

# **Extension of Retirement Age for Newly-joined Aided School Teachers**

## **Consultation Paper**

### **Purpose**

1.1 The Education Bureau (“EDB”) proposes to amend the Education Ordinance (“EO”) (Cap. 279, Laws of Hong Kong), the Grant Schools Provident Fund (“GSPF”) Rules (Cap. 279C, Laws of Hong Kong) and the Subsidized Schools Provident Fund (“SSPF”) Rules (Cap. 279D, Laws of Hong Kong), to extend the retirement age of newly-joined teachers within the approved staff establishment of aided schools and to adjust the arrangements for Government donation to the provident funds of those teachers. We are consulting the education sector on the proposal.

### **Existing policy**

2.1 The current retirement age of teachers and principals within the approved teaching staff establishment of aided schools is 60. The Permanent Secretary for Education may, under exceptional circumstances, extend their service beyond the retirement age in accordance with the EO<sup>1</sup>.

2.2 Meanwhile, all teachers employed by aided schools under the provisions of the Codes of Aid, except for temporary teachers and teachers who are over the age of 55 on being first appointed to a grant/ subsidized school, are required to contribute to the GSPF/ SSPF. Provident fund contributions are made up of two parts: a monthly contribution by the teacher

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<sup>1</sup> An aided school may submit an application to the EDB for extension of service of teachers and principals beyond the retirement age if the school cannot find a replacement for the incumbent after making every reasonable effort. In line with the retirement policy, normally applications for extension of service will not be granted except under very special circumstances.

at the rate of 5% of his/ her salary<sup>2</sup>, and a Government donation based on the teacher's year(s) of continuous contributory service<sup>3</sup>. According to the GSPF and SSPF Rules, the rates of Government donation are as follows:

- (i) 5% of the contributor's salary<sup>2</sup> if his/ her continuous contributory service is less than 10 years;
- (ii) 10% of the contributor's salary<sup>2</sup> if his/ her continuous contributory service is not less than 10 years but less than 15 years; and
- (iii) 15% of the contributor's salary<sup>2</sup> if his/ her continuous contributory service is not less than 15 years.

2.3 Teachers who are not eligible to make contributions to the GSPF/ SSPF, or not exempt from the Mandatory Provident Fund Schemes Ordinance, are required to join a mandatory provident fund scheme.

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<sup>2</sup> Including any allowances approved for the purpose of salary by the Permanent Secretary for Education.

<sup>3</sup> According to the GSPF and SSPF Rules, "continuous contributory service" in relation to a teacher means any period of service during which the teacher —

(a) makes continuous contributions to the Fund or a provident or superannuation fund approved by the Permanent Secretary for the purposes of these rules; and

(b) has not closed his account in that Fund or that other fund at any time, and includes—

(i) study leave, sick leave or maternity leave approved by the Permanent Secretary; and

(ii) any service—

(A) at 2 or more grant/ subsidized schools;

(B) at 1 or more grant/ subsidized schools and at 1 or more subsidized/grant schools;

(C) at 1 or more grant/ subsidized schools and at 1 or more DSS schools; or

(D) at 1 or more grant/ subsidized schools and at 1 or more subsidized/ grant schools and at 1 or more DSS schools, either without a break in teaching service or with such a break if the break has been approved by the Permanent Secretary.

## **Justifications for amending the retirement age of newly-joined teachers**

3.1 To address the challenges arising from an ageing population and a shrinking labour force, in the 2015 Policy Agenda, the Government stated that it would encourage other employers, in particular public and subvented organisations, to implement appropriate measures according to their own circumstances to extend the working life of their employees, so as to align with its arrangement of extending the retirement age of civil service new recruits.

3.2 The education sector will be facing the same aforesaid challenges in the long run. During the meetings with the EDB, the school councils, education bodies, school sponsoring bodies, teacher associations and teacher education institutions generally supported extending the retirement age of newly-joined aided school teachers to 65. It was also concurred that the contributory period of the newly-joined teachers and/ or the rates of Government donation to their GSPF/ SSPF should be adjusted accordingly, so as to maintain the overall financial stability of the Government.

3.3 The EDB engaged an actuarial service provider to conduct an actuarial study to assess the impact of the proposed new retirement age policy on Government donation to the GSPF/ SSPF. After carefully analysing the relevant data and information, the actuarial service provider proposed to the EDB for an adjustment of the Government donation, under which newly-joined aided school teachers retiring at the age of 65 are also provided with proper provident fund arrangement.

## **Key initiatives and focus of consultation**

4.1 The EDB has to amend the relevant parts of the EO, GSPF Rules and SSPF Rules to effectuate the extension of retirement age to 65 for newly-joined aided school teachers.

4.2 When extending the retirement age of newly-joined aided school teachers and adjusting the arrangements for Government donation to provident funds, the EDB will be guided by the following principles:

- (i) A balance should be struck between the need to provide opportunities for young teachers to join the profession and the suitable expansion of the labour force to address the shrinkage in the working population; and
- (ii) The new policy should not create additional pressure on government expenditure so that the stability of public finance may be maintained.

### **4.3 Target group of new retirement age**

4.3.1 The EDB proposes that the extended retirement age should **only apply to teachers who are employed to fill a teaching post within the approved staff establishment of aided schools for the first time** from the effective date of the amendments to the EO, including teachers who are formerly appointed to fill non-establishment posts of aided schools by means of cash grants, appointed to teaching posts in schools of other finance types (i.e. Direct Subsidy Scheme (DSS) schools, private schools and government schools), or appointed as daily-rated supply teachers/ monthly-paid temporary teachers.

4.3.2 The proposed new retirement age of 65 is **not applicable** to in-service teachers within the approved staff establishment of aided schools and those formerly appointed to teaching posts within the approved staff establishment, including “regular teachers” with defined contract period, part-time teachers on approved staff establishment (including teachers paid by Salaries Grant and other grants at the same time), and teachers previously appointed within the approved staff establishment before their resignation/ conversion to non-regular teachers. Although they have left service before the amendments come into force (regardless of whether their aided school provident fund accounts have been closed or not) and have been re-appointed to teaching posts on the approved staff establishment of aided schools after the amendments become effective, the new retirement age does not apply to them.

4.3.3 In determining the target group of the new retirement age, the EDB has taken into account a number of factors. First, extending the retirement age of aided school teachers to 65 will help schools retain seasoned teaching staff capable of passing on their experience to younger teachers when the labour force shrinks due to an ageing population. At the same time, we must give due consideration to the entry and career prospect of young teachers, with a view to injecting new blood into the sector so as to sustain the development of quality education. We have balanced the needs of various stakeholders in establishing the definition of newly-joined teachers and deciding whether or not to raise the retirement age of in-service teachers currently on the approved staff establishment of aided schools or teachers to be re-appointed in the approved staff establishment of aided schools. We recommend adopting the proposal outlined in paragraphs 4.3.1 and 4.3.2, i.e. that the extended retirement age for aided school teachers should apply only to first-time appointees to a teaching post within the approved staff establishment of an aided school after the amendments to the EO have come into force. This clear-cut definition of newly-joined teachers is in line with the objectives of the new policy and can avoid legal dispute when making relevant legislative amendments in future.

4.3.4 Teachers currently serving in aided schools may continue to apply for extension of service through their schools according to the existing administrative arrangements after the new retirement age policy has been implemented. In light of their individual needs, schools will submit such applications for the EDB's approval. To cater for the developmental needs of the schools, the EDB will consider the application based on the actual situation and the justifications from the school.

4.3.5 We seek your views on the following:

- (i) *The new retirement age applies to first-time appointees to a teaching post within the approved staff establishment of an aided school after amendments to the EO have come into force (see paragraph 4.3.1). What are your views on this?*
- (ii) *The new retirement age does not apply to teachers who are currently or have formerly been appointed to a teaching post within the approved staff establishment of*

*an aided school. In other words, their retirement age is still 60 (see paragraph 4.3.2). What are your views on this?*

- (iii) *The retirement age of teachers currently on the approved staff establishment of aided schools is still 60 after the legislative amendments have come into effect. If necessary, schools may submit applications for extending the service of individual teachers to the EDB for approval. In addition, for teachers who are formerly appointed to teaching posts within the approved staff establishment of aided schools but re-appointed upon resignation (regardless of the length of break) to take up a teaching post within the approved staff establishment of an aided school after the legislative amendments have come into effect, their retirement age will remain at 60. Where extension of their services is deemed necessary, schools may also submit applications to the EDB for approval (see paragraphs 4.3.3 and 4.3.4). What are your views on this?*

#### **4.4 Adjusting the provident fund contributory period and arrangements for Government donation**

4.4.1 Besides amending the EO to extend the retirement age of newly-joined teachers to 65, the EDB will also amend the GSPF and SSPF Rules to adjust the provident fund contributory period of newly-joined teachers and the arrangements for Government donation, so that both will complement each other and not increase the burden of public finance.

4.4.2 The EDB recommends adopting the following proposal of the actuarial study when adjusting the arrangements for Government donation for newly-joined teachers of grant/subsidized schools. As regards the donation to provident funds for teachers on transfer from

aided schools to DSS schools<sup>4</sup>, the same arrangements apply:

<b>Rate of Government Donation (%)</b>	<b>Existing Arrangement for Government Donation (Years of Continuous Contributory Service)</b>	<b>Proposed Adjustment to the Arrangement for Government Donation (Years of Continuous Contributory Service)</b>
5%	< 10 years	<12 years
10%	≥ 10 ~ < 15 years	≥12 ~ <17 years
15%	≥ 15 years	≥17 years

4.4.3 The above proposal has incorporated the views from the education organisations (see paragraph 3.2), which include maintaining the existing rates of Government donation, and introducing adjustments that entail the least changes and facilitate compliance for contributors. In essence, under the new proposal, the retirement age of newly-joined teachers is 5 years beyond that of the serving teachers, and the qualifying year of continuous contributory service for a higher rate of Government donation is increased by 2 years. Taking into account the fact that newly-joined teachers will be eligible for 3 more years of Government donation at the rate of 15% of their salary, and the salary increments and/ or adjustments they may have during this period, the amount of Government donation receivable when newly-joined teachers retire at 65 will be higher than the amount that their in-service counterparts may get.

4.4.4 When an aided school teacher ceases to be employed and withdraws the provident fund payable to him, he is entitled to 50% of Government donation upon completion of 5 years of continuous service; and the said percentage will increase by 10% on completion of each additional year of continuous service until the ceiling of 100% is reached according to

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<sup>4</sup> For subsidized school teachers, they may opt to contribute to the SSPF for a maximum of five years after their school has become a DSS school. But they may not continue to make contributions to the SSPF if they have joined a DSS school on his own accord. For grant school teachers, irrespective of whether their school has become a DSS school or they have joined a DSS school on his own accord, they may opt to contribute to the GSPF for an unrestricted period. However, if a grant school teacher, after joining a DSS school on his own accord for the first time, switches to teach in another DSS school, he/ she can no longer continue to join GSPF scheme.

the existing rule. After the new retirement age becomes effective, this rule remains unchanged.

4.4.5 We seek your views on the following:

- (i) *What are your views on the proposed adjustments to the arrangements for Government donation to the provident fund for newly-joined teachers of grant/subsidized schools (see paragraph 4.4.2)?*
- (ii) *Some suggest that the Government may consider keeping the existing arrangements for Government donation to provident fund for newly-joined teachers unchanged, while requiring them to contribute to the Mandatory Provident Fund Scheme starting from the first school year after they have reached the age of 60 (i.e. from the age of 60 to 65). In other words, the teachers concerned are required to close their GSPF/SSPF accounts and withdraw the provident fund in the school year that they reach the age of 60. The teachers are then required to contribute to the Mandatory Provident Fund Scheme and are only entitled to the Government's contribution rate of 5%. What are your views on this?*

### **Advice sought**

5.1 The EDB is now soliciting views from the education sector and its stakeholders on various recommendations regarding the extension of retirement age for newly-joined aided school teachers. To help us refine the new measures, please submit your views **on or before 7 September 2018** by post, fax or e-mail:

Post: Education Bureau  
2/F, Trade and Industry Tower  
3 Concorde Road, Kowloon

Fax : 2520 0065

E-mail: [consultretirementage@edb.gov.hk](mailto:consultretirementage@edb.gov.hk)

5.2 The provision of personal data when giving views on this consultation paper is voluntary. All information received will only be used for purposes related to this consultation exercise and will be destroyed after analysis.

5.3 The EDB may, as appropriate, reproduce, quote, summarise or publish any written comments received, in whole or in part, in any form and for any use without seeking prior permission of the contributing parties. However, no personal data will be disclosed when views are presented.

The Education Bureau

27 June 2018