IOPS COUNTRY PROFILE: MAURITIUS

DEMOGRAPHICS AND MACROECONOMICS

	2017	2018	2019[1]
Gross Domestic Product (GDP) at market prices (MUR billion)	457.2	481.3	498.3
GDP per capita at Market Prices (MUR Thousands)	361.5	380.3	393.6
Population (Mid-year)	1,264,613	1,265,303	1,265,711
Labour force (Thousands)	615.3	613.2	621.7
Employment Rate (%)	92.9	93.1	93.3
Population over 65 (%)	10.5	11.1	11.5
Dependency ratio (Mid-year) Unit: Per 1000 population	408.1	408.3	408.5

Source: Statistics Mauritius

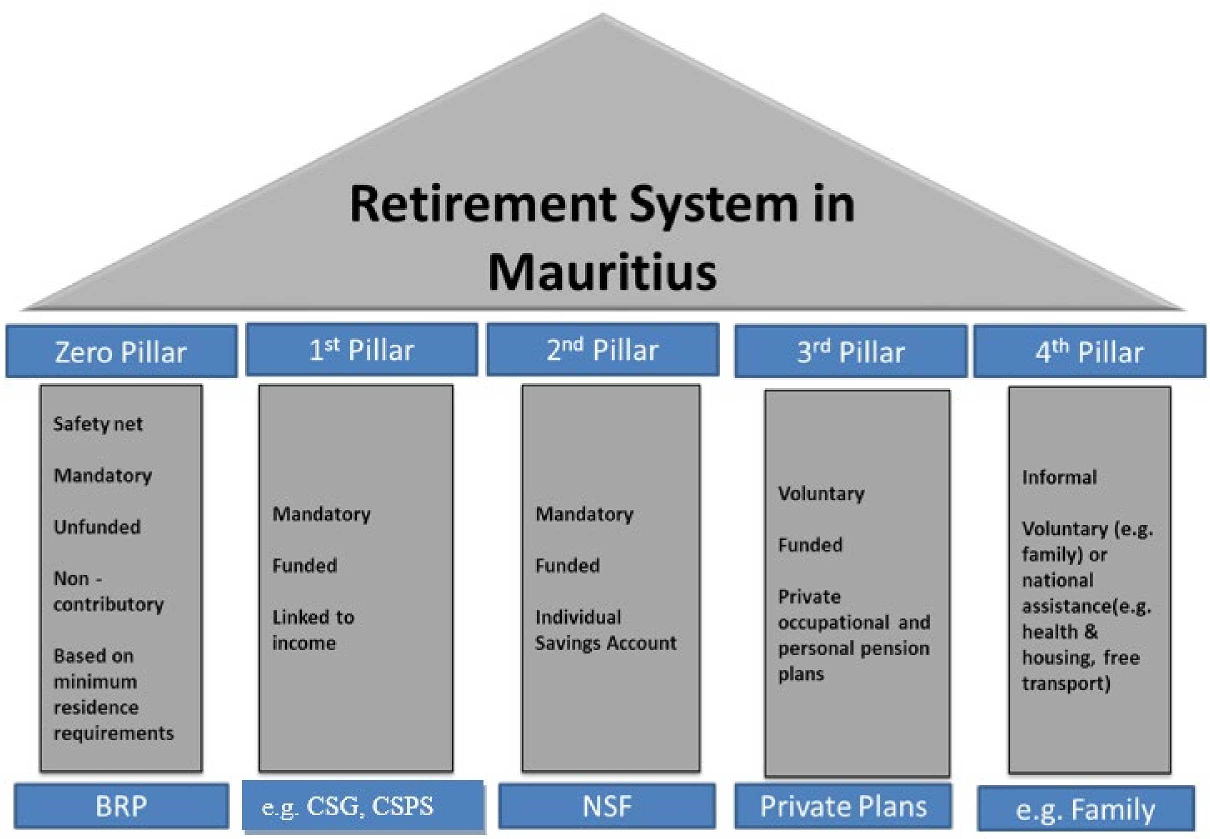
[1] https://statsmauritius.govmu.org/Pages/Statistics/Tableau-de-Bord.aspx

Mauritius: The Pension System's Key Characteristics

The Pension System of Mauritius can be described using the World Bank five pillar classification[2]:

i. The "zero pillar" which is a universal, non-contributory pension arrangement.
ii. A mandatory "first-pillar" contributory system manages contributions made by employees in private sectors.
iii. A mandatory "second-pillar" system which is an individual savings account for employees of statutory bodies and civil servants.
iv. Voluntary "third-pillar" schemes that is varied, flexible and discretionary in nature.
v. The fourth pillar is an informal intra-family or intergenerational source of support to the elderly, including access to healthcare and housing.

A graphical summary is shown below:



[2] World Bank (2005) : "Old-Age Income Support in the 21st Century"

PUBLIC PENSION

Basic Retirement Pension– Zero Pillar

It is payable to every Mauritian citizen aged 60 years and above, subject to certain residency conditions. The number of beneficiaries stood at 234,014 in September 2020.
The monthly retirement income provided as of September 2020 was:

Age	Monthly Retirement Income (MUR)[3]
60 – 89	9,000
90 – 99	16,710
100+	21,710

The number of old-age pensioners, which stood at 215,334 as at June 2018 increased by 4.2% to reach 224,277 as at June 2019. The old-age pension costs the Government MUR 18.6 billion during 2018/2019, representing an increase of 10.4% over 2017/2018.[4]

Basic Widow's Pension ('BWP') is payable to widows aged 15 to 59 years who were either civilly and/or religiously married to their late husband. There were 18,830 Basic Widow's Pensioners in June 2019 compared to 19,282 one year earlier, showing a decrease of 2.3%. However, due to higher rate of pension, Government expenditure on BWP increased by 4.1% from MUR 1,525.8 million in 2017/2018 to MUR 1,588.7 million in 2018/2019.[5]

The Basic Invalid's Pension ('BIP') is payable to any person under the age of 60, if certified by a Medical Board that the person is either permanently or substantially incapacitated to work to a degree of 60% or more for at least 12 months. BIP recipients, who need the constant care and attention of another person, benefit from an additional allowance known as the Carer's allowance. The number of such beneficiaries decreased from 32,075 in June 2018 to 31,935 in June 2019, down by 0.4%. The total amount spent on Basic Invalid's Pension rose by 8.1% from MUR 2,706.2

[3] https://statsmauritius.govmu.org/Documents/Statistics/Monthly/Soc_Sec/2020/Social_M_Sep20.pdf
[4] https://statsmauritius.govmu.org/Documents/Statistics/Digests/Soc_Sec/Digest_SocSec_Yr18.pdf
[5] https://statsmauritius.govmu.org/Documents/Statistics/ESI/2020/EI1503/Social_Yr18-19.pdf

million in 2017/2018 to MUR 2,926.5 million in 2018/2019.

The Carer's Allowance is an additional allowance payable to old-age pensioners who are either:

- totally blind, or
- suffer from total paralysis, or
- need the constant care of another person.

Civil Service Pension Scheme ('CSPS') – First Pillar

Public sector employees are covered by a separate scheme. The civil service pension is exceptionally generous both by international standards and in comparison with private sector provision in Mauritius. Previously, the scheme was only a defined benefit arrangement, that is, after 400 months of service (33 1/3 years), retirement benefits are equal to two-thirds of final salary. This is equivalent to an accrual rate of $1/50^{th}$ of final salary for each year of service. In addition, the benefit is effectively indexed to earnings after retirement.

Civil servants who joined the scheme before December 2012 still participate in the civil service defined benefit scheme. Active employees contribute 6 percent of their earnings towards this scheme, and the government is responsible for any deficit. For civil servants who were appointed before July 2008, the pension amount is computed as 1/600th of pensionable earnings for every month of service, subject to a maximum of 400/600th (about 67 percent). For those appointed between July 2008 and December 2012, the pension amount is computed as 1/690th of pensionable earnings on retirement for every month of service subject to a maximum of 460/690th (about 67 percent).

The defined benefit scheme was closed to civil servants who joined after December 2012. New entrants are enrolled in a defined contribution system – the civil service defined contribution scheme - to which they contribute 6 percent of their earnings and the government contributes 12 percent to individual pension accounts.

MANDATORY OCCUPATIONAL PILLARS

Coverage

Prior to September 2020, in operation, were two parallel occupational mandatory schemes: the National Pension Fund ('NPF'- First Pillar) and the National Savings Fund ('NSF'- Second Pillar). However, since September 2020, the NPF is no more effective.

The *Contribution Sociale Généralisée* – First Pillar

As per Budget Speech 2020/21, delivered by the Minister of Finance in June 2020, a new regime called the Contribution Sociale Généralisée ('CSG') - effective since September 2020- has been introduced and the National Pension Fund ('NPF'), introduced in 1978, has been abolished in August 2020. NPF was a mandatory pension scheme covering employees of the private sector. Under the NPF, an employee contributed 3% of his basic salary and his employer - 6%. The rate of contribution was applied on a ceiling of MUR 18,740, irrespective of the basic salary.

Contributions to the CSG has started since September 2020. Under the CSG, employers are required to deduct, where applicable, the employee's contribution from his wage or salary and pay that contribution together with the employer's contribution to the Mauritius Revenue Authority ('MRA').

The table below sets the prescribed CSG rates:

Employee earning remuneration < MUR 50,000	Private Sector	Public Sector
Employee Rate	1.5%	-
Employer Rate	3%	4.5%

Employee earning remuneration > MUR 50,000	Private Sector	Public Sector
Employee Rate	3%	-
Employer Rate	6%	9%

Self-employed individuals are required to pay a compulsory nominal amount of MUR 150 as CSG contribution.

Other Employees	CSG Rate
Self-employed	MUR 150 per month

The National Savings Fund – Second Pillar

The NSF has been set up in 1995 to replace the Employees Welfare Fund. The objectives of the National Savings Fund are:

- To provide for the payment of a lump sum to every employee on his retirement at the age of 60 or earlier, or to the beneficiary on his death; and
- To set up and operate for the benefit of employees, such schemes, including loan schemes, as may be prescribed

Contribution to the NSF is compulsory in respect of all employees of both public and private sector, with the exception of those who are non-Mauritian citizens.

The table below sets the prescribed NSF rates:

Categories	**Contribution Rate (%)**
Employers	2.5
Employees	1.0

VOLUNTARY OCCUPATIONAL PILLAR

Voluntary occupational pension schemes

Coverage

In Mauritius, voluntary occupational pension schemes are known as private pension schemes (PPSs). They are sponsored by employers of the private sector. They are governed under the Private Pension Schemes Act 2012 (the 'PPSA'), promulgated in November 2012. The Financial Services Commission, Mauritius ('FSC') is the regulator and supervisor of the PPSs. As at September 2020, there were 74 PPSs licensed with the FSC. The private pensions industry comprises of approximately 1600 employers and 80,000 employees. The types of the PPSs in Mauritius are defined benefit, defined contribution or a mixture of both.

Contributions

The PPSA does not provide for any legal minimum nor maximum rates of contributions in respect of defined contribution schemes. Usually, the contribution rates payable by the employer and the employee, where applicable, are determined by the employers on the advice of service providers (pension scheme administrators and/ or actuaries) and the rates are provided for in the constitutive documents of the schemes.

Benefits

In the case of a defined benefit scheme, upon reaching normal retirement age, a member of the scheme will receive a monthly pension predetermined by a formula which is based on the employee's earnings and length of service. In case of a defined contribution scheme, upon reaching normal retirement age, the member will receive a monthly pension based on his accumulated fund value.

The other options that may be available at retirement are:

- The member may choose to commute up to 25% of his pension for a lump sum. His monthly pension will then be reduced accordingly.
- Usually, the pension is payable for life and may be guaranteed for a specific period of time depending on the constitutive documents of the pension schemes. In case the pensioner dies during the guaranteed period, his dependents will continue to receive the full pension until the end of the guarantee period. The member may choose other guarantee periods if provided for in the constitutive documents of the schemes.
- The member can elect to receive a pension which increases annually in line with a fixed percentage or with the consumer price index, if provided for in the constitutive documents of the scheme.

Voluntary personal pension plans

Personal pension plans (PPPs) are available to any individual who wishes to purchase same from service providers. PPPs are offered by long term insurance companies and are qualified as insurance products.

Contributions

Contribution levels are laid down in the contractual agreement between the insurer and the policyholder. There is no legal minimum or maximum contribution rates. Contributions can be paid on a weekly or monthly basis, or made as a one-off payment (single premium).

Benefits

Benefits paid to the policyholder at maturity are as per the terms of the PPP policy. Most PPPs pay part lump sum and part annuity.

MARKET INFORMATION

Mandatory Occupational - NPF

The NPF, introduced in 1978 and has been abolished in August 2020. It was a mandatory defined benefit scheme covering employees of the private sector.

From July 2018 to June 2019, there were around 379,800 employees who have contributed to NPF, while contributions received from both employees and employers amounted to MUR 4,237 million.

Mandatory Occupational- NSF

The number of employees covered by the NPF was around 461,000 during period July 2018 to June 2019 and the total contribution received, exclusive of surcharge, amounted to MUR 1,999 million.

Voluntary Occupational

The private pension sector consists of about 74 private pension schemes which are licensed by the Financial Services Commission, Mauritius. They cover approximately 80,000 employees of the private sector. The Mauritian environment has also seen considerable growth of multi-employer pension schemes also known as umbrella pension funds, which are in majority defined contribution in nature. Umbrella pension funds, having the participation of multiple employers from different industry sectors, are being established as an effect of the coming into operation, in 2012, of the new regulatory and supervisory framework – the Private Pension Schemes Act.

Voluntary Personal

Personal pension plans, offered by insurers, continue to be of interest to consumers of financial products –despite removal of direct tax relief, in 2008, on personal contributions to these pension plans, in the context of a wider national tax reform back.

REFORM PROCESS

Mauritius has a relatively well-developed pension system but is facing a demographic transition much sooner in its development cycle than what other upper income and high income countries have experienced. The share of its over-60 population is expected to more than triple in the next 50 years. In this respect, reforms are expected to mitigate the long term impact of an ageing population.

Voluntary Occupational

Mauritius has undergone a reform in respect of private pension schemes. Reform initiatives have addressed pension issues and more specifically, the fragmented legislation of pensions among several laws and tax regulations. To this end, part of the reform has addressed the lack of regulatory environment for private pensions through the enactment of the Private Pensions Schemes Act 2012 (the 'PPSA'). In addition, the new regulatory and supervisory framework is driven by international best practices and principles developed by OECD and IOPS.

Under this new legislation, since November 2012, the Financial Services Commission, Mauritius ('FSC') is now the sole regulator for the private pension industry in Mauritius. The role of FSC is to ensure that pension schemes comply with provisions of the Act which has as main objective to maintain a fair, safe, stable and efficient private pension industry. The PPSA further aims at enhancing regulation of pension schemes while seeking to keep regulatory costs low and preserving competitiveness in the private pensions sector.

Major changes brought following the proclamation of the PPSA are:

- All new pension schemes shall be set up as trusts, foundations or such body of persons as may be specified in FSC Rules;
- Pension schemes will be administered by a governing body which shall be the board of trustees or the Council;
- Assets of the pension schemes can be managed by wide range of financial business providers: long term insurers, investments advisers, asset managers or CIS managers that are licensed by FSC;

- Pension scheme assets shall be held by a Custodian licensed by the FSC;
- Penalties and fines for non-compliance with provisions of the Act;
- Whistle-blowing provisions;
- Disclosure requirements;
- Minimum Funding requirements

Latest developments

A new regime, Contribution Sociale Généralisée ('CSG') has recently been introduced and is effective since September 2020. Concurrently, the National Pension Fund ('NPF'), introduced in 1978, has been abolished in August 2020. The payment of contributions to the CSG is mandatory under the law. Under the CSG, employers are required to deduct, where applicable, the employee's contribution from his wage or salary and pay that contribution together with the employer's contribution to the Mauritian tax revenue authority, the Mauritius Revenue Authority ('MRA'). For the private sector, both the employer and the employee contribute to the CSG whilst for the public sector, only the employer contributes.

Over and above the mandatory requirement to contribute to the CSG, private sector employers are now mandated under the Workers' Rights Act, since 1 January 2020, to contribute to the Portability Retirement Gratuity Fund ('PRGF') if they are not sponsoring PPSs. An employer contributing to PPS can however be exempted from PRGF if the contribution rate in private pension schemes is above 4.5% of total remuneration.

REFERENCE INFORMATION

KEY LEGISLATION

1976: National Pensions Act No.44

2012: Private Pensions Schemes Act

The following FSC Rules are operational:

- Private Pension Schemes (Licensing and Authorisation) Rules 2012 (Operational 1st November 2012)
- Private Pension Schemes (Licensing and Fees) Rules 2012 (Operational 1st November 2012)
- Private Pension Schemes (Governance) Rules 2012 (Operational 1st November 2012)
- Private Pension Schemes (Disclosure) Rules 2012 (Operational 1st January 2013)

- Private Pension Schemes (Investment) Rules 2013 (Operational 31st January 2014)
- Private Pension Schemes (Technical Funding Requirement) Rules 2013 (Operational 31st January 2014)
- Private Pension Schemes (Returns) Rules 2014 (Operational 1st September 2014)
- Private Pension Schemes (Administration) Rules 2014 (Operational 1st September 2014)
- Private Pension Schemes (Auditor & Actuary) Rules 2015 (Operational 1st August 2015)
- Private Pension Schemes (Body of Persons) Rules 2019 (Operational 16th November 2019)

KEY REGULATORY AND SUPERVISORY AUTHORITIES

- Financial Services Commission: http://www.fscmauritius.org

SOURCE:

- FSC Mauritius Annual Statistical Bulletin 2019
- Statistics Mauritius: https://statsmauritius.govmu.org/
- World Bank(2005): "Old-Age Income Support in the 21st Century"