

13. RETIREMENT AND RETIREMENT BENEFITS FOR THE PUBLIC SECTOR

- 13.1 Pension is a major source of income that employees receive on retirement. Since it is a regular retirement arrangement, retirees are able to secure their post-retirement life.
- 13.2 Following Pension Reforms in the 2008 PRB Report, the compulsory retirement age was extended to 65 years and a contributory Defined Benefit (DB) Pension Scheme was put in place. However, in 2013 a single Defined Contribution Pension Scheme was introduced for new entrants joining as from 01 January 2013.
- 13.3 For this review exercise, representations from different Federations mainly pertained to: increasing the 2% one-off payment; waiving the provision of reducing the annual rate of pension payable by 2.5% a year; and extending the retirement on ground of marriage to male officers/widows/widowers.
- 13.4 As regards proposals from the Ministry of Public Service and Administrative Reforms (MPSAR), these concerned the inclusion of 'certain clauses for specific cases of early retirement; waiving of provisions relating to continuation of service beyond compulsory retirement age; removal of recommendations with respect to mobility of manpower and overmanning; and extension of retirement on marriage ground to male officers/widows/widowers, among others.
- 13.5 After holding consultative meetings to examine and discuss the proposals of all stakeholders, appropriate provisions have been made under this Chapter.

Contribution

- 13.6 The current provision under the Defined Benefit Pension Scheme as recommended in the 2008 PRB Report, requires that:
- (i) all employees should contribute at the rate of 6% of their pensionable emoluments rounded to the nearest rupee; and
 - (ii) trainees, students, cadets or apprentices recruited under traineeship, studentship, cadetship or apprenticeship scheme contribute at the rate of 3% of their emoluments rounded to the nearest rupee.

Recommendation 1

- 13.7 **We recommend that the above provisions regarding contribution be maintained.**
- 13.8 **While determining the salaries recommended for the different grades, we have taken into account the employee pension contributions, the taxable elements thereon, as well as all the other changes in pension provision.**

Refund of Contribution

- 13.9 A public sector employee who leaves the service or otherwise, ceases to be in the Public Sector and no portable benefit is transferable as well as no pension, gratuity or other allowance is payable to him in respect of his past service in the Public Sector, is presently refunded 100% of his contribution together with compound interest at the rate of 4% per annum, provided that he has effectively contributed to the modified Defined Benefits Pension Scheme for a year or more. **The foregoing provision should continue to prevail.**

Retirement Age

- 13.10 The various provisions in relation to retirement age for different categories of public officers as hereunder are still valid and are maintained.

Recommendation 2

- 13.11 **We recommend that:**

- (i) **the normal retirement age of a public officer holding a pensionable office is 65 years. However, officers have the right to retire at the age of 60. Officers may as well retire at the age of 55 and in the case of overmanning retire on reaching 45 years, subject to the approval of the relevant Service Commissions;**
- (ii) **an officer who opts to work beyond the age of 60 may be required by Management to undergo a yearly medical examination to certify his fitness for remaining in continued employment where physical fitness is an essential requirement for the performance of his duties;**
- (iii) **a member of the Disciplined Forces or an officer of the Correctional Youth Centre or the Rehabilitation Youth Centre, who on attaining the age of 60, opts to work beyond that age, is required to undergo a yearly medical examination to certify his fitness for continued employment;**
- (iv) **the normal retirement age for Judges is 67 years;**
- (v) **a public officer may retire on medical ground (irrespective of length of service or age) or may be made to retire compulsorily in the interest of the Public Service, or on abolition of office, or for the purpose of facilitating improvement in an organisation. Whenever an officer retires on these grounds prior to the age of 60, approval of the appropriate Service Commissions should be sought;**
- (vi) **a female officer reckoning five years' pensionable service may retire on ground of marriage, irrespective of age, subject to the approval of relevant Service Commissions; and**

- (vii) a member of the Disciplined Forces or an officer of the Correctional Youth Centre or the Rehabilitation Youth Centre may retire, subject to the approval of the appropriate Service Commissions on proportionate pension after 25 (for officers appointed before 01 July 2008) or $28\frac{3}{4}$ years' pensionable service, as appropriate irrespective of age.

Accrual Rate and Qualifying Period for officers appointed on or after 01 July 2008

13.12 The existing provisions for accrual rate as well as qualifying period for officers appointed on or after 01 July 2008 are as follows:

- (i) the amount of pension is computed at the rate of $1/690^{\text{th}}$ of pensionable emoluments on retirement for every month of pensionable service, subject to a maximum of $460/690^{\text{th}}$;
- (ii) the normal qualifying period to benefit from full pension for public officers other than those at paragraphs (iii) and (iv) below holding pensionable office is $38\frac{1}{2}$ years (460 months) of pensionable service;
- (iii) members of the Disciplined Forces or officers of the Correctional Youth Centre or the Rehabilitation Youth Centre, after completing $28\frac{3}{4}$ years of pensionable service, are granted an enhanced pension at the rate of $1/414^{\text{th}}$ of pensionable emoluments for each additional month of service, which enables them to qualify for full pension after $34\frac{1}{2}$ years of pensionable service;
- (iv) members of the Medical and Dental professions are entitled to pension at the rate of $1/621^{\text{st}}$ of pensionable emoluments thus qualifying them for full pension after $34\frac{1}{2}$ years of pensionable service;
- (v) members of the Judiciary (Chief Justice, Senior Puisne Judge and Puisne Judge) qualify for pension at the rate of $1/460^{\text{th}}$ of their pensionable emoluments, subject to a maximum of $460/460^{\text{th}}$; and
- (vi) a female officer, reckoning not less than five years' pensionable service, retiring on grounds of marriage qualifies for a gratuity of an amount equivalent to 18% of the last monthly salary times number of months of pensionable service, subject to a maximum of one year's pensionable emoluments.

Recommendation 3

13.13 We recommend that the above provisions regarding accrual rate and qualifying period for officers appointed on or after 01 July 2008 should continue to apply.

Pension on Early Retirement for Entrants after 30 June 2008

- 13.14 In the context of this Report, both Federations and the MPSAR made representations to waive the provision of reducing the annual rate of pension payable, which is $12/690^{\text{th}}$ of the salary received in the last full year of employment by 2.5% a year for those entrants who joined the service after 30 June 2008 and are going on early retirement (after age 55 and before age 65).
- 13.15 After examining the request and following consultation with the Ministry of Finance, we consider that the employees concerned may be granted an unreduced pension benefit subject to certain conditions.

Recommendation 4**13.16 We recommend that:**

- (i) **the pension reduction should not apply to an officer who is within five years of his compulsory retirement age; and**
- (ii) **necessary amendment should be brought to the Pensions Act to give effect to the above recommendation.**

Accrual Rate for Officers in post as at 30 June 2008

- 13.17 For public officers in post as at 30 June 2008, their retirement benefits are computed on the basis of the provision in force prior to the coming into effect of the modified Defined Benefit Pension Scheme.

Recommendation 5

- 13.18 We recommend that the retirement benefits of public officers in post as at 30 June 2008 should continue to be computed on the basis of the provision in force prior to 01 July 2008.**

Discounted Salaries for Officers not opting for Pension Reforms

- 13.19 The salaries recommended for officers, who did not opt for the Pension Reforms on 01 July 2008 but instead opted for the pension arrangements in force prior to the coming into effect of the 2008 PRB Report, are implemented at a discounted rate and these officers are eligible for 92% of the salary recommended. This practice is being retained.

Recommendation 6

- 13.20 We recommend that the salary of officers who did not opt for Pension Reforms on 01 July 2008, should be discounted at the rate of 92% of the recommended salary.**

Special Provisions

- 13.21 Special provisions in respect of officers appointed/promoted to a higher office but retire when still being in temporary capacity or those assigned duties of a higher post but reach compulsory retirement age were revisited in the 2021 PRB Report.
- 13.22 For this Report, no implementation issues have been reported on these provisions. We are, therefore, maintaining them.

Recommendation 7

13.23 We recommend that:

- (i) the retiring benefits of an officer holding a substantive post and appointed or promoted, to a higher office in a temporary capacity and who retires on attaining compulsory retirement age or attains compulsory retirement age while opting to cash his accumulated Vacation Leave in full, should be computed on the basis of the annual pensionable emoluments attached to the higher office, provided the higher office does not require an additional qualification for appointment thereto in a substantive capacity;
- (ii) an officer who is assigned the duties of a higher post and who attains compulsory retirement age as well as an officer who attains compulsory retirement age while opting to cash his accumulated Vacation Leave in full, qualifies for pension benefits on the basis of the emoluments attached to the higher office, and his retiring benefits should be computed on the basis of the annual emoluments attached to the higher office, subject to relevant conditions at paragraphs 13.29, 13.30 and 13.31; and
- (iii) on cashing of the accumulated Vacation Leave, the officer concerned should retire on the date he would have normally proceeded on pre-retirement leave and subject to any other conditions in the relevant recommendations being satisfied.

13.24 We also recommend that public officers in post as at 30 June 2008 should be granted hypothetically one additional increment for the purpose of determining the pensionable emoluments for pension purposes, provided that the officers:

- (a) draw salary in a scale the maximum of which is not more than Rs 57400;
- (b) have attained the compulsory retirement age or attained compulsory retirement age while opting to cash his accumulated Vacation Leave in full;
- (c) reckon at least 33 $\frac{1}{3}$ years of pensionable service;

- (d) have contributed to the Pension Scheme for a continuous period of at least 12 months after eligibility for full pension; and
- (e) have drawn the top salary of the recommended scale for a year notwithstanding additional increments drawn over and above the top salary by virtue of different provisions.

13.25 We further recommend that, public officers in post as at 30 June 2008, should, on retirement, be granted a one-off payment equivalent to 2% of their annual pensionable emoluments for each completed year of pensionable service beyond $33\frac{1}{3}$ years of pensionable service as from 01 January 2013, provided that such officers:

- (a) have attained the optional retirement age (that is 60 years);
- (b) reckon at least $33\frac{1}{3}$ years of pensionable service; and
- (c) have opted for the Pension Reforms on 01 July 2008 and contributed effectively to the Pension Scheme.

13.26 An officer proceeding on retirement should continue to be given the option to cash in full accumulated Vacation Leave computed on the officer's retiring salary at the rate of $\frac{1}{30}$ of the monthly salary per day provided he retires on the day he would normally have proceeded on leave prior to retirement.

Abolition of Office and Re-organisation

Recommendation 8

13.27 We recommend that the existing pension provisions governing officers in case of abolition of office and re-organisation, as enumerated hereunder, should continue to apply:

an officer is granted an additional pension at the annual rate of one sixty ninth of his pensionable emoluments for each completed period of three years' pensionable service provided that:

- (a) the addition does not exceed twenty-three-one hundred and thirty eighths; and
- (b) the addition together with the remainder of the officer's pension does not exceed the pension for which he would have been eligible;

if he had continued to hold the office held by him at the date of his normal retirement.

13.28 However, for an officer in post as at 30 June 2008, the additional pension is computed at the annual rate of one sixtieth of his pensionable emoluments for each completed period of three years' pensionable service provided that the addition does not exceed ten sixtieths and the

addition together with the remainder of the officer's pension does not exceed the pension for which he would have been eligible if he had continued to hold the office held by him at the date of his normal retirement.

Other Provisions Governing Retirement and Retirement Benefits

Pensionable Emoluments (Higher Office)

13.29 The retirement benefits of a public officer, who has been appointed to act in or has been assigned duties of a higher office by the appropriate Service Commission or through delegation of power conferred by the Public Service Commission and retires or is subsequently reverted to his substantive office, is computed on the prevailing pensionable emoluments of the office to which he was appointed to act or assigned duties provided that:

- (a) he has been performing the duties of the office for a continuous period of at least two years or an aggregate period of at least two years within a period of three years;
- (b) his reversion to his substantive office was not the result of inefficiency or misconduct or at his own request; and
- (c) he had reached the age of 55 years at the time of his retirement/reversion and he was still assigned the duties of the higher office.

13.30 Similarly, the retirement benefits of a public officer, who has been appointed to act in or has been assigned the duties of a higher office by the appropriate Service Commission or through delegation of power conferred by the Public Service Commission and is drawing part of the Acting Allowance and retires when still assigned duties of higher office, or is subsequently reverted to his substantive office, is computed on the basis of the aggregate earnings (that is, the salary of the substantive post plus Acting Allowance computed on the prevailing pensionable emoluments) provided the conditions outlined in the above paragraph are satisfied.

Recommendation 9

13.31 **We recommend that the:**

- (i) **above provisions concerning computation of retirement benefits should be maintained; and**
- (ii) **recommendation made at paragraph 13.23 (ii) should also be applicable to reverted officers who satisfy the conditions at paragraphs 13.29 and 13.30 and who have reached their compulsory retirement age.**

Pensionable Emoluments for Officers in position of Accounting Head/Chief Executive

13.32 In the present context, the retirement benefits of a public officer who has been appointed to act in or has been assigned the duties of:

- (a) a higher office in a position of Accounting Head/Chief Executive, the salary of which office is not less than Rs 110,125 a month or
- (b) a higher office than the one at (a) above in the same Cadre

by the appropriate Service Commission and retires when still assigned duties of higher office or is subsequently reverted to his substantive office, are computed on the prevailing pensionable emoluments of the office to which he was appointed to act or the duties which had been assigned to him, provided that:

either

- (i) he performed the duties of such office for a continuous period of not less than 12 months; and
- (ii) reversion to his substantive office was not the result of inefficiency or misconduct or at his own request and he had reached the age of 55 at the time of retirement or reversion.

or

he has successfully served for a minimum period of six months and has attained the age at which he shall retire.

Recommendation 10

13.33 **We recommend that the:**

- (i) **above provision regarding computation of retirement benefits should be applicable to retired officers in position of Accounting Head/Chief Executive, provided the salary of the higher office should not be less than Rs 138000 a month; and**
- (ii) **provision made at paragraph 13.23 (ii) should also be applicable to officers in the position of Accounting Head/Chief Executive who have been reverted and attained their compulsory retirement age.**

13.34 **We also recommend that an officer who had already qualified for enhanced pension benefits as per previous PRB Reports should continue to be eligible, on a personal basis, for the enhanced pension benefits.**

Mobility of Manpower

- 13.35 With a view to allowing mobility between the Public Sector, Private Sector, International and Regional Organisations of which Mauritius is a member; foreign countries under a scheme approved by Government; and member countries of regional organisations, an officer reckoning a minimum of 10 years of pensionable service and having reached the age of 45 is currently allowed to retire with the approval of the relevant Service Commission without foregoing his earned pension benefits. The payment of the benefits accruing to the officer is deferred till the time the officer attains the age of 55.
- 13.36 The responsibility of looking into applications for retirement of officers having reached the age of 45 and completed a minimum of 10 years of pensionable service rests on the MPSAR. However, these officers must join the local private sector or become self-employed and their replacement can easily be made for the reason that there is no dearth of qualified personnel in the domain in which they are employed.
- 13.37 Upon death of an officer before the age of 55, the payment of benefits accruing to him is paid to the heirs notwithstanding the above provision.

Recommendation 11

- 13.38 **We again recommend that with a view to allowing mobility, the above provisions should continue to be in force.**

Retirement Benefits – Overmanning

Recommendation 12

- 13.39 **We recommend that the retirement benefits of an officer who is allowed to retire at the age of 45 and above, subject to the approval of the appropriate Service Commissions, on the ground of overmanning should continue to be computed as if his office had been abolished and should be payable immediately.**

Approved Leave and Pension

Recommendation 13

- 13.40 **We recommend that officers who are granted leave without pay should continue to contribute to Government 18% of their last monthly salary drawn or as subsequently revised in pursuance of any salary review in order to have such period of leave reckoned for pension purposes.**

Traineeship, Studentship, Cadetship or Apprenticeship

Recommendation 14

- 13.41 **We recommend that half of the period of any service in the Public Service under any traineeship scheme, when immediately followed by appointment**

in the grade for which he is under traineeship in the public service, should be reckoned for pension purposes.

Compassionate Allowance

Recommendation 15

- 13.42** We recommend that the monthly Compassionate Allowance payable on retirement for officers not on permanent and pensionable establishment, should be computed as follows:

$$\frac{\text{No. of months of service}}{720} \times \frac{\text{Annual Wage}}{12}$$

Provisions on Demise of an Officer

- 13.43** On the demise of an officer, a full monthly salary is paid to the heirs thereof, irrespective of the number of days he has been in service during that month. Whenever an officer holds a substantive post and is appointed or promoted to a higher office in a temporary capacity but passes away, his retiring benefits are computed on the basis of the annual pensionable emoluments attached to the higher office, provided the higher office does not require an additional qualification for appointment thereto in a substantive capacity.

Recommendation 16

- 13.44** We recommend that the aforesaid provisions should continue to prevail.

Gratuity for eligible officers retiring with less than 10 years' Pensionable Service

- 13.45** A gratuity equivalent to 18% of the last salary drawn multiplied by the number of months of pensionable service, subject to a maximum of one year's pensionable emoluments is presently paid to an eligible officer retiring with less than 10 years' pensionable service.

Recommendation 17

- 13.46** We recommend that provisions regarding the gratuity for eligible officers retiring with less than 10 years' pensionable service should be maintained.

Pensionable Value of Rent Allowance

Recommendation 18

- 13.47** We recommend that the estimated value of free quarters or rent allowance should continue to be equated to 10% of initial salary of the officer, subject to a maximum of Rs 7320 for pension purposes.

Pensionable Value of Car Benefit

Recommendation 19

- 13.48** We recommend that the monetary value of the private use of a chauffeur-driven official car and 75% of that monetary value are reckoned for the computation of the retirement benefits of beneficiaries of chauffeur-driven Government car (including officers of the same status eligible for an official car and driver's allowance) and self-driven Government car respectively.

National Savings Fund

- 13.49** Every employee on his normal retirement age or earlier, or on his death is eligible for the payment of a lump sum provided by the National Savings Fund. The employer contributes 2.5% of the basic wage/salary of every employee to the Fund, subject to a certain maximum and on retirement, the employee receives a lump sum constituting the contributions on his behalf together with any accrued interest.

Recommendation 20

- 13.50** We recommend that the payment of a lump sum to an employee on the normal retirement age or on early retirement or on his death should be maintained.

Portable Pension Fund

Recommendation 21

- 13.51** We recommend that the portable benefits of a qualified officer (that is, an officer who, after having completed at least one year's pensionable service, leaves the public service to take up employment in the private sector or to become self-employed) are transferred to such superannuation fund as may be established by the employer who employs him or to such personal pension scheme to which the officer may have adhered to, on his leaving the public service. The portable benefits of the officer are computed as if, at the time of leaving the public service, he had become eligible for a gratuity under the Pensions Act, corresponding to his length of service.

Mutually Agreeable Retirement Scheme

Recommendation 22

- 13.52** We recommend that the provisions governing the Mutually Agreeable Retirement Scheme as hereunder should continue to be applicable:
- an officer aged 50 or more who would be willing to retire voluntarily, and whom Management would wish to part with, is allowed to do so with enhanced retirement benefits whereby the officer is granted an additional pension at the annual rate of one sixty ninth of his pensionable

emoluments for each completed period of three years' pensionable service (*along same line as provided for an officer becoming redundant in the case of reorganisation under the Pensions Regulations 1951*) provided that:

- (a) the addition does not exceed twenty- three-one hundred and thirty eighths; and
- (b) the addition together with the remainder of the officer's pension does not exceed the pension for which he would have been eligible if he had continued to hold the office held by him at the date of his normal retirement.

Continuation of Service beyond Compulsory Retiring Age

13.53 Officers at certain level are allowed to remain in service beyond 65 years provided Government considers that the continuation of their service beyond 65 years is in the interest of the Public Sector. Generally, these officers are in highly specialised areas where skills and competencies are in short supply or are not available. The continuation of service beyond 65 years is implemented in a manner that does not cause prejudice to officers in post. We are maintaining this provision and detailing the procedures to be followed at Annex to this Chapter.

Enhanced Pension Benefit for a Tour of Duty in Agalega or St. Brandon

Recommendation 23

13.54 We recommend that any period that an officer domiciled in the Republic of Mauritius is required to serve as a public officer in Agalega or St. Brandon should, at the time he ceases to be in service, be reckoned as pensionable service at the rate of two times.

Pensions Act

Recommendation 24

13.55 We recommend that the Ministry of Finance should initiate action to bring necessary amendments to the Pensions Act and any relevant Acts in view of provisions made under this Chapter.

Defined Contribution Pension Scheme

13.56 Since 2013, new recruits in the Civil Service, Parastatal Bodies, Local Authorities, the Rodrigues Regional Assembly and Private Secondary Schools contribute to the Defined Contribution (DC) Pension Scheme which is administered by the State Insurance Company of Mauritius. Government contribution into the dedicated Fund is 12% of employee emoluments while the new entrants contribute to the tune of 6%. However, the employee also has the possibility to increase his contribution. As at June 2025, some 46000 members were contributing to the DC Pension Scheme.

- 13.57 For this review, a few Federations highlighted the paucity of information regarding the amount of fund collected for new entrants under the DC Pension Scheme. The Ministry of Finance, for its part, proposed an upward review of the rate of contribution of employees and the Government; and that the Public Pensions Advisory Committee (PPAC) in consultation with SICOM and its actuary to recommend a minimum guaranteed annual return on the fund value.
- 13.58 After noting the concerns of the Federations and examining the proposals of the Ministry of Finance, we are making appropriate recommendations.

Recommendation 25

13.59 We recommend that:

- (i) newly appointed public officers should be informed about the features of a Defined Contribution Pension Scheme through their induction courses;
- (ii) regular information should be provided to members of Defined Contribution on the performance of their individual accounts;
- (iii) the Public Pensions Advisory Committee, in consultation with the SICOM, to consider the advisability of making provision for a minimum guaranteed annual return on the fund value; and
- (iv) the Ministry of Finance should take up the matter regarding the employees' and Government's contribution with the Commission of Experts which has been set up to reform the various pillars of the pension system.

Contractual Employment

- 13.60 Consideration would be given to officers employed on a contractual basis to contribute to the Defined Contribution Pension Scheme. Government will not contribute in respect of contractual employees.

ANNEX

**Procedures to be followed in respect of Continuation of Service beyond
Compulsory Retiring Age****1. Civil Service**

- (i) The Responsible Officer should submit his recommendation to the Prime Minister's Office for consideration by the High Powered Committee;
- (ii) The recommendation of the High Powered Committee would be submitted to the Prime Minister for his consideration and approval; and
- (iii) If the recommendation is approved, the Responsible Officer seeks the approval of the relevant Service Commission and take such other action as may be recommended by the High Powered Committee.

2. Parastatal and Other Statutory Bodies

- (i) The approval of the Board should be obtained to initiate action, in the first instance, and the Chief Executive Officer of the organisation should submit the request to the parent Ministry;
- (ii) The Responsible Officer of the parent Ministry should submit his recommendation to the Prime Minister's Office for consideration by the High Powered Committee;
- (iii) The recommendation of the High Powered Committee would be submitted to the Prime Minister for his consideration and approval; and
- (iv) If the recommendation is approved, the Chief Executive Officer of the organisation should then seek the approval of the Board and take such other action as may be recommended by the High Powered Committee.

3. Local Authorities

- (i) The Chief Executive of the Local Authority should submit the request to the Ministry of Local Government;
- (ii) The Responsible Officer of the Ministry of Local Government, should submit his recommendation to the Prime Minister's Office for consideration by the High Powered Committee;
- (iii) The recommendation of the High Powered Committee would be submitted to the Prime Minister for his consideration and approval; and
- (iv) If the recommendation is approved, the Chief Executive of the Local Authority should then seek the approval of the Local Government Service Commission and take such other action as may be recommended by the High Powered Committee.

