offer ("Welcome Offer")

Promotion Period:  
January 2, 2021 -  
March 31, 2021  
(both dates inclusive)

In appreciation to members for enrolment in a new Tax Deductible Voluntary Contributions ("TVC") account under Sun Life Rainbow MPF Scheme (the "Scheme"), we are proud to present you the following Welcome Offer:

If you enroll for a new TVC account under the Scheme during the Promotion Period with the aggregate amount of TVC and the transfer of accrued benefits of TVC from another MPF scheme(s) to the TVC account under the Scheme (the "TVC Transferred Accrued Benefits") not less than HK\$20,000 on or before May 31, 2021 ("Validation Date"), you may enjoy a one-off bonus unit rebate (the "One-off Bonus Unit Rebate").

The One-off Bonus Unit Rebate will be credited on or before July 15, 2021 as additional fund units to the member's TVC account under the Scheme. Please refer to the following table for the details of the One-off Bonus Unit Rebate.

### Details of the One-off Bonus Unit Rebate:

Aggregate amount of TVC and the TVC Transferred Accrued Benefits on the Validation Date (HK\$)	One-off Bonus Unit Rebate (HK\$)
20,000 to below 40,000	100
40,000 to below 60,000	250
60,000 to below 80,000	400
80,000 to below 100,000	600
100,000 to below 120,000	900
120,000 or above	1,500



### Example 1\*

Member A enrolled for a TVC account under the Scheme on February 8, 2021 and he successfully made a contribution of HK\$60,000 to the TVC account on February 9, 2021.

One-off Bonus  
Unit Rebate  
**HK\$400**

Since Member A enrolled for a TVC account under the Scheme during the Promotion Period and successfully made a contribution of HK\$60,000 to the TVC account on or before the Validation Date, Member A would be entitled to the One-off Bonus Unit Rebate of HK\$400. The One-off Bonus Unit Rebate would be credited on or before July 15, 2021 as additional fund units to Member A's TVC account under the Scheme.

### Example 2\*

Member B enrolled for a TVC account under the Scheme on March 27, 2021. In addition, he successfully made a contribution of HK\$40,000 to the TVC account on March 30, 2021 and successfully completed the TVC Transferred of Accrued Benefits of HK\$50,000 on April 13, 2021.

One-off Bonus  
Unit Rebate  
**HK\$600**

Since Member B enrolled for a TVC account under the Scheme during the Promotion Period and the aggregate amount of TVC and TVC Transferred Accrued Benefits on the Validation Date reached HK\$90,000, Member B would be entitled to the One-off Bonus Unit Rebate of HK\$600. The One-off Bonus Unit Rebate would be credited on or before July 15, 2021 as additional fund units to Member B's TVC account under the Scheme.

\* The figures in the above examples are hypothetical and for illustration purpose only.

## For details of the Welcome Offer, please refer to the terms and conditions of the Welcome Offer.

### Terms and conditions of "Save Tax Again" Tax Deductible Voluntary Contributions Welcome Offer ("Welcome Offer")

1. The Promotion Period of the Welcome Offer is from January 2, 2021 to March 31, 2021 ("Promotion Period") (both dates inclusive).
2. Member will be entitled to receive the One-off Bonus Unit Rebate if the member meets all the following requirements:
  - (i) Member enroll for a new Tax Deductible Voluntary Contributions ("TVC") account under Sun Life Rainbow MPF Scheme (the "Scheme") during the Promotion Period;
  - (ii) Member successfully make contribution to member's TVC account under the Scheme and/or successfully transferred the accrued benefits of TVC from another MPF scheme(s) not sponsored by Sun Life Hong Kong Limited to member's TVC account under the Scheme ("TVC Transferred Accrued Benefits") on or before May 31, 2021 ("Validation Date");
  - (iii) The aggregate amount of TVC and TVC Transferred Accrued Benefits reaches HK\$20,000 or above on the Validation Date; and
  - (iv) Member is required to retain the TVC and TVC Transferred Accrued Benefits under the TVC account until the One-off Bonus Unit Rebate is credited to member's TVC account.
3. The One-off Bonus Unit Rebate will be credited on or before July 15, 2021 as additional fund units to member's TVC account under the Scheme. The allocation of the additional fund units will follow the latest investment mandate of member's TVC account in which the additional fund units are received. If members do not have any valid investment mandate in respect of the TVC account, the additional fund units will be invested according to the Default Investment Strategy.
4. The current level of fees and charges applicable to the TVC account under the Scheme will be charged on the additional fund units.
5. Sun Life Hong Kong Limited will notify the relevant member by surface mail on or before August 15, 2021 for the successful credit of the One-off Bonus Unit Rebate to the TVC account.
6. Regarding this Welcome Offer, in case of any dispute, the decision of Sun Life Hong Kong Limited shall be final and conclusive.

### Important Note

Investment involves risks and past performance is not indicative of future performance. Investment return may rise as well as fall. You are advised to read the MPF Scheme Brochure of the Scheme for further details including risk factors prior making any investment decision. You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of funds, you are in doubt as to whether a certain fund is suitable for you (including whether it is consistent with your investment objectives), you should seek independent financial and/or professional advice and choose the fund(s) most suitable for you taking into account your circumstances.