



IOPS Member country or territory pension system profile:

TANZANIA

Report¹ issued on December 2011, validated by the Social Security Regulatory Authority of Tanzania
(SSRA)

¹ *This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.*

TANZANIA



DEMOGRAPHICS AND MACROECONOMICS

Total Population (million)	44.8
Percentage 65 or older	3.1
Dependency Ratio (a)	91.8
Life Expectancy at Birth (years) for Men	58.2
Life Expectancy at Birth (years) for Women	60.3
Labour Force (million) ¹	22.15
Statutory Pensionable Age – Men	60
Statutory Pensionable Age – Women	60
Early pensionable age – Men	55
Early pensionable age – Women	55
GDP per capita (USD)	1426

Sources see the Reference information section

COUNTRY PENSION DESIGN

STRUCTURE OF THE PENSION SYSTEM

Public pensions (mandatory)

- National Social Security Fund (NSSF)
- Public Service Pension Fund (PSPF)
- Governmental Employees Provident Fund (GEPF)
- Local Authorities Pensions Fund (LAPF)
- Parastatal Pension Fund (PPF)

Source: OECD/IOPS Global Pension Statistic

TANZANIA: PENSION SYSTEM'S KEY CHARACTERISTICS

PUBLIC PENSION

1. Overview

The total effective labour force in Tanzania mainland is estimated at 20.6² million people, of which 5.4 per cent are covered by the existing social security schemes. Approximately 77 percent of the labour force is employed in the traditional agriculture sector, 9.3 percent in the informal sector, 2.4 percent in the government, 3.5 percent are domestic workers, 0.4 percent are employed in the parastatal sector and 8 percent in other sectors. The total number of contributing members is about 913,799 (2011).

Currently there are six formal institutions providing social security services which include pension and social health insurance in Tanzania mainland: Public Service Pensions Fund (PSPF), covering central government employees under permanent and pensionable terms; Parastatal Pension Fund (PPF) for employees of parastatal institutions; Local Authorities' Pensions Fund (LAPF) covering local government employees; one provident fund - Government Employees Provident Fund (GEPF) covering government operational employees under non-pensionable employment terms, National Social Security Fund (NSSF) covering government employees under non-pensionable employment terms, private sector employees, parastatals employees and self-employed persons and the National Health Fund.

With the exception of the GEPF, all pension schemes are operating on pay-as-you-go defined benefit basis.

Under the current system, the Provident Funds continue to operate for insured persons who leave employment before retirement age and who remain out of work for at least six months.

2. Coverage

Workers in the private sector (except in private companies covered by the parastatal special system), organized groups (such as cooperative members) in the formal sector, and public employees and self-employed persons not covered under the parastatal special system.

Special contributory systems exist for employees of parastatal organizations; self-employed persons, including informal-sector workers; workers who start new employment after age 46; expatriates contributing in their country of residence; persons with seasonal income; and local authority employees.

In addition, special non-contributory systems are set for armed forces personnel and political leaders.

Voluntary coverage is also available.

Household workers are not covered by social security arrangements.

3. Contributions

Insured persons (depending on their affiliation) are contributing 10 per cent of basic salary to the NSSF, 5 per cent to the PSPF, LAPF and 10 per cent of gross earnings are contributed to the PPF.

Voluntary contributors may pay 20 per cent of declared income but no less than 20% of the legal minimum wage.

² Analytical Report for Integrated Labour Force Survey, Tanzania, 2006

The legal monthly minimum wage depends with the sector minimum wage and varies.

The insured person's contributions (including self-employed) also finance other social benefits (cash maternity benefits, medical benefits, funeral grants, and work injury benefits with NSSF and LAPF).

Self-employed persons in NSSF contribute 20 per cent of declared income but no less than 20 per cent of the legal minimum wage.

The employer's contributions also finance cash maternity benefits, medical benefits, funeral grants, and work injury benefits.

Government: None; contributes as an employer.

4. Benefits

Old-age pension is paid at age 60 with at least 180 months of contributions (for NSSF, LAPF and PSPF funds) and 120 months (for the PPF); and at any age if permanently emigrating. Covered employment must cease.

Retirement benefits (form of payment): Retirement benefits are paid in two forms: as a lump sum (commuted pension) and a monthly pension. For a person to be eligible for pension and lump sum he/she must attain statutory retirement age (60 years compulsory, 55-59 voluntary) and make at least minimum number of monthly contributions (120 contributions for PPF and 180 contributions for other schemes). Those who do not meet the named conditions receive lump sum payment only.

Insured persons who were within 14 years of the pensionable age in July 1998 and who have fewer than 180 months of contributions at age 60 may receive a basic pension, as determined by the Director General of the National Social Security Fund.

Early pension is paid at age 55 with at least 180 months of contributions.

Deferred pension: A deferred pension is possible. There is no maximum deferral period.

Previous contributions made to the National Provident Fund (now known as National Social Security Fund NSSF) are converted into contribution credits.

Minimum benefits represent 80 per cent of the legal monthly minimum wage.

Under the PSPF, the pension benefits can be adjusted on the discretion by the Minister when deemed necessary. Under the law, these pension benefits can be adjusted by the Minister for Finance upon receipt of written intention from the President to do so and in consultation with Retirement Benefit Committee (approval from the National Assembly is also required).

Old-age benefits are not payable abroad.

Disability and survivors pensions are also available.

5. Administration:

Ministry of Labour and Employment

PRIVATE PENSION OCCUPATIONAL (MANDATORY)

N/A

PRIVATE PERSONAL (VOLUNTARY)

N/A

Not in place; however one of the schemes (GEPF) has started to provide personal private pension products. (Extract details will be provided at a later stage).

REFERENCE INFORMATION

- Key Legislation

2008: Social Security (Regulatory) Act No 8 of 2008; aimed to harmonise the social security sector, by sorting out the current legal and regulatory framework which is highly fragmented. All the six social security schemes currently in operation have been established by different Acts of Parliament and they all report to different Ministries. The Social Security (Regulatory) Act of 2008 establishes a regulatory body (SSRA) for social security sector and provides for matters related to regulation of the social security sector, among other things;

2006: Local Authorities Pension Fund (LAPF) Act N°9, established and governs the operation of the LAPF;

2001: Parastatal Pension Fund (PPF) Act (Amendment); amended the principal legislation on parastatal pension provision. The amendments, covering the participation of private sector employees and self-employed individuals in PPF, mainly aimed to establish flexibility in setting contribution rate, criminalize failure to remit contributions and provide for legal proceedings and penalties thereof, amend functions of the governing board to include private sector representatives, change retirement age from fifty to fifty five, setting annual pensionable emolument and provide for withdrawal of benefits;

1999: Public Service Retirement Benefit Act N°2; established and governs the operation of the Public Service Pension Fund (PSPF);

1997: National Social Security Fund (NSSF) Act N° 28; established the National Social Security Fund and provides for its constitution, administration and other matters related to the Fund;

1978: Parastatal Pensions Act; established and governs the operation of the parastatal pension fund (PPF);

1964: National Provident Fund (NPF) Act No 36; established a national provident fund to provide for contributions by all employed people to and the payment of benefits out of the Fund and for matters connected therewith and incidental thereto. The NPF was later converted into NSSF in 1997;

1964: The Provident Fund Act, No 7 to amend the Provident Fund (Government Employees) Ordinance of 1942. The main amendments were in relation to: deleting some words in section four related to salary caps, adding subsection four in section five of the ordinance introducing the title of “accounting officer” to mean Permanent Secretary of a Ministry or a Head of an independent Department in the government;

1942: Provident Fund (Government employees) Ordinance (GEPF); established and governs the operation of the GEPF

- Key supervisory authorities

Ministry of Labour and Employment, provides general supervision over National Social Security Fund (NSSF) (<http://www.tanzania.go.tz/labour.htm>);

Social Security Regulatory Authority (SSRA), supervises and regulates the performance of social security sector in Tanzania Mainland including but not limited to supervising operations of GEPF, PPF, PSPF, NSSF, LAPF and NHIF (<http://www.ssra.go.tz>);

Bank of Tanzania, supervises all financial institutions in Tanzania and has also been vested with the powers to provide oversight on investment issues of the pension sector, working in consultation with SSRA. (<http://www.bot.go.tz>);

Ministry of Finance supervises the operations of the GEPF, the PPF and the PSPF (<http://www.mof.go.tz>);

Prime Minister's Office in charge of the Regional Authorities and Local Governments supervises the operation of the LAPF (<http://www.lapftz.org>).

Sources:

Sources for Demographic and Macroeconomic data, page 2 of the report:

SOURCES: United Nations Population Division, Department of Economic and Social Affairs. World Population Prospects: The 2010 Revision Population Database, available at http://esa.un.org/unpd/wpp/unpp/panel_indicators.htm (2011); United Nations Development Programme. International Human Development Indicators (2010), available at <http://hdrstats.undp.org/en/tables/default.html> (2011); U.S. Central Intelligence Agency. The World Fact book, 2011 (Washington D.C.: Central Intelligence Agency, 2011).

NOTES: Information on statutory and pensionable ages is taken from the country summaries in this volume.

GDP = gross domestic product.

- a. Population aged 14 or younger plus population aged 65 or older, divided by population aged 15-64.
- b. General early pensionable age only; excludes early pensionable ages for specific groups of employees.
- c. The country has no early pensionable age, has one only for specific groups, or information is not available.
- d. Pensionable age varies depending on type of employment.
- e. Early pension at any age with a minimum contribution period.
- f. The statutory old-age pension system has yet to be implemented.

Additional sources: Sources National Bureau of Statistics (NBS), 2011; Sources: Schemes' Acts, 2011.

TABLES

Data to be provided for the past five years

1. Private Pension plans

2. Pension funds data overview:

- Total assets (million national currency), Net assets refers to Funds total resources less short term obligations (Total Assets - Current Liabilities)

Year/Fund	LAPF	PPF	PSPF
2009/2010	362	722	727
2008/2009	272	625	713
2007/2008	216	499	570
2006/2007	179	391	492
2005/2006	151	317	492

The LAPF and PSPF data sets are as at end of June of respect year. PPF data is as at end of December for respective year.

- Total assets as % of GDP: N/A

By financing vehicle as a % of Total assets: N/A

- Pension funds
- Book reserves
- Pension insurance contracts
- Other financial vehicles

Occupational assets: N/A

- % of DB assets
- %of DC assets

Personal assets

Structure of assets: Year 2010 (billions national currency)

- Cash and deposits: 721.54
- Bills and bonds issued by public and private sectors: 594.04
- Shares

- Loans: 773.08
- Buildings: 353.38
- Private Investment funds
- Other investments

Total contributions as % of GDP: N/A

Total benefits as % of GDP: N/A

Of them paid as lump sums

as pensions

Total number of pension funds: 6

N/A – data not available