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## **Abolition of MPF Offsetting Arrangement**

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Source from Labour Department <https://www.labour.gov.hk/eng/news/aoa.htm>

Dear Client,

Please noted that the Abolition of MPF Offsetting Arrangement would be effected on 1 May 2025. You should have a better Financial planning in order to fulfill the statutory requirement. Should you have any questions and need assistance, please feel free to contact our consultant.

### **Abolition of MPF Offsetting Arrangement**

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The Legislative Council passed the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 on 9 June 2022 to abolish the use of the accrued benefits of employers' mandatory contributions under the Mandatory Provident Fund (MPF) System to offset severance payment (SP) and long service payment (LSP) (MPF offsetting arrangement). The Government has announced that the abolition of **MPF offsetting arrangement will take effect on 1 May 2025.**

Employers can continue to use the accrued benefits derived from their MPF contributions (irrespective of whether the contributions are made before, on or after the transition date, and irrespective of whether the contributions are mandatory or voluntary) to offset the pre-transition portion (but not the post-transition portion) of SP/LSP.

### **Thematic Webpage on the Abolition of MPF Offsetting Arrangement** **[\(www.op.labour.gov.hk/en/\)](http://www.op.labour.gov.hk/en/)**

This one-stop online platform provides information about the abolition of MPF offsetting arrangement and illustrative graphics and examples to enhance employers', employees' and the public's understanding of the abolition of MPF offsetting arrangement and the relevant supporting measures. It also provides a calculating tool to assist employers and employees to calculate SP/LSP, Government subsidy for employers and total benefits for employees after the abolition.