

Hong Kong

Exchange rate: US\$1.00 equals
7.75 Hong Kong dollars (HK\$).

Old Age, Disability, and Survivors

Regulatory Framework

First and current laws: 1971 (social assistance); 1973 (universal old-age and disability allowance); 1988 (universal higher-rate disability allowance); 1993 (comprehensive social security assistance); and 1995 (mandatory provident funds), implemented in 2000, with 2002 amendment.

Type of program: Universal old-age and disability pension, mandatory occupational benefit (mandatory provident fund schemes), and social assistance (comprehensive social security assistance) system.

Note: The mandatory occupational plans operating under the name of mandatory provident funds are privately run and should not be confused with publicly run national provident funds found in other countries.

Coverage

Universal allowances and comprehensive social security assistance: All persons residing in Hong Kong.

Mandatory occupational benefit: All employees holding a contract of 60 or more days (employees in the catering and construction industry who are employed for periods shorter than 60 days or are covered on a daily basis) and self-employed persons between ages 18 and 65.

Exclusions: Self-employed hawkers; domestic employees; persons covered by statutory pension plans or provident funds, such as civil servants or teachers; members of occupational retirement plans who are granted exemption certificates; and foreign citizens working in Hong Kong for less than 13 months or covered by another country's retirement system.

Source of Funds

Insured person

Universal allowances and comprehensive social security assistance: None.

Mandatory occupational benefit: A minimum of 5% of monthly earnings. Voluntary additional contributions are permitted.

The minimum monthly earnings for contribution purposes are HK\$5,000.

The maximum monthly earnings for contribution purposes are HK\$20,000.

Contributions are tax-deductible up to HK\$12,000 a year.

Self-employed person

Universal allowances and comprehensive social security assistance: None.

Mandatory occupational benefit: A minimum of 5% of monthly or yearly income. Voluntary additional contributions are permitted.

The minimum earnings for contribution purposes are HK\$5,000 a month or HK\$60,000 a year.

The maximum earnings for contribution purposes are HK\$20,000 a month or HK\$240,000 a year.

Contributions are tax-deductible up to HK\$12,000 a year.

Employer

Universal allowances and comprehensive social security assistance: None.

Mandatory occupational benefit: A minimum of 5% of monthly payroll. Voluntary additional contributions are permitted.

There are no minimum earnings for contribution purposes.

The maximum monthly earnings for contribution purposes are HK\$20,000.

Government

Universal allowances and comprehensive social security assistance: The total cost.

Mandatory occupational benefit: None.

Qualifying Conditions

Old-age pension

Old-age allowance (universal)

Lower-rate allowance: Persons aged 65 to 69 who have resided in Hong Kong for at least 7 years (requirement waived for persons who became Hong Kong residents before January 1, 2004), including 1 year of residence immediately before claiming the benefit. The allowance is income-tested (monthly income must not exceed HK\$5,910 if single or HK\$9,740 if married) and asset-tested (assets must not exceed HK\$169,000 if single or HK\$254,000 if married).

Higher-rate allowance: Persons aged 70 or older who have resided in Hong Kong for at least 7 years (requirement waived for persons who became Hong Kong residents before January 1, 2004), including 1 year of residence immediately before claiming the benefit.

Mandatory occupational benefit (old-age): Age 65 (men and women).

Early retirement: Age 60 (men and women) if ceasing employment permanently. (Funds may be withdrawn before retirement if the member leaves Hong Kong permanently.)

Old-age benefit (comprehensive social security assistance): Persons aged 60 or older who have resided in Hong Kong

for at least 7 years (requirement waived for persons who became Hong Kong residents before January 1, 2004), including 1 year of residence immediately before claiming the benefit. The benefit is income-tested and asset-tested on an individual basis if living alone; if living with other family members, the total income and assets of all family members are taken into account for determining the family's eligibility.

Disability pension

Disability allowance (universal)

Lower-rate allowance: Persons who have resided in Hong Kong for at least 7 years (requirement waived for persons who became Hong Kong residents before January 1, 2004), including 1 year of residence immediately before claiming the benefit. There are no requirements for length of residence for claimants younger than age 18 residing in Hong Kong. Must be certified by the Director of Health or the Chief Executive of the Hospital Authority (or, in exceptional cases, a registered doctor in a private hospital) to have a 100% loss of earning capacity or to be profoundly deaf.

Higher-rate allowance: Persons who have resided in Hong Kong for at least 7 years (requirement waived for persons who became Hong Kong residents before January 1, 2004), including 1 year of residence immediately before claiming the benefit. There are no requirements for length of residence for claimants younger than age 18 residing in Hong Kong. Must be certified by the Director of Health or the Chief Executive of the Hospital Authority (or, in exceptional cases, a registered doctor in a private hospital) as needing the constant attendance of others to carry out daily activities and must not be receiving care in a government-owned (or government-subsidized) residential institution or Hospital Authority residential medical institution.

Mandatory occupational benefit (disability): Assessed by a registered medical practitioner as having a total and permanent incapacity for work. Employment must have ceased.

Disability benefit (comprehensive social security assistance): Disabled persons who have resided in Hong Kong for at least 7 years (requirement waived for persons who became Hong Kong residents before January 1, 2004), including 1 year of residence immediately before claiming the benefit. There are no requirements for length of residence for disabled claimants younger than age 18 residing in Hong Kong. The benefit is income-tested and asset-tested on an individual basis if living alone; if living with other family members, the total income and assets of all family members are taken into account for determining the family's eligibility.

The disability must be certified by a public medical officer.

Partial disability: The benefit is paid for an assessed degree of disability of 50% or more, involving the loss of at least 50% of earning capacity but less than 100%, or to a person

assessed by the Director of Health or the Chief Executive of the Hospital Authority as having a degree of disability equivalent to a 50% loss in earning capacity.

The benefit is also paid for a work-related disability.

Survivor pension

Mandatory occupational benefit (survivors): Paid for the death of the insured before retirement. The benefit is paid to the named survivor.

Burial grant (comprehensive social security assistance): The deceased received comprehensive social security assistance. The lump sum is paid to the person who incurred the funeral expense.

Old-Age Benefits

Old-age pension

Old-age allowance (universal): The benefit is HK\$625 a month (lower rate) or HK\$705 a month (higher rate).

Mandatory occupational benefit (old-age): A lump sum is paid equal to total employee and employer contributions plus accrued interest.

Old-age benefit (comprehensive social security assistance): HK\$2,280 to HK\$3,885 a month is paid for a person living alone or HK\$2,150 to HK\$3,560 a month if living with other family members, subject to the recipient's health and whether constant attendance is needed; plus special grants to meet the specific individual needs of recipients.

Permanent Disability Benefits

Disability pension

Disability allowance (universal): The benefit is HK\$1,125 a month (lower rate) or HK\$2,250 a month (higher rate).

Mandatory occupational benefit (disability): A lump sum is paid equal to total employee and employer contributions plus accrued interest.

Disability benefit (comprehensive social security assistance): HK\$1,930 to HK\$4,165 a month is paid for a person living alone or HK\$1,750 to HK\$3,850 a month if living with other family members, subject to the recipient's age, the assessed degree of disability, and whether constant attendance is needed; plus special grants to meet the specific individual needs of recipients.

Survivor Benefits

Mandatory occupational benefit (survivors): A lump sum is paid equal to total employee and employer contributions plus accrued interest.

Burial grant (comprehensive social security assistance): The cost of the funeral, up to HK\$10,430.

Administrative Organization

Universal pension and comprehensive social security assistance: Social Welfare Department (<http://www.info.gov.hk/swd>) administers the program.

Mandatory occupational benefits: Under the direction of an executive director and an advisory committee, the Mandatory Provident Fund Schemes Authority (MPFA) (<http://www.mpfahk.org>) supervises mandatory provident funds. The MPFA is responsible for registering provident funds and ensuring that approved trustees administer the provident funds in a prudent manner.

Sickness and Maternity

Regulatory Framework

First and current laws: 1968 (employment ordinance), with 1997 amendment; and 1971 (social assistance).

Type of program: Employer-liability (cash benefits only) and social assistance (comprehensive social security assistance) system.

Note: Hong Kong does not yet have social security legislation for the comprehensive social security assistance program.

Coverage

Employer-liability system: All employed persons.

Comprehensive social security assistance: All persons residing in Hong Kong.

Source of Funds

Insured person

Employer liability: None.

Comprehensive social security assistance: None.

Self-employed person

Employer liability: Not applicable.

Comprehensive social security assistance: None.

Employer

Employer liability: The total cost through the direct provision of benefits.

Comprehensive social security assistance: None.

Government

Employer liability: None.

Comprehensive social security assistance: The total cost.

Qualifying Conditions

Cash sickness benefits (employer liability): Must have at least 1 month of continuous employment.

The employee must accumulate a sufficient number of paid sickness days. Paid sickness days accumulate at the rate of 2 days for each complete month of employment during the first 12 months of employment and 4 days for each month of employment thereafter, up to a maximum of 120 days. The sick leave period must last at least 4 consecutive days, and the employee must provide an appropriate medical certificate issued by a registered medical practitioner or dentist.

Cash maternity benefits (employer liability): Must have at least 40 weeks of continuous employment. The employee must provide notice to the employer of her intention to take maternity leave after the pregnancy has been confirmed by a registered medical practitioner.

Comprehensive social security assistance: Persons aged 15 to 59 who have resided in Hong Kong for at least 7 years (requirement waived for persons who became Hong Kong residents before January 1, 2004), including 1 year immediately before claiming the benefit. There are no requirements for length of residence for claimants younger than age 18 residing in Hong Kong. Benefits are income-tested and asset-tested on an individual basis if living alone; if living with other family members, the total income and assets of all family members are taken into account for determining the family's eligibility.

Must be certified by a public medical officer as having limited working capacity or being incapable of work.

The benefit is also paid for a work-related temporary incapacity.

Sickness and Maternity Benefits

Sickness benefit (employer liability): The benefit is equal to 80% of the employee's normal earnings and is payable for the number of paid sickness days accumulated by the employee.

Maternity benefit (employer liability): The benefit is equal to 80% of the employee's normal earnings and is payable for 10 weeks. The benefit is payable from 2 to 4 weeks before the expected date of childbirth or from the date of childbirth if it occurs earlier.

Comprehensive social security assistance: HK\$1,930 to HK\$3,530 a month is paid for a person living alone or HK\$1,750 to HK\$3,205 a month if living with other family members, subject to the assessed degree of reduced working capacity and whether constant attendance is needed; plus special grants to meet the specific individual needs of recipients.

Workers' Medical Benefits

Comprehensive social security assistance: Free medical treatment is provided in public hospitals and clinics for recipients of comprehensive social security assistance.

Dependents' Medical Benefits

Comprehensive social security assistance: Free medical treatment is provided in public hospitals and clinics for recipients of comprehensive social security assistance.

Administrative Organization

Employer liability: Labor Department (<http://www.labour.gov.hk>) administers the program.

Comprehensive social security assistance: Social Welfare Department (<http://www.info.gov.hk/swd>) administers the program.

Work Injury

Regulatory Framework

First and current law: 1953 (employee's compensation ordinance), with 2005 amendment.

Type of program: Employer-liability system, involving compulsory insurance with private carriers.

Coverage

Employees including domestic workers, agricultural employees, and crew members of Hong Kong ships.

Exclusions: Outworkers, family helpers, and certain casual employees.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: The total cost of the employer-liability program. (The minimum insurance coverage must be at least HK\$100 million for employers with up to 200 employees or at least HK\$200 million for employers with more than 200 employees.)

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

The benefit is equal to 80% of the difference between the employee's monthly earnings before and after the accident. The benefit is paid for up to 36 months, after which a disability is considered to be permanent.

The employee's monthly earnings for benefit calculation purposes are the earnings in the month immediately before the accident or average monthly earnings in the last 12 months before the accident, whichever is higher.

The minimum monthly earnings for benefit calculation purposes are HK\$3,490. There are no maximum monthly earnings for benefit calculation purposes.

Incapacity for work must be certified by a registered medical practitioner or an Employees' Compensation Assessment Board appointed by the Commissioner for Labor.

Benefit adjustment: Employees' monthly earnings are adjusted according to the average rate of increase of earnings of employees in similar employment with the same employer or, in the absence of such employees, according to the rate of increase in the consumer price index at the end of each 12-month period of receipt of a temporary disability benefit.

Permanent Disability Benefits

Permanent disability grant: If totally disabled (100%), a lump sum is paid equal to 48 months' times the insured's earnings if aged 56 or older; 72 months' earnings if aged 40 but younger than age 56; or 96 months' earnings if younger than age 40.

The insured's earnings for benefit calculation purposes are the earnings in the month immediately before the accident or average monthly earnings in the last 12 months before the accident, whichever is higher.

The maximum monthly earnings for benefit calculation purposes are HK\$21,000.

The minimum lump sum for a permanent total disability is HK\$344,000, regardless of age.

The maximum lump sum for a permanent total disability is HK\$1,008,000 if aged 56 or older; HK\$1,512,000 if aged 40 but younger than age 56; or HK\$2,016,000 if younger than age 40.

Partial disability: A percentage of the full benefit is paid according to the assessed degree of disability and the schedule in law.

Constant-attendance supplement: The actual cost of constant attendance, up to HK\$412,000. The supplement is paid as a lump sum or as periodic payments for up to 2 years.

The degree of disability is assessed by an Employees' Compensation Assessment Board appointed by the Commissioner for Labor.

Workers' Medical Benefits

Examination and treatment by a registered medical practitioner including dental care, physiotherapy and chiropractic services, and appliances.

The maximum limits on employers' liability for treatment costs are HK\$200 a day for in-patient care, HK\$200 a day for outpatient care, or HK\$280 if both types of care are needed during the same day. The maximum limits on costs for appliances are initially HK\$33,000 and HK\$100,000 for subsequent repair and renewal of the appliance.

Survivor Benefits

Survivor grant: A lump sum is paid equal to 36 months of the deceased's earnings if the deceased was aged 56 or older; 60 months' earnings if aged 40 but younger than age 56; or 84 months' earnings if younger than age 40.

The deceased's earnings for benefit calculation purposes are earnings in the month immediately before the accident or average monthly earnings in the last 12 months before the accident, whichever is higher.

The maximum monthly earnings for benefit calculation purposes are HK\$21,000.

The minimum lump sum is HK\$303,000, regardless of age.

The maximum lump sum is HK\$756,000 if the deceased was aged 56 or older; HK\$1,260,000 if aged 40 but younger than age 56; or HK\$1,764,000 if younger than age 40.

Eligible survivors are the deceased's spouse, children, parents, grandparents, and other family members who had been living with the deceased as a member of the same household for at least 24 months immediately before the accident. The grant is split depending on the number and type of eligible survivors (with spouse and children receiving the major share of the benefit in all cases). If the only survivors are the spouse and children, the spouse receives 50% of the grant and the children share the remaining 50% in equal amounts.

Funeral grant: A lump sum is paid to the person who incurred the funeral expense, up to a maximum of HK\$35,000.

Administrative Organization

Labor Department (<http://www.labour.gov.hk>) administers the employer-liability program.

Employers take out insurance policies with private insurance carriers.

Unemployment

Regulatory Framework

First and current law: 1977.

Type of program: Social assistance (comprehensive social security assistance) system.

Note: Hong Kong does not yet have social security legislation for the comprehensive social security assistance program.

Coverage

All persons residing in Hong Kong.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Comprehensive social security assistance (unemployment): Persons between ages 15 and 59 with at least 7 years of residence (requirement waived for persons who became Hong Kong residents before January 1, 2004), including 1 year of residence immediately before claiming the benefit. There are no requirements for length of residence for claimants younger than age 18 residing in Hong Kong. Benefits are income-tested and asset-tested on an individual basis if living alone; if living with other family members, the total income and assets of all family members are taken into account for determining the family's eligibility.

Recipients must be capable of work, actively seeking full-time jobs, and participating in the Support for Self-reliance Scheme of the Social Welfare Department.

Unemployment Benefits

Comprehensive social security assistance (unemployment): HK\$1,610 a month for a person living alone or HK\$1,150 to HK\$1,435 a month if living with other family members, subject to the number of family members; plus special grants to meet the specific individual needs of recipients.

Administrative Organization

Social Welfare Department (<http://www.info.gov.hk/swd>) administers the program.

Family Allowances

Regulatory Framework

First and current law: 1971 (social assistance).

Type of program: Social assistance (comprehensive social security assistance) system.

Note: Hong Kong does not yet have social security legislation for the comprehensive social security assistance program.

Coverage

All persons residing in Hong Kong.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Comprehensive social security assistance (family):

Persons who have resided in Hong Kong for at least 7 years (requirement waived for persons who became Hong Kong residents before January 1, 2004), including 1 year of residence immediately before claiming the benefit. There are no requirements for length of residence for claimants younger than age 18 residing in Hong Kong. Benefits are income-tested and asset-tested on an individual basis if living alone; if living with other family members, the total income and assets of all family members are taken into account for determining the family's eligibility.

Family Allowance Benefits

Comprehensive social security assistance (family): From HK\$1,150 to HK\$1,750 a month, subject to the number of family members; plus special grants to meet the specific individual needs of recipients.

Administrative Organization

Social Welfare Department (<http://www.info.gov.hk/swd>) administers the program.