

Sun Life Rainbow MPF Scheme

Tax Deductible Voluntary Contributions Account



Enjoy tax savings while planning for retirement

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 65th 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 legislation¹ to provide tax benefits to members who make tax deductible voluntary contributions (“TVC”) with effect from 1 April 2019.

About TVC

Easy to open an account	<ul style="list-style-type: none">• 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.
Flexible contribution	<ul style="list-style-type: none">• 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.
Enjoy tax benefits	<ul style="list-style-type: none">• 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\$60,000² and the maximum amount of tax savings is HK\$10,200.
Convenient to manage	<ul style="list-style-type: none">• 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.

¹ 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"> Set up an account under the MPF scheme chosen by your employer 	<ul style="list-style-type: none"> Set up an account under your preferred MPF scheme 	<ul style="list-style-type: none"> Set up an account under your preferred MPF scheme
Contribution Arrangement	<ul style="list-style-type: none"> Contribution amount is based on your income Make regular contributions via your employer 	<ul style="list-style-type: none"> Regular or lump-sum contributions and suspension of contributions is allowed Contributions are paid to the trustee directly 	<ul style="list-style-type: none"> Regular or lump-sum contributions and suspension of contributions is allowed Contributions are paid to the trustee directly
Benefits Transfer	<ul style="list-style-type: none"> Benefits can be transferred only after ceasing employment 	<ul style="list-style-type: none"> Benefits can be transferred anytime 	<ul style="list-style-type: none"> Benefits can be transferred anytime
Benefits Withdrawal	<ul style="list-style-type: none"> Subject to the terms of your MPF scheme or you can withdraw the benefits only after ceasing employment 	<ul style="list-style-type: none"> You can withdraw the benefits anytime, subject to a maximum withdrawal frequency and withdrawal amount set by the trustee 	<ul style="list-style-type: none"> Benefits are required to preserve upon reaching 65 years of age (or on other statutory grounds)
Tax Benefits	<ul style="list-style-type: none"> Contributions are not eligible for tax deduction 	<ul style="list-style-type: none"> Contributions are not eligible for tax deduction 	<ul style="list-style-type: none"> Contributions are tax deductible and capped at HK\$60,000² The maximum amount of tax savings is HK\$10,200

² 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;
- 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%

Career Starter: Aged 21-30			Breadwinner: Aged 31-40			Business Achiever: Aged 41-50			Golden Age: Aged 51-60		
Average Annual Salary: HK\$300,000			Average Annual Salary: HK\$600,000			Average Annual Salary: HK\$840,000			Average Annual Salary: HK\$1,080,000		
Amount of mandatory contributions Per Year: HK\$30,000			Amount of mandatory contributions Per Year: HK\$36,000			Amount of mandatory contributions Per Year: HK\$36,000			Amount of mandatory contributions Per Year: HK\$36,000		
Amount of TVC Per Year: HK\$40,000			Amount of TVC Per Year: HK\$30,000			Amount of TVC Per Year: HK\$60,000			Amount of TVC Per Year: HK\$60,000		

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
Total amount of tax savings with making TVC:		HK\$296,200

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	

Note: The tax calculations in the above example do not take into account other factors of tax assessment (e.g. other allowances and tax deductibles). The projected retirement investment balances in the above example are calculated based on the assumptions listed above and do not take into account other factors of MPF investments (e.g. the changes of investment portfolio during the investment period). The above example is based on an assumption with positive returns, investors should be aware of any situations with negative returns during the investment period. The figures in the above example are hypothetical and illustration purpose only, and it is not intended to provide any forms of guarantee or 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 17 constituent funds with different risk levels to meet different investment goals. 11 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 RMB and HKD Fund	No
Sun Life MPF Global Bond Fund	Yes
Sun Life MPF Stable Fund	Yes
Sun Life MPF Balanced Fund	Yes
Sun Life MPF Growth Fund	Yes
Sun Life MPF Global Low Carbon Index Fund ³	No
Sun Life MPF Multi-Sector Equity Fund	Yes
Sun Life MPF European Equity Fund	Yes
Sun Life MPF Asian Equity Fund	Yes
Sun Life MPF US Equity Fund	Yes
Sun Life MPF Greater China Equity Fund	Yes
Sun Life FTSE MPF Hong Kong Index Fund ⁴	No
Sun Life MPF Hong Kong 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 Cruiser⁵ 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 charges⁶

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%.

³ The Sun Life AM Global Low Carbon Index Fund (Underlying Fund) has been developed solely by Sun Life Asset Management (HK) Limited. The Underlying Fund is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). FTSE Russell is a trading name of certain of the LSE Group companies.

All rights in the FTSE Custom MPF Developed Selected Countries ESG Low Carbon Select Hedged Index (Underlying Index) vest in the relevant LSE Group company which owns the index. "FTSE®", "Russell®", "FTSE Russell®" are trademarks of the relevant LSE Group company and are used by any other LSE Group company under license.

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⁴ 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.

⁵ 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.

⁶ The above management fees and payment for services relating to DIS do not included 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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