

Non-Mandatory Central Provident Fund System



Interface between the Private Pension Plan and the Joint Provident Fund Scheme



Steps to interface a private pension plan with the joint provident fund scheme

- 1 **Employer** (already set up a private pension plan for his/her employees)
To decide whether to participate in the non-mandatory central provident fund system, and enter into a joint provident fund scheme contract with the fund management entity.
- 2 **Fund management entity**
To forward the joint provident fund scheme contract, the employer application form and related documents to the Social Security Fund within 10 working days.
- 3 **Social Security Fund**
To approve the application within 60 days of receipt of all required documents, and issue the notice of approval to the employer.
- 4 **Employer**
To notify the employee of the right to participate in the non-mandatory central provident fund system within 10 working days of receipt of notice.
- 5 **Employee**
For employees who have already joined the original private pension plan, they can decide within 3 months whether to participate in the joint provident fund scheme.

No

Remain in the private pension plan.
- 6 **Employee** Yes
To submit the participation consent form and related documents to the employer.

Employer

- 7 To send the employee's participation consent form and related documents to the fund management entity in the following month for preparing to open a sub-account.

Fund management entity

- 8 To open a contribution sub-account for the employee.

Employer and employee

- The new contributions are paid towards the joint provident fund scheme.

- 9 Please refer to the "Joint Provident Fund Scheme" leaflet for the steps of making contributions.

Private pension plan

- The contribution balance accumulated before the interface will remain in the private pension plan for further accumulation.



For more information
Website: www.fss.gov.mo
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The term "old employees" refers to the serving employees who have already joined the private pension plan of the company before the employer participates in the non-mandatory central provident fund system. They can choose whether to interface the private pension plan with the non-mandatory central provident fund system and keep some of the terms of the private pension plan;

The term "new employees" refers to the employees who do not join the private pension plan of the company, or they are the new hires of the company. They can only choose to participate in the non-mandatory central provident fund system and comply with its provisions.

Note 1: These are the basic standards. Employers can set more favourable terms for their employees.

Note 2: When the employee's contribution time fulfils the requirement for obtaining all of the employer's contribution benefits, the employee will be entitled to determine the funds to be invested and the allocation ratio for the employer's contributions.

Note 3: The upper and lower limits for the calculation base of contributions are linked to the "Minimum Wage for Employees". The current minimum wage stands at 7,280 patacas per month. If this amount is adjusted, the amounts for the upper and lower limits for the calculation base of contributions will also be automatically adjusted.

Note 4: If an employer does not rescind the labour contract on reasonable grounds, or the employee rescinds the labour contract on reasonable grounds, the employee will be entitled to the dismissal compensation. For details, please see Articles 70 and 71 of Law No. 7/2008 (Labour Relations Law).



Old system for old employees		New system for new employees (Note1)
	Free to choose to interface with the non-mandatory central provident fund system	Choose not to interface with the non-mandatory central provident fund system, and remain in the private pension plan
Fund management entity	To be chosen by the employer	To be chosen by the employer
Pension fund	Employer and employee make their own choice respectively (Note2)	Employer and employee make their own choice respectively (Note2)
Contribution rate	To be set according to the basic standards of the non-mandatory central provident fund system, but the terms in the original private pension plan that are more favourable to employees must continue to apply.	5%
Calculation base of contributions		Basic wage
Lower limit for the calculation base of contributions		Employees are free to choose. The current amount stands at 7,664 patacas (Note 3)
Upper limit for the calculation base of contributions		Employers and employees are free to make their own choice respectively. The current amount stands at 36,400 patacas (Note 3)
Vesting percentage	The contribution time before and after the interface must be added together.	Standard vesting percentages
Contribution time		Contribution time under the non-mandatory central provident fund system
If the employee is unreasonably dismissed	If there are relevant provisions in the private pension plan and if dismissal compensation (Note 4) is incurred, the private pension contribution balance accumulated before the interface can be used to offset the dismissal compensation.	Should be calculated according to the vesting percentages
	The non-mandatory central provident fund system contribution balance accumulated after the interface cannot be used to offset the dismissal compensation, and it should be calculated according to the vesting percentages.	
If the employee is dismissed on reasonable grounds	Regarding the private pension contribution balance accumulated before the interface, the employee may not be able to obtain any of the employer's contributions if there are relevant provisions in the private pension plan.	The employee should apply to withdraw funds according to the provisions of the non-mandatory central provident fund system (In general, the person must be at least age 65).
	The non-mandatory central provident fund system contribution balance accumulated after the interface should be calculated according to the vesting percentages.	
Withdrawal of funds	Regarding the private pension contribution balance accumulated before the interface, 1. the funds should be withdrawn according to the terms of the private pension plan; or 2. the employee may transfer his/her private pension benefits to the non-mandatory central provident fund system at the time he/she leaves the job.	
	Regarding the non-mandatory central provident fund system contribution balance accumulated after the interface, the employee should apply to withdraw the funds according to the provisions of the non-mandatory central provident fund system (In general, the person must be at least age 65).	