

Regulation on benefit payouts of retirement pension, determining accrued pension rights, giving recognition bonds and making contributions to the pension scheme by State Employers

Name and Introduction	1	a)	This Regulation governs the payouts of retirement pension, giving accrued pension rights to State Employees at the commencement of law No 8/2009 (Maldives Pension Act), interim rules on how State Employers can make contributions to the pension scheme and other procedures relating to implementation of retirement pension scheme.
purpose		b)	This regulation is made for the purpose of making regulations, standards and guidelines pertaining to the retirement pension scheme made under Maldives Pension Act, and for the purpose of laying down the procedure for making pension benefit payout to the participants attaining pensionable age and giving any rightful benefits to the heirs of the deceased participant.
Name		c)	This regulation shall be cited as “Regulation on giving benefit payouts of retirement pension, determining accrued pension rights, giving recognition bonds and making contributions to the pension scheme by state Employers”
Authority to make the regulation		d)	This regulation is made pursuant to the powers vested upon Maldives Pension Administration Office (Pension Office) under clause 3 and 20 of the Maldives Pension Act.
Jurisdiction		e)	This Regulation shall apply to all the participants of the Retirement pension scheme.
Contents of the regulation		f)	This regulation specifies detailed procedures, governing matters specified below.
	1		<p>Making benefit payouts under Retirement pension scheme. (chapter 2 of this regulation)</p> <p>Determining and giving accrued pension rights and recognition bonds to the State Employees at the commencement of the Maldives Pension Act. (Chapter 3 of this regulation)</p>

- 3 Making benefit payouts to the heirs of deceased participants. (Chapter 4 of this regulation)
- 4 Interim procedure for appealing to review eligibility for accrued pension rights or calculation of accrued rights, or eligibility for receiving pension payouts, or the manner in which pension payouts were made pursuant to the Maldives Pension Act. (Chapter 5 of this regulation)
- 5 Interim rules on making pension contributions by the State Employers to the pension scheme under the Pension Act. (Chapter 6 of this regulation)

Forms and Notices

- g) The list of all forms and notices, for the purpose of implementing this regulation is specified in chapter 7 of this regulation. And such forms shall be made available from the website of the Pension Office and from island offices. The samples of the notices made under this regulation shall also be made available accordingly.
- 2 According to clause 20 (a) of Maldives Pension Act, Pensionable age is 65 years. And according to clause 20 (b) of the Pension Act, when a person attains pensionable age or when the person is deceased, based on the amount in the retirement savings account established under retirement pension scheme, pension benefits shall be given to the beneficiaries as provided for in this regulation.
- 3
 - a) Special interim rules have been formulated for State Employees who were employed at the commencement of the Maldives Pension Act (13 May 2009).
 - b) People who have been receiving pension (under the previous pension system) and have attained the age of 65 years by 30th April 2010, shall continue to receive that pension for life. And for State Employees who attain the age of 65 years after 30th April 2010, pension shall be given under the retirement pension scheme as provided for in Maldives Pension Act and the regulations made pursuant to the Act.
- 4 According to clause 25 of the Maldives Pension Act, State Employees who have not attained the age of 65 at the

commencement of the said Act shall have their Accrued Pension Rights deposited in their Retirement Savings Account as Recognition Bonds of the Government. Such Recognition Bonds shall be the equivalent capital equivalent to the Accrued Pension Rights of the Employee prior to the commencement of this Act. The capital shall bear interest at a rate agreed between Ministry of Finance and Treasury and Pension Office. Recognition bonds issued by the Ministry of Finance and Treasury shall be deposited in the respective retirement savings accounts of the persons eligible to receive accrued pension rights as provided for in this regulation.

- 5 The Board of Pension Office shall make submissions to the Ministry of Finance and Treasury for identifying and giving accrued pension rights to the State Employees who have not attained the age of 65 years at the commencement of Maldives Pension Act. The manner in which the accrued bonds will be identified and given to the State Employees by the Ministry of Finance and Treasury after considering the submissions made by the Pension Office is outlined in chapter 3 of this regulation.
- 6 The manner in which pension benefits can be given to the heirs of the deceased is specified in chapter 4 of this regulation.
- 7
 - a) The manner in which temporary relief could be given in making mandatory contributions to the scheme by State Employers is provided for in chapter 5 of this regulation.
 - b) Returns generated from the balance in the Retirement Saving Accounts of the participants shall not decrease where a temporary relief is given to State Employers in making contributions to the fund.
- 8 Unless otherwise specified, the words and phrases used in this regulation are used within the same meaning given to the words in the Pension Act.

Chapter 2

Giving pension payouts under Retirement pension scheme

Introduction	9		<p>This chapter includes the manner in which pension payouts are calculated and the manner in which benefits will be paid out under retirement pension scheme, which includes the following</p> <ol style="list-style-type: none">1 The procedure for notifying the eligibility of participants to the retirement pension scheme by the Pension Office. The date of acquiring the right to apply for pension for participants and the manner in which a pension application could be made.3 The detailed procedure on calculating and giving monthly benefit payouts to the participants based on the balance in the retirement savings account.4 Procedure under which “early pension withdrawal” could be given to participants of the scheme who has attained the age of 55 years.
Impending Pension Age Notice	10	a)	<p>The Pension Office shall notify each participant in writing from the “Impending Pension Age Notice”, at least six (6) months prior to attainment of 65 years as provided for in clause 20 (e) of the Maldives Pension Act.</p>
		b)	<p>The “Impending Pension Age Notice” shall be sent by post or by any other appropriate means determined by the Pension Office.</p>
		c)	<p>People who have attained or will attain the pensionable age between 1st May 2010 and 31st December 2010, shall be exempted from the procedure provided for in sub clause (a) and (b) by the Pension Office and shall be notified in the earliest possible time.</p>
Eligibility for Pension	11		<p>All the participants of the pension scheme will receive pension on attaining the pensionable age. And under a certain condition, people who attain the age of 55 years are eligible to apply for pension. (The criteria for receiving pension in this</p>

regard are provided for in clause 16 of this regulation.)

Submitting
the
Impending
Pension Age
Notice

- 12 a) Upon receiving the “Impending Pension Age Notice”, or upon attaining the age of 55 years, pensioners shall after filling, submit the “Pension Applicant’s Information Form” to the Pension Office.
- b) To deposit the monthly pension benefits to the bank account of the pensioner starting from the month of attaining pensionable age, the pensioner shall submit this form to the Pension Office 45 days before attaining the pensionable age.
- c) Pension Office shall make the “Pension Applicant’s Information Form” easily available to the public. The said form shall be made available from the Pension Office, Island Offices and the website of the Pension Office as provided for in clause 20 (e) of the Pension Act. “Pension Applicant’s Information Form” shall have the following information.
- 1 Full name
 - 2 Maldivian National Identity card number and for foreigners, immigration number/passport number/work visa number
 - 3 Permanent Address
 - 4 Current Address
 - 5 Bank Account details
 - 6 In order to facilitate the pension payouts and maintain the pension scheme, pensioner’s phone number, fax number and email address shall be included.
- d) Upon submitting “Pension Applicant’s Information Form”, the procedure to check the information provided shall be the same procedure specified in chapter 6, 7 and 8 of the Old Age Basic Pension Regulation.

Determining
eligibility for
pension

- 13 a) Upon submitting the “Pension Applicant’s Information Form” to the Pension Office, if the Pension Office determines that the person is not eligible for pension or if the information submitted is not complete, the Pension Office shall notify the person in writing. Such a notice shall give the reason for not

being eligible or shall specify the required information that was not submitted.

- b) Upon submitting the “Pension Applicant’s Information Form” to the Pension Office, if the Pension Office determines that the person is eligible for pension, Pension Office shall notify the person in writing. Such a notice shall include the following information.
- 1 The total balance in the retirement savings account.
 - 2 The commencement date of issuing pension.
 - 3 The procedure used to calculate the monthly benefits
 - 4 The amount of money that will be given as pension each month
- c) Upon completing and submitting the “Pension Applicant’s Information Form” to the Pension Office, the written notice served with the decision taken by the Pension Office shall contain the procedure for appealing the decision. (Chapter 5 of this regulation contains the relevant procedure.)

Calculating
pension
payouts

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- a) The monthly benefits of the pensioner shall be calculated after the pensioner attains the age of 65, even if the pensioner has not completed and submitted the pensioner’s information form to the Pension Office.
- b) The monthly pension benefit given to the pensioner under the retirement pension scheme is the amount calculated with reference to the balance in the retirement savings account divided by life expectancy as provided for in this regulation.
- c) When a pensioner attains the age of 65 years, the balance in the pensioner’s retirement savings account shall be invested in low risk investments and the annual profits earned thereof shall be deposited to the retirement savings account of the pensioner.
- d) If the monthly benefit calculated in the manner specified in this clause is lower than MRf 2,000/- (Rufiyaa Two Thousand), the pensioner shall receive MRf 2000/- (Rufiyaa Two

thousand) as his monthly benefit. The formula to calculate the monthly benefit is specified below.

Monthly pension benefit = total amount in the retirement savings account / life expectancy

(Monthly benefits for the year shall be calculated with reference to the period remaining in the life expectancy after depositing the yearly profits to the retirement savings account.)

- e) “Life expectancy” specified in the above formula is the life expectancy in Maldives, which is the estimated total number of months pension could be given to a pensioner with reference to life expectancy determined by the world health organization. Life expectancy should be determined in accordance with the mortality table published by the Pension Office.

- f) The Pension Office can review the formula used to calculate the monthly benefits by considering the result of investing the retirement pension contributions, changes in inflation rates or any other economic factors that might change the monthly benefit. The Pension Office has in its discretion the right to change the mortality table to determine the life expectancy in accordance with the changes that comes to life expectancy (such as considering the life expectancy of gender, if the life expectancy is different). In this regard, the Pension Office shall consider the possibility of the balance in the retirement savings account being fully utilized before the determined age. Any changes that are brought to the mortality table must be announced in the form of public announcements.

- g) Upon completing and submitting the “Pension Applicant’s Information Form”, the monthly benefit payout is the amount calculated in the manner specified above.

- h) Due to the pensioner being unable to complete and submit the “Pension Applicant’s Information Form” or for any other reason if the monthly benefits calculated in the manner specified above cannot be deposited to the pensioner’s bank account for the purpose of giving Old Age Basic Pension, monthly pension benefits calculated under the retirement pension scheme shall be considered as money being paid to

the pensioner.

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| Procedure to make pension payouts and procedure to deal with the balance in the account | 15 | <ul style="list-style-type: none">a) When the pensioner attains pensionable age, the balance in the retirement savings account will be paid as monthly benefit payouts in the manner specified in this regulation. The Pension Office shall find other methods in addition to monthly benefit payouts to provide pension. Such methods should be established after taking into account economic and administrative implications.
b) The monthly payouts will be deducted from the monthly payouts of the retirement savings account of the pensioner. The monthly payouts will be deducted from the retirement savings account of the pensioners. After deducting the monthly payouts, the remaining assets in the retirement savings account of the pensioner will be invested in the pension fund established by the Pension Office. This asset has the possibility to earn benefit or loss, like any other invested asset.
c) Pension Office has in its discretion the right to make rules on how to invest the assets remaining in the accounts of the beneficiaries.
d) The monthly benefits in the retirement savings account shall be given until the earlier event of either all the funds are paid out or the pensioner is deceased.
e) The monthly benefits given under the scheme shall be delivered in the same manner as provided for in the “old age basic pension regulation” published by the Pension Office. |
| Early Pension Withdrawal | 16 | <ul style="list-style-type: none">a) “Early Pension withdrawal” is paying out monthly benefits to a pensioner after attaining the age of 55 years, as provided for in clause 20 of the Maldives Pension Act.
b) As provided for in clause 20 (l) of the Maldives Pension Act, where funds accumulated in the Retirement Savings Account of a participant of the Scheme who attains 55 years, is divided in accordance with pension payout procedure determined by |

the Pension Office and if the monthly pension is equivalent to twice the amount disbursed as Old Age Basic Pension, the participant may apply to seek benefit under the Scheme. (At the time of implementation this regulation, the monthly benefits given in this manner shall not be lower than Rf 4000/- (Rufiyaa Four Thousand).

- c) Benefits given as “Early pension withdrawal” shall be calculated in the manner provided for in this regulation. And while determining this pension, the mortality table published by the Pension Office shall be taken into account.
- d) “Early pension withdrawal” could be requested by submitting the “Pension Applicant’s Information Form”. The said form will be available from the Pension Office, the website of Pension Office and Island offices.
- e) Upon receiving request for “Early pension withdrawal”, the Pension Office shall notify in writing, the decision of the Pension Office regarding the submission. And the pensioner has the right to appeal the decision.
- f) If a pensioner is receiving “early pension withdrawal”, contribution made on behalf of the Employee and Employer shall be stopped even if he is employed afterwards, as provided for in clause 20 (l) of the Maldives Pension Act.

Chapter 3

Accrued Pension Rights and Recognition Bonds

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| Introduction | 17 | a) | This chapter provides the manner in which accrued pension rights and recognition bonds can be calculated and the procedure in which recognition bonds can be liquidated. |
| | | b) | The options available to receive recognition bonds for pensioners who are receiving their 20 year or 40 year pension before 1st May 2010 shall be provided for in this regulation. |
| | | c) | State Employees who have not attained the age of 65 at the |

commencement of the Pension Act (13 May 2009) shall have their Accrued Pension Rights deposited to their Retirement Savings Account as Recognition Bonds of the Government with respect to the service period up to 30th April 2010, as provided for in this regulation and the Maldives Pension Act.

- d) When accrued bonds are deposited to Employee's accounts, the recognition bonds become the legal property of that participant as provided for in clause 25 (c) (4) of the Maldives Pension Act. The Government has no right to revoke such bonds
- Calculating recognition bonds 18 a) After choosing either of the options provided for in clause 19 of this regulation, the formula for calculating accrued rights is given below.
Recognition Bonds value= Reference wage x service period x 14%
- b) Meanings of the terms in the formula above are
- 1 "Reference Wage" is 93% of the basic salary as at 13th May 2009. However, for the purpose of calculating the reference wage, if the basic salary is higher than Rf 20,500/- (Rufiyaa Twenty Thousand Five Hundred), basic salary shall be taken as Rf 20,500/-.
 - 2 "Service Period" shall be the total service period in state employment up to 30th April 2010.
- Right to choose 19 a) Among State Employees, pensioners of 20 years or 40 years has the right either to choose to receive the 20 year or 40 year old pension until the pensioners reach 65 years or give up the pension and get accrued rights for the total service period under clause 25 (c) (1) of the Maldives Pension Act.
- b) If a State Employee choose to receive the 20 year or 40 year pension till he attains the age of 65 years, for the purpose of calculating recognition bonds 20 years or 40 years shall be deducted from the "service period".
- c) Pension Office shall send the "Form for requesting to chose 20 year or 40 year pension or accrued rights" to the State

Employees upon commencement of this regulation. A form sent in this manner shall have the options available and the necessary calculations. Also a due date has to be given to make the decision and inform the Pension Office.

- d) If a State Employee receiving 20 years or 40 years pension fails to make a decision and inform the Pension Office in the time frame provided by the Pension Office, it will be deemed that he has chosen to continue to receive the pension he was receiving at the commencement of this regulation. And a second chance will not be given to choose the accrued pension rights for the total service period, if the decision was not made in the given time frame.
- Calculating recognition bonds value at the time of liquidation 20 a) The value of recognition bond at the time of liquidation shall be the sum of the face value of recognition bond and accrued interest earned up to the date of liquidation.
- b) Accrued interest shall be calculated quarterly every year using compound interest basis.
- c) The value of accrued interest shall be calculated in the formula specified below
Accrued interest = Value of recognition bonds x Interest rate
- d) The meanings of the terms specified above are:
- 1 “Value of recognition bonds” ” is the amount deposited to the account of the Employee after considering the service period and basic salary as of 1st May 2010
 - 2 “Interest rate” is the sum of 50% of the real per capita G.D.P growth and the consumer price index. This 50% of the real per capita G.D.P growth shall not exceed 4% and shall not be lower than 2%.
 - 3 “CPI” is a consumer price index published by the relevant authority of the government.
 - 4 “Real GDP” is the growth published by the relevant authority of the government after deducting the inflation of the previous year.

		5	For the purpose of calculating interest rate, negative figures shall be considered as zero.
Liquidating recognition bonds	21	a)	Under the circumstances below, whichever occurs earlier, the Ministry of Finance and Treasury shall deposit the money equivalent to recognition bonds to the pension fund of the retirement pension scheme. <ol style="list-style-type: none"> 1 Attaining the age of 65 years 2 A person qualified for early pension withdrawal applies for pension benefits. 3 When Pension Office determines to give pension to the heirs as provided for in chapter 4 of this regulation. 4 Ministry of Finance and treasury has in its discretion the right to liquidate the recognition bonds and deposit the equivalent money to the pension fund at an earlier date than the dates provided for in sub clause 1, 2 and 3.
		b)	After liquidation of the recognition bonds, the equivalent amount shall be deposited to the retirement savings account of the pensioner.
		c)	If the ministry of Finance and Treasury decides to liquidate the recognition bonds as provided for in sub clause (4) (a), the participant of the scheme shall be notified within 60 days. Such a notice shall contain the date of liquidation and the manner in which recognition bonds are liquidated.
Valuing recognition bonds and sending notice of the value	22	a)	The employment records sent by the Employer shall be used to calculate the recognition bonds.
		b)	The service period is the total service period after adjusting for any discontinuity in service.
		c)	The Pension Office shall provide means to check the service period for State Employees, before calculating the value of recognition bonds. If Employee believes that the service

period is incorrect, the Employee shall request information from the Employer, where the Employee worked on 13th May 2009, and fill in the necessary form and submit to review the service period.

- d) Pension Office shall send the “Notice of the recognition bonds value” to the State Employees as of 13th may 2009, mentioning the amount valued as recognition bonds, and the manner in which it was calculated. This notice shall include the details of all the information used to calculate the recognition bonds.
- e) State Employee can request to review the manner in which recognition bonds were calculated. Upon receiving (Notice of the recognition bonds value), within 45 days, a request for recheck can be made in the manner in which recognition bonds were calculated. A request for recheck on the manner in which recognition bonds were calculated could be made after filling and submitting the “form to request for recheck on the manner in which recognition bonds were calculated”.

Chapter 4

Procedure to give pension benefits in case a participant is deceased

Dispersing pension benefits where a participant is deceased before the pensionable age

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a)

If a pensioner dies before receiving any pension benefit, the balance in the retirement savings account shall be given to the heirs in accordance with the law of inheritance as provided for in clause 20 (g), (h) and (i) of the Maldives Pension Act. For the purpose of this regulation, balance in the account shall be considered as:

- 1 The contributions made by the Employer and the Employee to the retirement savings account and the returns generated thereof,
- 2 All the contributions that should be made to the retirement savings account by the Employer and Employee during the employment period till the Employee is deceased.
- 3 The cash value of the recognition bonds (including the accrued interest) as provided for in this regulation.

		b)	The lawfully determined heirs will receive the total amount in the retirement savings account as a lump sum. If the heirs wish to deposit the money to their retirement savings accounts, the amount could be deposited to their respective accounts. Money deposited in this manner will be governed under the procedure of benefit payouts from the retirement savings account.
Dispersing pension benefits where a participant is deceased after attaining the pensionable age	24		If a pensioner dies after the benefit payouts has been started, the heirs of the pensioner shall receive the balance in the pensioner's retirement savings account as provided for in clause 23 of this regulation.

Chapter 5
Interim procedure for appealing the determined pension payouts and erroneous pension payouts

Calculating recognition bonds	25	a)	If the pensioner believes that the value of his determined rightful recognition bonds is incorrect or the manner in which calculation of the recognition bonds were made is incorrect, the pensioner can submit an appeal to the Pension Office requesting to review the matter. It is the responsibility of the Pensioner to provide the necessary documentary evidence to justify his claim.
		b)	An appeal requesting for a review on the matter shall be requested by filling and submitting the "Appeal form for reviewing the manner in which recognition bonds are calculated".
		c)	If an appeal is not submitted within 45 days, it will be deemed that the pensioner has accepted the calculations made in the "Notice of recognition bonds value".

Complaints regarding early pension withdrawal	26	a)	If a pensioner is not satisfied with the manner in which eligibility for “early pension withdrawal” was determined, the pensioner has the right to appeal to the Pension Office requesting to review the matter. An appeal for review shall be requested by filling and submitting the “Appeal form for reviewing the manner in which pension was calculated”.
		b)	If the pensioner wants to appeal the manner in which eligibility for pension was determined, the pensioner shall appeal within 45 days of receiving the notice.
		c)	If an appeal is not submitted within 45 days, it will be deemed that the pensioner has accepted the decision of the Pension Office.
Reviewing the decision of the Pension Office	27	a)	The Pension Office shall review and decide all matters submitted under clause 25 and 26 of this regulation. Decisions made accordingly shall be made after considering the existing information, any new information and the information Pension Office has received through various other means.
		b)	After reviewing and deciding the submissions received accordingly, the decision has to be notified in writing within 45 days.
Filing law suit	28		If the pensioner is not satisfied with the decision of the Pension Office given in this manner, the pensioner can file the case with the relevant court.
Payments made by mistake or made in excess	29	a)	If a payment is made by mistake or if an over payment is made to a participant’s bank account For whatever reason, amounts deposited in this manner must be returned.
		b)	If a pensioner notices that a payment has been made by mistake or an over payment has been made to the Pensioner’s bank account, the pensioner shall notify the Pension Office.

- c) If the Pension Office notices that a payment has been made by mistake or an over payment has been made, the Pension Office shall notify the pensioner in writing. Such notices shall contain the amount deposited by mistake or the amount paid in excess and date of the event and the actions Pension Office intends to take to recover the amount.

- d) Upon the Pension Office being notified of the amount deposited by mistake or the amount paid in excess, Pension Office shall start the process of recovering the money. If the Pension Office notices that a payment has been made by mistake or an over payment has been made, the process of recovering of the money shall start from the date the pensioner has been notified to that effect.

- e) For pensioners having balance in the retirement savings account receiving monthly benefits, the amount shall be recovered in any of the following ways specified below.
 - 1 Deducting the payment or part of the payment from the balance in the retirement savings account.
 - 2 Stop the monthly pension benefits or part thereof until the amount paid in excess is recovered,
 - 3 Notify to repay the full payment or part thereof, in a manner determined.

- f) If the pensioner is paid by mistake or in excess has no balance in the retirement savings account, and if the pensioner did not receive any amount under Maldives Pension Act, the Pension Office has the right to take whatever action necessary to recover the said money. In this regard, Pension Office can take actions demanding money paid by the government or any other institution, or money in the bank account or by any other means available to recover the money.

- g) Pensioner who has received the notice regarding payments made by mistake or made in excess objects to the amount claimed by the Pension Office shall submit an appeal to review the decision made by the Pension Office as provided for in this regulation.

Chapter 6

Interim rules relating to Pension contributions by State Employers

- 30 a) Each person who is considered to be a participant of the Maldives Retirement pension scheme shall pay a minimum of 7% of the Employee's pensionable wage, and the Employer shall also pay a minimum of 7% of the pensionable wage to the scheme as provided for in clause 14(a) of the Maldives Pension Act. However, instead of deducting the payment from the Employee as provided for in clause 14(e) of the said Act, the Employer can contribute 14% of the pensionable wage or part of the payment on behalf of the Employee. Under such circumstances, the amount paid by the Employee shall be reduced accordingly.
- b) Until the basic salaries of the State Employees lowered due the special economic circumstances is restored or till at the end of 2010, the contributions made to the pension scheme could be made as government bonds (Employee contribution bonds) with interest.
- c) Employee contribution bonds shall be regarded as pension asset investments. The returns from the Employee contribution bonds and from the investment shall be deposited to the participant's retirement saving account.

Chapter 7

Forms and notices published under this regulation

Forms and notices on pension payouts	31	a)	1	Impending Pension Age Notice
			2	Pensioner's information form
			3	Notice given after determining Benefit Payouts

Forms and
notices on
recognition
bonds

- 4 Appeal form for reviewing the manner in which pension was calculated

- b)
 - 1 Form for requesting to chose 20 year or 40 year pension or accrued rights

 - 2 Notice of recognition bonds value

 - 3 Appeal form for reviewing the service period

 - 4 Appeal form for reviewing the manner in which recognition bonds are calculated

2nd August 2010

As amended on 1st December 2010