

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

Introduction

- 15.1 A single modified Defined Benefit (DB) Pension Scheme, along the lines enunciated in the Budget Speech 2006-2007 was recommended in the 2008 Report. With the coming in force of the 2008 Report (a) a single contributory pension scheme has been implemented for all public officers, **both current and future**; and (b) transitional measures have been designed for officers in post as at 30 June 2008 to secure existing pensions rights in conformity with the constitutional provision and to ensure acceptability. The Pension Scheme is a contributory one, run on a Pay As You Go (PAYG) basis, and has become effective as from 1 July 2008.
- 15.2 The salient features of the modified Defined Benefit (DB) Pension Scheme, including provision for special categories of officers and the transitional arrangements for employees in post as at 30 June 2008 are elaborated upon as hereunder.

Contribution

- 15.3 The cost of running the Scheme is estimated at 18% of employee emoluments. The employee contribution both for new entrants as from 01 July 2008 as well as for officers in post as at 30 June 2008 is at the rate of 6% of their pensionable emoluments rounded to the nearest rupee. The employee contribution of 6% is deducted at source and paid directly into the Consolidated Fund.
- 15.4 Trainees, Students, Cadets or Apprentices contribute at the rate of 3% of their emoluments rounded to the nearest rupee taking into consideration that half of the period of any service under traineeship, studentship, cadetship or apprenticeship scheme, when immediately followed by appointment in the related grade in the public service, is reckoned for pension purposes.

Recommendation 1

- 15.5 **We recommend that the present provision regarding contribution be maintained as follows:**
- (i) **all employees under the Defined Benefit (DB) Pension Scheme set in 2008 PRB Report 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 should contribute at the rate of 3% of their emoluments rounded to the nearest rupee.**

- 15.6 The employee pension contributions, the taxable element thereon, as well as all the other changes in pension provision have been taken into account in arriving at the salaries recommended for the different grades.
- 15.7 In the 2008 Report, we suggested to consider: (a) the advisability of setting up a dedicated fund with its own contributions as well as the contributions of officers; and (b) the advisability of starting with the fund preferably in respect of new entrants.

Refund of Contribution

- 15.8 In the event a Public Sector employee leaves or otherwise ceases to be in the Public Sector and no portable benefit is transferable and no pension, gratuity or other allowance is payable to him in respect of his past service in the Public Sector, provided he has effectively contributed to the modified Defined Benefit (DB) Pension Scheme for a year or more, the officer is refunded 100% of his contribution together with compound interest at the rate of 4% per annum.

Recommendation 2

- 15.9 We recommend that the provision regarding refund of contribution be maintained.

Retirement Age

- 15.10 (i) The normal retirement age of a public officer holding a pensionable office is, subject to the transitional provision as at **Annex**, 65 years but officers have the right to retire at the age of 60. On the approval of the relevant Service Commission, the officer may retire at the age of 55, or in the case of overmanning, at the age of 45.
- (ii) Management may, where physical fitness is an essential requirement for the proper performance of the duties, require any officer who opts to work beyond the age of 60 to undergo a yearly medical examination to certify his fitness for continued employment.
- (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.

- (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.

15.11 Representation has been received from some quarters that officers in post as at 30 June 2008 whose retirement age have been phased may be allowed to opt to serve till the retiring age of 65 years. This measure will benefit the country by virtue of their experience, knowledge and competence in respective areas and reduce future costs of pension for public officers. However, one staff association has objected to any amendment to the present scheme.

Recommendation 3

15.12 We recommend that the above provision regarding retirement age be maintained.

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

- 15.13
- (i) The amount of pension is computed at the rate of 1/690th of pensionable emoluments on retirement for every month of pensionable service, subject to a maximum of 460/690th.
 - (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 38½ 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 28¾ years of pensionable service, are granted an enhanced pension at the rate of 1/414th of pensionable emoluments for each additional month of service, which enables them to qualify for full pension after 34½ years of service.
 - (iv) Members of the Medical and Dental professions are entitled to pension at the rate of 1/621st of pensionable emoluments thus qualifying them for full pension after 34½ years of pensionable service.
 - (v) Members of the Judiciary (Chief Justice, Senior Puisne Judge and Puisne Judge) qualify for pension at the rate of 1/460th of their pensionable emoluments, subject to a maximum of 460/460th.
 - (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

- 15.14 We recommend that the provision 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

- 15.15 On early retirement (after age 55 and before age 65), the annual rate of pension payable, which is 12/690th of the salary received in the last full year of employment is reduced by 2.5% a year.
- 15.16 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.

Recommendation 5

- 15.17 We recommend that the provision regarding pension on early retirement for those entrants who join after 30 June 2008 be maintained.**

Transitional Provision – Retirement Age

- 15.18 A public officer in post as at 30 June 2008 has to compulsorily retire as per Table I. The age at which they may retire with or without the approval of the Public Service Commission are as per Tables II and III respectively. Members of the Disciplined Forces or officers of the Correctional Youth Centre or the Rehabilitation Youth Centre in post as at 30 June 2008 benefit from the early retirement scheme in force prior to 01 July 2008. The arrangements for early retirement for officers in post as at 30 June 2008 are maintained.

Recommendation 6

- 15.19 We recommend that:**
- (a) the normal retirement age of officers in post as at 30 June 2008 as recommended in 2008 Report, be gradually raised from 60 to 65 years in accordance with Table I.**
 - (b) the optional retirement age of officers in post as at 30 June 2008 (i.e. the age at which officers can leave the service without seeking permission) as recommended in 2008 Report be gradually raised from 55 to 60 years in accordance with Table II; and**
 - (c) the retirement age of officers (who retire with the approval of the relevant Service Commission) in post as at 30 June 2008 as recommended in 2008 PRB Report be gradually raised from 50 to 55 years in accordance with Table III;**
- 15.20 Tables I to III are given at the end of this Chapter.

Transitional Provision – Accrual Rate

- 15.21 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 7

- 15.22 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

- 15.23 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 8

- 15.24 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

- 15.25 In the case of abolition of office and re-organisation, an officer is granted an additional pension at the annual rate of one sixty ninth of his pensionable emoluments for each complete 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 retirement, and retired on reaching the age at which he may be required to retire without the approval of the appropriate Service Commission or Board.
- 15.26 Representations have been made that, under the present provision, an officer in post as at 30 June 2008 aged 55 or more and an officer in post on or after 01 July 2008 aged 60 or more is not eligible for payment of additional benefits in case of abolition of office and re-organisation.
- 15.27 We have examined the issue in depth and we are reviewing the present recommendation.

Recommendation 9

15.28 We recommend that in the case of abolition of office and re-organisation, an officer should be 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.**

15.29 However, for an officer in post as at 30 June 2008, the additional pension should be 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 should not exceed ten sixtieths and the addition together with the remainder of the officer's pension should 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 (Reverted Officers)

15.30 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 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 as specified at Table III).**

15.31 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 or is

subsequently reverted to his substantive office, is computed on the basis of the aggregate earnings (i.e. the salary of the substantive post plus any Acting Allowance drawn) provided the conditions set out at paragraph 15.30 above are satisfied.

Recommendation 10

15.32 We recommend that the present mode of computation of retirement benefits of reverted officers be maintained.

Pensionable Emoluments (Reverted Officers in position of Accounting Head/Chief Executive)

15.33 At present 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 75000 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 twelve months; and
- (ii) his 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 as specified at Table III).

Or

he has successfully served for a minimum period of six months and has reached compulsory retirement age.

15.34 The retirement benefits of a public officer who has been appointed to act in or has been assigned duties of:

- (d) a higher office in a position of Accounting Head/Chief Executive the salary of which office is not less than Rs 75000 a month or
- (e) a higher office than the one at (a) above in the same cadre

by the appropriate Service Commission and is drawing part of the acting allowance and retires or is subsequently reverted to his substantive office are

computed on the basis of the aggregate earnings (i.e. the salary of the substantive post plus any acting allowance drawn) provided the conditions set out at paragraph 15.33 above are satisfied.

Recommendation 11

15.35 We are maintaining the above provision regarding the mode of computation of retirement benefits of retired officers in position of Accounting Head/Chief Executive, except that the salary of the higher office should not be less than Rs 93000 a month.

15.36 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

15.37 In the 2008 PRB Report, we recommended that, to allow mobility between the Public Sector and the private sector, an officer reckoning a minimum of 10 years of pensionable service and having reached the age of 45 should be allowed to retire with the approval of the relevant Service Commission without foregoing his earned pension benefits. The payment of the benefits accruing to the officer should be deferred till the time the officer attains the age of 55. However, for officers in post as at 30 June 2008, the payment of the benefits accruing to the officer should be deferred till the time the officer attains the age at which he may retire with the approval of the relevant Service Commission as specified at Table III.

15.38 We further recommended that the MCSAR should continue 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.

15.39 Requests have been received from officers who have taken employment in international organisations (of which Mauritius is a member) and member countries of regional organisation like SADC to be allowed to retire without foregoing their earned pension benefits.

15.40 We consider that there is need to facilitate mobility (among sectors) and allow people to take advantage of better prospects outside the service.

Recommendation 12

15.41 We recommend that, to allow mobility between the Public Sector, private sector and International Organisations (of which Mauritius is a member, foreign countries under a scheme approved by Government and

member countries of regional organisation like SADC), an officer reckoning a minimum of 10 years of pensionable service and having reached the age of 45 should be allowed to retire with the approval of the relevant Service Commission without foregoing his earned pension benefits. The payment of the benefits accruing to the officer should be deferred till the time the officer attains the age of 55. However, for officers in post as at 30 June 2008, the payment of the benefits accruing to the officer should be deferred till the time the officer attains the age at which he may retire with the approval of the relevant Service Commission as specified at Table III.

Retirement Benefits – Overmanning

15.42 The retirement benefits of an officer who is allowed to retire at the age of 45 and above on the ground of overmanning are computed as if his office had been abolished.

Recommendation 13

15.43 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

15.44 At present, officers who are granted leave without pay contribute 18% of their salary to Government in order to have such period of leave reckoned for pension purposes.

Recommendation 14

15.45 The above provision is maintained.

Traineeship, Studentship, Cadetship or Apprenticeship

15.46 At present, half of the period of any service in the public service under any traineeship, studentship, cadetship or apprenticeship scheme, when immediately followed by appointment in the related grade in the public service, is reckoned for pension purposes.

Recommendation 15

15.47 We are maintaining the above provision.

Temporary Appointment and Pension

15.48 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 the compulsory retiring age i.e. 65 years in accordance with the provision of this Scheme or the date

on which an officer in post as at 30 June 2008 are required to retire compulsorily as per the transitional arrangements 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.

- 15.49 We further recommended that the retiring benefits of an officer holding a substantive post and 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.

Recommendation 16

- 15.50 We are maintaining the above provision.**

Compassionate Allowance

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

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

Salary of an Officer upon Death

- 15.52 A full month salary is paid to the heirs of an officer on his demise, irrespective of the number of days he has been in service during that month.

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

- 15.53 An eligible officer retiring with less than 10 years' pensionable service benefits from a gratuity equivalent to 18% of his last monthly salary multiplied by the number of months of pensionable service, subject to a maximum of one year's pensionable emoluments.

Recommendation 17

- 15.54 We are maintaining the provision regarding Compassionate Allowance, salary of an officer upon death and gratuity for eligible officers retiring with less than 10 years' pensionable service.**

Pensionable Value of Rent Allowance

- 15.55 The estimated value of free quarters or rent allowance for pension purposes is equated to 10% of initial annual salary of the officer, subject to a maximum of Rs 5500 per annum.

Recommendation 18

- 15.56** We recommend that the estimated value of free quarters or rent allowance for pension purposes should continue to be equated to 10% of initial annual salary of the officer, subject to a maximum of Rs 6050 per annum.

Pensionable Value of Car Benefit

- 15.57** 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.

Recommendation 19

- 15.58** The provision regarding pensionable value of car benefit is maintained.

National Savings Fund

- 15.59** 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 20

- 15.60** 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 be maintained.

Portable Pension Fund

- 15.61** At present the portable benefits of a qualified officer (i.e. 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.

Recommendation 21

- 15.62** We recommend that the present provision of the Portable Pension Fund be maintained.

Mutually Agreeable Retirement Scheme

15.63 The Mutually Agreeable Retirement Scheme allows an officer, aged 50 or more, who would be willing to retire voluntarily, and whom Management would wish to part with, to do so with enhanced retirement benefits as provided for an officer becoming redundant in the case of reorganisation under the Pensions Regulations 1951 whereby the officer is granted an additional pension at the annual rate of one sixty ninth of his pensionable emoluments for each complete period of three years' pensionable service provided that:

- (f) the addition does not exceed twenty three – one hundred and thirty eighths; and
- (g) 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.

Recommendation 22

15.64 We are maintaining the provision regarding the Mutually Agreeable Retirement Scheme.

Continuation of Service beyond Compulsory Retiring Age

15.65 In 2008 PRB Report we recommended that, up to year 2018, an officer in post as at 30 June 2008 who has attained the compulsory retirement age as per the transitional provision of this Scheme may, with the approval of the relevant Service Commission, be allowed to remain in service beyond the age of 60, but not beyond the age of 65, where Government considers that the continuation of his service is in the interest of the Public Service.

15.66 We highlighted that the continued employment beyond compulsory retiring age was 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 not available; and is implemented in a manner that does not cause prejudice to officers in post.

15.67 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 are 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.
- 15.68 The provision of paragraph 15.65 also applies to officers of the Parastatal and Other Statutory Bodies and Local Authorities.
- 15.69 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 15.66, 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.
- 15.70 As regards 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;
- (ii) the Responsible Officer of the Ministry of Local Government, 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 23

- 15.71 The present provision regarding continuation of service beyond compulsory retirement age is maintained.

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

- 15.72 Any period during which an officer domiciled in the Republic of Mauritius is required to serve as a public officer in Agalega or St. Brandon is reckoned as pensionable service at the rate of two times.

Recommendation 24

- 15.73 **We are maintaining this provision.**

New Retirement Date

- 15.74 We have, under the second column "New Retirement Date" of the annexed tables at the end of this chapter, mentioned the month during which employees opting for the pension scheme would retire if they choose to work up to their retirement date. Evidently, for each employee his date of birth during the month should apply.

Special Provision for officers drawing salary in scales not exceeding Rs 33000

- 15.75 At present public officers in post as at 30 June 2008 who (a) draw salary in a scale the maximum of which is not more than Rs 27,200 in the revised 2008 pay structure; (b) attain the compulsory retirement age as per the transitional provision; (c) reckon at least 33 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 are granted hypothetically one additional increment for the purpose of determining the pensionable emoluments for pension purposes.
- 15.76 The Accountant-General has expressed concern regarding the implementation of this recommendation in respect of those officers who have been granted increments beyond the top salary recommended under different provisions. The above provision was made to induce invariably all categories of employees to stay up to their new compulsory retiring age and was meant for those employees who were not in receipt of fringe benefits.
- 15.77 It has been reported that there are certain instances whereby employees who retired after 01 July 2008 have not benefited from this provision. We are making appropriate recommendation to this end.

Recommendation 25

- 15.78 **We recommend that public officers in post as at 31 December 2012 who:**
- (a) draw salary in a scale the maximum of which is not more than Rs 33000 in the revised 2013 pay structure;**
 - (b) attain the compulsory retirement age as per the transitional provision;**

- (c) reckon at least 33 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 should be granted hypothetically one additional increment for the purpose of determining the pensionable emoluments for pension purposes.

15.79 We further recommend that officers who have retired after 01 July 2008 up to 31 December 2012 and who have not benefitted from the above provision should exceptionally be granted hypothetically one additional increment for pension purposes provided they satisfy all the conditions at paragraph 15.78 above.

Transitional Provision – Retirement Age

15.80 The reforms of the current pension scheme provide officers with the option of working beyond 60, should they so wish

Recommendation 26

15.81 We recommend that officers in post as at 30 June 2008 who have opted for pension reforms and whose retirement age has gradually been raised from 60 to 65 years in accordance with Table I should continue to be provided with the option of working beyond 60, should they so wish.

Special Provision for officers in post as at 30 June 2008 who reckon at least 33¹/₃ years of pensionable service

15.82 Following the Pension Reforms in the Public Sector, officers contribute 6% of their pensionable emoluments in line with the new pension scheme. The employee contributions are deducted at source and paid directly to the Consolidated Fund.

15.83 Several representations have been received from various quarters that some form of compensation should be granted to employees who reckon more than 33¹/₃ years of pensionable service and continue to work up to the normal date of retirement. We have examined the issue and we are making an appropriate recommendation.

Recommendation 27

15.84 We recommend that, as from the date of implementation of this Report, public officers in post as at 30 June 2008 who:

- (a) attain the new compulsory retirement age as per the transitional provision;

- (b) reckon at least 33¹/₃ years of pensionable service; and
- (c) have opted for the Pension Reforms on 01 July 2008 and contributed effectively to the Pension Scheme

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 33¹/₃ years of pensionable service as from 01 January 2013.

- 15.85 We further recommend that a public officer satisfying the conditions at paragraph 15.78 should exercise an option as to whether they wish to be governed by the provision at paragraph 15.78 or at paragraph 15.84.

Pension Reforms – Defined Contribution (DC) Pension Scheme

- 15.86 In line with Government commitment to pursue reforms of the Pension System in the Public Sector and in view of the long term unsustainability of pension funds, Government is considering the implementation of a Contributory Defined Contribution (DC) Pension Scheme for new entrants in the Public Sector. The new scheme will be applicable to officers of the Civil Service, as well as Parastatal Bodies, Local Authorities, the Rodrigues Regional Assembly and Private Secondary Schools.

Recommendation 28

- 15.87 We recommend that a single Defined Contribution (DC) Pension Scheme be made applicable in the Public Sector in respect of new entrants as from 01 January 2013.

- 15.88 To drive the reform, there is need for an institutional set up to work out the details.

Recommendation 29

- 15.89 We recommend the setting up of a Committee on Pension Reform under the Chairmanship of the Financial Secretary and comprising different stakeholders including staff members to work out the implementation details of the Defined Contribution (DC) Pension Scheme in the Public Sector including the setting up of a dedicated fund to cater for pension contribution of new entrants.

- 15.90 The salient features of the Defined Contribution (DC) Pension Scheme are as hereunder:

Contribution

- 15.91 Government contribution into the dedicated Fund will be 12% of employee emoluments. The rate of contribution for new entrants shall be 6% of

pensionable emoluments. The employee will have the possibility to increase his contribution.

Contractual Employment

- 15.92 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.

Management of Fund

- 15.93 An Investment Committee comprising representatives of Government, Labour Unions and major stakeholders will be set up to manage the Fund and set the modalities.
- 15.94 Pending the establishment of a proper regulatory framework, the administration of the Fund will be entrusted to SICOM.

Payment of Lump Sum

- 15.95 Payment of lump sum will be similar to that in the current arrangements but modalities will be decided by the Committee set up to manage the Fund.

**Phasing of Retirement Age from
60 to 65 years over the Period 2008 to 2018**

Month and Year of Birth	New Retirement Date
July 1948	July 2008
August 1948	September 2008
September 1948	November 2008
October 1948	January 2009
November 1948	March 2009
December 1948	May 2009
January 1949	July 2009
February 1949	September 2009
March 1949	November 2009
April 1949	January 2010
May 1949	March 2010
June 1949	May 2010
July 1949	July 2010
August 1949	September 2010
September 1949	November 2010
October 1949	January 2011
November 1949	March 2011
December 1949	May 2011
January 1950	July 2011
February 1950	September 2011

Month and Year of Birth	New Retirement Date
March 1950	November 2011
April 1950	January 2012
May 1950	March 2012
June 1950	May 2012
July 1950	July 2012
August 1950	September 2012
September 1950	November 2012
October 1950	January 2013
November 1950	March 2013
December 1950	May 2013
January 1951	July 2013
February 1951	September 2013
March 1951	November 2013
April 1951	January 2014
May 1951	March 2014
June 1951	May 2014
July 1951	July 2014
August 1951	September 2014
September 1951	November 2014
October 1951	January 2015
November 1951	March 2015
December 1951	May 2015
January 1952	July 2015

Month and Year of Birth	New Retirement Date
February 1952	September 2015
March 1952	November 2015
April 1952	January 2016
May 1952	March 2016
June 1952	May 2016
July 1952	July 2016
August 1952	September 2016
September 1952	November 2016
October 1952	January 2017
November 1952	March 2017
December 1952	May 2017
January 1953	July 2017
February 1953	September 2017
March 1953	November 2017
April 1953	January 2018
May 1953	March 2018
June 1953	May 2018
July 1953	July 2018
August 1953 and thereafter	65 th birthday (1 August 2018 or later)

Table II

**Phasing of Optional Retirement Age from 55 to 60 years
over the Period 2008 to 2018**

Month and Year of Birth	New Retirement Date
July 1953	July 2008
August 1953	September 2008
September 1953	November 2008
October 1953	January 2009
November 1953	March 2009
December 1953	May 2009
January 1954	July 2009
February 1954	September 2009
March 1954	November 2009
April 1954	January 2010
May 1954	March 2010
June 1954	May 2010
July 1954	July 2010
August 1954	September 2010
September 1954	November 2010
October 1954	January 2011
November 1954	March 2011
December 1954	May 2011
January 1955	July 2011
February 1955	September 2011

Month and Year of Birth	New Retirement Date
March 1955	November 2011
April 1955	January 2012
May 1955	March 2012
June 1955	May 2012
July 1955	July 2012
August 1955	September 2012
September 1955	November 2012
October 1955	January 2013
November 1955	March 2013
December 1955	May 2013
January 1956	July 2013
February 1956	September 2013
March 1956	November 2013
April 1956	January 2014
May 1956	March 2014
June 1956	May 2014
July 1956	July 2014
August 1956	September 2014
September 1956	November 2014
October 1956	January 2015
November 1956	March 2015
December 1956	May 2015
January 1957	July 2015

Month and Year of Birth	New Retirement Date
February 1957	September 2015
March 1957	November 2015
April 1957	January 2016
May 1957	March 2016
June 1957	May 2016
July 1957	July 2016
August 1957	September 2016
September 1957	November 2016
October 1957	January 2017
November 1957	March 2017
December 1957	May 2017
January 1958	July 2017
February 1958	September 2017
March 1958	November 2017
April 1958	January 2018
May 1958	March 2018
June 1958	May 2018
July 1958	July 2018
August 1958 and thereafter	60 th birthday (1 August 2018 or later)

Phasing of Retirement Age
(with the Approval of the Relevant Service Commission)
from 50 to 55 years over the Period 2008 to 2018

Month and Year of Birth	New Retirement Date
July 1958	July 2008
August 1958	September 2008
September 1958	November 2008
October 1958	January 2009
November 1958	March 2009
December 1958	May 2009
January 1959	July 2009
February 1959	September 2009
March 1959	November 2009
April 1959	January 2010
May 1959	March 2010
June 1959	May 2010
July 1959	July 2010
August 1959	September 2010
September 1959	November 2010
October 1959	January 2011
November 1959	March 2011
December 1959	May 2011
January 1960	July 2011
February 1960	September 2011

Month and Year of Birth	New Retirement Date
March 1960	November 2011
April 1960	January 2012
May 1960	March 2012
June 1960	May 2012
July 1960	July 2012
August 1960	September 2012
September 1960	November 2012
October 1960	January 2013
November 1960	March 2013
December 1960	May 2013
January 1961	July 2013
February 1961	September 2013
March 1961	November 2013
April 1961	January 2014
May 1961	March 2014
June 1961	May 2014
July 1961	July 2014
August 1961	September 2014
September 1961	November 2014
October 1961	January 2015
November 1961	March 2015
December 1961	May 2015
January 1962	July 2015

Month and Year of Birth	New Retirement Date
February 1962	September 2015
March 1962	November 2015
April 1962	January 2016
May 1962	March 2016
June 1962	May 2016
July 1962	July 2016
August 1962	September 2016
September 1962	November 2016
October 1962	January 2017
November 1962	March 2017
December 1962	May 2017
January 1963	July 2017
February 1963	September 2017
March 1963	November 2017
April 1963	January 2018
May 1963	March 2018
June 1963	May 2018
July 1963	July 2018
August 1963 and thereafter	55 th birthday (1 August 2018 or later)
