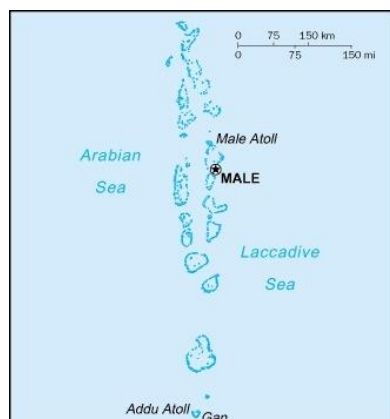


IOPS COUNTRY PROFILE: MALDIVES



DEMOGRAPHICS AND MACROECONOMICS

GDP per capita (USD) ^a	8,995
Population (000s) ^b	392
Labour force (000s) ^c	245
Employment rate ^d	94.71%
Population over 65 (%) ^e	5.15%
Dependency ratio ¹	8.24%

Source:

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

MALDIVES: COUNTRY PENSION DESIGN

STRUCTURE OF THE PENSION SYSTEM

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 last 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) pension of MVR2000 (currently set at MVR5,000) for all the citizens who are above 65 years of age, regardless of the sector they worked for. Additionally, the Maldives Retirement Pension Scheme 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. Early retirement is possible at the age of 55 for eligible persons.

Source: OECD/IOPS Global Pension Statistic

^a World Bank. GDP per Capita for 2021

^b Maldives Bureau of Statistics. Mid-year population estimate for 2022

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

^d Based on Household Income and Expenditure Survey (HIES) 2019

^e Maldives Bureau of Statistics. Mid-year population estimate for 2022 (increased from 4.79% in Q4 2021 to 5.15% in Q2 2022)

MALDIVES: THE PENSION SYSTEM'S KEY CHARACTERISTICS

PUBLIC PENSION

Basic Pension of MVR 5000 is paid for citizens who are 65 years of age or older as long as they do not receive at least MVR5000 from any other government funded pension scheme or an equivalent of twice the basic pension from MRPS.

OCCUPATIONAL MANDATORY PRIVATE PENSIONS

Coverage

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 7% of basic salary of employee every month towards pension (a total of 14%). 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

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.

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

Hajj Scheme

Members whose RSA balance is at least MVR 336,000 (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 MVR 69,965 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 31st March 2022, there are 165,939 members in the MRPS including 6,744 expatriates. The fund is currently worth MVR 17.40 billion (USD 1.13 billion). Of the members, 65% are male and 35% are female. Although the disparity is huge, the gap is closing within present generation ([Figure 1](#)).

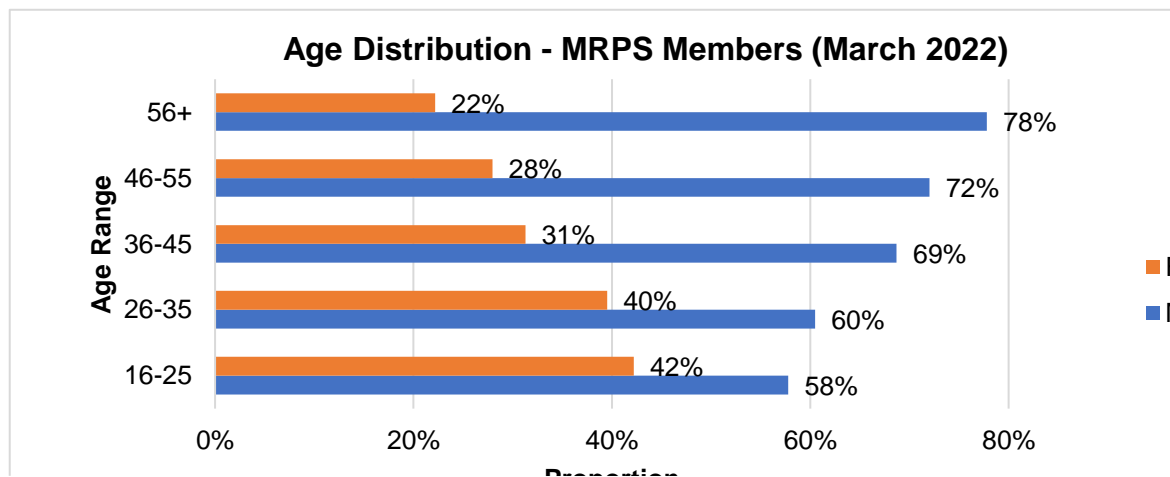


Figure 1: Age Distribution of MRPS Membership

Due to limited availability of capital market products and legal restrictions on investment, vast majority of the fund is invested in government securities ([Table 1](#)).

Asset category	Allocation (Q4 2021)	Cumulative (Q4 2021)	Allocation (Q1 2022)	Cumulative (Q1 2022)
T-bill				
T-bond	24.68%	87.99%	23.81%	88.17%
Equity	4.09%	92.08%	3.94%	92.11%
Fixed Deposit	2.62%	94.70%	2.57%	94.69%
General Investment Asset	2.18%	96.89%	2.24%	96.93%
Sukuk	1.97%	98.86%	2.22%	99.15%
Corporate Bond	0.83%	99.68%	0.81%	99.96%
Cash	0.32%	100.00%	0.04%	100.00%
Total	100.00%		100.00%	

Table 1: Asset Allocation – Q4 2021 and Q1 2022

RECENT REFORM

- 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/hD3SoEt0O1kAOJEBrMs7S6GXSGW7f9Xz5CvqNYUL.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/>

Source map: Central Intelligence Agency, The World Factbook, the United States