

IOPS COUNTRY PROFILE: MOROCCO

Source map: www.maroc.ma



DEMOGRAPHICS AND MACROECONOMICS

GDP (USD bn)	112,87
GDP per capita (USD)	3.009,25
Population (millions)	36,9
Labour force (millions)	11,52
Employment rate (%)	40,2
Population over 65 (%)	7,61
Dependency ratio (%) ¹	24,37

World Bank data base 2020.

Employment rate: High Commission for Planning (HCP). First semester 2021.

1. Ratio of over 65-year-olds per labour force. Source: OECD, various sources.

MOROCCO COUNTRY PENSION DESIGN

STRUCTURE OF THE PENSION SYSTEM

Public pensions

- The pension schemes for civil servants and military personnel managed by the Moroccan Pension Fund (CMR)
- The Group Retirement Allowance Scheme – General Scheme (RCAR – RG)
- The general social security scheme managed by the National Social Security Fund (CNSS)

Private pensions: Occupational (voluntary)

- Moroccan Inter-professional pension fund (CIMR).

MOROCCO: THE PENSION SYSTEM'S KEY CHARACTERISTICS

PUBLIC PENSION

MOROCCAN PENSION FUND (CMR)

The Moroccan Pension Fund (CMR) was created in 1930. It manages two main mandatory basic retirement plans which are defined benefit and are financed according to the pay-as-you-go principle. On the one hand, the civil pensions scheme instituted by law n° 011-71 of December 30, 1971 covers civil servants of the State, agents of local communities and employees of certain public establishments and on the other hand, the military pensions scheme instituted by law n° 013-71 of December 30, 1971 and intended for the personnel of the Auxiliary Forces and the Royal Gendarmerie.

Deductions for pensions from members and contributions from employers represent the bulk of the fund's resources. Thus, the contribution rate for the civil pensions scheme is currently set at 28%, borne equally by the employer and the civil servant. For the military pensions scheme, the employee contribution rate is set at 10% and the employer's contribution rate at 20%.

The two civil and military pension schemes offer pensions calculated on the basis of 2% per year of service carried out after 2017 (this rate being 2,5% for services carried out before 2017), the base is determined, from 2020, by the average of the last 8 working salaries.

GROUP RETIREMENT ALLOWANCE SCHEME (RCAR)

The Group Retirement Allowance Scheme (RCAR) was created in 1978 by the Dahir enacting law n° 1-77-216 of October 4, 1977. It constitutes the compulsory basic pension scheme which operates with defined benefits based on a mixed financing technique, and which covers non-tenured staff of the State and local authorities and the staff of public establishment subject to State financial control. The RCAR consists of a general scheme (compulsory) and a complementary scheme (optional).

RCAR's resources consist mainly of contributions and investment income from funds. The contribution rate is currently set at 18% borne by the employer (12%) and the employee (6%) on the basis of a capped salary set at four times the average salary of the plan.

The general RCAR scheme offers pensions calculated on the basis of 2% per year of service, the base corresponds to the average of all the salaries subject to contribution for the entire career of the member, revalued on the date of retirement. The revaluation rate used is the rate of increase in wages.

NATIONAL SOCIAL SECURITY FUND (CNSS)

The social security system was instituted by Dahir n° 1-59-148 of December 31st, 1959. Subsequently, a profound reform of the legislative and regulatory framework of the National Social Security Fund (CNSS) took place in 1972 by the Dahir n° 1-72-184 of July 27, 1972. Since then, the system has been the subject of a series of adjustments which have allowed the extension of social protection to new categories of assets and gradual improvement in the level and conditions of access to its services.

Affiliation to the CNSS regime is compulsory and concerns employees in the private sector (commerce, industry, liberal professions, association, unions, craft businesses, fishermen, temporary or occasional workers in the private sector, employers and workers in agricultural holdings, forest, etc.).

The social security scheme (the retirement branch) is a defined benefit scheme managed on a pay-as-you-go basis, the resources of which consist mainly of contributions and investment income from the funds available in the fund. Thus, the contribution rate relating to the retirement branch is set at 11,89% of the monthly salary capped at 6.000 dirhams supported at the rate of 2/3 by the employer and 1/3 by the employee.

To benefit from a pension from the CNSS, the insured must prove at the retirement age (60 years) of an insurance period of at least 3,240 days. This pension is equal to 50% of the liquidation base (average annual salary for the last 8 years declared to the CNSS) for the 3,240 days of activity increased by 1% of the same base for each period of 216 days of insurance beyond the 3,240 days with a ceiling of 70%.

OCCUPATIONAL VOLUNTARY

Overview

The Moroccan Inter-Professional Pension Fund (CIMR) was created in 1949 on the initiative of a group of private sector employers. It was managed in the form of an employers' association governed by the Dahir of November 15, 1958, regulating the right of association. To comply with the provisions of title II of law n° 64-12 establishing the Supervisory Authority of Insurance and Social Welfare (ACAPS), the CIMR was transformed, in 2017, into a mutual pension company (SMR).

Coverage

The CIMR scheme, whose affiliation is voluntary, is open to employees of the private sector, liberal professions, self-employed workers, and individual employees. The number of members contributing to the scheme reached 380,302 at the end of 2020 with a total investment valued at around 7,4 billion USD. Currently, the CIMR provides additional coverage to nearly 3,6% of the employed working population.

Contributions

The CIMR is defined contribution (DC) pension scheme.

Employee contributions

CIMR retirement contributions have two (2) parts: a salary part paid by the employee (between 3 and 12%) and an employer part. However, an employee can pay individual flat-rate contributions, on a voluntary basis, to acquire pension rights.

Employer contributions

In the specific case of the CIMR, which is the only SMR (Mutual Pension Fund) in Morocco, the employer pays two types of contributions:

1. A part that is equal to that of the employee contributions (between 3 and 12%).
2. In order to balance the scheme, the employer pays, in addition to the above mentioned contribution, the equivalent of 30% of the amount of its contribution to the CIMR. This contribution does not affect the rights of the members (employees).

Benefits

The CIMR provides its members with retirement pensions and survivors' pensions (for widows, widowers and orphans). In addition, the member has the possibility of liquidating the rights arising from his employee contributions in the form of capital.

The plan also offers a lump-sum for people who have not reached a minimum number of points on

liquidation (200 points) and allows free points to be awarded in the event of partial or permanent disability.

The CIMR provides an indemnity (half of the global contributions) which is paid to heirs following the death of a member before the liquidation of his rights in the event of the absence of a spouse or children eligible for a survivor's pension. In addition, on the death of the retiree or the beneficiary, a capital equivalent to three times the last monthly pension paid, is paid to his heirs. At the end of 2020, the scheme had reached 186,187 beneficiaries and paid approximately 0,6 billion USD for that year.

Fees

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

However, the Pension Act provides for the Registrar of Financial Institutions to issue directives on the maximum cap and form of fees to be charged by market players in future.

TAXATION

Provided that the contributions are withheld and paid by the employer, the member can obtain a tax-exempt, at all stages of the contribution. Two major tax-exempt are allowed, the first for corporation tax for the employer and the second for income tax for the employee.

If the contribution amount is greater than the taxable income in one year, the deduction is chargeable against the income of the following years, until reconciliation.

Currently life annuities benefit from a lump sum reduction of 60% on the gross amount which does not exceed 168,000 MAD annually and 40% for the surplus and are therefore subject to income tax according to a scale defined by the Moroccan General Tax Code.

OCCUPATIONAL VOLUNTARY

N/A

MARKET INFORMATION

Currently, the Interprofessional Pension Fund (CIMR) is the only fund managing voluntary occupational pension plans. It is organized under the statute of mutual pension fund (SMR).

TOPICAL ISSUES

- Reform of the CMR civil pension scheme which focused on the following measures:
 - o Raising the legal retirement age from 60 to 63 years;
 - o Increase in the contribution rate from 20% to 28%;
 - o Reduction of the accrual rate from 2,5% to 2%;
 - o Modification of the liquidation base to consider the average of the salaries of the last 8 salaries instead of the last salary only.
- Creation of a retirement scheme for self-employed workers.
- Extension of retirement coverage to vulnerable populations.

REFERENCE INFORMATION

KEY LEGISLATION

The law n° 64-12 establishing the Supervisory Authority of Insurance and Social Welfare (ACAPS) promulgated in March 2014 took effect from April 2016. The aforementioned Law n° 64-12 is composed of VI titles:

- Title I contains the provisions relating to the establishment of ACAPS, determines its status, its missions, the extent of its control and the ways and means of its organization and operation, including its bodies (President and Board) and the advisory bodies (Disciplinary Committee and Regulatory Commission);
- Title II establishes a new legal framework for the exercise and management of pension operations that operate on a distribution or distribution and capitalization basis by private sector organizations with the aim of broadening the base of beneficiaries to cover individuals who do not currently have a pension cover or those who wish to constitute a pension complementary to that offered by the existing basic pension plans;
- Titles III, IV and V are respectively devoted to the standardization of the provisions of law n° 17-99 on the Insurance Code, Law n° 65-00 on the Code of Basic Medical Coverage and the Dahir law n° 1-73-366 on export insurance, with the requirements of the autonomy of the supervisory authority of insurance and social welfare;
- Title VI deals with certain transitional provisions.

KEY REGULATORY AND SUPERVISORY AUTHORITIES

- Supervisory Authority of Insurance and Social Welfare (ACAPS) : <https://www.acaps.ma/en>

KEY OFFICIAL STATISTICAL REFERENCE AND SOURCES ON PRIVATE PENSIONS

Source map: www.maroc.ma

Supervisory Authority of Insurance and Social Welfare (ACAPS): <https://www.acaps.ma/en>

High Commission for Planning (HCP): <https://www.hcp.ma/>

Activity Report of the Moroccan Inter-professional Pension Fund (CIMR): <https://www.cimr.ma/>

Exchange rate used: 1 USD = 10 MAD.