



BLACK MOUNTAIN

MPF Tax-Effective Additional Contributions

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Hong Kong tax system

Progressive salary tax on yearly income

First \$50,000	2%	■
\$50,001 to \$100,000	6%	■
\$100,001 to \$150,000	10%	■
\$150,001 to \$200,000	14%	■
Over \$200,001	17%	■

With a personal allowances

- Single Person pays 17% tax on income when they earn more than \$28,000 per month
- Married Person with 2 children pays 17% tax on income when they earn more than \$59,000 per month

A few ways to reduce your tax

- Rental Reimbursement / Home loan
- Charity
- Education expenses
- MPF



MPF Tax-Effective Additional Contributions

What difference will that make?

As you can offset the contribution against your income for salary tax purposes this means that when compared to any other type of saving you are not paying any tax on your MPF savings. This gives you up to 17% more to put into your account.

This is the difference this tax saving can make on your long-term savings:

A single person earning **\$40,000** per month pays **\$41,160** in Tax

- Saving **\$5,000** per month in MPF tax reduced to **\$30,960**
- No tax reduction using other methods of saving

A married person on **\$70,000** per month pays **\$39,120** in Tax

- Saving **\$5,000** per month in MPF tax reduced to **\$28,920**
- No tax reduction using other methods of saving



MPF Tax Effective Additional Contributions

How much more money will I make?

Getting **17%** more into your account and paying the maximum of **\$60,000** per year is the same as investing **\$49,800** per year from taxed income.

This is the difference this tax saving can make on your long-term savings. No account is made for charges this is for illustration purposes only:

Compound interest over 10 years	3% per annum	MPF Other Saving	\$ 789,100 \$ 655,000
Compound interest over 10 years	5% per annum	MPF Other Saving	\$ 890,100 \$ 738,800
Compound Interest over 20 years	5% per annum	MPF Other Saving	\$2,242,400 \$1,861,100
Compound Interest over 30 years	5% per annum	MPF Other Saving	\$4,445,000 \$3,689,300

The **same investment** in the **same fund** with the **same charges** the increase is based only on tax not being paid.

MPF Tax Effective Additional Contributions

Why use MPF to save?

Savings in your own account

Any other MPA accounts you have can be transferred into your own account

You decide where it is invested

Can be taken earlier than age 65:

- On early retirement
- When leaving Hong Kong

MPFA restricting the charges on the funds so now better value and more inline with other savings

Tax effective way of savings

Available as a lump sum or can be drawn down as and when needed

MPF Tax Effective Additional Contributions

Extra details



How much can I pay?

Maximum to get tax relief
\$60,000 per year



When can I get the money?

- On retirement at age 65
- Early retirement from 60
- On leaving Hong Kong
- On incapacity



How easy is it to set up and claim?

- Simple form to make extra payments Black Mountain will help you
- One line item on tax return confirm what you have paid in the year

