

## **General Information on the Subsidized Schools Provident Fund**

The following information attempts to provide contributors with general information on the Subsidized Schools Provident Fund by way of questions and answers. These questions and answers are by no means exhaustive and conclusive.

### Questions

#### **I. Nature and management of the Fund**

- Q1: What is the Subsidized Schools Provident Fund and its object?**
- Q2: When was the Fund established?**
- Q3: Who are eligible for participation in the Fund? What is the amount of monthly contribution from each contributor?**
- Q4: Which section of the Hong Kong Law governs the Subsidized Schools Provident Fund?**
- Q5: How does the Government donate to the Fund?**
- Q6: How is the Subsidized Schools Provident Fund controlled?**
- Q7: Is the administration and finance of the Fund a separate entity from the Government? Is it possible that future government interference may result in losses to contributors?**
- Q8: What does the Board of Control comprise?**

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- Q1: Is it possible to allocate part of the Subsidized Schools Provident Fund for contributors' welfare and medical services or for use as low-interest loan?**
- Q2: How does the Board of Control invest the Fund to make profits?**

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- Q6: How should the dividend rate of each year be determined?**
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- Q1: What is the Fund's accounting year?**
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- Q4: If a new contributor enters service on the school open day or any day of the month of September of a year which happens to be the first working day of the school year of his school, will he have to work till 1 September ten years later if he is to receive 100% of Government's donations?**

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- Q5: If a contributor has doubt about the accounting, school transfer and payment arrangement/handling of his account, where can he make enquiries or express his views?
- Q6: After appealing to the Board of Control of SSPF relating to accounting, school transfer and payment arrangement, if a contributor is still not satisfied with the ruling by the Board on the dispute arising under the Subsidized Schools Provident Fund Rules, is there any channel for further appeal?

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- Q10: Will a contributor who ceases to be employed as a teacher in a subsidized school on account of professional misconduct or being convicted of an offence be given Government's donations and the dividend thereon upon withdrawal from the Fund?
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#### V. Change of employment, leave and keeping open of accounts

##### Change of employment

- Q1: When teachers of subsidized schools change employment to Direct Subsidy Scheme (DSS) schools, what is the arrangement for their Subsidized Schools Provident Fund (SSPF) accounts?
- Q2: What should a contributor do if he transfers from one subsidized school to another?

##### Keeping open of SSPF account

- Q3: How would applications for keeping accounts open be considered in general?
- Q4: What is the procedure for applying to keep the account open?
- Q5: Can a SSPF contributor apply for keeping his account open when he has ceased to be employed as a teacher in a subsidized school?
- Q6: Assuming that a contributor, who ceased to be employed as an aided school teacher

temporarily and was approved to have his SSPF account kept open until the end of the school year, is then employed as a regular teacher in the aided school sector again for a short period during the period of kept-open approved and contributes to SSPF. Then, he leaves the service again before the end of the same school year. Will the approval period for keeping his SSPF account open granted previously be still valid? If the contributor intends to keep his SSPF account open again after he leaves service, does he need to submit a fresh application?

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Q8: What will happen if the contributor fails to apply to the Permanent Secretary for Education to keep his account open?

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Q9: What is the definition of “continuous contributory service” in accordance with 《Subsidized Schools Provident Fund Rules》?

Q10: If a contributor takes no pay leave and is approved to keep his account open, is the no-pay leave counted as the “continuous contributory service”?

Q11: When a subsidized school switches to DSS, how will a serving teacher’s continuous contributory service be calculated if he/she opts to stay in the school after serving for 9 years in this school and continue to contribute to the provident fund account?

Q12: Will a contributor’s benefits be affected by his no-pay leave?

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Q14: Regarding the contributors who are on job-sharing, what is the arrangement for their provident fund?

#### Specialized teaching teachers

Q15: When permanent teachers change employment to act as specialized teaching teachers, what is the arrangement for their SSPF accounts?

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Q16: The Education Department/Education and Manpower Bureau had made some special arrangements for surplus teachers of primary schools in the 2002/03, 2003/04 and 2004/05 school years. What is the arrangement for the provident fund accounts of these surplus teachers?

Q17: Are surplus teachers required to provide supporting documents in applying for keeping accounts open?

## **General Information On The Subsidized Schools Provident Fund**

### **I. Nature and management of the Fund**

**Q1: What is the Subsidized Schools Provident Fund and its object?**

**A1:** The Subsidized Schools Provident Fund is a statutory provident fund scheme established in accordance with the Subsidized Schools Provident Fund Rules. Like other defined contribution occupational retirement schemes, the Fund's object is to provide for, through contributions from employee and the Government and prudent investment, lump sum payments to be made upon resignation, retirement, dismissal or termination of contract to teachers employed in subsidized schools or to their estates in case of death.

**Q2: When was the Fund established?**

**A2:** On 1 September 1961.

**Q3: Who are eligible for participation in the Fund? What is the amount of monthly contribution from each contributor?**

**A3:** Every teacher (except temporary teachers and teachers who are 55 or over on first appointment to a subsidized school) who is employed in a subsidized school and is approved for the purposes of the Code of Aid is required to participate and contribute to the Fund. Part-time teachers, unqualified teachers and teachers who are members of a religious order so employed may opt to contribute to the Fund. The monthly contribution to the Fund is at the rate of 5% of the contributor's salary, including any allowances approved for that purpose by the Permanent Secretary for Education. For detailed arrangement of change of employment of teachers, please refer to Question V-1 and V-2.

**Q4: Which section of the Hong Kong Law governs the Subsidized Schools Provident Fund?**

**A4:** The Subsidized Schools Provident Fund is governed by rules made by the Chief Executive in council under Section 85 of the Education Ordinance (Cap. 279).

**Q5: How does the Government donate to the Fund?**

**A5:** The Government pays the donation to the Fund each month at the same time when the contributions by the contributors are deducted from their salary and paid to the Fund. The government donation of each contributor is an amount equal to the following percentages of the contributor's salary and allowances approved for that purpose by the Permanent Secretary for

Education:

- ( a ) 5% if the continuous contributory service is less than 10 years;
- ( b ) 10% if the continuous contributory service is not less than 10 years but less than 15 years;
- ( c ) 15% if the continuous contributory service is not less than 15 years.

**Q6: How is the Subsidized Schools Provident Fund controlled?**

**A6:** The administration and control of the Subsidized Schools Provident Fund, subject to the provisions of the Fund rules, is vested in the Board of Control. All businesses of the Board are determined at its meeting by a majority of the board members present and voting thereon. The Board meets whenever necessary. However, it must hold an Annual General Meeting to consider the annual report of the Treasurer and the statement of accounts of the Fund which is audited by the Director of Audit and to declare the annual dividend for contributors.

The day-to-day management of the Fund is dealt with by the Treasurer who is appointed by the Director of Accounting Services. The Education Bureau assists the Treasurer in keeping and maintaining the accounts of individual contributors.

**Q7: Is the administration and finance of the Fund a separate entity from the Government? Is it possible that future government interference may result in losses to contributors?**

**A7:** The administration and finance of the Fund are governed by the provisions of the Fund rules which can only be changed by the legislature.

The Fund is an independent entity and has its own finance. Its sources of funds include monthly contributions from contributors, donations from Government, income and capital gains on its assets. Its disbursements include payments of benefits to outgoing contributors, the annual supervision fee paid to the Government to cover the costs incurred in administering the Fund, fees to external portfolio managers and other incidental expenses. If the Fund cannot make sufficient income and gains for it to declare the annual 5% guaranteed dividend, the Financial Secretary may direct that an interest free Government loan be made to the Fund to enable it to declare such a dividend.

**Q8: What does the Board of Control comprise?**

**A8:** The Board of Control comprises the Permanent Secretary for Education or his representative, the Director of Accounting Services or his representative and 18 other members who shall be contributors, of whom:-

- ( i ) 4 shall be appointed by the Subsidized Primary Schools Council;
- ( i i ) 4 shall be appointed by the Subsidized Secondary Schools Council;
- ( i i i ) 1 shall be appointed by the Special Schools Council;
- ( i v ) 4 shall be elected from the representatives of teachers of the subsidized primary schools;
- ( v ) 4 shall be elected from the representatives of teachers of the subsidized secondary schools;
- and
- ( v i ) 1 shall be elected from the representatives of teachers of the special schools.

The chairman and the vice-chairman shall be elected from among the 18 members. If one of the 9 appointed members is elected as chairman, one of the 9 elected members shall be elected as vice-chairman, or vice versa.

## **II. Use of the Fund**

**Q1: Is it possible to allocate part of the Subsidized Schools Provident Fund for contributors' welfare and medical services or for use as low-interest loan?**

**A1:** The suggested use is against the object of the Fund. Also, under the Education Ordinance, a contributor is prohibited from pledging his provident fund entitlement as a collateral for any debt or claim.

**Q2: How does the Board of Control invest the Fund to make profits?**

**A2:** The Board of Control gives directions as to how the Fund should be invested subject to the investment framework approved by the Financial Secretary. The day-to-day management of the Fund's investment activities are handled by the Treasurer and the external investment managers appointed by the Board. The investment objective is to maximise the recurrent and capital returns on the Fund's investments and deposits with minimum risk and the maintenance of a proper spread of the Fund's assets. Investment decisions are made only after a careful assessment and evaluation of the security of and returns on the investment, the potential for capital appreciation and the risk involved. In this regard, the Fund only invests in securities (bond and equities) of the best quality and credit rating.

The Board of Control performs the above function through its Investment Sub-committee comprising the Director of Accounting Services and members elected from the Board of Control. The Investment Sub-committee meets every quarter to:

- ( a ) review the investments made and to check that they were made within the approved framework and strategy of the Fund;
- ( b ) interview the investment managers regarding their performance and obtain their views on various financial markets;

- ( c ) discuss and formulate investment strategies; and
- ( d ) conduct preliminary discussions on investment strategies before making proposals to the Board of Control.

### **Reserve Fund**

**Q3: What are the purposes of the Reserve Fund?**

**A3:** The Reserve Fund has been maintained for a long time under Fund Rule 11 of the SSPF Rules. Its main purposes are to provide for possible losses in the value of assets due to adverse economic situations, the shortfall in the Income and Expenditure Account in meeting the 5% dividend guaranteed each year under the Fund Rule 12(1), and the repayment of any Government loans previously drawn for dividend payments. Under Fund Rule 11, all gains on sales/maturities or re-valuation of investments are credited to the Reserve Fund. On the other hand, all losses arising from similar activities will be debited to the same Fund. When there is credit balance in the Reserve Fund after taking into account all the aforesaid items, the Board of Control may also consider a supplementary dividend to contributors, subject to the approval of the Chief Executive.

**Q4: Can a contributor withdraw his benefits from the Reserve Fund on a pro rata basis upon his leaving the teaching service and closure of his SSPF account?**

**A4:** The Reserve Fund is maintained to enable the Board of Control to declare each year for contributors a dividend of not less than 5% even during a year when the investment results produce a return below 5%. This Reserve Fund is a sort of protection built up by all contributors since inception of the Provident Fund for the benefit of every contributor of the scheme. Hence, an individual outgoing contributor can only withdraw his own contribution, his entitled government's donation and dividend upon his leaving the teaching service and closure of his account.

**Q5: What should be the target level of the Reserve Fund?**

**A5:** The Provident Fund's present investment strategy is aggressive for a fund with a guaranteed dividend of 5%. Over half of the Fund's Assets are invested in equities. This has been formulated to achieve a strategic target return of CPI(B) + 4% (subject to a minimum return of 5%) in the long term. Nevertheless, market volatilities under this strategy may render the actual return in any single year fall short of the target and/or the minimum return. In some situations, it may even mean a loss to the Fund. Therefore, it is necessary to build up a certain level of Reserve Fund in good economic conditions to cushion against adverse situations so that the Fund is able to meet the obligation of paying 5% guaranteed dividend. Two consultancy studies had been carried out on the investment strategies and level of reserve for the Provident Fund in 2001 and 2003. It

was recommended that with the present investment strategy, which could provide the target return in the long run, would require a reserve level of 40% for smoothing dividend rates from the volatility of investment returns. A dividend formula was thus derived to balance the expectation of a supplementary dividend during better times and the need to build up the reserve to the target level of 40% in an objective way. The Fund has gone through two extremely difficult economic situations in recent years i.e. the Asia Financial Turmoil in 1998 and the deflationary environment since 2000. Although the level of Reserve Fund was slightly above 40% before the two crises, it was barely sufficient for the Fund to meet its financial obligations in these two occasions. These historical events have proven that the target of 40% reserve level was indeed necessary to cope with difficult economic situations.

**Q6: How should the dividend rate of each year be determined?**

**A6:** Each of the provident funds calculates the dividend rate for a year in accordance with a formula stated below. This formula was proposed by an investing consultant and approved by the Boards of Control:

$$\text{Dividend Rate} = (\text{Reserve Level} - 40\%) \div (1 + 40\%) + (\text{Fund Return} \times \text{Adjusted Reserve Level})$$

[<-Release of Excess Reserve, if any->]      [<-----Sharing of Fund Return----->]

Under this formula, the credited dividend is solely a function of the pre-dividend reserve level and the investment return. It is subject to a minimum of 5%.

The first component releases any reserve for crediting to contributor accounts as part of the total dividend if the pre-dividend reserve level is greater than the 40% target. This is consistent with contributors' desire to share in the growth of the reserve as a result of strong investment returns. The component is zero if the reserve level is 40% or less.

The second component of the formula releases a portion of the Funds investment return based on the level of the pre-dividend reserve. A portion of the Funds return, which is prorated by the pre-dividend reserve level adjusted for the release of excess reserve (if any), would be credited to contributor accounts as part of the total dividend. The greater the reserve level, the greater the amount of dividend credited. If the reserve level is less than 40%, then the adjusted reserve level is simply the reserve level. If the reserve level is 40% or greater, then the adjusted reserve level is 40%.

Under this formula, if the reserve level is low, then the Funds need to build back reserve to provide an adequate cushion against market declines. In order to achieve this, a larger portion of investment return needs to be accumulated in the reserve in better times (i.e., when the reserve gets closer to target, more return is released to contributors).



**Q7: Why do dividend rates fall short of investment returns in some years?**

**A7:** The Provident Fund is obliged to declare a 5% guaranteed dividend to contributors even though it records a lower than 5% or even negative investment return in any year. In order to achieve this target, a Reserve Fund is maintained to guard the Fund against unsatisfactory or even negative investment returns brought by market volatility. The target reserve level is 40%. In years of unsatisfactory investment returns, the post dividend Reserve might fall to very low levels. In order to replenish the reserve to the target level of 40%, a certain proportion of the investment returns had to be credited to the Reserve Fund in subsequent years. Consequently, dividend rate will be lower than the investment return if the pre-dividend reserve is lower than 40%, but it will definitely be not less than 5%. If the Reserve Fund resumes to the target level and is supported by satisfactory investment return, higher dividend rate will be declared.

### **III. Administrative and accounting arrangement**

**Q1: What is the Fund's accounting year?**

**A1:** 1st of September to 31st of August of the following year.

**Q2: If a contributor closes his account in the middle of an accounting year, will he be entitled to any dividend for that year?**

**A2:** Yes, he will be entitled to a dividend which is calculated on pro-rata basis according to the total number of days in which his account is open during the accounting year. Please refer to rule 14 of the Subsidized Schools Provident Fund Rules for detail calculation.

**Q3: Is a contributor entitled to any dividend during the period his provident fund account is kept open?**

**A3:** A contributor whose account is kept open during an accounting year is entitled to a dividend which is calculated on pro-rata basis according to the total number of days in which his account is kept open during the accounting year (See also the answer to Question III-2 regarding eligibility for the annual dividend).

**Q4:** If a new contributor enters service on the school open day or any day of the month of September of a year which happens to be the first working day of the school year of his school, will he have to work till 1 September ten years later if he is to receive 100% of Government's donations?

**A4:** Where a new contributor commences his service on a day in a month other than the first day of that month, he will be deemed to have commenced his service on the first day of that month. For example, if the contributor commences his service on 2 September 1994, he will be deemed to have commenced his service on 1 September 1994. In order to receive 100% of Government's donations and dividends thereon, he will have to work till 31 August 2004.

#### **Appeal mechanism Relating to Accounting, School Transfer and Payment Arrangement**

**Q5:** If a contributor has doubt about the accounting, school transfer and payment arrangement/handling of his account, where can he make enquiries or express his views?

**A5:** If a contributor has doubt about the accounting, school transfer and payment arrangement/handling of his account, he may first approach his school and the Regional Education Office or may contact the Funds Section. If he is still unsatisfied with the accounting, school transfer and payment arrangement, he may express his views or appeal to the Board of Control of the Subsidized Schools Provident Fund. As for matters related to keeping open an SSPF account, please refer to Questions and Answers 3 to 8 at Part V.

**Q6:** After appealing to the Board of Control of SSPF relating to accounting, school transfer and payment arrangement, if a contributor is still not satisfied with the ruling by the Board on the dispute arising under the *Subsidized Schools Provident Fund Rules*, is there any channel for further appeal?

**A6:** If a contributor is still not satisfied with the ruling by the Board of Control of SSPF and wants to make further appeal, he may do so in accordance with Rule 18 of the *Subsidized Schools Provident Fund Rules* by appealing to the Administrative Appeals Board within 28 days from the date when he was informed of the decision. The address of the Secretary of the Administrative Appeals Board is as follows:

The Secretary,  
Administrative Appeals Board,  
Room 321, 3/F  
East Wing, Central Government Offices,  
2 Tim Mei Avenue,  
Tamar

Hong Kong

#### **IV. Withdrawal from the Subsidized Schools Provident Fund**

**Q1: Under what circumstances can the benefits under the Fund be withdrawn?**

**A1:** Whenever a contributor ceases to be employed as a teacher in a Subsidized school, his Subsidized Schools Provident Fund account will be closed and the benefits paid to him, unless the contributor has applied and the Permanent Secretary for Education has given direction for his account to be kept open. Please also see Question IV-3 regarding procedures for withdrawing the benefits from the Fund and Question IV-9 regarding the amount of benefits a contributor can obtain.

**Q2: Can the benefits be withdrawn all at one time?**

**A2:** A contributor withdrawing from the Fund will be paid all at one time the benefits payable to him up to the date of cessation of his employment (please see Question IV-9 for details of the benefits). Should a contributor be entitled to any dividends declared after his contributor account is closed, he will be paid such dividends as a second payment.

**Q3: What is the procedure for withdrawing from the Fund?**

**A3:** A contributor should follow the procedures below for withdrawing from the Fund:

- ( a ) complete a withdrawal application form EDB 13 "Subsidized Schools Provident Fund Withdrawal Application" which is available for download under "Public Forms" of EDB homepage; and
- ( b ) submit the application to his school's Headmaster/Principal/Supervisor who will certify correctness of all the details thereon and then pass the application to the Funds Section of Education Bureau for payment processing.

**Q4: How long does it take for the benefits to be paid to outgoing contributors?**

**A4:** An outgoing contributor may submit the application 3 months in advance of the date of cessation of his employment. If the withdrawal application is correctly completed, payment will generally be made within 23 working days(or 28 working days during the period from August to September) upon receipt of the withdrawal application by the Education Bureau or of the date of cessation of employment, whichever is the later.

**Q5: What is the method of the payment of the benefits?**

**A5:** Payment will be effected by direct bank credit or by non-local remittance (**Note**) when the contributor has left Hong Kong. Any bank charges incurred for non-local remittance are to be deducted at source from the contributor's provident fund benefits.

**Note:** If a contributor wishes to have remittance in foreign currency, he/she can select one of the followings: Australian Dollars, Canadian Dollars, Euro, Japanese Yen, New Zealand Dollars, Singapore Dollars, Swiss Francs, Thai Bahts, Sterling and US Dollars.

**Q6: If a contributor has left Hong Kong, how can he withdraw from the Fund?**

**A6:** If a contributor has left Hong Kong, he may either follow the procedures as described in Question IV.3 above or seek the advice of the Funds Section of Education Bureau.

**Q7: Is it essential for a contributor to make a will regarding the disposal of his provident fund after his death?**

**A7:** It is desirable but not essential, as the provident fund can always be paid to the administrator of the deceased's estate whether he died testate or intestate. However, when a contributor decides to make a will, he should make a proper one and in the manner in accordance with the provisions and rules laid down in the Wills Ordinance. Wills not properly made would cause inconvenience not only to the next-of-kin of a deceased contributor but also to the officers in the Probate Registry assisting them in the preparation of papers for a grant of representation.

**Q8: What procedures should the next-of-kin of a deceased contributor follow for withdrawing the benefits?**

**A8:** The applicant for withdrawing the benefits of a deceased contributor must be the personal representative named in the Probate/Letters of administration. The procedures are similar to those described in Question IV.3 above except that the applicant must support his withdrawal application with the following documents:

( i ) Death Certificate

This is obtainable from the Births, Deaths & Marriage Registration Section of the Immigration Department.

( i i ) Estate Duty Certificate

This is obtainable from the Commissioner of Estate Duty of the Inland Revenue Department.

( i i i ) Probate (where the contributor died testate)/Letters of Administration (where the contributor died intestate)

These are obtainable from the High Court of Hong Kong. The next-of-kin of the deceased contributor is advised to seek legal advice on how to obtain such documents.

The Funds Section of Education Bureau may be contacted for further details about the withdrawal procedures.

**Q9: In general, what benefits can a contributor obtain?**

**A9:** The amount of benefits a contributor can obtain varies depending on the contributor's contributions made, length of continuous contributory service and the reason for his cessation of employment as a teacher. Under normal circumstances the benefits payable to a contributor with a minimum 10 years' continuous contributory service will be an amount equal to the accumulated contributions made by him up to the date of cessation of his employment, donations by the Government and the dividends declared by the Board of Control.

If the contributor has less than 10 years' continuous contributory service the benefits payable to him will be an amount equal to that contributed by him up to the date of cessation of his employment and all dividends that have been declared on that contribution plus an amount equal to the following percentages of all Government donations and all dividends that have been declared on such donation:

- ( a ) 50 per cent, if his continuous contributory service is not less than 5 years but less than 6 years;
- ( b ) 60 per cent, if his continuous contributory service is not less than 6 years but less than 7 years;
- ( c ) 70 per cent, if his continuous contributory service is not less than 7 years but less than 8 years;
- ( d ) 80 per cent, if his continuous contributory service is not less than 8 years but less than 9 years;
- ( e ) 90 per cent, if his continuous contributory service is not less than 9 years but less than 10 years;

If a contributor's continuous contributory service is less than 5 years, the benefits will be an amount equal to that contributed by the contributor up to the date of cessation of his employment, plus such dividends as have been declared on that contribution.

**Q10: Will a contributor who ceases to be employed as a teacher in a subsidized school on account of professional misconduct or being convicted of an offence be given Government's donations and the dividend thereon upon withdrawal from the Fund?**

**A10:** No.

**Q11: If a contributor has ceased teaching and does not apply to withdraw from the Fund, what will happen to his account?**

**A11:** Whenever a contributor ceases to be employed as a teacher in a subsidized school, his account will be closed and no further dividend will be credited to his account. If after notice has been published in the Gazette and no lawful claim is made within 3 years from the account closing date, the amount standing to the credit of the contributor's account shall be transferred to the reserve fund.

**Q12:** Can a contributor be paid his provident fund benefits before his last day of employment?

**A12:** No.

**Q13:** After withdrawing from the Fund, can a contributor contribute to the Fund again?

**A13:** An ex-contributor can contribute to the Fund again only if he is subsequently re-employed as a teacher in a subsidized school subject to his meeting the eligibility criteria set out in Question I-3. As he will be treated as a new contributor, his previous contributory service will not be counted.

**Q14:** Will contributors obtain the interests earned from bank deposits from the date their accounts are closed to the date of payment of provident fund?

**A14:** According to Rule 13 of Subsidized Schools Provident Fund Rules, the account of all contributors shall be closed whenever they cease to be employed as teachers in subsidized schools. The payment due to a contributor shall include the amount contributed by him/ her, all government donations calculated on his/ her continuous contributory services and all dividends that have been declared on his/ her contributions and government donations. The interest earned from bank deposits is part of total investment returns of the Fund and every contributor in the Fund will benefit from it.

## **V. Change of employment, leave and keeping open of accounts**

### **Change of employment**

**Q1:** When teachers of subsidized schools change employment to Direct Subsidy Scheme (DSS) schools, what is the arrangement for their Subsidized Schools Provident Fund (SSPF) accounts?

**A1:** When a subsidized school teacher changes employment to a DSS school on his own accord, he must close his SSPF account, withdraw his contributions, dividends that have been declared and other relevant donations (if applicable).

For subsidized schools turning into DSS school, the arrangement of SSPF account of a serving teacher is as follows:

(i) When a subsidized school switches to the DSS, its serving teachers who are already contributors to the SSPF can choose to stay in (and contribute to) the SSPF. Alternatively, the teacher may opt for another provident fund to be offered by the ex-subsidized DSS school. In the former case, they are allowed to stay in the SSPF for a maximum period of five years immediately after the school has switched to the DSS.

(ii) If a teacher opts to stay in the SSPF, the teacher's employer (i.e. the DSS school) will have to donate to the SSPF in place of Government's donation. The employer's donation will be at the same rate as that of Government's had the teacher remained in employment in the subsidized school sector. The teacher's contribution and the school's donation will be calculated on the basis of the teacher's salary stated in the contract between the teacher and the DSS school.

(iii) If a teacher opts to stay in the SSPF, the period of service during which the teacher makes continuous contributions to the fund when he is employed by a DSS school will be counted towards the continuous contributory service.

(iv) If a teacher closes his account in the SSPF, his service in the DSS school and continuous contributory service completed prior to the closure of his account will not be counted towards the continuous contributory service if at a future date he re-joins an aided school and re-opens an account in either of the two statutory provident funds.

Besides, if the subsidized school teacher changes employment to a DSS school later, he cannot stay in and contribute to the SSPF.

**Q2: What should a contributor do if he transfers from one subsidized school to another?**

**A2:** If a contributor transfers from one subsidized school to another subsidized school with a break of service, he should apply to the Permanent Secretary for Education on form EDB 72 for approval to keep his account open during the non-contributory period. If there is no break of service, the contributor does not need to do anything.

### **Keeping open of SSPF account**

**Q3: How would applications for keeping accounts open be considered in general?**

**A3:** According to Rule 13(3) of the SSPF Rules, when a contributor has ceased to be employed as a

teacher in an aided school, his SSPF account shall be closed accordingly. Whether the teacher is allowed to retain his provident fund account is indeed a special arrangement on discretionary grounds. Each application for keeping provident fund account open is considered on its own merits. Applications are normally approved only in cases where applicants are granted no-pay leave or on temporary break of service with the prospect of returning to the aided school sector for teaching. Also, special consideration may be given to applicants who resign from schools for health reasons, or to attend courses that are relevant to educational services, or to undertake relevant **temporary** work in EDB or education faculties of recognised local tertiary institutions. Approval may be given for the applicant's account to be kept open for a maximum of one year for each approval, subject to periodic review.

**Q4: What is the procedure for applying to keep the account open?**

**A4:** A contributor should submit the completed standard form (form number EDB72) within one month from the date of the notification letter issued by the Funds Section of EDB (for first application) or within one month from the end date of the last approval (for application for extension). The form can be downloaded from the webpage of "Public Forms" of EDB homepage (Public and Administration Related > Public Forms and Documents > Public Forms). To facilitate EDB's consideration of the application, the contributor should, along with the completed form, provide full justifications and documentary evidence such as document proving that he/she has worked as a supply/temporary teacher, medical certificate or evidence which proves that he/she is attending courses relevant to teaching/educational services.

According to Rule 13(3) of the SSPF Rules, the handling and approval of a contributor's application to keep his provident fund account open is under the jurisdiction of the Permanent Secretary for Education. If a contributor has ceased to be employed as a teacher in an aided school, stopped his contributions and submitted an application to keep his provident fund account open, the Permanent Secretary for Education may consider the approval or not subject to such terms and conditions as he thinks fit. If a contributor's application to the Permanent Secretary for Education is not approved and would like to raise an enquiry/an appeal, please contact the relevant Regional Education Office for details.

**Q5: Can a SSPF contributor apply for keeping his account open when he has ceased to be employed as a teacher in a subsidized school?**

**A5:** According to the SSPF Rules, when a contributor has ceased to be employed as a teacher in an aided school, grant or subsidized, his provident fund account shall be closed accordingly. If a contributor is actively seeking an appointment in the aided school sector but has not yet obtained an appointment as a regular teacher in a grant/subsidized school, or he is working as a **temporary** teacher in a grant/subsidized school or other types of schools, he may apply to EDB with



justifications and supporting documents, including documents that show the **temporary** nature of the appointment (e.g. **temporary** appointment as a supply teacher to substitute teachers on approved leave)(as non-aided schools usually appoint teachers through service contracts, such contracts are therefore **not** regarded as temporary nature) for permission to keep his provident fund account open for that school year. Approval may be given for the applicant's account to be kept open for a maximum of one year, subject to periodic review. Normally, no retrospective approval will be granted. According to Rule 13(3) of the SSPF Rules, the Permanent Secretary for Education may direct, on the application of a contributor who has ceased to make the required contributions, except under two specified conditions (see the next paragraph), and subject to such terms and conditions as he thinks fit, that the contributor's account be kept open.

According to Rule 13(3) of the SSPF Rules, the two specified conditions are:

- (i) he is compulsorily retired, or dismissed or his contract is terminated (on completion or otherwise), on account of professional misconduct or being convicted of an offence;
- (ii) he retires voluntarily, resigns, or terminates his contract (on completion or otherwise), in order to avoid compulsory retirement, dismissal, or termination of his contract, on account of professional misconduct or being convicted of an offence.

**Q6:** Assuming that a contributor, who ceased to be employed as an aided school teacher temporarily and was approved to have his SSPF account kept open until the end of the school year, is then employed as a regular teacher in the aided school sector again for a short period during the period of kept-open approved and contributes to SSPF. Then, he leaves the service again before the end of the same school year. Will the approval period for keeping his SSPF account open granted previously be still valid? If the contributor intends to keep his SSPF account open again after he leaves service, does he need to submit a fresh application?

**A6:** If a contributor, whose SSPF account was approved to keep open, is then employed as a regular teacher again temporarily and contributes to SSPF during the approval period, his provident fund account will resume operation. In this connection, the period for keeping his account open approved previously would lapse automatically since the date he contributed to SSPF again. If he intends to keep his account open again after he leaves his service, he must submit a fresh application within one month from the date he leaves his service.

**Q7:** Can a SSPF contributor apply to continue keeping his account open upon the expiry of the approval?

**A7:** Should the applicant wish to continue to have his account kept open, he has to apply to EDB within

one month from the end date of the last approval. Applications should be submitted with full justifications and supporting documents for consideration, e.g. documents which prove that the applicant worked as a supply or temporary teacher, medical certificates or proofs which show that the applicant is pursuing course(s) relevant to educational services. Late applications after the above specified date will normally not be considered.

**Q8: What will happen if the contributor fails to apply to the Permanent Secretary for Education to keep his account open?**

**A8:** A contributor, who changes his employers or resigns with a temporary break of service in a subsidized school and fails to apply for his account to be kept open, shall have his provident fund account closed in accordance with the SSPF Rules. If the contributor is subsequently re-employed as a regular teacher in a subsidized school, he will only be treated as a new contributor and his previous continuous contributory service will not be counted. Hence, a contributor who wishes to have his SSPF account kept open during the period of his temporary break of service with full justifications should promptly apply to the respective District School Development Section of Education Bureau to keep his account open within the specified period. (Please refer to A4.)

#### **Continuous contributory service**

**Q9: What is the definition of “continuous contributory service” in accordance with 《Subsidized Schools Provident Fund Rules》 ?**

**A9:** According to 《Subsidized Schools Provident Fund Rules》(Chapter 279 Subsidiary Legislation D), “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 super-annuation 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.....”(For details, please refer to [“Rule 2 – Interpretation”](#))

**Q10: If a contributor takes no pay leave and is approved to keep his account open, is the no-pay leave counted as the “continuous contributory service”?**

**A10:** If a contributor takes no pay leave and is approved to keep his account open, the no-pay leave will not be counted as the “continuous contributory service” since the contributor does not make continuous contributions to the Fund.

**Q11: When a subsidized school switches to DSS, how will a serving teacher’s continuous**

**contributory service be calculated if he/she opts to stay in the school after serving for 9 years in this school and continue to contribute to the provident fund account?**

**A11:** When a subsidized school switches to the DSS, its serving teachers who are already contributors to the SSPF can choose to stay in (and contribute to) the SSPF for a maximum period of 5 years, i.e. his continuous contributory service may reach a maximum period of  $9+5=14$  years.

**Q12: Will a contributor's benefits be affected by his no-pay leave?**

**A12:** No-pay leave will reduce the length of continuous contributory service. If a contributor has a minimum of 10 years of continuous contributory service after deduction of the no-pay leave, he will be entitled to the full benefits of all his accumulated contributions, government donations and the dividends, upon his withdrawal from the Fund, i.e. his benefits will not be affected or reduced because of his no-pay leave. But if a contributor has exactly 10 years of service and has taken, for example, 1 day no-pay leave during the period, he will then be considered as having less than 10 years service and therefore be entitled to only 90% of the Government donations (inclusive of all dividends declared thereon). Please refer to Question IV-9 for scale of benefits payable under various lengths of continuous contributory service.

**Q13: When a subsidized school teacher changes to a grant school (and vice versa), will his contributory years of service in the previous type of school be recognised?**

**A13:** Yes, if the teacher opts to have his account transferred to the Grant Schools Provident Fund (or vice versa).

### **Job-sharing**

**Q14: Regarding the contributors who are on job-sharing, what is the arrangement for their provident fund?**

**A14:** Teachers who occupy established posts under the Codes of Aid, regardless of whether working full-time or part-time, are included in the teachers' Provident fund. Part-time or full-time continuous teaching experience is treated the same in counting the number of years of continuous contributory service, e.g. 3 years' 0.4 part-time service is counted as 3 years' contributory service.

### **Specialized teaching teachers**

**Q15: When permanent teachers change employment to act as specialized teaching teachers, what is the arrangement for their SSPF accounts?**

**A15:** Posts for specialized teaching is not within the regular staff establishment. Permanent teachers have to resign before taking up specialized teaching posts. Hence, they do not have to contribute to their SSPF accounts, but, they may apply for keeping their accounts open. If their applications are successful, the original period of contributory service can be retained but the period serving as specialized teaching teachers will not be counted as contributory service.

### **Surplus teachers**

**Q16: The Education Department/Education and Manpower Bureau had made some special arrangements for surplus teachers of primary schools in the 2002/03, 2003/04 and 2004/05 school years. What is the arrangement for the provident fund accounts of these surplus teachers?**

**A16:** The Provident fund of the surplus teachers in 2002/03 school year WILL NOT be affected by the special arrangements. The benefits of the provident fund of these teachers should always be handled in accordance with the Subsidized Schools Provident Fund Rules, including continuing to contribute to their Provident Fund Accounts.

For the special supply teachers in 2003/04 and 2004/05 school years, they can apply for keeping open their SSPF accounts. While the accounts are being kept open, their SSPF accounts will be handled in accordance with the Provident Fund Rules.

**Q17: Are surplus teachers required to provide supporting documents in applying for keeping accounts open?**

**A17:** Surplus teachers, in their first year of applications, are allowed to keep open their provident fund accounts for one year without being required to provide evidence showing that they are actively seeking teaching appointment in aided schools. After the first year, they can apply to continue keeping their accounts open. However, they have to provide relevant information to substantiate their applications.