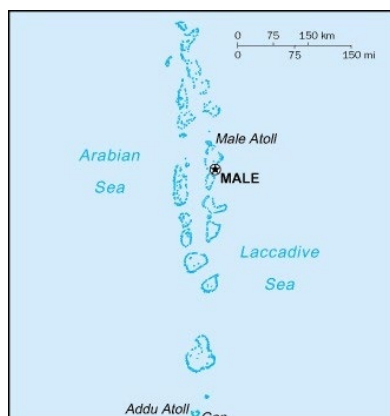


IOPS COUNTRY PROFILE: MALDIVES



DEMOGRAPHICS AND MACROECONOMICS

GDP per capita (USD) ^a	11,069
Population (000s) ^b	515
Labour force (000s) ^c	260
Employment rate ^d	95.10%
Population over 65 (%) ^b	5.00%
Dependency ^e ratio ¹	7.25%

Source:

1. Ratio of over 65-year-olds / labour force.

MALDIVES: COUNTRY PENSION DESIGN

STRUCTURE OF THE PENSION SYSTEM

Public pensions : Voluntary Occupational Scheme

• Basic Pension Scheme

- Defined Benefit plan, Unfunded pension plan
- Under Basic Pension (DB Scheme), all Maldivian citizens, that reside in the Maldives, who are 65 years or older and who are not in full-time care of the state or incarcerated upon conviction are eligible to MVR5,000 as long as one does not receive an amount equal to or greater than MVR10,000 under MRPS or MVR5,000 under any state-funded scheme

• Other pension scheme

- Defined Benefit plan, Unfunded pension plan
- Under a Memorandum of Understanding (MOU) executed between the Pension Office and Ministry of Finance (MoF), Pension Office serves as the central agency for the disbursement of various state funded pensions and benefits to retirees since April 2011

• Senior Citizen Allowance

- Those pensioners receiving less than MVR5,000 is given the balance amount to reach MVR5,000 under this scheme and discontinued in March 2019

Private pensions : Occupational Mandatory Schemes

• Maldives Retirement pension scheme (MRPS)

- Occupational mandatory scheme
- Often referred as MRPS, it is a DC scheme
- Is a contributory pension scheme funded through contributions from employees and employers each contribute 7% (total 14%) of the employees basic salary
- Participation is mandatory for all the employers and local employees between 16-65 years.
- Foreign employees can participate in MRPS if the employer is also willing to contribute to the foreign employee
- Self-employed Maldivians can participate voluntarily

^a GDP estimate from Maldives Monetary Authority [Real GDP per capita \(USD\)](#) and population figure from footnote **b**

^b Maldives Bureau of Statistics (2023). [Maldives Population and Housing Census 2022 – Provisional Results Summary](#).

^c World Bank. Labour Force, Total – Maldives (<https://data.worldbank.org/indicator/SL.TLF.TOTL.IN?locations=MV>)

^d Based on World Bank data on Employment (<https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=MV>). Latest available data is for 2022.

^e [5% of the population is above 65 and 69% of the population are 15-64 years.](#)

MALDIVES: THE PENSION SYSTEM'S KEY CHARACTERISTICS

INTRODUCTION

The current pension system was introduced through the Maldives Pension Act (8/2009). Prior to 2009, only government employees were eligible for pension. To be eligible to government pension, 20 years of consecutive service to the government is a condition. Those who served for 20 consecutive years were eligible to receive 50% of their final salary (at the time their 20th year of service was completed) for life. Similarly, those who went on to serve for 40 years received 100% of their final salary for life.

The Maldives Pension Act (8/2009) introduced an unfunded (supported by state budget) basic pension of MVR2,000 per month (currently set at MVR5,000 per month) for all the citizens who are above 65 years of age, regardless of the sector they worked for^f. Additionally, the Maldives Retirement Pension Scheme (MRPS) that was introduced with the legislation is a fully funded defined contribution (DC) scheme. Employer and employees are both expected to contribute 7% of basic salary of each employee (totalling 14%). MRPS fund is invested and members are eligible for retirement at the age of 65 years old with the possibility of early retirement at the age of 55 years old.^g

PUBLIC PENSION

Basic Pension of MVR5,000 is paid for citizens who are 65 years of age or older as long as they do not receive at least MVR5,000 from any other government funded pension scheme or an equivalent of twice the basic pension from MRPS.

OCCUPATIONAL MANDATORY PRIVATE PENSIONS

Coverage

Scheme: Maldives Retirement Pension Scheme (MRPS)

Pension contribution is mandatory for all Maldivian citizens who are employees. The participation of self-employed and expatriates in the scheme are optional.

Contributions

Both employer and employee are required to contribute a minimum of 7% of pensionable wage of employee every month towards pension (a total of 14%). Such contributions to the scheme are made by employees aged 16 to 65. No contributions are made for employees who are more than 65 years of age. Although the requirement is to contribute equally, employers could choose to pay full 14% in contribution.

Benefits

Contributed funds to Retirement Savings Account (RSA) is invested and the members are entitled to receive pension benefits when they reach the age of 65. Early retirement is possible at 55 years of age for those who are eligible. Other benefits include:

Housing collateralisation Scheme

^f Those who are receiving > MVR10,000 from MRPS or those receiving > MVR5,000 from other pension schemes are ineligible for basic pension scheme.

^g Provided that the balance in RSA is sufficient to cover basic pension based on life expectancy at early retirement.

Members of MRPS are eligible to use pension fund as a collateral to obtain loans for purchasing houses that are sold in the open market. The collateralisable amount is age dependent.

Table 1: Housing Collateralisation Scheme - Age Specific Limits on Collateralisation

Age group	Collateralisable proportion
16-35	100%
36-49	80%
50-60	50%

Hajj Scheme

Members whose RSA balance is at least MVR336,000 (USD 21,790) are eligible for Hajj so long as they have not yet fulfilled the obligatory Hajj. The members are eligible to withdraw 80% of the officially quoted price for Hajj by Maldivian authorities. Currently, the quoted price is MVR69,965 and eligible members could withdraw MVR55,972 (USD 3,630) or roughly 16.66% of RSA compared to the balance at the time of eligibility.

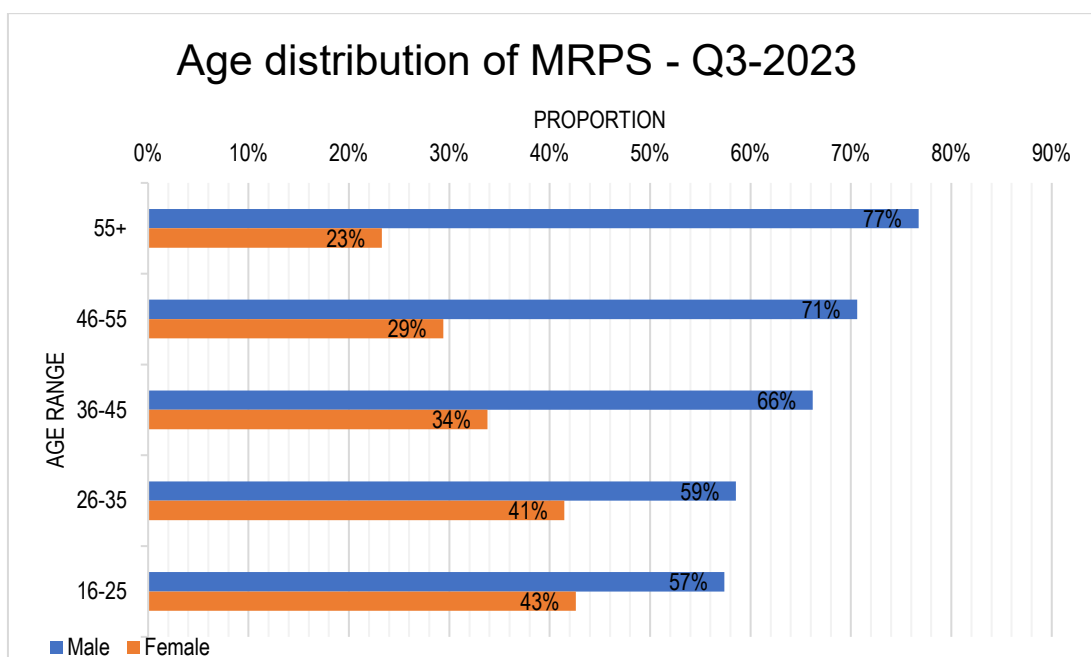
Taxation

All the contribution to pension are tax-free.

MARKET INFORMATION

As of 30th September 2023, there were 180,556 members in the MRPS including 6,785 expatriates. The fund is currently estimated to be worth MVR21.31 billion (USD 1.38 billion using exchange rate of 1USD = MVR15.42). Of the members, 65% are male and 35% are female. Although the disparity is huge, the gap is closing within present generation as can be seen from the narrowing gap of bars in [Figure 1](#).

Figure 1 Age Distribution of MRPS Membership



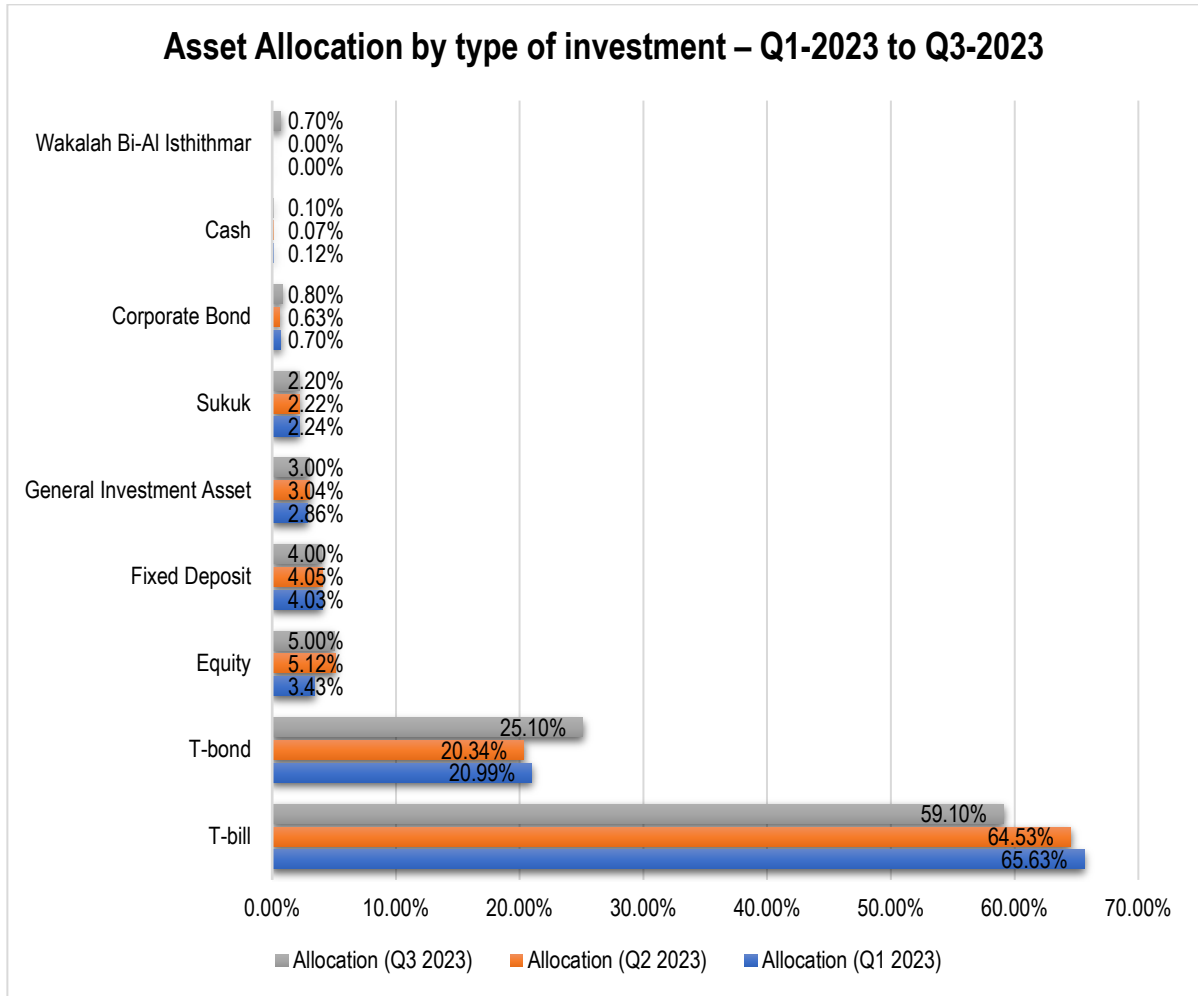
The level of participation has remained consistent since the inception of the scheme. The total value of MRPS has increased by more than MVR1.75 billion over the past 12 months. This indicates an annual increment of MRPS by 8.95%.

Table 2: MRPS Membership and Changes in Value Q1-2022 – Q3-2023

Quarter	Members	MRPS (MVR Bn)	Employers	Members % change	MRPS Value % change	Employers % change
Q1-2022	168,268	17.90	14,847	1.40%	2.87%	11.31%
Q2-2022	170,449	18.45	16,269	1.30%	3.07%	9.58%
Q3-2022	172,326	19.00	17,650	1.10%	2.98%	8.49%
Q4-2022	174,423	19.56	19,391	1.22%	2.95%	9.86%
Q1-2023	176,759	20.14	20,941	1.34%	2.97%	7.99%
Q2-2023	178,733	20.74	22,536	1.12%	2.97%	7.62%
Q3-2023	180,556	21.31	24,223	1.02%	2.67%	7.49%

As a result of restricted range of financial instruments and ongoing development of legal frameworks for investment along with the developing capital market, the majority of the fund is invested in government securities.

Figure 2 Asset Allocation – Q1 2023 and Q3 2023



RECENT REFORM

- 2023: [Statement of Investment Principles \(SOIP\)](#) – revised
- 2023: [Strategic Asset Allocation \(SAA\) policy](#) – revised
- 2023: [Governance Code of Pension Office](#)
- 2023 : [Policy on Valuation of Securities](#)
- 2022: [Guidelines on Shortlisting Candidates to the Board of Maldives Pension Administration Office](#) (13th April 2022)
- 2021: [Regulation on Determining Pensionable Wage \(2021/R-27, 25th February 2021\)](#)
- 2018: Administrative fee (levied by Maldives Pension Administration Office) was reduced from 80 basis points to 60 basis points.

REFERENCE INFORMATION

KEY LEGISLATION

- [Regulation on Determining Pensionable Wage \(2021/R-27, 25th February 2021\)](#)

<https://pension.gov.mv/storage/1106/bOreIOBXsb8n9TtnZwGc0WM2cGsJxAxSb1phcE13.pdf>

- [Maldives Pension Act \(8/2009\)](#) – last revised on: 5th August 2019

<https://pension.gov.mv/storage/1111/ABRhbFO4gJBZrA2be4KF2oZDAhesgXf9JGwBwEFD.pdf>

- [Regulation on collateralization of accumulated Savings in the Pension Fund for Home Purchase Financing \(2016/R-50\)](#)

<https://pension.gov.mv/storage/1098/Hwn2Kb4Q1lxX5S0R5CZuy10MEP8IKzmWHzMvXFK8.pdf>

- [Regulation for utilizing RSA funds for Hajj \(2019/R-1032\)](#)

<https://pension.gov.mv/storage/1100/hD3SoEt001kAOJEBRMs7S6GXSGW7f9Xz5CvqNYUL.pdf>

KEY REGULATORY AND SUPERVISORY AUTHORITIES

Capital Market Development Authority

<https://www.cmda.gov.mv/>

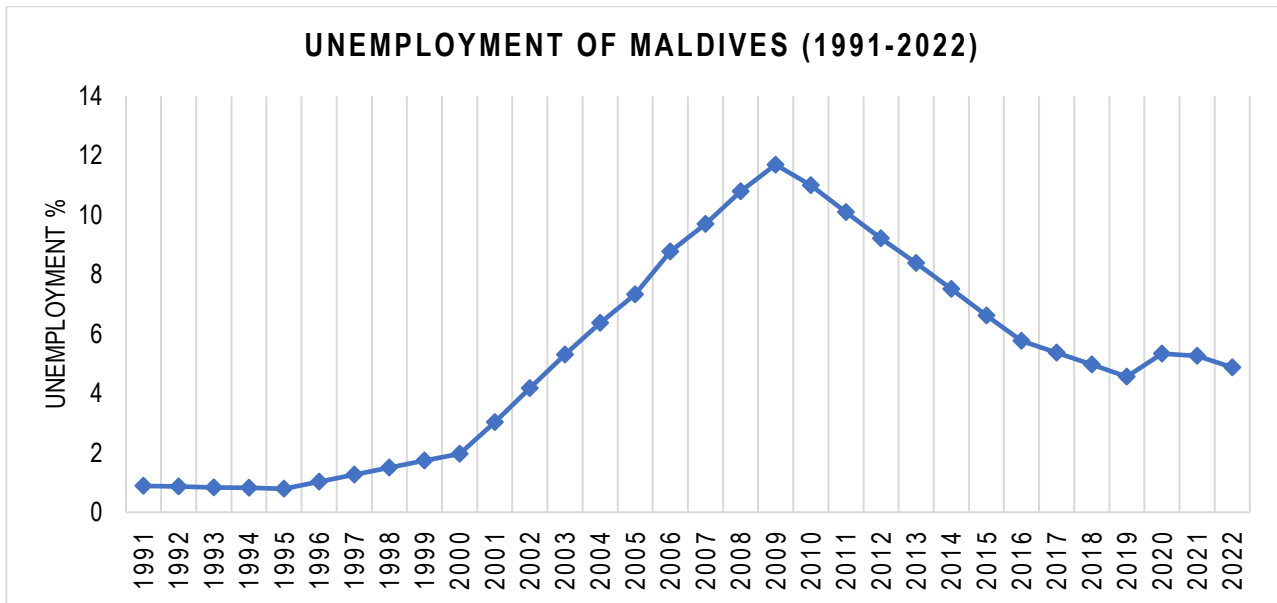
KEY OFFICIAL STATISTICAL REFERENCE AND SOURCES ON PRIVATE PENSIONS

- [Annual Reports of Maldives Pension Administration Office](#)

<https://pension.gov.mv/en/downloads>

- [Maldives Bureau of Statistics](#)

<https://statisticsmaldives.gov.mv/monthly-statistics/>

ANNEX – UNEMPLOYMENT RATE – MALDIVES (1991-2022)**Figure 3 Unemployment Rate of Maldives (1991-2022)**

Pension Statistics – 2022

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Basic Pension	No.of Beneficiaries (year end)	15,035	15,268	15,447	15,767	16,091	16,321	16,533	16,835	17,496	18,341	19,331	20,593
	Pension Paid out (in million MVR)	360	415	421	432	427	432	435	443	904	1,033	1,091	1,157
Retirement Pension	No.of Beneficiaries (year end)	177	293	425	646	895	1,008	1,105	1,259	1,258	1,328	1,483	1,666
	Pension Paid out (in million MVR)	7.8	21.5	25.9	36.0	48.8	49.2	54.6	58.6	90.9	102.5	123.0	129.0
Other Pension ^h	No.of Beneficiaries (year end)	7,219	7,314	7,293	7,284	7,264	7,255	7,218	7,200	7,159	7,131	7,148	7,189
	Pension Paid out (in million MVR)	167	241	244	260	260	265	271	281	298	293	316	338

Source : Maldives Buerau of Statistics - <https://statisticsmaldives.gov.mv/mbs/wp-content/uploads/2023/10/Statistical-Pocketbook-of-Maldives-2023-241023.pdf>

^h Other pension includes pension to state employees with 20-40 years of service. Also includes various benefits paid by state.

Figure 4 Number of Pension Beneficiaries by Scheme (2011-2022)

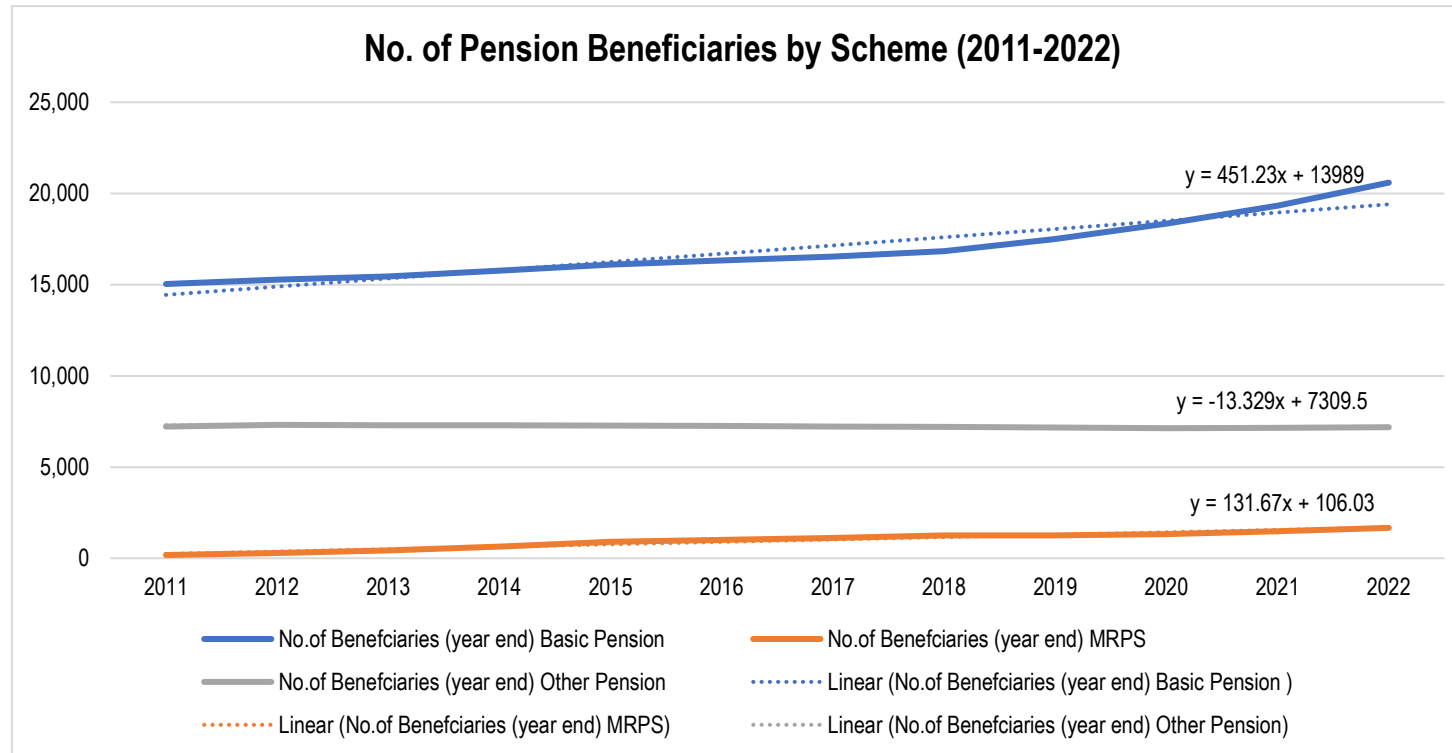


Figure 5 Pension Payout by Scheme (2011-2022)

