

## 18.14 FAMILY PROTECTION SCHEMES

18.14.1 The Family Protection Schemes in the Public Sector exist in three categories, namely:

- (1) the Civil Service Family Protection Scheme (CSFPS);
- (2) the Statutory Bodies Family Protection Fund (SBFPF); and
- (3) the Family Protection Scheme (FPS) with the State Insurance Company of Mauritius (SICOM) Ltd.

18.14.2 The salient features of these Family Protection Schemes are highlighted hereunder.

### 1. Civil Service Family Protection Scheme

18.14.3 The CSFPS is a contributory scheme which provides protection by way of monthly benefit to dependants of deceased civil servants at any age whether in service or after retirement. With the enactment of the Widow's and Children's Pension Scheme (Amendment) Act No. 28 of 1993, the Civil Service Family Protection Scheme (CSFPS) came into operation and it became mandatory for female officers as well to contribute to the scheme.

18.14.4 As at 30 June 2012, the scheme reckoned around 51,637 contributors and 16,700 pensioners.

#### *Membership*

18.14.5 The persons required to contribute to the scheme are:

- (a) public officers who have attained the age of 18 and who are appointed to a pensionable office;
- (b) public officers who have been transferred to approved services and who have elected to continue contributing to the scheme;
- (c) members of the National Assembly during their period of Legislative Service; and
- (d) officers of the Civil Service Family Protection Scheme Board.

#### *Contribution*

18.14.6 The rate of contribution represents 2% of the officer's gross salary.

18.14.7 Public Officers cease to contribute to the scheme as per the transitional measures or on reaching 65 years of age and on occurrence of the following events: resignation from the Public Service, dismissal from the Public Service, retirement from the Public Service, and leaving the Public Service for any other reason. Members of the National Assembly also cease to contribute to the scheme as per the transitional measures or upon reaching 65 years of age.

*Refund of Contribution*

18.14.8 According to the CSFPS, a 100% refund of contribution with compound interest at the rate of 4% per annum is made to a contributor or his legal representative in the following circumstances:

- (a) At the time of leaving the public service, where:
  - (i) the contributor has either not contracted civil marriage or is a widow/widower provided that the contributor has no:
    - legitimate or legitimated child
    - adopted child
    - step child
    - natural child or
    - a child whose filiation has been pronounced by a Court of Law.
  - (ii) the contributor is a divorcee and has no child.
- (b) In case both husband and wife are contributors, the surviving spouse is refunded on the death of his/her spouse and he/she may opt (within 60 days of the event) not to continue to contribute to the scheme.
- (c) Where contributors in post as at 30 June 2008 opt to cease to contribute at the age of 60 and no pension is payable.

*Pensions*

18.14.9 At present, for all those public officers who have joined the public service as from 01 July 2008, the amount of pension is computed at the rate of 1/690<sup>th</sup> (instead of 1/600<sup>th</sup>) of annual pensionable emoluments on retirement for every month of pensionable service, subject to a maximum of 460/690<sup>th</sup> (instead of 400/600<sup>th</sup>) in line with the Pension Reforms enunciated in the 2008 PRB Report.

- 18.14.10 At the death of a contributor, the monthly pension payable varies depending upon whether the deceased left behind a spouse only, spouse and children, one child only or more than one child but no spouse. The details of the monthly pension payable is shown below:

| <b>Beneficiaries</b>              | <b>Computation for Monthly Pension Payable</b> |
|-----------------------------------|--|
| Spouse only                       | $1/3 \times 1/12 \times \text{BUP}^*$          |
| Spouse and child/children         | $1/2 \times 1/12 \times \text{BUP}$            |
| One child but no spouse           | $1/4 \times 1/12 \times \text{BUP}$            |
| More than one child but no spouse | $1/2 \times 1/12 \times \text{BUP}$            |

**\*BUP- Basic Unreduced Pension**

- 18.14.11 The basic unreduced pension is computed, for those civil servants joining the public service as from 01 July 2008, at the rate of  $1/690^{\text{th}}$  of the annual salary of the contributor at the date of death or at the date he ceases to be a public officer, for each completed month of the contributory service (not exceeding 460 months).
- 18.14.12 A surviving spouse's pension ceases on the death or remarriage of the beneficiary.
- 18.14.13 The children's pension ceases on the date the last child reaches 18 years of age, or if the child receives full-time education, until he receives such education or attains the age of 21, whichever is earlier. The Board may, on compassionate grounds, approve the payment of pension to children beyond the age of 21.
- 18.14.14 Upon the death of a beneficiary, the legal personal representative is paid one full month's pension in respect of the month in which the beneficiary dies together with a gratuity of an equivalent amount.

### **Recommendation 1**

- 18.14.15 We recommend that the rate of contribution to the Civil Service Family Protection Scheme be maintained at 2%.**
- 18.14.16 We also recommend that the provision governing membership, refund of contribution to and pensions of the Civil Service Family Protection Scheme be maintained.**

## **Transitional Measures**

### *Contribution*

18.14.17 In the 2008 PRB Report, following the introduction of the new Pension Scheme, the CSFPS was revisited and transitional arrangements were made to reflect the pension reforms with regard to retirement age, computation of the amount of pension and the qualifying period to benefit for a full pension. The recommended transitional measures are being maintained.

### **Recommendation 2**

**18.14.18 We recommend that the following transitional measures should continue to apply:**

- (a) Public officers and Members of the National Assembly in post as at 30 June 2008 may, while in service, opt to cease to contribute to the Civil Service Family Protection Scheme on reaching 60 years of age. However, in that case, widows and orphans pension will be computed on the salary drawn at the time the member ceases to contribute to the scheme.**
- (b) Public officers should cease to contribute to the scheme on the occurrence of the following events: reaching 65 years of age, resignation from the Public Service, dismissal from the Public Service, retirement from the Public Service, and leaving the Public Service for any other reason. Members of the National Assembly should cease to contribute to the scheme upon reaching 65 years of age.**
- (c) When a Member of the National Assembly ceases to be a member, provided he has not reached 65 years of age, he may opt to cease to contribute or continue to contribute to the Civil Service Family Protection Scheme at the rate of 4% of his salary at the time he ceases to be a member, to enable longer period of contribution.**

### *Pensions*

18.14.19 In view of the fundamental changes brought in the 2008 PRB Report concerning the computation of the amount of pension, transitional measures have been provided to cater for these changes. These provisions should continue to apply.

### **Recommendation 3**

**18.14.20 We recommend that the following provision should continue to apply:**

- (i) In respect of public officers in post as at 30 June 2008, the Basic Unreduced Pension should continue to be computed at the rate of 1/600<sup>th</sup> of the annual salary of a contributor at the date of death or at the date he ceases to be a public officer for each completed month of his contributory service (not exceeding 400 months).**

- (ii) In respect of Members of the National Assembly in post as at 30 June 2008, the Basic Unreduced Pension should continue to be computed at the rate of 1/600<sup>th</sup> of the annual salary of a contributor at the date of death or when he ceases to be a member of this legislature for each completed month of his contributory service (not exceeding 400 months).

#### **Additional Recommendations**

##### *Pension in case of Actingship in a Higher Office*

18.14.21 The computation of pension is based on the Basic Unreduced Pension of a contributor at the date of his death or at the date he ceases to be a public officer, whichever is the earlier.

18.14.22 At present, for a contributor who has been acting in a higher office, the same retiring salary is used to compute the retiring pension as well as the pension under the Family Protection Scheme.

#### **Recommendation 4**

**18.14.23 We recommend that the present provision be maintained.**

##### *Pension for Members of the National Assembly*

18.14.24 At present, the annual salary in respect of a member of the National Assembly means:

- (i) the annual salary payable to a member immediately before he ceases to be a member; or
- (ii) the annual salary drawn in respect of any office established by the Constitution and held by him at any time while he was a member, whichever is the higher.

#### **Recommendation 5**

**18.14.25 We recommend that the existing provision be maintained.**

##### *Interest on Contribution*

18.14.26 In the previous overall review, amendment was brought in the computation of the interest on contribution to be refunded. We are maintaining this provision.

#### **Recommendation 6**

**18.14.27 We recommend that interest on contribution to be refunded should be computed up to the date the contributor is eligible for a refund.**

## 2. Statutory Bodies Family Protection Fund

18.14.28 The Statutory Bodies Family Protection Fund (SBFPF) is operating for over a decade now. The objective of SBFPF is to rationalize the computation of beneficiaries' pension and the payment of membership contribution in line with the PRB recommendations. The SBFPF also plays a major role in placing employees of Local Authorities at par with their counterparts in the Civil Service.

18.14.29 Over and above the benefits provided by the SBFPF, it has a Housing Loan Scheme under which only associates of the Fund are granted loans for purchase or construction of a residential building or the purchase of a residential plot of land. As per the Statutory Bodies Family Protection Fund (Housing Loan) Regulations 2010, the loan ceiling has been raised from Rs 500,000 to Rs 600,000 whereas the rate of interest has been maintained at 8% per annum.

18.14.30 In line with the pension reforms, new regulations have been set under the Statutory Bodies Family Protection Fund (Pensions) Regulations 2011.

### Recommendation 7

**18.14.31 We recommend that:**

- (i) officers in post as at 30 June 2008 may, while in service, opt to cease to contribute to the Statutory Bodies Family Protection Fund on reaching 60 years of age. However, in that case, pension will be computed on the salary drawn at the time the member ceases to contribute to the scheme; and**
- (ii) in respect of public officers in post as at 30 June 2008, the basic unreduced pension would continue to be computed at the rate of 1/600<sup>th</sup> of the annual salary of a contributor at the date of death or at the date he ceases to be a public officer for each completed month of his contributory service (not exceeding 400 months).**

### *Refund of Contribution*

18.14.32 At present, members of the SBFPF as at July 1988 may opt for a return of contribution in lieu of retaining eligibility to family benefits.

### Recommendation 8

**18.14.33 We recommend that existing members of the Statutory Bodies Family Protection Fund as at July 1988, who opt for a return of contribution in lieu of retaining eligibility to family benefits, should continue to be refunded their contributions with compound interest at the rate of 4% per annum.**

### 3. SICOM Family Protection Scheme

18.14.34 The State Insurance Company of Mauritius (SICOM) Ltd is a major operator of pension business in Mauritius with more than 25 years of experience. The SICOM offers the SICOM Family Protection Scheme (FPS) which is a group whole life assurance group scheme open to all private companies and corporate bodies for their full-time and permanent employees.

18.14.35 In the 2008 PRB Report, it was recommended that the SICOM Ltd takes necessary steps, to the extent possible, to implement the changes brought in the Civil Service Family Protection Scheme and the Statutory Bodies Family Protection Fund.

#### Recommendation 9

**18.14.36 We recommend that the SICOM Ltd continues to make provision which is in line with the Civil Service Family Protection Scheme and the Statutory Bodies Family Protection Fund.**

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