



Financial Services Commission
Mauritius



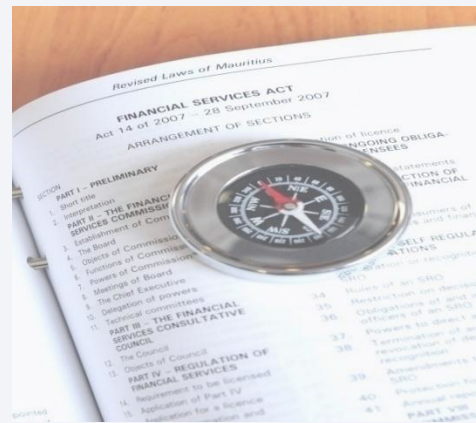
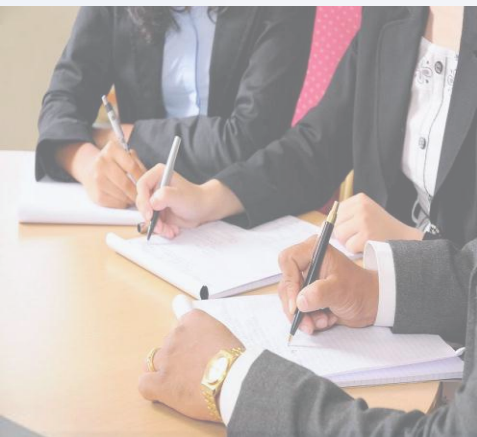
Pensions System In Mauritius & The Private Pension Schemes Act 2012

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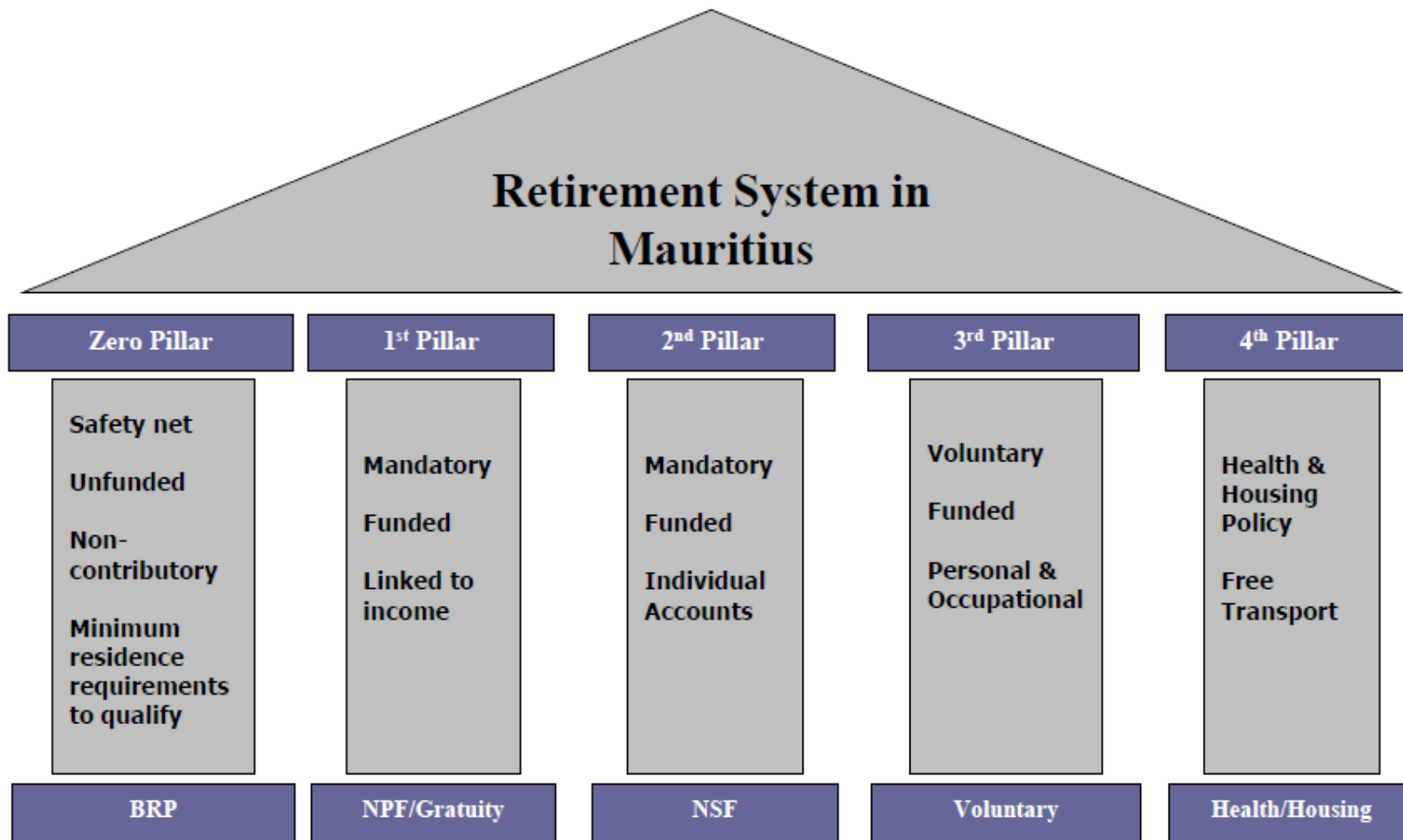
Surveillance Insurance & Pensions

4 November 2013



Retirement System In Mauritius

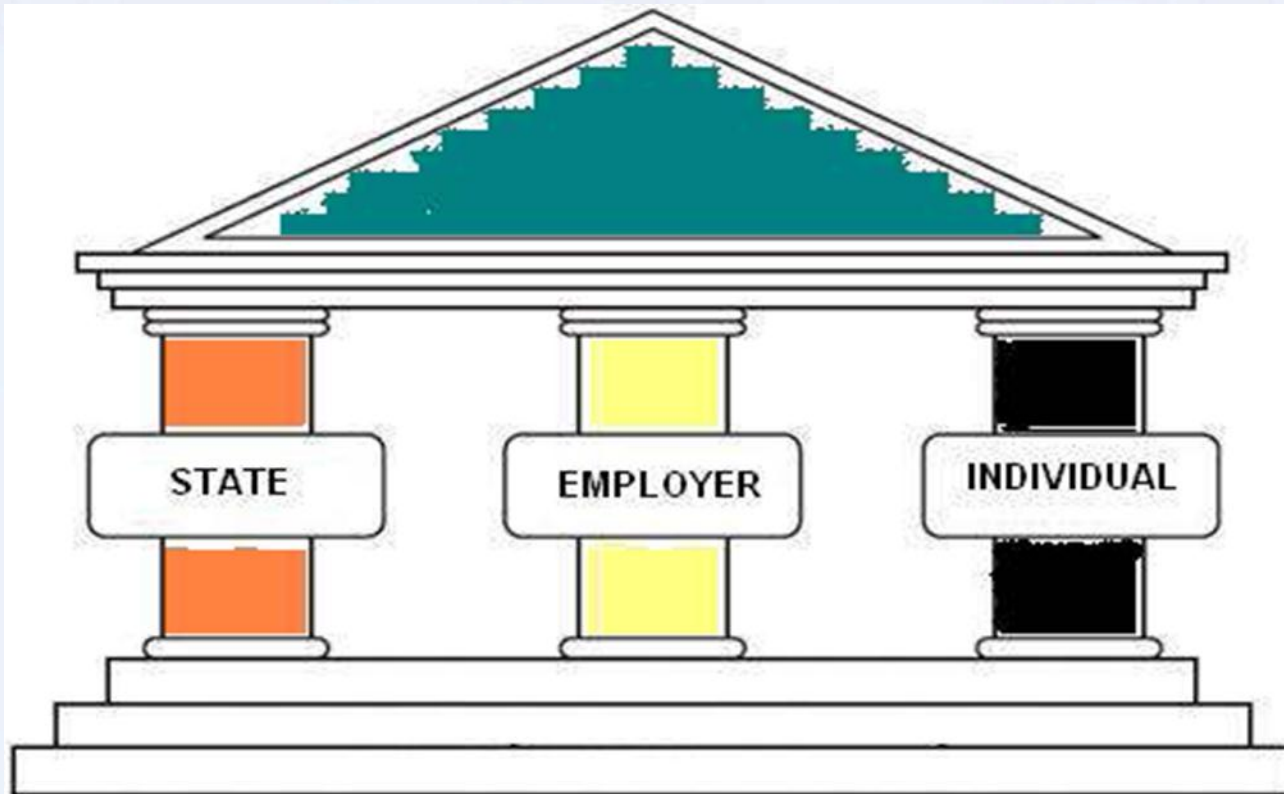
Multi-Pillar System



Legislative Evolution of Pensions

1. Pension Act 1952
2. Employees Superannuation Fund Act 1954 (repealed)
3. Sugar Industry Pension Fund Act 1955
4. National Pensions Act 1976
5. Local Authorities Act 1980
6. National Savings Fund Act 1995
7. Insurance Act 2005
8. Private Pension Scheme Act 2012

Pension Providers



The Private Pensions Industry In Mauritius

Fragmented framework

- The main law for pension schemes established by private companies was the *Employees Superannuation Fund Act (1954)*- [now repealed]
- Private occupational pension schemes contracting out to Insurance companies fell under the *Insurance Act 2005*
- Unfortunately, these two Acts do not cover:
 - fully the interests of members and beneficiaries ;
 - the fair, safe and efficient functioning of the private pensions industry

Fragmented framework

Set up of private pension schemes before 1st November 2012

Vehicle	Act	Governing Body
Insurance Company	Insurance Act 2005	Insurance Company
Trust	Trust Act 2001	Board of Trustees
Superannuation Fund	Employees Superannuation Fund Act 1954	Management Committee

- Private occupational pension schemes managed by insurance companies (on contractual basis) fell under the purview of the Insurance Act 2005.
- Rules of occupational pension scheme were required to be approved by Tax Commissioner [Regulation 5 of Income Tax Regulation 1996 - now revoked] in order to qualify for tax reliefs.
- Superannuation Funds were registered with the Registrar of Associations.

Regulatory gaps

There were no explicit requirements for:

- Maintaining a proper funding level to secure scheme benefits
- Ensuring the safe custody of pension assets
- Hiring qualified actuaries, auditors & custodians
- Imposing on actuaries & auditors the responsibility to inform the Regulator of any material breaches of regulations
- Submitting regular reports to the Regulator
- Pension schemes to undertake periodical actuarial reviews
- Investment rules & asset diversification
- Limiting self-investments in sponsoring employers

A background image showing a business meeting. Several people in professional attire are seated around a table, writing on documents with pens. The image is semi-transparent, allowing the text to be clearly visible.

The Private Pension Schemes Act 2012 ("PPSA")

PPSA – A new dimension

Following industry consultations at the drafting stage of the Act, the scope of the legislation has widened to include:

- A regulatory & supervisory framework for both private occupational & non-occupational pension schemes;
- Pension schemes to be either licensed or authorised;
- Self-administration of the pension scheme by the governing body (a common practice in the industry i.r.o. large schemes);
- Assets of the pension schemes to be managed by a wider range of financial business providers: insurers, investments advisers, asset managers or CIS managers (regulated & supervised under other Acts administered by the FSC); and
- Safe custody of pension assets by licensed custodians.

Objectives of PPSA

1. Maintain a fair, safe, stable, efficient private pension industry
2. Maintain the good repute of Mauritius as a sound financial centre through the effective regulation & supervision of the private pension industry
3. Promote confidence among stakeholders
4. Protection & fair treatment to members & beneficiaries
5. Consumer education
6. Combating financial crime

Main Features



FSC Rules under PPSA

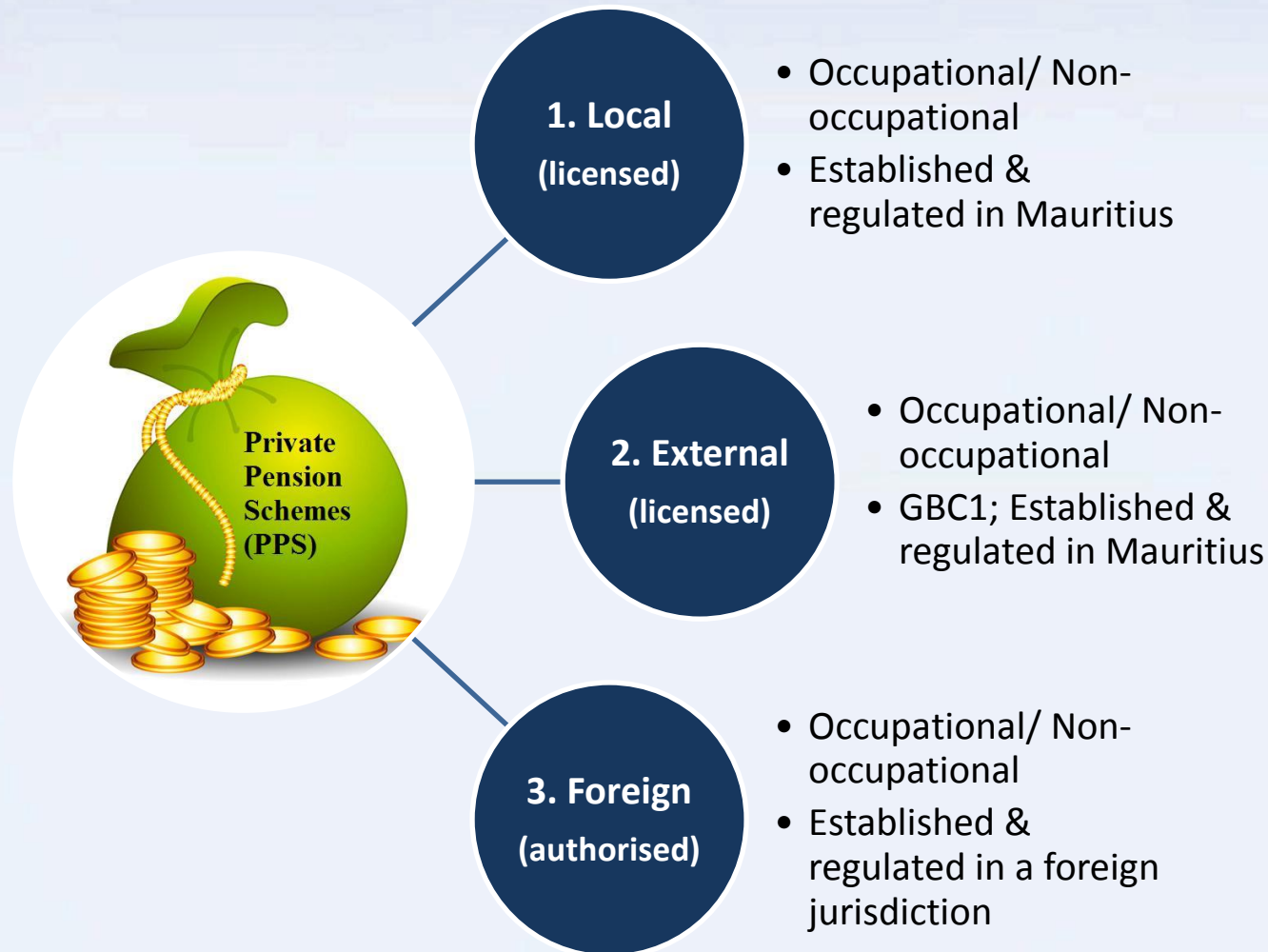
- Licensing and Authorisation (Operational since 1 Nov 2012)
- Governance (Operational since 1 Nov 2012)
- Disclosure (Operational since 1 Jan 2013)
- Investment (Upcoming)
- Technical provisions & underfunding (Upcoming)
- Appointment of the auditor & actuary (Drafting process)
- Schedules & Returns (Drafting process)
- Winding up
- Transfer, compromise or amalgamation
- Pension scheme administrator
- Provision in respect of DB & DC schemes
- General provisions of private pension schemes

International Principles & Guidelines

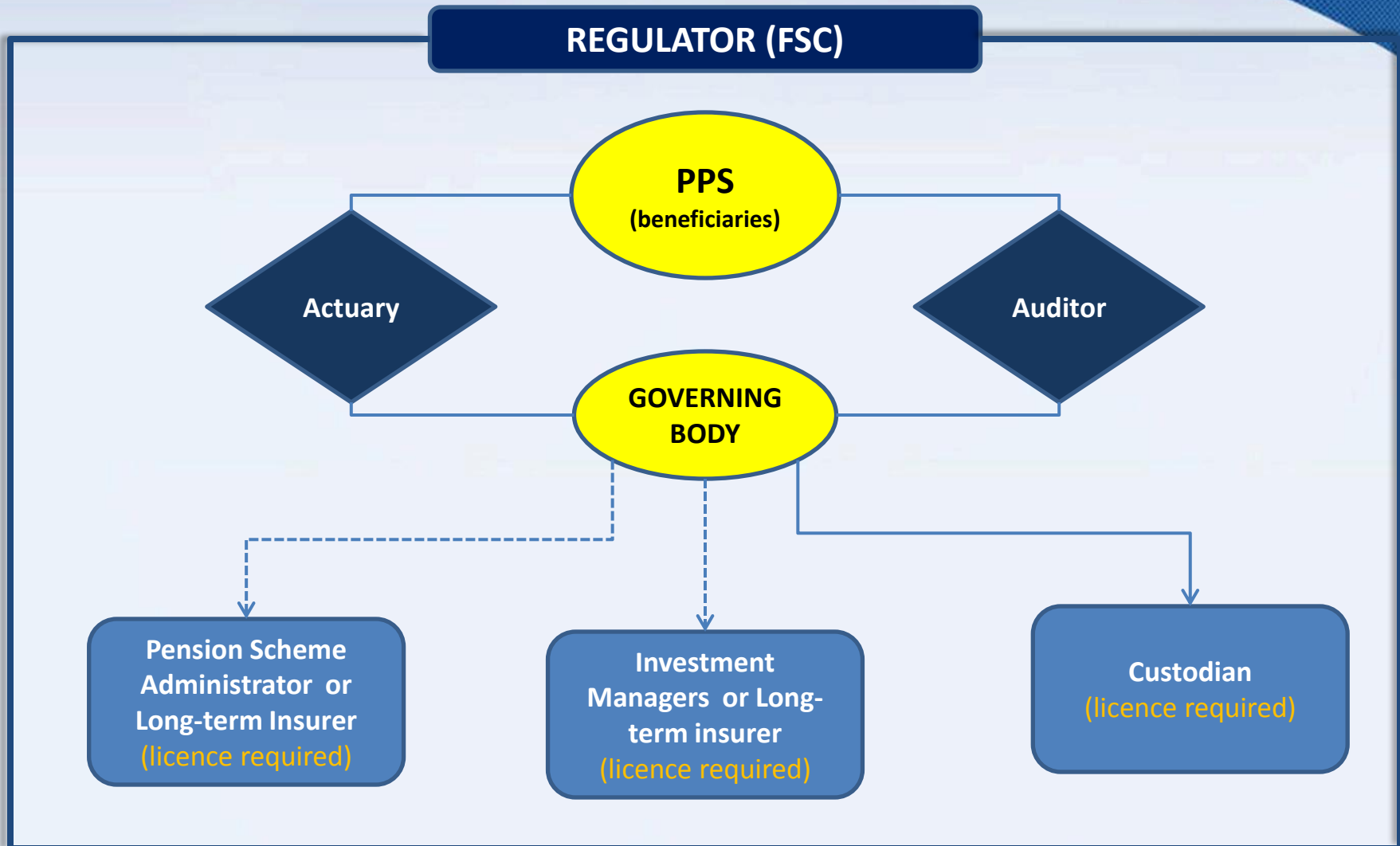
The PPSA (including operational FSC Rules) adheres to:

- IOPS Principles of Private Pension Supervision
- OECD/ IOPS Guidelines on the Licensing of Pension Entities
- OECD Core Principles of Occupational Pension Regulation
- OECD Guidelines for pension fund governance

Pension schemes under PPSA



Pension schemes stakeholders



Pension schemes NOT under PPSA

Pension Schemes set up under:

- National Pensions Act/ National Savings Fund Act
- Civil Service Family Protection Scheme Act
- Statutory Bodies Pension Fund Acts
- Sugar Industry Pension Fund Act
- Local Authorities (Pensions) Act
- Individual Pension Plans under the Insurance Act
- Registrar of Association Act

Benefits of PPSA to Jurisdiction

- The PPSA provides a comprehensive & modern regulatory & supervisory framework for the protection of members & beneficiaries of private pension schemes & soundness of the private pensions industry.
- It clearly designates the FSC as the Regulator of this industry.
- All providers of private pensions with a physical presence in Mauritius including overseas providers with an agent-based presence are covered by the Act.

Benefits of PPSA to Jurisdiction

The PPSA has addressed the regulatory gaps that prevailed prior to 1st November 2012:-

- fund governance;
- appropriate funding levels;
- asset segregation and safe custody;
- asset valuation and diversification;
- accounting, auditing and actuarial standards;
- whistle-blowing provisions;
- financial reporting;
- disclosure and transparency;
- off-site surveillance;
- on-site inspections;
- powers of intervention and remedial action.

Benefits of PPSA to Jurisdiction

- In supervising private pension schemes, FSC collaborates with governing bodies, auditors, actuaries and custodians to ensure that the schemes are properly administered and their assets properly managed. Hence, protecting the interests of members and beneficiaries.
- Effective regulation & supervision of the private pensions sector will promote confidence in the industry and encourage savings for retirement.

Conclusion

Overall objective of the new regulatory & supervisory framework for the private pensions industry is to ensure the security of members' benefits without overly burdening or discouraging the setting up of private pension schemes in Mauritius.

The FSC has a vital role for achieving this.

Any Questions



THANK YOU FOR YOUR KIND ATTENTION

Vision

“To be an internationally recognised Financial Supervisor committed to the sustained development of Mauritius as a sound and competitive Financial Services Centre”



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