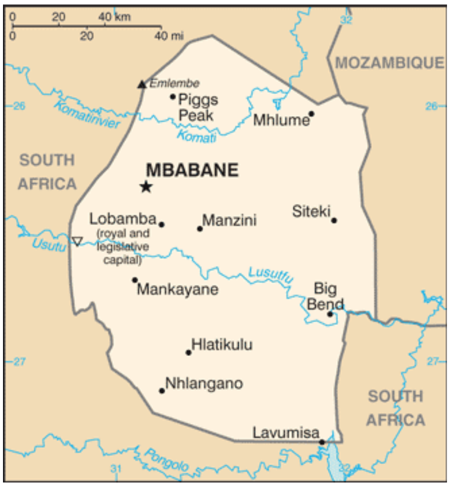
IOPS Member country or territory pension system profile:

KINGDOM OF SWAZILAND

Report[1] issued on September 2011, validated by the Registrar of Insurance & Retirement Funds of the Kingdom of Swaziland

[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.*

Swaziland



Demographics and Macroeconomics

GDP per capita (USD)	*3,900*
Total Population (000s)	*1,068*
Life Expectancy at Birth (years) for Men	*43.2*
Life Expectancy at Birth (years) for Women	*47.3*
Labour Force (000s)	*327*
Percentage 65 or older	*3.5*
Dependency Ratio[1]	*69.6*
Statutory Pensionable Age - Men	*NA*
Statutory Pensionable Age - Women	*NA*

Data from 2007 or latest available year.
1. Population aged 14 or younger plus population aged over 65 or older, divided by population aged 15-64.
Source: Central Statistics Office, Kingdom of Swaziland
NA: not applicable

Country Pension Design

Structure of the Pension System

Public pensions

- Means-tested old age pension: non-contributory, fully financed by the national treasury
- Public Service Pension Fund (PSPF), operating on DB basis
- Members of Parliament and Designated Office Bearers Pension Fund (MOPADO), operating on DB basis
- Swaziland National Provident Fund (SNPF), privately managed DC occupational pension scheme for public and private sector employees

Private pensions: occupational (voluntary)

- DB and DC pension plans mostly established by employers in the private sector and quasi governmental institutions

Private pensions: personal (voluntary)

- Retirement annuities offered by insurance companies

Source: OECD/IOPS Global Pension Statistic

THE KINGDOM OF SWAZILAND: THE PENSION SYSTEM'S KEY CHARACTERISTICS

PUBLIC PENSION[2]

Old-age pension:

In October 2005, the Government of the Kingdom of Swaziland introduced the Old-Age Social Grant system. This is a state funded system wherein members are entitled to benefit when they have reached the age of sixty and they are not pensionable. Payment is made in 3 months intervals and currently they are paid E200.00 (US$29.0677) through their constituencies known as Tinkhundla Centres. This system is funded through taxes; beneficiaries do not make any contributions towards this benefit.

Public pension schemes:

Swaziland has three mandatory schemes, e.g. the Public Service Pension Fund (PSPF), the Members of Parliament and Designated Office Bearers Pension Fund (MOPADO) and the Swaziland National Provident Fund (SNPF). These are statutory schemes, financed on a pay as you go basis and they are self-administrated. Both the employer and employee are obligated by statute to contribute into the fund.

The SNPF was established for and on behalf of employees in formal employment, including temporal government employees. Membership of this fund excludes permanent government employees (civil servants) who only contribute towards the Public Service Pension Fund (PSPF), the latter is therefore meant for civil servants. The MOPADO was established for the members of Parliament and designated office bearers, e.g. Regional Administrators.

The SNPF and the PSPF are the two largest funds in Swaziland both in terms of membership and assets.

Coverage

Membership in the PSPF, MOPADO and SNPF is mandatory for employees and their employers.

Contributions

- Members' contributions:

  The SNPF Order stipulates that member contributions will be equal to the employer's contributions. Currently members' contributions stand at E70.00 (US$10.20) monthly. Members of the PSPF contribute at a rate of 5% of the pensionable salary. Under the MOPADO, members contribute 15% of the pensionable salary.

- Employers' contributions:

  The employer under the SNPF contributes E70.00 (US$10.20) whilst the employer under PSPF contributes 15% of the member's pensionable salary. The MOPADO employer contributes 35.75% of the members' pensionable salary.

- State participation:

  There is no state participation under SNPF. Under the PSPF and the MOPADO the state participates in its capacity as the employer.

Benefits

[2] Public pensions refer to both pension and provident type funds.

The SNPF Order entitles a member to claim benefits upon reaching the age of 45 or 50 years which is referred to as the official age upon which the member can withdraw benefits from the scheme. The SNPF is a provident fund and payment is computed as a lump sum.

Under the PSPF Order, members are entitled to full benefits once a member has had 10 or more years of continuous service. At retirement, a member is entitled to a lump sum not exceeding 1/3 of the pension which is tax exempt and the remaining 2/3 is payable as annuity and is subject to tax regulation. Other benefits offered by the fund are disability and death benefits. In the PSPF, early retirement is allowed at 45 age old.

Under the MOPADO, other than pension, a member is entitled to death benefits.

Taxation

For provident funds, members' contributions are tax deductible on a monthly basis while under a pension fund, contributions are not taxed. Up to 1/3 of the members lump sum pension benefit may be tax exempt, the remaining 2/3 paid as an annuity, is taxed monthly depending on how much the pensioner is receiving whereas, benefits are tax exempt under a provident fund. Investment income is subject to tax for pension fund schemes. (similar tax regime applies to voluntary occupational and personal pension plans).

OCCUPATIONAL VOLUNTARY

Around 88% of the funds in Swaziland are DC funds and a majority of these funds belong to employers in the private sector. Most funds are small and are administered by external administrators. Since the inception of the Office of the Registrar of Insurance and Retirement Funds in Swaziland, there has been a substantial growth in the demand and number of umbrella funds being established due to the fact that a number of funds are small in terms of membership and assets.

Coverage

Employees of the private sector and quasi government institutions can be covered by voluntary occupational private pension arrangements.

Employers normally initiate the establishment of a retirement fund. If the employer has established a pension fund or a provident fund, the rules of the fund stipulates who is eligible to join the fund. Employees can also set up a fund in the event the employer has not established one and the employer is not obligated to contribute into the fund.

Contributions

Contribution rates (of employer and/or employees) are set under the rules governing pension/provident plans. Additional voluntary contributions may be allowed, subject to the rules of the fund.

Benefits

Pension schemes can be a defined benefit (DB) or defined contribution (DC). Members of the provident funds receive a 100 per cent lump sum payout at retirement, while members of pension funds receive a maximum of 1/3 of the lump sum and the balance is paid as annuities. For pension funds, there is an option not to commute the 1/3 but calculate the annuity based on 100 per cent of the benefit due to the member.

Fees

No legal limits on fees to be charged by pension fund managers or other service providers apply. There are no legal requirements for the supervisory authority to approve these fees.

Taxation

Similar taxation rules apply to both public and private pension funds (see taxation section above).

PERSONAL VOLUNTARY

Coverage

In Swaziland, retirement annuities, offered by insurance companies, may be taken on a voluntary basis by any person in order to supplement retirement benefits offered under other pension schemes. There are no restrictions on membership.

Contributions

The contributions vary on the type of policy chosen and the amount contributed towards retirement annuity plans.

Benefits

Retirement annuities benefits depend on the contributions made by the policyholder. Policyholder can access retirement benefits from the age of 55 years. In the event of death of the policyholder, beneficiaries may be entitled to the annuities payable to surviving spouse and or orphaned children.

Fees

Idem section on fees above.

Taxation

Similar taxation rules apply to both public and private pension funds.

REFERENCE INFORMATION

KEY LEGISLATION

1974: the Swaziland National Provident Fund Order N°23, established the Swaziland National Provident Fund;

1993: The Public Service Pension Fund Order, established the Public Service Pension Fund;

1993: The Members of Parliament and Designated Office Bearers Pension Fund Order (MOPADO), amended in 2002, established Members of Parliament and Designated Office Bearers Pension Fund;

2005: The Retirement Funds Act, regulates the operation and supervision of all retirement funds [statutory, private occupational or voluntary pension schemes] in Swaziland.

KEY REGULATORY AND SUPERVISORY AUTHORITIES

The Registrar of Insurance and Retirement Funds, regulates the insurance and pension funds industry.

http://www.rirf.co.sz

TABLES

Data to be provided for the past two years[1]

1. Private Pension plans

2. Pension funds data overview:

- *Total assets* (bn national currency)
- Total assets as % of GDP

Year	2009	2010
Total Assets (bn national currency)	11.183	12.727
Total Assets as % of GDP	41.31	50.92

By financing vehicle as of Total assets

- Pension funds: data not available
- Book reserves: data not available
- Pension insurance contracts: data not available
- Other financial vehicles: data not available

Occupational assets

- % of DB assets: data not available
- %of DC assets: data not available

Personal assets: data not available

Structure of assets (as of total assets):

Years	2009	2010
Cash and deposits	21.03	29.80
Bills and bonds issued by public and private sectors	8.92	15.06
Shares	51.61	44.19
Loans	ND	ND
Building	2.84	2.49
Private investment funds	NA	NA
Other investments	15.60	8.45

NA: data not available

Contributions/benefits:

Years	2009	2010
Total contributions as % of GDP	3.4	3.75
Total benefits as a % of GDP	2.38	2.63
Of them paid as lump sum	67.13	61.70
Paid as pensions	42.87	38.30

Total number of pension funds

Years	2008	2009	2010
Total number of pension funds	3	33	53

Note 1: The Office of the Registrar of Insurance and Retirement Funds started operating from 2006. The data was collected as from 2007.
Source: The Registrar of Insurance and Retirement Funds