



# Valtech Long Service Payment (LSP) Valuation Service

Reliable LSP Valuation Specialist in  
Hong Kong



# "Pre-2025" (Legacy) vs. "Post-2025" (New Compliance Era)



## Navigating the May 2025 Mandatory Provident Fund (MPF) Reform

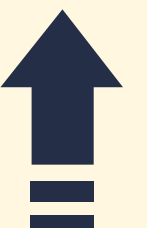
- The Hong Kong Government has officially set May 1, 2025, as the transition date for the abolition of the "offsetting" arrangement.
- The Change: Employers can no longer use their MPF contributions to offset Long Service Payments (LSP) for employment periods after this date.

# Why Simple Estimates Lead to Audit Deficiencies

- Many people treat LSP as a simple "vesting" calculation. However, under HKAS 19, LSP is a Defined Benefit Obligation that requires complex actuarial modeling.

## Key Risks of "Standard" Calculators:

- Underestimating liabilities by ignoring salary inflation.
- Failing to account for the probability of non-retirement exits (resignation vs. dismissal).
- Lack of technical justification for discount rates, leading to auditor pushback.





# Technical Rigor for Auditor-Ready Reporting

**Our Process: We utilize the Projected Unit Credit (PUC) Method, the gold standard for HKAS 19 compliance**



Census-Driven Modeling: Applying HK government mortality and disability statistics.



Dynamic Turnover Rates: Custom turnover curves based on seniority, not just age.



**Audit-Defense Package: Every report includes a "Basis of Assumptions" section designed to satisfy Big 4 and AFRC scrutiny.**





# How We Lead the Market in Quality

## Expertise That Scales



**Scale & Speed: Proven ability to handle workforces exceeding 10,000+ employees (e.g., major NGOs and MNCs).**



**Internal Valuation Portal: Efficient data processing that reduces human error and turnaround time**

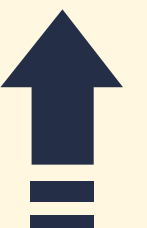


# Case Study: Quantifying Liabilities for a Major HK Employer

The Challenge: An employer with high staff diversity needed to quantify the financial impact of the 2025 reform for long-term budgeting.

**The Valtech Solution:** Conducted a comprehensive sensitivity analysis, modeling various salary growth and turnover scenarios. We further included loyalty factor (the resignation should decrease when number of experience increases) in model to increase accuracy.

On top of valuation report, we delivered a actuarial programme for regular revaluation by their internal team.





# Conclusion

Your Most Reliable Valuation Expert in  
Long Service Payment &  
Valuation for Accounting in Hong Kong



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