Financial Services Commission
Mauritius
Pensions System In Mauritius & The Private Pension Schemes Act 2012

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Retirement System In Mauritius
Multi-Pillar System

Retirement System in Mauritius

Zero Pillar
- Safety net
- Unfunded
- Non-contributory
- Minimum residence requirements to qualify

1st Pillar
- Mandatory
- Funded
- Linked to income

2nd Pillar
- Mandatory
- Funded
- Individual Accounts

3rd Pillar
- Voluntary
- Funded
- Personal & Occupational

4th Pillar
- Health & Housing Policy
- Free Transport

BRP
NPF/Gratuity
NSF
Voluntary
Health/Housing
Legislative Evolution of Pensions

1. Pension Act 1952
2. Employees Superannuation Fund Act 1954 (repealed)
5. Local Authorities Act 1980
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main law for pension schemes established by private companies was the *Employees Superannuation Fund Act (1954)* - [now repealed]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
Set up of private pension schemes before 1\textsuperscript{st} November 2012

<table>
<thead>
<tr>
<th>Vehicle</th>
<th>Act</th>
<th>Governing Body</th>
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<tr>
<td>Insurance Company</td>
<td>Insurance Act 2005</td>
<td>Insurance Company</td>
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<tr>
<td>Trust</td>
<td>Trust Act 2001</td>
<td>Board of Trustees</td>
</tr>
<tr>
<td>Superannuation Fund</td>
<td>Employees Superannuation Fund Act 1954</td>
<td>Management Committee</td>
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- 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
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

Objectives of PPSA

1. Overall Compliance with International Standards (IOPS/OECD)
2. Good governance & business friendly approach
3. Licensing requirements for private pension schemes
4. Risk Based Supervision
5. Disclosure requirements among stakeholders
6. Enforcement with prudential requirements
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

1. Local (licensed)
   • Occupational/ Non-occupational
   • Established & regulated in Mauritius

2. External (licensed)
   • Occupational/ Non-occupational
   • GBC1; Established & regulated in Mauritius

3. Foreign (authorised)
   • Occupational/ Non-occupational
   • Established & regulated in a foreign jurisdiction
Pension schemes stakeholders

REGULATOR (FSC)

PPS
(beneficiaries)

Actuary

Auditor

GOVERNING BODY

Pension Scheme Administrator or Long-term Insurer (licence required)

Investment Managers or Long-term insurer (licence required)

Custodian (licence required)
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 1\textsuperscript{st} 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”