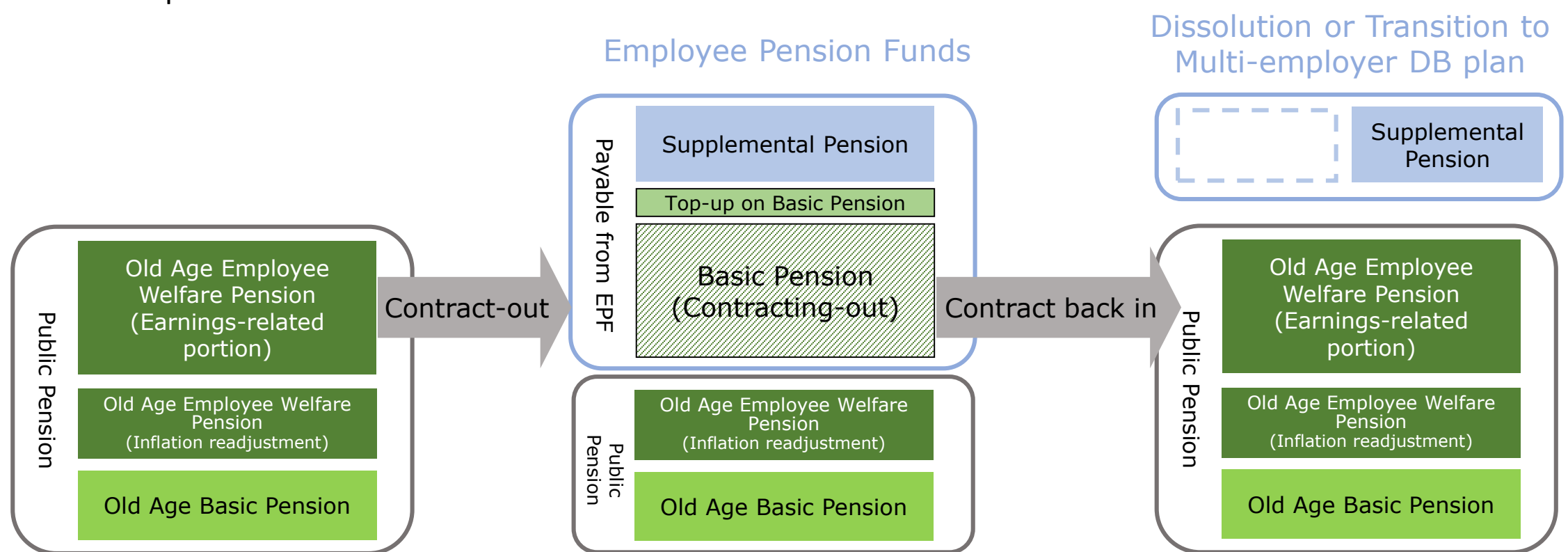


Multi-employer Employee Pension Fund (EPF) Restructuring Consulting

As a result of the amendment of EPF regulations effective as of April 2014, the funding requirements are tightened for EPFs, and most of the existing multi-employer EPFs are on their way to dissolution or restructuring to become private occupational pension plans.

JP Actuary Consulting is a corporate pension expert with ample knowledge and experiences with EPF and occupational pension plans. The quality of our work and exceptional support has been highly recognized by many of our foreign affiliated corporate clients.



The opportunities for the existing EPFs

Continue

What could happen?

Review of interest rate (increase of premiums) as a deficit recovery plan?

What should a participating employer consider?

- Risks associated with the multi-employer plan
- Increasing maturity

Transition to DB (contracting back in)

Benefit reduction? Review of interest rate (increase of premium)?

- Impact of benefit change to the employees
- Risks associated with the multi-employer plan
- Increasing maturity

Dissolve

One-time contribution if Contract-out portion has deficit. Distribution of remaining assets.

- Future alternative scheme
- Make the employees whole when the distribution is insufficient for their past service entitlement

Employers participating in a multi-employer EPF should make an independent decision on what path they should be taking. In some cases, a voluntary withdrawal from the multi-employer EPF may or may not be an appropriate choice. In other cases, staying with the multi-employer scheme may be advantageous given the economy of scale. But in any case, the decision should be based on a careful analysis of the current situation and all opportunities available to the company. The analysis should not focus only the EPF but should also look at the company's existing retirement benefit arrangement as a whole.

JPAC offers foreign affiliated companies comprehensive advice and support. Our bilingual consulting focused on communication strategies (between the home office and local office, the employer and the employees etc.) as well as integral approach of finance and HR issues related to retirement benefit will ease the burden on pension plan review. Below is our common consulting process but each project is tailor-made. Please contact us for any questions.

PHASE 1 Analysis and Support for Decision Making

Support decision making with respect to a withdrawal or continuation with careful analysis of:

- Measurement of Risks
- Comparison of benefit (impact for the employees)
- Financial impact to the Company

PHASE 2 Alternative Plan Design

Support a comprehensive design of alternative scheme after withdrawal / dissolution

- DB plan, DC plan, SERAMA etc.
- Individual simulation, transitional treatment if necessary
- Future projection of each option

PHASE 3 Transition Support

Support employee communication, preparation of communication materials in order to obtain necessary employee approvals

Amendment of work rules, retirement benefit regulation