

13. RETIREMENT AND RETIREMENT BENEFITS – PENSION SCHEME FOR THE PUBLIC SECTOR

- 13.1 Pension is considered as a backbone of the employees' retired life as it provides a sense of financial protection to them.
- 13.2 In the context of the 2008 PRB Report, the Bureau introduced the concept of phased/early retirement for officers who joined the service prior to 01 July 2008, with a view to extending the compulsory retirement age from 60 years to 65 years, phased over a period of 10 years starting from 01 July 2008 and ending in the year 2018. A contributory Defined Benefit (DB) Pension Scheme was also introduced.
- 13.3 The 2008 PRB Report recommended the following:
- (i) a single modified Defined Benefit (DB) Pension Scheme as from 01 July 2008 for all officers in the Public Sector in post as at 30 June 2008;
 - (ii) rate of contribution to the new Pension Scheme was set at 6% of pensionable emoluments for employees;
 - (iii) subject to transitional provisions, the normal retirement age was increased to 65 years;
 - (iv) officers in post as at 30 June 2008 were given the option to either be governed by the new pension scheme or not;
 - (v) after 01 August 2018, the retirement age of all officers having opted for the Pensions Reforms would be 65 years. However, an officer is allowed to retire on reaching 55 years and up to 60 years with the approval of the relevant Service Commission, whereas above 60 years, an officer can retire as of right;
 - (vi) a discounted salary at the rate of 92% of the salary recommended in the new structure was granted to those who did not opt for the Pension Reforms and who opted for the pension arrangement in force prior to the 2008 PRB Report;
 - (vii) Trainees, Students, Cadets or Apprentices recruited under the relevant schemes contributed 3%;
 - (viii) for those joining service as from 01 July 2008, on retirement, pension is computed at the rate of $1/690^{\text{th}}$ of pensionable emoluments for every month of pensionable service, subject to a maximum of $460/690^{\text{th}}$; and
 - (ix) officers other than those of the disciplined forces, and Medical and Dental professions qualify for full pension after $38\frac{1}{3}$ years (460 months) of pensionable service.

13.4 In line with Government's commitment to pursue reforms of the Pension System, in the 2013 PRB Report, a single Defined Contribution Pension Scheme was introduced for new entrants as from 01 January 2013.

13.5 The Bureau also made special provisions for public officers in post as at 30 June 2008, who:

- (a) reckon at least 33 $\frac{1}{3}$ years of pensionable service;
- (b) have contributed to the Pension Scheme as from 01 July 2008; and
- (c) have attained the compulsory retirement age as per the Pension Act,

to be granted a one-off payment equivalent to 2% of their annual pensionable emoluments for each completed year of pensionable service beyond 33 $\frac{1}{3}$ years of pensionable service as from 01 January 2013.

Subsequently, the EOAC 2013 Report recommended that the one-off payment should be prorated on the basis of completed months of pensionable service to officers in post as at 30 June 2008, who reckon less than one year's service provided they satisfy the conditions at paragraph 13.5(a) to (c) above.

13.6 For this Report, we have received representations from different stakeholders on a few complex issues such as:

- payment of a guaranteed pension on the death of a pensioner;
- the criteria recommended for the one-off payment equivalent to 2% of annual pensionable emoluments;
- computation of Pension Benefits for officers assigned duties of a higher office and reverted/demoted (and on grounds of public interest); and
- payment of pension benefits following dismissal from the service.

We have elaborated on some of the above issues and provided for remedial courses of actions in the ensuing paragraphs.

Representations on Pension Benefits for officers opting for Early Voluntary Retirement Scheme

13.7 At present, the retiring benefits of an officer holding a substantive post and appointed or promoted to a higher office in a temporary capacity but who is still performing in a temporary capacity on attaining retiring age, that is 65 years, is computed on the basis of the annual pensionable emoluments attached to the higher office, provided the higher office does not require an additional qualification for appointment thereto in a substantive capacity.

13.8 Additionally, the retiring benefits of an officer holding a substantive post and is appointed or promoted to a higher office in a temporary capacity but who passes away, are computed on the basis of the annual pensionable emoluments attached

to the higher office, provided the higher office does not require an additional qualification for appointment thereto in a substantive capacity.

- 13.9 Under the existing "Early Voluntary Retirement Scheme", an officer proceeding on retirement is given the option to cash in full accumulated vacation leave computed on the officer's retiring salary at the rate of 1/30 of the monthly salary per day, provided he retires on the day he would normally have proceeded on leave prior to retirement.
- 13.10 Representations have been received as to whether the pension benefits of an officer who has to proceed on compulsory retirement and who opts to cash his accumulated vacation leave in full as per the recommendation in respect of "Early Voluntary Retirement Scheme", should be computed on the basis of the emoluments attached to the higher office.
- 13.11 Consultations on the abovementioned representations were carried out with all stakeholders concerned and thereafter in August 2018, the High Powered Committee (HPC) approved, among others, that officers opting to cash their vacation leave as per the provisions of the "Early Voluntary Retirement Scheme" should be deemed to have proceeded on compulsory retirement. This decision has been reflected in the ensuing provisions.

Special Provision for Officers drawing salary in scales not exceeding Rs 39575 in the 2016 PRB salary structure

- 13.12 At present, public officers in post as at 31 December 2015, are granted hypothetically one additional increment for the purpose of determining the pensionable emoluments, provided that the officers:
- (a) draw salary in a scale the maximum of which is not more than Rs 39575 in the 2016 PRB salary structure;
 - (b) have attained the compulsory retirement age;
 - (c) reckon at least 33 $\frac{1}{3}$ years of pensionable service;
 - (d) have contributed to the Pension Scheme for a continuous period of at least 12 months after eligibility for full pension; and
 - (e) have drawn the top salary of the recommended scale for a year notwithstanding additional increments drawn over and above the top salary by virtue of different provisions.
- 13.13 Subject to satisfying the above conditions, officers who have retired after 01 July 2008 up to 31 December 2015 and who have not benefitted from the above provision, have exceptionally been granted hypothetically one additional increment for pension purposes.

Special Provision for Officers in post as at 30 June 2008 who reckon at least 33 $\frac{1}{3}$ years of Pensionable Service

- 13.14 Following the Pension Reforms in the Public Sector, officers contribute 6% of their pensionable emoluments in the Pension Scheme in force as from 01 July 2008.
- 13.15 Currently, public officers in post as at 30 June 2008, are granted a one-off payment equivalent to 2% of their annual pensionable emoluments for each completed year of pensionable service beyond 33 $\frac{1}{3}$ years of pensionable service as from 01 January 2013, provided that such officers:
- (a) have attained the compulsory retirement age;
 - (b) reckon at least 33 $\frac{1}{3}$ years of pensionable service; and
 - (c) have opted for the Pension Reforms on 01 July 2008 and contributed effectively to the Pension Scheme.
- 13.16 However, public officers satisfying the conditions in respect of provision for officers drawing salary in scales not exceeding Rs 39575 who are granted hypothetically one additional increment for pension purposes are required to exercise an option as to whether they wish to be governed by this provision or the one regarding the grant of a one-off payment equivalent to 2% of their annual pensionable emoluments as enunciated in the above paragraph.

Early Voluntary Retirement Scheme

- 13.17 The Early Voluntary Retirement Scheme provides for an officer proceeding on retirement to be given the option to cash in full accumulated vacation leave computed on the officer's retiring salary at the rate 1/30 of the monthly salary per day provided he retires on the day he would normally have proceeded on leave prior to retirement.
- 13.18 During consultations in the context of this review exercise, additional representations have been received to the effect that:
- (i) the "Special Provision for officers in post as at 30 June 2008 who reckon at least 33 $\frac{1}{3}$ years of pensionable service" applies only to those officers retiring on reaching compulsory retirement age;
 - (ii) those officers who, despite reckoning more than 33 $\frac{1}{3}$ years of pensionable service and still contributing the 6% salary towards pension, retire prior to their compulsory retirement age due to constraining reasons, are debarred from the one-off payment of 2%;
 - (iii) it is unjust and unfair for the officers who have continued to contribute to the Scheme beyond their 33 $\frac{1}{3}$ years of service not to benefit from the one-off payment of 2%; and
 - (iv) the recommendation which requires public officers proceeding on compulsory retirement to exercise an option (for pension purposes) as to whether they wish

to be governed by paragraph 15.68 (that is, the “Special Provision for officers drawing salary in scales not exceeding Rs 39575”) or paragraph 15.73 (that is, the “Special Provision for officers in post as at 30 June 2008 who reckon at least 33 $\frac{1}{3}$ years of Pensionable Service”) of the 2016 PRB Report, is unfair.

13.19 After critically examining these issues, we are making appropriate provisions.

Recommendation 1

13.20 We recommend that:

- (i) the retiring benefits of an officer holding a substantive post and appointed or promoted, to a higher office in a temporary capacity and who retires on attaining compulsory retirement age or attains compulsory retirement age while opting to cash his accumulated Vacation Leave in full, should be computed on the basis of the annual pensionable emoluments attached to the higher office, provided the higher office does not require an additional qualification for appointment thereto in a substantive capacity;**
- (ii) an officer who is assigned the duties of a higher post and who attains compulsory retirement age as well as an officer who attains compulsory retirement age while opting to cash his accumulated Vacation Leave in full, qualifies for pension benefits on the basis of the emoluments attached to the higher office, and his retiring benefits should be computed on the basis of the annual emoluments attached to the higher office, subject to relevant conditions at paragraphs 13.40, 13.41 and 13.43; and**
- (iii) on cashing of the accumulated Vacation Leave, the officer concerned should retire on the date he would have normally proceeded on pre-retirement leave and subject to any other conditions in the relevant recommendations being satisfied.**

13.21 We also recommend that public officers in post as at 30 June 2008 should be granted hypothetically one additional increment for the purpose of determining the pensionable emoluments for pension purposes, provided that the officers:

- (a) draw salary in a scale the maximum of which is not more than Rs 44800;**
- (b) have attained the compulsory retirement age or attained compulsory retirement age while opting to cash his accumulated Vacation Leave in full;**
- (c) reckon at least 33 $\frac{1}{3}$ years of pensionable service;**
- (d) have contributed to the Pension Scheme for a continuous period of at least 12 months after eligibility for full pension; and**

(e) have drawn the top salary of the recommended scale for a year notwithstanding additional increments drawn over and above the top salary by virtue of different provisions.

13.22 We further recommend that, public officers in post as at 30 June 2008, should on retirement be granted a one-off payment equivalent to 2% of their annual pensionable emoluments for each completed year of pensionable service beyond 33½ years of pensionable service as from 01 January 2013, provided that such officers:

(a) have attained the optional retirement age (that is 60 years);

(b) reckon at least 33½ years of pensionable service; and

(c) have opted for the Pension Reforms on 01 July 2008 and contributed effectively to the Pension Scheme.

13.23 An officer proceeding on retirement should continue to be given the option to cash in full accumulated Vacation Leave computed on the officer's retiring salary at the rate of 1/30 of the monthly salary per day provided he retires on the day he would normally have proceeded on leave prior to retirement.

Contribution

13.24 The present provision under the Defined Benefit Pension Scheme set in the 2008 PRB Report, requires that:

(i) all employees should contribute at the rate of 6% of their pensionable emoluments rounded to the nearest rupee; and

(ii) trainees, students, cadets or apprentices recruited under traineeship, studentship, cadetship or apprenticeship scheme contribute at the rate of 3% of their emoluments rounded to the nearest rupee.

Recommendation 2

13.25 We recommend that the above provisions regarding contribution be maintained.

13.26 While determining the salaries recommended for the different grades, we have taken into account the employee pension contributions, the taxable elements thereon, as well as all the other changes in pension provision.

Refund of Contribution

13.27 At present, a public sector employee who leaves the service or otherwise, ceases to be in the Public Sector and no portable benefit is transferable as well as no pension, gratuity or other allowance is payable to him in respect of his past service in the Public Sector, is refunded 100% of his contribution together with compound interest at the rate of 4% per annum, provided that he has effectively contributed to the

modified Defined Benefits (DB) Pension Scheme for a year or more. **In this Report, we are maintaining the existing provision.**

Retirement Age

13.28 The transitional provision for early/phased retirement from the service, which was introduced in the 2008 PRB Report, made provision for the extension of the compulsory retirement age from 60 to 65 years for officers who joined the service prior to 01 July 2008, phased over a period of 10 years starting from 01 July 2008 and ending in year 2018.

13.29 The present provisions in respect of the retirement age are, as hereunder:

- (i) the normal retirement age of a public officer holding a pensionable office is 65 years. However, officers have the right to retire at the age of 60 years. Officers may as well retire at the age of 55 subject to the approval of the relevant Service Commissions and in the case of overmanning retire on reaching 45 years;
- (ii) an officer who opts to work beyond the age of 60 may be required by Management to undergo a yearly medical examination to certify his fitness for remaining in continued employment where physical fitness is an essential requirement for the performance of his duties;
- (iii) a member of the Disciplined Forces or an officer of the Correctional Youth Centre or the Rehabilitation Youth Centre, who on attaining the age of 60, opts to work beyond that age, is required to undergo a yearly medical examination to certify his fitness for continued employment;
- (iv) the normal retirement age for Judges is 67 years;
- (v) a public officer may retire on medical ground (irrespective of length of service or age) or may be made to retire compulsorily in the interest of the Public Service, or on abolition of office, or for the purpose of facilitating improvement in an organisation;
- (vi) a female officer reckoning five years' pensionable service may retire on ground of marriage, irrespective of age; and
- (vii) a member of the Disciplined Forces or an officer of the Correctional Youth Centre or the Rehabilitation Youth Centre may retire on proportionate pension after 25 or 28¾ years' pensionable service, as appropriate irrespective of age.

Recommendation 3

13.30 We recommend that the above provisions governing retirement age be maintained.

Accrual Rate and Qualifying Period for officers appointed on or after 01 July 2008

- 13.31
- (i) The amount of pension is computed at the rate of $1/690^{\text{th}}$ of pensionable emoluments on retirement for every month of pensionable service, subject to a maximum of $460/690^{\text{th}}$.
 - (ii) The normal qualifying period to benefit from full pension for public officers other than those at paragraphs (iii) and (iv) below holding pensionable office is $38\frac{1}{3}$ years (460 months) of pensionable service.
 - (iii) Members of the Disciplined Forces or officers of the Correctional Youth Centre or the Rehabilitation Youth Centre, after completing $28\frac{3}{4}$ years of pensionable service, are granted an enhanced pension at the rate of $1/414^{\text{th}}$ of pensionable emoluments for each additional month of service, which enables them to qualify for full pension after $34\frac{1}{2}$ years of pensionable service.
 - (iv) Members of the Medical and Dental professions are entitled to pension at the rate of $1/621^{\text{st}}$ of pensionable emoluments thus qualifying them for full pension after $34\frac{1}{2}$ years of pensionable service.
 - (v) Members of the Judiciary (Chief Justice, Senior Puisne Judge and Puisne Judge) qualify for pension at the rate of $1/460^{\text{th}}$ of their pensionable emoluments, subject to a maximum of $460/460^{\text{th}}$.
 - (vi) A female officer, reckoning not less than five years' pensionable service, retiring on grounds of marriage qualifies for a gratuity of an amount equivalent to 18% of the last monthly salary times number of months of pensionable service, subject to a maximum of one year's pensionable emoluments.

Recommendation 4

- 13.32 We recommend that the above provisions regarding accrual rate and qualifying period for officers appointed on or after 01 July 2008 be maintained.**

Pension on Early Retirement for Entrants after 30 June 2008**Recommendation 5**

- 13.33 We recommend that the provision regarding pension on early retirement for those entrants who joined the service after 30 June 2008, as enumerated hereunder, be maintained:**

- (i) on early retirement (after age 55 and before age 65), the annual rate of pension payable, which is $12/690^{\text{th}}$ of the salary received in the last full year of employment is reduced by 2.5% a year; and**
- (ii) the rate of pension is not reduced when an officer is retiring on grounds of marriage, on medical grounds and in case of abolition of office and re-organisation.**

Accrual Rate for officers in post as at 30 June 2008

- 13.34 The retirement benefits of public officers in post as at 30 June 2008 is computed on the basis of the provision in force prior to the coming into effect of the modified Defined Benefit (DB) Pension Scheme.

Recommendation 6

- 13.35 We recommend that the retirement benefits of public officers in post as at 30 June 2008 should continue to be computed on the basis of the provision in force prior to 01 July 2008.**

Discounted Salaries for officers not opting for Pension Reforms

- 13.36 For officers, who did not opt for the Pension Reforms on 01 July 2008 but instead opted for the pension arrangements in force prior to the coming into effect of the 2008 PRB Report, the new salary structures recommended are implemented at a discounted rate and these officers are eligible for 92% of the salary recommended. We are maintaining this arrangement.

Recommendation 7

- 13.37 We recommend that the provision regarding discounted salaries at the rate of 92% of the recommended salary for officers who did not opt for Pension Reforms on 01 July 2008 be maintained.**

Abolition of Office and Re-organisation**Recommendation 8**

- 13.38 We recommend that the following existing pension provisions governing officers in case of abolition of office and re-organisation, as enumerated hereunder, should be maintained:**

an officer is granted an additional pension at the annual rate of one sixty ninth of his pensionable emoluments for each completed period of three years' pensionable service provided that:

- (a) the addition does not exceed twenty three-one hundred and thirty eighths; and**
- (b) the addition together with the remainder of the officer's pension does not exceed the pension for which he would have been eligible;**

if he had continued to hold the office held by him at the date of his normal retirement.

- 13.39 However, for an officer in post as at 30 June 2008, the additional pension is computed at the annual rate of one sixtieth of his pensionable emoluments for each completed period of three years' pensionable service provided that the addition does not exceed ten sixtieths and the addition together with the remainder of the officer's pension does not exceed the pension for which he**

would have been eligible if he had continued to hold the office held by him at the date of his normal retirement.

Other Provisions Governing Retirement and Retirement Benefits

Pensionable Emoluments (Higher Office)

13.40 At present, the retirement benefits of a public officer, who has been appointed to act in or has been assigned duties of a higher office by the appropriate Service Commission or through delegation of power conferred by the Public Service Commission and retires or is subsequently reverted to his substantive office, is computed on the prevailing pensionable emoluments of the office to which he was appointed to act or assigned duties provided that:

- (a) he has been performing the duties of the office for a continuous period of at least two years or an aggregate period of at least two years within a period of three years;
- (b) his reversion to his substantive office was not the result of inefficiency or misconduct; and
- (c) at the time of retirement, when still assigned duties of higher office, or reversion he had reached the age of 55 (or for an officer in post as at 30 June 2008 he had reached the age at which an officer may retire with the approval of the relevant Service Commission).

13.41 The retirement benefits of a public officer, who has been appointed to act in or has been assigned the duties of a higher office by the appropriate Service Commission or through delegation of power conferred by the Public Service Commission and is drawing part of the Acting Allowance and retires (when still assigned duties of higher office), or is subsequently reverted to his substantive office, is computed on the basis of the aggregate earnings (that is, the salary of the substantive post plus Acting Allowance computed on the prevailing pensionable emoluments) provided the conditions set out in the above paragraph are satisfied.

Recommendation 9

13.42 We recommend that the:

- (i) above provisions concerning computation of retirement benefits should be maintained; and**
- (ii) recommendation made at paragraph 13.20(ii) should also be applicable to reverted officers who satisfy the conditions at paragraphs 13.40 and 13.41 and who have reached their compulsory retirement age.**

Pensionable Emoluments for Officers in position of Accounting Head/Chief Executive

13.43 Currently, the retirement benefits of a public officer who has been appointed to act in or has been assigned the duties of:

- (a) a higher office in a position of Accounting Head/Chief Executive, the salary of which office is not less than Rs 101,000 a month or
- (b) a higher office than the one at (a) above in the same cadre

by the appropriate Service Commission and retires or is subsequently reverted to his substantive office, are computed on the prevailing pensionable emoluments of the office to which he was appointed to act or the duties which had been assigned to him, provided that:

Either

- (i) he performed the duties of such office for a continuous period of not less than 12 months; and
- (ii) reversion to his substantive office was not the result of inefficiency or misconduct and at the time of retirement or reversion he had reached the age of 55 (or for an officer in post as at 30 June 2008 he had reached the age at which an officer may retire with the approval of the relevant Service Commission).

Or

he has successfully served for a minimum period of six months and has attained the age at which he shall retire.

Recommendation 10

13.44 We recommend that the:

- (i) above provision regarding computation of retirement benefits should be applicable to retired officers in position of Accounting Head/Chief Executive, provided the salary of the higher office should not be less than Rs 110125 a month; and**
- (ii) provision made at paragraph 13.20(ii) should also be applicable to officers in the position of Accounting Head/Chief Executive who have been reverted and attained their compulsory retirement age.**

13.45 We also recommend that an officer who had already qualified for enhanced pension benefits as per previous PRB Reports should continue to be eligible, on a personal basis, for the enhanced pension benefits.

Mobility of Manpower

13.46 At present, with a view to allowing mobility between the Public Sector, Private Sector, International and Regional Organisations of which Mauritius is a member; foreign countries under a scheme approved by Government; and member countries of regional organisations, an officer reckoning a minimum of 10 years of pensionable service and having reached the age of 45 is allowed to retire with the approval of the relevant Service Commission without foregoing his earned pension benefits.

However, the payment of the benefits accruing to the officer is deferred till the time the officer attains the age of 55. For officers in post as at 30 June 2008, the payment of the benefits accruing to the officer is deferred till the officer attains the age at which he may retire with the approval of the relevant Service Commission.

13.47 Additionally, the Ministry of Public Service, Administrative and Institutional Reforms is responsible to look into applications for retirement of officers having reached the age of 45 and completed a minimum of 10 years of pensionable service provided that these officers join the local private sector or become self-employed and their replacement can easily be made, that is, there is no dearth of qualified personnel in the field in which they are employed.

13.48 In case an officer dies before the age of 55, the payment of benefits accruing to the officer, is paid to the heirs notwithstanding the above provision.

Recommendation 11

13.49 We again recommend that with a view to allowing mobility, the above provisions should be maintained.

Retirement Benefits – Overmanning

Recommendation 12

13.50 We recommend that the retirement benefits of an officer who is allowed to retire at the age of 45 and above on the ground of overmanning should continue to be computed as if his office had been abolished and should be payable immediately.

Approved Leave and Pension

Recommendation 13

13.51 We recommend that officers who are granted leave without pay should continue to contribute to Government 18% of their last monthly salary drawn or as subsequently revised in pursuance of any salary review in order to have such period of leave reckoned for pension purposes.

Traineeship, Studentship, Cadetship or Apprenticeship

Recommendation 14

13.52 We recommend that half of the period of any service in the public service under any traineeship scheme, when immediately followed by appointment in the grade for which he is under traineeship in the public service, should be reckoned for pension purposes.

Compassionate Allowance

13.53 For officers not on permanent and pensionable establishment, the monthly compassionate allowance payable on retirement is computed as follows:

$$\frac{\text{No. of months of service}}{720} \times \frac{\text{Annual Wage}}{12}$$

Provisions on demise of an Officer

13.54 On the demise of an officer, a full monthly salary is paid to the heirs thereof, irrespective of the number of days he has been in service during that month. In case an officer holds a substantive post and is appointed or promoted to a higher office in a temporary capacity but passes away, his retiring benefits are computed on the basis of the annual pensionable emoluments attached to the higher office, provided the higher office does not require an additional qualification for appointment thereto in a substantive capacity.

Gratuity for eligible officers retiring with less than 10 years' pensionable service

13.55 At present, a gratuity equivalent to 18% of the last salary drawn multiplied by the number of months of pensionable service, subject to a maximum of one year's pensionable emoluments is paid to an eligible officer retiring with less than 10 years' pensionable service.

Recommendation 15

13.56 We recommend that provisions regarding the following:

- (i) Compassionate Allowance;**
- (ii) salary to be paid on demise of an officer;**
- (iii) computation of retiring benefits for an officer holding a substantive post and is appointed/promoted to a higher office in a temporary capacity but passes away; and**
- (iv) gratuity for eligible officers retiring with less than 10 years' pensionable service,**

should be maintained.

Pensionable Value of Rent Allowance

13.57 For pension purposes, at present, the estimated value of free quarters or rent allowance is equated to 10% of initial annual salary of the officer subject to a maximum of Rs 6350 per annum.

Recommendation 16

13.58 We recommend that the estimated value of free quarters or rent allowance should continue to be equated to 10% of initial salary of the officer subject to a maximum of Rs 6660 for pension purposes.

Pensionable Value of Car Benefit

Recommendation 17

- 13.59** We recommend that the monetary value of the private use of a chauffeur-driven official car and 75% of that monetary value are reckoned for the computation of the retirement benefits of beneficiaries of chauffeur-driven government car (including officers of the same status eligible for an official car and driver's allowance) and self-driven government car respectively.

National Savings Fund

- 13.60 The National Savings Fund provides for the payment of a lump sum to every employee on his normal retirement age or earlier, or on his death. Every employer contributes 2.5% of the basic wage/salary of every employee to the Fund subject to a certain maximum. On retirement, the employee receives a lump sum constituting the contributions on his behalf together with any accrued interest.

Recommendation 18

- 13.61** We recommend that the payment of a lump sum to an employee on the normal retirement age or on early retirement or on his death should be maintained.

Portable Pension Fund

Recommendation 19

- 13.62** We recommend that the portable benefits of a qualified officer (that is, an officer who, after having completed at least one year's pensionable service, leaves the public service to take up employment in the private sector or to become self-employed) are transferred to such superannuation fund as may be established by the employer who employs him or to such personal pension scheme to which the officer may have adhered to, on his leaving the public service. The portable benefits of the officer are computed as if, at the time of leaving the public service, he had become eligible for a gratuity under the Pensions Act, corresponding to his length of service.

Mutually Agreeable Retirement Scheme

Recommendation 20

- 13.63** We recommend that the provisions governing the Mutually Agreeable Retirement Scheme as hereunder be maintained:

an officer aged 50 or more who would be willing to retire voluntarily, and whom Management would wish to part with, is allowed to do so with enhanced retirement benefits whereby the officer is granted an additional pension at the annual rate of one sixty ninth of his pensionable emoluments for each completed period of three years' pensionable service (*along same line as provided for an officer becoming redundant in the case of reorganisation under the Pensions Regulations 1951*) provided that:

- (a) the addition does not exceed twenty three–one hundred and thirty eighths; and**
- (b) the addition together with the remainder of the officer’s pension does not exceed the pension for which he would have been eligible if he had continued to hold the office held by him at the date of his normal retirement.**

Continuation of Service beyond Compulsory Retiring Age

- 13.64 Presently, officers are allowed to remain in service beyond 65 years provided Government considers that the continuation of their service beyond 65 years is in the interest of the Public Sector. However, the continued employment beyond compulsory retiring age is not meant for general application but only for officers of a certain level and in very specialised areas where skills and competencies are in short supply or are not available; and is implemented in a manner that does not cause prejudice to officers in post.
- 13.65 We also recommended that where it was considered that the continued employment of a public officer beyond compulsory retiring age, would be in the interest of the service, the following procedures should be adhered to:
- (i) the Responsible Officer should submit his recommendation to the Prime Minister’s Office for consideration by the High Powered Committee;
 - (ii) the recommendation of the High Powered Committee would be submitted to the Prime Minister for his consideration and approval; and
 - (iii) if the recommendation is approved, the Responsible Officer seeks the approval of the relevant Service Commission and take such other action as may be recommended by the High Powered Committee.
- 13.66 As regards Parastatal and Other Statutory Bodies where it is considered that the continued employment of an officer beyond compulsory retiring age, subject to the provision of paragraph 13.64, would be in the interest of the service, the following procedures should be adhered to:
- (i) the approval of the Board should be obtained to initiate action, in the first instance, and the Chief Executive Officer of the organisation should submit the request to the parent Ministry;
 - (ii) the Responsible Officer of the parent Ministry should submit his recommendation to the Prime Minister’s Office for consideration by the High Powered Committee;
 - (iii) the recommendation of the High Powered Committee would be submitted to the Prime Minister for his consideration and approval; and

- (iv) if the recommendation is approved, the Chief Executive Officer of the organisation should then seek the approval of the Board and take such other action as may be recommended by the High Powered Committee.

13.67 For the Local Authorities, the following procedures should be adhered to:

- (i) the Chief Executive of the Local Authority should submit the request to the Ministry of Local Government and Disaster Risk Management;
- (ii) the Responsible Officer of the Ministry of Local Government and Disaster Risk Management, should submit his recommendation to the Prime Minister's Office for consideration by the High Powered Committee;
- (iii) the recommendation of the High Powered Committee would be submitted to the Prime Minister for his consideration and approval; and
- (iv) if the recommendation is approved, the Chief Executive of the Local Authority should then seek the approval of the Local Government Service Commission and take such other action as may be recommended by the High Powered Committee.

Recommendation 21

13.68 We recommend that the above provisions regarding continuation of service beyond compulsory retirement age should be maintained.

Enhanced Pension Benefit for a Tour of Duty in Agalega or St. Brandon

Recommendation 22

13.69 We recommend that any period that an officer domiciled in the Republic of Mauritius is required to serve as a public officer in Agalega or St. Brandon should continue to be reckoned as pensionable service at the rate of two times.

Pension Reforms – Defined Contribution Pension Scheme

13.70 Following reforms of the Pension System in the Public Sector and in view of the long term unsustainability of pension funds, and based on recommendations made in the 2013 PRB Report, a contributory Defined Contribution (DC) Pension Scheme for new entrants in the Public Sector has been set up. This scheme is applicable to officers of the Civil Service, Parastatal Bodies, Local Authorities, the Rodrigues Regional Assembly and Private Secondary Schools.

Salient Features of the Defined Contribution Pension Scheme

Contribution

13.71 Government contribution into the dedicated Fund is 12% of employee emoluments. The rate of contribution for new entrants is 6% of pensionable emoluments. The employee has the possibility to increase his contribution.

Contractual Employment

13.72 Consideration would be given to officers employed on a contractual basis to contribute to the Defined Contribution Pension Scheme. Government will not contribute in respect of contractual employees.

