



社會保障基金
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S O C I A L

Review Report on "Non-Mandatory Central Provident Fund System"



2018

01/01

Law No. 7/2017

(Non-Mandatory Central
Provident Fund System)

came into effect.



According to Article 59 of the above-mentioned Law, the Social Security Fund must compile a **legal review report after three years** of the entering into force of the Law, in particular, the necessary conditions for the implementation of the central provident fund system in a mandatory mode, as well as the impact of the relevant measure on society and the economy.



Implementation of Non-Mandatory Central Provident Fund (as of 2020)

Allocation system

Cumulative number of account owners :
about 603,000



Cumulative government appropriation :
over 28.6 billion patacas



The highest accumulative appropriation
for a government-managed sub-account :



Appropriation	77,000 patacas
+ Income	9,910 patacas
= Total	86,910 patacas



Summary : The allocation system helps residents accumulate wealth and lays a good foundation for the establishment of the Mandatory Central Provident Fund.



Contributory system

Employers : 247



◆ Joint provident fund scheme :
about 23,000 employees



◆ Individual provident fund scheme :
about 62,000 residents



Summary : The figures reflect the residents' concern about their own retirement protection. The overall operation of the System is smooth and certain results have been achieved.



Opinions from society



20 in-depth interviews were conducted with employer and employee groups, institutions that manage and sell pension funds, legislators, experts and scholars.



Positive attitude was shown by the respondents to see the Non-Mandatory Central Provident Fund moving towards its mandatory implementation in Macao.

The vast majority of interviewees agree with the current arrangements of the System.



In response to the recurrent outbreaks of COVID-19, the rollout of Mandatory Central Provident Fund must be subject to economic recovery, with careful arrangements and consolidation of a better social atmosphere.





Affordability and acceptability



Employers:



For all employers in Macao and SME employers, the “ratio of employee expenditure to employer’s income” (employee expenditure ratio) in 2019 was **24%** and **29%** respectively.

Assuming: With 5% contribution, in 2026, the employee expenditure ratio will additionally increase by

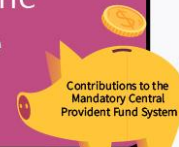
All employers in Macao :

+0.69%

SME employers :

+0.84%

There must be an additional **6.9 patacas** (all employers) or **8.4 patacas** (SME employers) allocated for every **1,000 patacas** of income earned in that year, as contributions to the Mandatory Central Provident Fund.



Summary : Mandatory Central Provident Fund’s contributions will not cause excessive pressure on employers.

Employees and residents :



The acceptance of retirement savings is getting higher and higher, which provides a good foundation for the promotion and implementation of the Mandatory Central Provident Fund.





Analysis of economic situation



The Non-Mandatory Central Provident Fund has been operating well for 3 years. If it were to be forecasted along with the economic development trend of 2019, the conditions would have already been met to move towards its mandatory implementation.



With the emergence and recurrent outbreaks of COVID-19, now is not the right time to implement the Mandatory Central Provident Fund.



According to the forecast of the International Monetary Fund (IMF), Macao's real GDP in 2025 can roughly return to the level of 2019 (101%).



Suggestions :

- ◆ Set a **3-year observation period (2021-2023)** to review the recovery of Macao's economy before starting other preparations.
- ◆ Put forward two plans :

"5-year preparation period"

and "7-year preparation period"



Timetable for the Implementation of Mandatory Central Provident Fund



	Plan 1 (5-year preparation period)	Plan 2 (7-year preparation period)
2021	Submit and explain the review report on "Non-Mandatory Central Provident Fund System".	
2021 - 2023	<ul style="list-style-type: none"> Observe the recovery of Macao's economy. Continue to promote employers, employees and residents to participate in the Non-Mandatory Central Provident Fund. 	
2024 - 2025	<p>If the economic recovery is in line with the IMF's forecast, preliminary preparations for the Mandatory Central Provident Fund will be rolled out.</p>	<ul style="list-style-type: none"> If the economic recovery is not as predicted by the IMF, the observation period will need to be extended. Continue to promote employers, employees and residents to participate in the Non-Mandatory Central Provident Fund.
2026	The "Mandatory Central Provident Fund System" will come into effect. All businesses will participate in the System during the year.	Preliminary preparations for the Mandatory Central Provident Fund will be rolled out.
2027		
2028	The "Mandatory Central Provident Fund System" will come into effect. All businesses will participate in the System during the year.	



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Suggestions on the contents of the Mandatory Central Provident Fund



Make a smooth transition in accordance with the basic standards of the current System to avoid uncertainties due to changes in any system arrangements.



will keep

Joint provident fund scheme :



Eligibility requirements for participation, investment allocation, contribution rate, calculation base of contributions, upper and lower limits for the calculation base of contributions, vesting of benefits, interface arrangements, etc.



Individual provident fund scheme :

Eligibility requirements for participation, upper and lower limits of the contribution amount, etc.



will cancel

 Suspension of payment of contributions

 Extra 2 times of tax incentive

