



Key Scheme Information Document for Principal MPF – Smart Plan

- **Trustee:**
Principal Trust Company (Asia) Limited
- **Sponsor:**
Principal Insurance Company (Hong Kong) Limited
- **Scheme year end:** 31 December
- **Number of constituent funds:** 15

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This Key Scheme Information Document (KSID) provides you with key information about Principal MPF – Smart Plan, which forms part of the offering document. You should not make investment decisions based solely on this KSID.

For details of Principal MPF – Smart Plan, please refer to the MPF Scheme Brochure (principal.com.hk/sites/default/files/general-files/Smart_E.pdf) and the trust deed (principal.com.hk/sites/default/files/general-files/Smart_Trust_Deed.pdf) of Principal MPF – Smart Plan.



MPF Scheme Brochure



Trust Deed

Exclusive Distributor



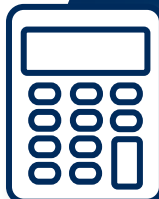
Why is MPF important to you?

The Mandatory Provident Fund (MPF) System aims at assisting the working population of Hong Kong to accumulate retirement savings by making regular contributions. Employees (full time or part-time) and self-employed persons aged 18 to 64, except the exempt persons, are required to participate in an MPF Scheme. To enroll in Principal MPF – Smart Plan, please submit the completed application form to us. The application form can be downloaded via the link:

principal.com.hk/resources/downloads



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To facilitate your retirement planning, you may use the Mandatory Provident Fund Schemes Authority's Retirement Planning Calculator to calculate:

- i) your retirement needs;
- ii) your projected MPF and other retirement savings upon your retirement; and
- iii) how much you need to save to meet your retirement needs.



mpfa.org.hk/en/mpf-investment/retirement-planning-calculator



Retirement Planning Calculator

If you are an employer, you need to know your MPF obligations, including enrolling new employees, making contributions and reporting terminated employees. If you have any questions relating to your MPF obligations as an employer, please contact our employer hotline at 2519-1188. To become a participating employer of Principal MPF – Smart Plan, please submit the completed application form to us. The application form can be downloaded via the link:

principal.com.hk/resources/downloads



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Your MPF contributions

If you are an employee (full time or part-time), both you and your employer are required to make regular MPF contributions for you, based on your “relevant income” as follows:

Monthly Relevant Income*	Mandatory Contribution Amount	
	Employer's Contributions	Employee's Contributions
Less than HK\$7,100	Relevant income x 5%	Not required
HK\$7,100 - HK\$30,000	Relevant income x 5%	Relevant income x 5%
More than HK\$30,000	HK\$1,500	HK\$1,500

* Relevant income refers to wages, salaries, leave pay, fees, commissions, bonuses, gratuities, perquisites or allowances, expressed in monetary terms, paid or payable by an employer to an employee, but excludes severance payments or long service payments under the Employment Ordinance.

All contributions are immediately vested in you, except for the MPF derived from the employer's contributions for offsetting severance payments or long service payments.



Your MPF contributions (continue)

If you are self-employed, you are required to make MPF contributions as follows:

Relevant Income		Self-employed Person's Contributions
Annual	Monthly Average	
Less than HK\$85,200	Less than HK\$7,100	Not required
HK\$85,200 - HK\$360,000	HK\$7,100 - HK\$30,000	Relevant income x 5%
More than HK\$360,000	More than HK\$30,000	HK\$360,000 x 5% = HK\$18,000 per year or HK\$30,000 x 5% = HK\$1,500 per month

Whether you are an employee or self-employed, you may also consider making additional contributions (i.e. Voluntary Contributions) in light of your personal needs.

How to Open an Account

Voluntary Contributions

For employee, your employer helps you open an account under the MPF scheme chosen by your employer. For self-employed person, you can open an account under the MPF scheme of your own choice.

For details of different types of contributions, you may refer to the MPF Scheme Brochure for Principal MPF – Smart Plan – “Administrative Procedures” section which is available via the link:

principal.com.hk/sites/default/files/general-files/Smart_E.pdf



How do we invest your money?

Upon joining the scheme, if you have not given us any investment instructions, your money will be invested under the Default Investment Strategy (DIS) automatically. For details of the DIS, you may refer to the MPF Scheme Brochure for Principal MPF - Smart Plan – “Fund Options, Investment Objectives and Policies” section which is available via the link:

principal.com.hk/sites/default/files/general-files/Smart_E.pdf



MPF Scheme Brochure

Alternatively, you can choose to invest in the following funds:

No.	Name of Constituent Fund	Investment Manager	Fund Descriptor	Investment Focus	Investment Objectives	Management Fees (As a percentage of net asset value per annum)
1	Principal Age 65 Plus Fund	Principal Asset Management Company (Asia) Limited	Mixed Assets Fund - Global - Equity around 20%	Around 20% in higher risk assets; around 80% in lower risk assets	To provide stable growth for the retirement savings to members.	0.75%
2	Principal Core Accumulation Fund		Mixed Assets Fund - Global - Equity around 60%	Around 60% in higher risk assets; around 40% in lower risk assets	To provide capital growth to members.	0.75%



How do we invest your money? (continue)

No.	Name of Constituent Fund	Investment Manager	Fund Descriptor	Investment Focus	Investment Objectives	Management Fees (As a percentage of net asset value per annum)
3	Principal Guaranteed Fund	Principal Asset Management Company (Asia) Limited	Guaranteed Fund	Around 60% to 90% in bonds; 10% to 25% in equities; up to 25% in deposits	To achieve a return in excess of the prescribed savings rate published by the Mandatory Provident Fund Schemes Authority.	1.00%
4	Principal - MPF Conservative Fund		Money Market Fund - Hong Kong	HKD denominated deposits and debt securities	To achieve a return in line with the prescribed savings rate published by the Mandatory Provident Fund Schemes Authority.	0.95%
5	Principal Cash Fund		Money Market Fund - Hong Kong	Transferable securities and cash or cash equivalent	To provide a return higher than retail Hong Kong dollar savings deposit rate in Hong Kong.	0.91%
6	Principal Stable Fund		Mixed Assets Fund - Global - maximum equity around 45%	Around 15% to 45% in global equities; around 45% to 75% in global bonds	To achieve stable long-term capital growth.	1.59%
7	Principal Balanced Fund		Mixed Assets Fund - Global - maximum equity around 85%	Around 55% to 85% in global equities; around 10% to 40% in global bonds	To achieve long-term capital growth.	1.59%
8	Principal Growth Fund		Mixed Assets Fund - Global - maximum equity 100%	Around 75% to 100% in global equities; up to 25% in global bonds	To achieve significant long-term capital growth.	1.59%
9	Principal Dynamic Global Bond Fund		Bond Fund - Global	At least 70% in fixed income securities issued by governments, governmental agencies and corporates; 0% to 30% in others	To seek total investment return over the medium to longer term.	1.49%
10	Principal Dynamic Asian Bond Fund		Bond Fund - Asia Pacific	70% to 100% in bonds in Asia Pacific region (excluding Japan); 0% to 30% in bonds outside the Asia Pacific region (excluding Japan)	To achieve long term capital growth in Hong Kong dollars terms.	1.33%
11	Principal Dynamic Global Equity Fund		Equity Fund - Global	Around 98% in equities; around 2% in cash or cash equivalent	To produce returns that are related to those achieved on the major world stock market indices.	1.75%



How do we invest your money? (continue)

No.	Name of Constituent Fund	Investment Manager	Fund Descriptor	Investment Focus	Investment Objectives	Management Fees (As a percentage of net asset value per annum)
12	Principal Dynamic Asia Pacific Equity Fund	Principal Asset Management Company (Asia) Limited	Equity Fund - Asia Pacific	Around 95% in equities; around 5% in cash or cash equivalent	To produce returns that are related to those achieved on the major stock market indices of Asia Pacific.	1.75%
13	Principal Dynamic Greater China Equity Fund		Equity Fund - Greater China	70% to 100% in Greater China equities; 0% to 30% in other equities; 0% to 30% in bonds	To achieve long term capital growth in Hong Kong dollars terms.	1.37%
14	Principal Dynamic Hong Kong Equity Fund		Equity Fund - Hong Kong	Normally 70% to 95% in Hong Kong equities, less than 30% in eligible China A-Shares and B-Shares, with the remainder held in cash or short-term deposits	To achieve long term capital growth.	1.59%
15	Principal - Hang Seng Index Tracking Fund		Equity Fund - Hong Kong	Up to 100% in equities	To provide investment results that closely correspond to the performance of the Hang Seng Index.	up to 0.98%

Note: The management fees shown in the table above include the management fees chargeable by the fund and its underlying fund(s) only. There may be other fees and charges chargeable to the fund and its underlying fund(s) or to you. For details, please refer to the MPF Scheme Brochure for Principal MPF - Smart Plan - "Fees and Charges" section, which is available via the link:

principal.com.hk/sites/default/files/general-files/Smart_E.pdf

To help you make comparisons across different MPF funds and schemes, you may refer to the information on the MPF Fund Platform via the link:

http://mfp.mpfa.org.hk/eng/mpp_index.jsp



MPF Fund Platform



What are the risks of your MPF Investment?

- Investment involves risks. Please refer to the MPF Scheme Brochure for Principal MPF - Smart Plan - "Risks" section for details of the risk factors to which the funds are exposed, which is available via the link:

principal.com.hk/sites/default/files/general-files/Smart_E.pdf



MPF Scheme Brochure

- A risk class is assigned to each fund with reference to a seven-point risk classification scale based on the latest fund risk indicator of the fund. A fund in a higher risk class tends to show a greater volatility of return than a low-risk class fund. Information about the latest risk class of each fund is set out in the latest fund fact sheet of Principal MPF - Smart Plan, which is available via the link:

principal.com.hk/sites/default/files/general-files/MPF_Smart_FFS.pdf



Fund Fact Sheet



How to transfer your MPF?

If you are an employee, you may opt to transfer your MPF derived from employee mandatory contributions in your contribution account under current employment (Original Scheme) to any other MPF schemes of your choice (New Scheme) once a year¹. If your transfer involves selling your interests in a guarantee fund, please check with us the terms and conditions of this fund as failure to fulfil some qualifying conditions may cause the loss of guaranteed returns.

Your contribution account under current employment may consist of different parts of MPF derived from different sources and subject to different transfer rules, as follows:

Parts of MPF in a contribution account (i.e. Types of contributions that the MPF are derived from)	Transfer rule	Type of account receiving the MPF
Contributions from current employment		
Employer mandatory contributions	Not transferable	N/A
Employee mandatory contributions	Transferable once every calendar year ¹	Personal account
Employer voluntary contributions	Subject to the governing rules of the Original Scheme	Personal account
Employee voluntary contributions	Subject to the governing rules of the Original Scheme	Personal account
Contributions from former employment		
Mandatory contributions transferred to the contribution account under current employment	Transferable at any time	Personal account or other contribution accounts ²
Voluntary contributions transferred to the contribution account under current employment	Subject to the governing rules of the Original Scheme	Personal account or other contribution accounts ²

Other types of MPF account:

Types of MPF account	Transfer rule	Type of account receiving the MPF
Self-employed person (SEP)	Transferable upon account termination	SEP, personal account or other contribution accounts
Personal account	Transferable at any time	SEP, personal account or other contribution accounts

¹ Unless the governing rules of the Original Scheme provide for more frequent transfer-out.

² Only applies to employees with two or more contribution accounts. If an employee is employed by more than one employer at the same time, he/ she may have more than one contribution account.



How to manage your MPF when changing jobs?

You should proactively manage the MPF accumulated during your previous employment in one of the following ways:

Method 1

Transfer the MPF to your **“contribution account”** opened under your new employment

Method 2

Transfer the MPF to your existing **“personal account”**



How to manage your MPF when changing jobs? (continue)

- If you do not have any personal accounts, and you are satisfied with the MPF scheme chosen by your former employer, you may consider retaining your MPF in a personal account under the scheme of your previous employment for investment.
- Upon cessation of your employment, in the absence of your election on which method you would choose to transfer your MPF from such employment, your MPF from such employment are automatically transferred to a personal account under Principal MPF - Smart Plan upon the expiry of the three month's period after we have been notified of the termination of your employment.
- Forms for transfer of MPF can be downloaded via the link:
principal.com.hk/resources/downloads
- If you have any questions relating to transfer of MPF, please contact our customer service hotline at 2802-2812/2885-8011 or visit our website at **principal.com.hk**.



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When should you adjust your MPF fund choices?

In general, it is a good practice to review your fund choices regularly and adjust your MPF fund choices as you think fit.

How to adjust your MPF fund choices?

- You may complete and submit a new investment instruction form to us. There is no restriction on the frequency of submission of investment instructions and the amount of transfer. If your new investment instructions involve selling your interests in a guarantee fund, please check with us the terms and conditions of this fund as failure to fulfil some qualifying conditions may cause the loss of guaranteed returns.
- You may send your new investment instructions to us by mail, facsimiles, or through our website (**principal.com.hk**) or email.
- In order that your instructions can be processed within the same day via website, you must send us the completed investment instructions before the cut-off time. For details, please refer to the MPF Scheme Brochure for Principal MPF - Smart Plan – “Administrative Procedures” section, which is available via the link:
principal.com.hk/sites/default/files/general-files/Smart_E.pdf



When can you withdraw your MPF?

Once you reach the age of 65, you can choose to withdraw your MPF by lump sum or by instalments, or you can retain your MPF in the member's account.

You can also withdraw your MPF by lump sum or by instalments upon early retirement at the age of 60.

By law you can withdraw your MPF early on the following six grounds:



Early Retirement



Permanent Departure from HK



Small Balance



Death



Terminal Illness



Total Incapacity

- The law does not stipulate any deadlines for withdrawing MPF. You should consider your personal needs before making a withdrawal application. If you choose to retain all your MPF in your account, no application is required. Your MPF will continue to be invested in the fund(s) you have selected.

- Forms for withdrawal of MPF can be downloaded via the link:
principal.com.hk/resources/downloads



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- If you have any questions relating to withdrawal of MPF, please contact our customer service hotline at 2802-2812/2885-8011 or visit our website at **principal.com.hk**.

Remark: Your voluntary contributions under a contribution account can only be withdrawn upon the termination of your employment.



Additional information useful to you

Taxation

Employees are allowed to claim salaries tax deduction for their mandatory contributions, subject to a maximum deduction of HK\$18,000 per year. We recommend that you seek professional advice regarding your own tax circumstances.

Documents from us

Scheme members will receive the following documents:

1. Upon joining the scheme: this KSID, the MPF Scheme Brochure and the Notice of Participation; and
2. Within three months after the scheme year end: the Annual Benefit Statement.

Other information

- 1 This KSID only provides a summary of the key features of Principal MPF - Smart Plan. For details, please refer to the trust deed and the MPF Scheme Brochure for Principal MPF - Smart Plan. Copies of these documents are available via:



principal.com.hk/sites/default/files/general-files/Smart_Trust_Deed.pdf



Trust Deed



principal.com.hk/sites/default/files/general-files/Smart_E.pdf



MPF Scheme Brochure

- 2 The On-going Cost Illustrations for Principal MPF - Smart Plan, a document which illustrates the on-going costs on contributions to constituent funds, is available via:



principal.com.hk/sites/default/files/general-files/Smart_OCI.pdf



On-going Cost Illustrations

- 3 The Quarterly Fund Fact Sheet provides basic information (e.g. fund performance) on individual funds of Principal MPF - Smart Plan, which is available:



principal.com.hk/sites/default/files/general-files/MPF_Smart_FFS.pdf



Fund Fact Sheet

Personal Information Collection Statement

To obtain the latest copy of the personal information collection statement, please write to the Data Protection Officer:

Principal Trust Company (Asia) Limited
30/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong



How to make enquiries and complaints?

If you would like to make an enquiry or a complaint, please feel free to contact us.

Member Hotline	2802-2812 / 2885-8011
Customer Service Centre / Postal address	30/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong
Interactive Voice Response System	2802-2812
Email	hkinfo@principal.com
Fax number	2827-1707
Trustee's website	www.principal.com.hk