

Booklet on Provident Fund Scheme for Workers in the Public Services



Introduction to Provident Fund Scheme

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Preface

Subsequent to the publishing of Law no. 8/2006*, the Provident Fund Scheme for Workers in the Public Services will come into effect from 1st January 2007. This booklet is compiled to introduce the Scheme to workers in the public services, so that they can have a clear understanding of their rights and obligations under the Scheme.

* Partially amended by Law no. 3/2009.

The content of this booklet is for reference only. The content of the Law prevails on anything that requires detailed information.

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Introduction to the Provident Fund Scheme

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1. The Provident Fund Scheme

The Provident Fund Scheme for Workers in the Public Services is a retirement benefits plan, towards which both the public services workers and the Macao SAR Government make monthly contributions at pre-defined contribution rates. Contributions are accumulated together with the returns on their investments for the provision of retirement protection.

The Pension Fund is responsible for the administration and execution of the Provident Fund Scheme. The operation of the scheme comprises the following stages:

Enrollment	Formal registration in the Provident Fund Scheme
Contributions	Contributions being jointly made by the member and the Macao SAR Government every month
Application of Contributions	Contributions are invested to earn returns
Cancellation of Enrollment	Enrollment is cancelled upon definite termination of employment
Vesting	A member's right to the accrued benefits attributable to the personal and Macao SAR contributions accounts
Liquidation and Payment	Redemption of investments, calculation and payment of vested benefits

2 . Enrollment

Who are eligible to enroll?

Workers in the Public Services recruited under any of the following terms of employment are eligible to enroll in the Provident Fund Scheme:

- Provisional or definite nomination (“nomeação provisória ou definitiva”);
- Commission of service (“Comissão de serviço”);
- “Contrato administrativo de provimento”*;
- “Contrato individual do trabalho”.

While enrollment is compulsory for workers employed under the terms of provisional or definite nomination and the public service department responsible for the worker’s payroll shall officially process the enrollment, it is voluntary for workers recruited under the other terms of employment, that is, they can choose whether to enroll in the Provident Fund Scheme, in which case written application should be submitted to the Pension Fund, with the assistance of the public service department responsible for processing the applicant’s payroll, within 30 days from the date of initiation of employment or the date of renewal of commission of service or of contract.

Who are not eligible to enroll?

The following persons are not eligible to enroll in the Provident Fund Scheme:

- Workers who have joined the Retirement and Survivor’s Pensions Scheme;
- Workers employed by the public service departments which have their own retirement benefits schemes;
- Non full-time workers;

* According to the Law no. 12/2015, with effect from 1/11/2015, the references to the existing legislation relating to “contrato além do quadro”, “contrato de assalariamento” and “assalariamento” are deemed to be the references of “contrato administrativo de provimento”.

- Workers employed by public enterprises or organizations, or companies with total or partial capital from the government;
- Judicial judges and the Public Prosecutions Office's procurators;
- Workers employed by overseas offices of the Macao SAR according to the overseas law;
- Workers retired under the Retirement and Survivor's Pensions Scheme, retired workers who have their pensions liabilities transferred to places outside the Macao SAR and workers who receive retirement pension benefits under the retirement benefits schemes provided by the public service departments.

3. Contributions

Monthly contributions are calculated based on the member's monthly salary or wages¹ plus the contribution time premiums². The amount of salary or wages lost as a result of absence from work without just cause shall be deducted from the calculation basis. The total contributions rate is 21%, of which 7% is from the member and 14% is from the Macao SAR. The public service department responsible for the member's payroll shall deduct the member's contributions for his/her salary or wages.

Personal and Macao SAR contributions are respectively recorded in the "Personal Contributions Account" and the "Macao Special Administrative Region Contributions Account". As a general rule, contributions will cease only upon cancellation of enrollment.

Special Situations

- A member who has been granted with no-pay leave for public interest can choose to continue contributing to the Scheme during that period based on the monthly salary or wages he/she was entitled of on the day preceding the no-pay leave³;
- A member who is appointed as a principal official of the Government, and whose enrollment in the Scheme is compulsory, may choose to maintain his/her enrollment by continuing contributing to the Scheme under the provisions of the law;

¹ It means basic salary or wages, up to the maximum salary index of the civil service salary table, excluding any forms of allowance or fringe benefits or income.

² A contribution time premium will be granted to the member for every 5 years of contribution. The amount is the same as the prevailing amount for the Seniority Premium provided by current legislation.

³ The member's contribution should be paid at the public service department, which is responsible for his/her payroll prior to his/her no-pay leave.

- A member of the Scheme who becomes a member of the Legislative Assembly, with his/her original post or position retained, must continue to contribute to the Scheme under the provisions of the law.

Contribution Time

Under the Provident Fund Scheme, the period during which the member contributes to the Scheme is considered as the contribution time. And it has a direct relationship with the amount of benefits the member is entitled of, under the Scheme, upon termination of employment with the Government. Contribution time is counted by days and expressed in years and days, with 365 days as one year.

In the case of re-enrollment, the contribution time derived from the previous enrollment will be counted towards his/her re-enrollment, if the interval between the date of cancellation of the previous enrollment and the date of re-enrollment does not exceed 45 days, provided that no application has been made for redemption and payment of benefits in respect of the previous enrollment.

Recognition of Past Service Time

A member who joins to the Provident Fund Scheme may apply to the Pension Fund, through his / her public service department, for recognition of all his / her past service time⁴ at public service departments, up to 31st December 2006, with or without interruption. The recognized service time is considered as contribution time in the Provident Fund Scheme, but is not, however, counted towards the calculation of contribution time premiums. The application for recognition of past service time should be made within one year from the date of approval of enrollment.

⁴ Excluding the time of service under the situations as prescribed in Paragraph 2 of Article 3 of the Law no. 8/2006.

Example 1. Application for recognition of all past service time up to 31st December 2006 by a member who has provided service at different public service departments under different terms of employment.

- ◆ At the Macao Government Tourism Office under the terms of “Contrato de assalariamento” : 5 years 115 days (recognized)
- ◆ At the University of Macao under the terms of “Contrato individual de trabalho” : 3 years 182 days (not recognized)*
- ◆ At the Financial Services Bureau under the terms of “Contrato além do quadro” : 1 year 3 days (recognized)**

Recognized service time 6 years 118 days

* The University of Macao has its own retirement benefits scheme.

** No contribution had ever been made to the Retirement and Survivor's Pensions Scheme.

Before the end of the month of January every year, the public service departments shall compile an annual table of contribution time as at the end of the previous year, and have it displayed at an accessible location within the department. It should also notify all members on this matter for their knowledge.

The member can file for objection, within 30 days from the above date of notification, against any mistake, omission or inappropriateness found in the annual table of contribution time.

4 . Application of Contributions

The member shall decide on the application of his/her contributions. The application plans provided for option cover different levels of risk. Upon receiving the member's personal and Macao SAR contributions, the Pension Fund shall subscribe for the units of participation of the application plans selected by the member.

The member may switch his/her application plans annually, within a specified period of time, so as to create a portfolio that correspond to his/her conditions. If no instruction is received from the member in this regard, his/her investments situation shall remain unaltered.

In addition, the member will be provided with information on the application of contributions and accumulated account balances on a periodical basis, so as to assist him/her in understanding the details of the contributions accounts.

5. Cancellation of Enrollment

A member's enrollment in the Scheme will automatically be cancelled upon definite termination of employment with the Government, namely due to the following reasons:

- Reaching the age of 65⁵ ;
- Reaching the upper limit of sick leaves;
- Being declared totally and permanently incapable for work;
- Being declared totally and permanently incapable for work as a result of job-related accident or sickness, humanitarian act or dedication to the community;
- Dismissal by the Government as a result of disciplinary process or with just cause⁶ ;
- Termination of employment as a result of performance appraisal;
- Death.

In addition, a member's enrollment in the Scheme will also be automatically cancelled when there is a change of situation whereby the member becomes ineligible to enroll in the Provident Fund Scheme.

⁵ Except when there is a different age limit, otherwise stipulated by other legislations.

⁶ Dismissal by the Public Administration with just cause and due to a fact for which the worker is accountable.

6 . Vesting

Vesting means a member's right to the accrued benefits attributable to the personal and Macao SAR contributions accounts ⁷ in his/her respect, calculated in accordance with the contribution time, upon cancellation of enrollment. Vesting is expressed in vesting ratios.

Vesting of personal contributions

The member shall always, under all circumstances, be entitled to the full balance of the respective Personal Contributions Account, i.e. a 100% vesting ratio.

Vesting of Macao SAR contributions

■ General situations

The vesting of Macao SAR Contributions Account is calculated in accordance with the vesting ratio. Such ratio is additionally determined by the contribution time (in years) (Example 2 - Scenario 1).

Macao SAR Contributions Account --- Vesting Ratio Table

Contribution time (in years)	Vesting ratio	Contribution time (in years)	Vesting ratio
below 5	0%	19	82%
5 to below 10	25%	20	85%
10 to below 15	50%	21	88%
15	70%	22	91%
16	73%	23	94%
17	76%	24	97%
18	79%	25 or above	100%

⁷ Contributions and their respective investment returns under the Provident Fund Scheme shall not, in any case, be put under any obligation.

■ Special situations

Under the following situations, a member is entitled to the full balance of the Macao SAR Contributions Account, regardless of the contribution time (Example 2 - Scenario 2):

- Reaching the upper limit of sick leaves;
- Being declared totally and permanently incapable for work;
- Being declared totally and permanently incapable for work as a result of job-related accident or sickness, humanitarian act or dedication to the community;
- Death.

When cancellation of enrollment is due to dismissal as a result of disciplinary process or with just cause ⁸, **the member is not entitled** to any amount of the Macao SAR Contributions Account, except when the contribution time is not less than 15 years, in which case, the member is entitled to only **half of** the accrued benefits calculated on the Macao SAR Contributions Account balance, in accordance with the vesting ratio. (Example 2 - Scenario 3)

When cancellation of enrollment is due to termination of employment as a result of performance appraisal, the member is entitled to only **half of** the accrued benefits calculated on the Macao SAR Contributions Account balance in accordance with the vesting ratio, regardless of the contribution time. (Example 2 - Scenario 3)

⁸ Dismissal by the Public Administration with just cause and due to a fact for which the worker is accountable.

7. Determination, Liquidation and Payment

Determination

Means to determine the vesting ratio that the member is entitled to in respect of all the accounts in the Provident Fund Scheme, upon cancellation of enrollment. The total units of participation of the application plans vested to the member are calculated by the vesting ratio.

The Pension Fund, upon receiving the information related to the cancellation of the enrollment provided by the service department that the member belongs to, shall compose a file and submit it to the supervisory entity within 10 working days, who shall afterwards determine the vesting ratio that the member is entitled to in form of a dispatch and publish the extract of the respective dispatch in the Official Gazette of MSAR.

On the day of cancellation of enrollment, if a member is involved in a pending disciplinary procedure as a defendant, the determination of the vesting ratio the member is entitled to in respect of the Macao SAR Contributions Account will be suspended until there is a final decision on the disciplinary process.

Aside from the contribution time, the vesting ratio of the Macao SAR Contributions Account is also determined by different situations of termination, upon cancellation of member's enrollment. The vested units of participation of the member are calculated in accordance with the vesting ratio. The following are some examples:

Example 2. A member having 20 years and 180 days of contribution time and with the investment portfolio comprising of Global Bond Investment Fund and Bank Deposit Portfolio, upon definite termination of employment, the balances of units of participation in his/her Personal and Macao SAR Contributions Accounts are as follows:

Account	Global Bond Investment Fund No. of units	Bank Deposit Portfolio No. of units
Personal Contributions	3,000	26,000
Macao SAR Contributions	6,000	52,000
Total	9,000	78,000

Scenario 1 : Resignation on the member's own accord

Account	Balance of no. of units		Vesting ratio	No. of units vested	
	Global Bond Investment Fund	Bank Deposit Portfolio		Global Bond Investment Fund	Bank Deposit Portfolio
Personal Contributions	3,000	26,000	100%	3,000	26,000
Macao SAR Contributions	6,000	52,000	85%	5,100	44,200
Total	9,000	78,000		8,100	70,200

Contribution time (full years)	Vesting Ratio
19 years	82%
20 years	85%
21 years	88%

That is, the member is entitled to 8,100 units of Global Bond Investment Fund and 70,200 units of Bank Deposit Portfolio.

Scenario 2: Termination of employment due to permanent and absolute incapacity for work

Account	Balance of no. of units		Vesting ratio	No. of units vested	
	Global Bond Investment Fund	Bank Deposit Portfolio		Global Bond Investment Fund	Bank Deposit Portfolio
Personal Contributions	3,000	26,000	100%	3,000	26,000
Macao SAR Contributions	6,000	52,000	100%	6,000	52,000
Total	9,000	78,000		9,000	78,000

That is, the member is entitled to 9,000 units of Global Bond Investment Fund and 78,000 units of Bank Deposit Portfolio.

Scenario 3: Dismissal

Account	Balance of no. of units		Vesting Ratio	Balance calculated according to the vesting ratio		% that the member is entitled of	No. of units vested	
	Global Bond Investment Fund	Bank Deposit Portfolio		Global Bond Investment Fund	Bank Deposit Portfolio		Global Bond Investment Fund	Bank Deposit Portfolio
Personal Contributions	3,000	26,000	100%	3,000	26,000	100%	3,000	26,000
Macao SAR Contributions	6,000	52,000	85%	5,100	44,200	50%	2,550	22,100
Total	9,000	78,000		8,100	70,200		5,550	48,100

That is, the member is entitled to 5,550 units of Global Bond Investment Fund and 48,100 units of Bank Deposit Portfolio.

Liquidation

The liquidation process includes cessation of member's investments and determination of the vested benefits that the member is entitled to. The formula for determining the vested benefits of the member is as follows:

$$\text{No. of Units that Applied for Liquidation} \times \text{Unit Price on Redemption Day} \times \text{Exchange Rate}^*$$

* Applicable only to the unit price quoted in USD.

The member can apply to the Pension Fund for the liquidation of all his/her accounts at one time or in a maximum of 3 times, within 5 years⁹ from the date of the publication of the extract of the dispatch of determination of vesting ratios that he/she is entitled to. In other words, the member can choose to redeem all the units of participation that he/she is entitled to at one time or to redeem them gradually by phases, and the vested benefits of the member is calculated according to the above formula.

⁹ Within the liquidation period of 5 years, the member is not allowed to switch the application plans chosen.

By the end of the time limit, if no application for liquidation of all the accounts is received, the Pension Fund shall proceed officially with the liquidation of the respective accounts.

Payment

The amounts vested to the member after the liquidation, are paid by the Pension Fund, in a lump sum, within 5 working days counting from the date of dispatch of determination of the member's vested benefits. If the member has not paid up his/her debt due to the Macao SAR or other public entities, the Pension Fund shall suspend payment of his/her vested benefits until all debts are fully paid up.

In case of death of the member, the vested benefits will form part of his/her estate.

Prescription of rights

The amounts to which the member is entitled under the Provident Fund Scheme, have a prescription of ten years from the date these rights may be exercised.

8 . Special Rights

Options

A member who has been declared totally and permanently incapable for work as a result of job-related accident or sickness, humanitarian act or dedication to the community, can opt for monthly retirement pensions instead of the accrued benefits under the Provident Fund Scheme ¹⁰.

If the member dies due to the above-mentioned reasons before making the option, the following persons can opt for survivor's pensions, according to the following order of priority:

- The member's spouse;
- The member's children who suffer from total and permanent incapability for work, declared as such by the Health Committee;
- The member's children who have the right to family allowance;
- The member's parents who have the right to family allowance;
- The person that is equated to the spouse.

The retirement pension is equal to the monthly salary or wages to which the member is entitled on the day prior to the date of cancellation of his/her enrollment ¹¹ . **The survivor's pension** is equal to 70% of the retirement pension. The said pensions are exclusive of contribution time premium(s). The beneficiaries of the pensions are also entitled to the allowances and benefits as prescribed in the applicable legislation.

In the case of more than one beneficiary in the same class, the option for survivor's pension made by any of them prevails and such choice will be applied to the rest of the beneficiaries.

¹⁰ plus the premiums for long-term service, if applicable.

¹¹ with a limit up to the maximum salary index of the civil service salary table.

The member or the beneficiaries should exercise their right for option within 90 days from the date of cancellation of enrollment or, in the case of death of the member after this date, the date of death.

Assume that the member of **example 2** was declared totally and permanently incapable for work (or died) as a result of job related accident. Details on his salary and contribution accounts are as follow:

■ Salary index on the day before cancellation of enrollment	: 430 points
■ Contribution time	: 20 years 180 days
■ Contribution time premiums	: 4
■ Market value of balance of contributions accounts	: \$3,650,000

Option 1. Accrued benefits under the Provident Fund Scheme
= \$3,650,000

Option 2. Monthly retirement pension (or survivor's pension)

Retirement pension
(Total and permanent
incapability for work)

= the monthly salary or wages on
the day before cancellation of
enrollment

430 points

**Survivor's
pension**
(Death)

= 430 points x 70 %
= 301 points → 305 points

305 points

Right to medical services

Upon cancellation of enrollment, a member shall maintain his/her right to medical services, as entitled while in service, when:

- At the date of cancellation of enrollment, the member reaches 50 years of age and his/her contribution time is not less than 25 years;
- The contribution time is not less than 15 years and the member:
 - ✓ has reached the age of 65 ¹² ; or
 - ✓ has reached the upper limit of sick leaves; or
 - ✓ has been declared totally and permanently incapable for work, or died.
- Being declared totally and permanently incapable for work, or died, as a result of job-related accident or sickness, humanitarian act or dedication to the community.

The spouse of the member referred above, as well as the descendants and ascendants of the member and of his/her spouse are also entitled to have access to medical services as prescribed by law.

In order to have access to medical services, monthly contribution, calculated based on the monthly salary or wages of the member the day before cancellation of enrollment in the Scheme, should be made to the Health Bureau.

¹² Except when there is a different age limit, otherwise prescribed by other legislations.

Right for house rental

Upon cancellation of enrollment, a member shall maintain his/her right to Macao SAR house rental, as entitled while in service, if the conditions for maintenance of the right to medical services are met.

The rent is calculated based on the member's monthly salary or wages on the day before the enrollment cancellation date, and is paid by the member to the Financial Services Bureau or the other public entities, depending on whether the member is on the Macao SAR house rental regime or on other public entities house rental regimes.

Premium for long-term service

In the Provident Fund Scheme, premium for long-term service is provided for the following disciplined services officers;

- Members of the Security Force;
- Criminal investigators;
- Assistant criminal investigators;
- Prison guards;
- Customs officers.

Members who fulfil all of the following conditions at the date of cancellation of enrollment are eligible to the premium for long-term service:

- Not being dismissed or terminated employment as a result of disciplinary process or criminal offense;
- Having completed the age of 50;
- Counting no less than 25 years of contribution time as a disciplined services officer.

$$P = A \times 2\%$$

P - Premium for long-term service;

A - Total salary or wages and contribution time premiums received by the member from 1st January 2007 as a disciplined services officer.

The premium for long-term service is paid by the Pension Fund in a lump sum, after the publication of the extract of dispatch determining the premium that the member is entitled to.

Social Security Scheme

Members of the Provident Fund Scheme are obliged to enroll in the Social Security Fund. The procedures of enrollment and payment of contributions shall be handled by the public service department responsible for the workers' payroll.

Absence due to accident while on duty

The regime of absence due to accident while on duty as prescribed in the prevailing public service law is applicable to the members of the Provident Fund Scheme.

9 . Conversion of Past Service Time

Former members of the Retirement and Survivor's Pensions Scheme whose memberships in that scheme have been cancelled, but still have pensionable service time therein, may apply for the conversion of their pensionable service time, through the public service departments they work for, upon joining the Provident Fund Scheme.

Convert the past service time into	Cancellation before 1/1/2007 ¹⁾	Cancellation on or after 1/1/2007 ¹⁾	Deadline for application
Contribution time under the Provident Fund Scheme	✓	✓	Apply upon enrollment in the Provident Fund Scheme
Time qualifying for contribution time premium	✓	✓	
Transfer value ²⁾	✓	X	Apply when conditions of re-enrollment in the Retirement and Survivor's Pensions Scheme are met

Notes:

¹⁾ Cancellation of enrollment in the Retirement and Survivor's Pensions Scheme.

²⁾ Must meet the conditions for re-enrollment in the Retirement and Survivor's Pensions Scheme.

10 . What Members Should Know

To better safeguard his/her benefits under the Provident Fund Scheme, a member should:

- Be aware of and abide by the deadlines as prescribed in the Provident Fund Scheme;
- Duly fill out the options of the application plans on the enrollment form. Moverover, submit the switching declaration form on time if the member intends to switch the application plans;
- Read the documentation (Annual Benefit Statement, Application Summary, Accounts Transactions, etc.) provided regularly by the Pension Fund carefully, and consult the information of contributions of all accounts through the Pension Fund's website, so as to have a better understanding of the latest situation of the respective contribution accounts;
- Participate in seminars organized regularly by the Pension Fund for members, so as to know more about the markets situation and to learn more about the relevant application plans;
- Be attentive to the latest news and information released by the Pension Fund through the public service departments or the website.

CONTACT US

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Provident Fund Scheme for Workers in the Public Services

Performance Pledge



Types of Service

Performance
Duration
(working days)

Enrollment in the Provident Fund Scheme

5

Payment of accrued benefits

Involves the liquidation of the
investment funds

14

Applies for the liquidation of the
Bank Deposit Portfolio only

8

Emission of declaration of accrued benefits for
the purpose of "inventário judicial"

2

Issuance of Medical Services Card to former
Provident Fund Scheme members

5

Note: The performance duration is counted from the following day after
submission of all necessary documents.