

Non-Mandatory Central Provident Fund System

Joint Provident Fund Scheme



The Non-Mandatory Central Provident Fund System (the "System") belongs to the second tier of the two-tier social security system promoted by the SAR Government. Its aim is to strengthen the protection for the Macao SAR residents in their old age. The System came into force on 1 January 2018.

A joint provident fund scheme is voluntarily set up by employer and voluntarily joined by employees.

1. How to choose a fund management entity

In choosing a fund management entity, the employer may consider the following factors:

- services provided by the fund management entity;
- whether the types of pension funds can meet the needs of employees;
- the return and risk of pension funds;
- charges.

2. Steps to set up and participate in a joint provident fund scheme

Employer

1

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.

Fund management entity

2

To forward the joint provident fund scheme contract, the employer application form and related documents to the Social Security Fund within 10 working days.

Social Security Fund

3

To approve the application within 60 days of receipt of all required documents, and issue the notice of approval to the employer.

Employer

4

To notify employees of their right to participate in the non-mandatory central provident fund system within 10 working days of receipt of notice.

Employee

5

To notify the employer in writing whether to participate in the scheme within 3 months from the month following the receipt of notice from the employer.

Employer

6

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

7

To open a contribution sub-account for the employee.

Employer and employee

8

To make payment of contributions.

Note: In the case of an interface between the private pension plan and the joint provident fund scheme, please refer to the "Interface" leaflet.



3. Steps to make contributions towards the joint provident fund scheme

1 Joint provident fund scheme

To come into effect on the first day of the following month after obtaining the approval from the Social Security Fund.

2 Employee

Contributions will start from the following month after the employee agrees in writing to participate in the scheme.

3 Employer and employee

The employer deducts the amount of contributions from the employee's monthly salary, and pays the contributions of the preceding month to the fund management entity on or before the last day of each month.

4 Fund management entity

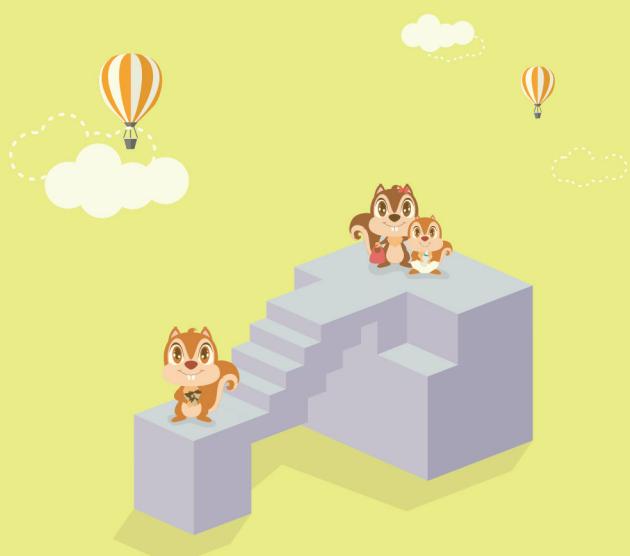
To record the contributions of the related contribution sub-account within 5 working days from the date of receipt of contributions, and subscribe for pension fund units within 10 working days.

4. Basic standards for contributions (Note 1)

The employer and employee may choose the appropriate pension fund(s) for their own contributions in the way of proportional allocation.

	Fund management entity	Pension fund	Allocation of contributions among investment
Employer	✓	✓	✓
Employee	✗	✓	✓

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



Calculation base of contributions	Employee's monthly basic wage
Contribution rate	Employer 5% Employee 5%
The upper limit for the calculation base of contributions <small>(Note 2)</small>	The upper limit is 36,400 patacas, the employer and employee can be exempted from paying contributions for the excess amount.
Example :	
Assume that the employee's monthly basic wage :	\$40,000
The amount of contributions payable by the employer :	$\$36,400 \times 5\% = \$1,820$
The amount of contributions payable by the employee :	$\$36,400 \times 5\% = \$1,820$
The lower limit for the calculation base of contributions <small>(Note 2)</small>	If the employee's basic wage is less than 7,664 patacas, the employee can be exempted from paying the contributions, but the employer is still required to make contributions.
Example :	
Assume that the employee's monthly basic wage :	\$7,500
The amount of contributions payable by the employer :	$\$7,500 \times 5\% = \375
The amount of contributions payable by the employee :	Not required to make contributions

Note 1: The above is only the basic standard. The System allows employers to set more favourable terms for employees.

Note 2: 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.

5. Vesting percentage

The percentage of the employer's contribution balance obtained by the employee at termination of a labour relationship is determined by the contribution time:

Contribution time	Vesting percentage
Less than 3 years	0%
3 years to less than 4 years	30%
4 years to less than 5 years	40%
5 years to less than 6 years	50%
6 years to less than 7 years	60%
7 years to less than 8 years	70%
8 years to less than 9 years	80%
9 years to less than 10 years	90%
10 years or more	100%

Note: The above is only the basic standard. The System allows employers to set more favourable vesting percentages to employees.



6. Tax concessions

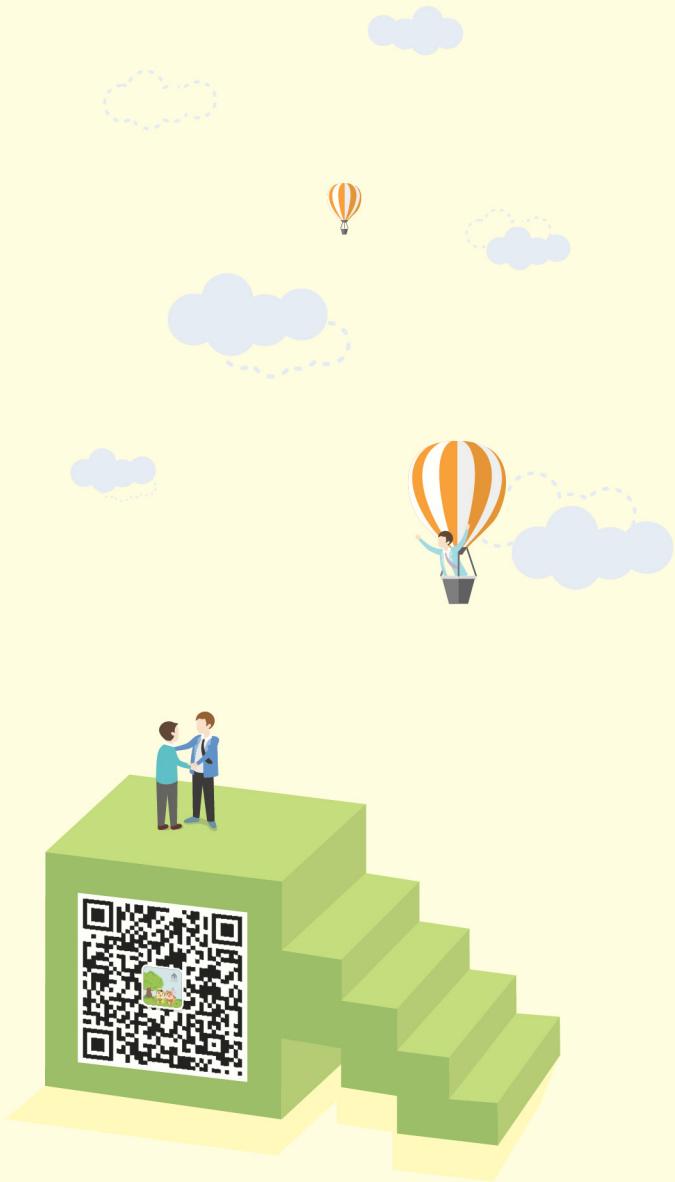
The contributions made by the employer towards the joint provident fund scheme are considered as the operating costs or the burdens of engaging in business, which can be deducted from the taxable profits.

Example:

Assume that employee A and his employer have participated in the non-mandatory central provident fund system

Employee A's monthly basic wage:	10,000 patacas
Employer's contribution rate:	5%
The amount of the employer's contributions:	$10,000 \text{ patacas} \times 5\% = 500 \text{ patacas}$
Tax concessions:	500 patacas

Therefore, the employer can deduct \$500 from his taxable profits.



For more information
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