

**Ministry of Labour, Industrial Relations, Employment and Training**

**NOTICE**

**Portable Retirement Gratuity Fund**

The Ministry of Labour, Industrial Relations, Employment and Training is, in the context of the revision of the Employment Rights Act, proposing to introduce a Portable Retirement Gratuity Fund (PRGF) in replacement of the existing Retirement Gratuity regime.

The Ministry is, therefore, inviting the views of stakeholders on the proposed PRGF which should reach the Ministry by 21 November 2018 at latest on the email address of the Ministry at **mir@govmu.org** or at the following address:

**Ministry of Labour, Industrial Relations,  
Employment and Training  
Victoria House, 9<sup>th</sup> Floor  
Cnr Line Barracks and St Louis Streets  
Port Louis**

## **Proposed Portable Retirement Gratuity Fund (PRGF)**

### **1. Objective**

- to ensure that a worker who retires benefits from the payment of a retirement gratuity for his length of service with the current employer at the date of coming into operation of the Fund as well as for his length of service with any future employer, contrary to the present retirement regime whereby the retirement gratuity is computed on his length of service with his last employer only.

### **2. Application**

The PRGF shall-

- apply to all workers other than those whose retirement benefits are administered by Statutory Bodies Pension Funds Act or a private pension scheme.
- not apply to migrant workers.

### **3. Administration**

- The PRGF shall be a Government Scheme and shall be administered by an institution as determined by Government.

### **4. Operation**

- The PRGF shall operate as a Centralised Defined Contribution Scheme.
- An employer shall be required to make an upfront contribution of 4.8% of the monthly remuneration, which is equivalent to the 15 days' remuneration taken for the calculation of gratuity on retirement under the present legislation.
- The Mauritius Revenue Authority (MRA) shall be responsible to collect contributions and enforce payment.

- The MRA shall remit the employers' contribution to the institution responsible for the administration of the PRGF for credit into the personal account of the worker.

## **5. Contribution for past services**

- A moratorium period will be granted with a view to alleviating the initial financial burden on employers in respect of funding contribution of past services of workers currently in employment.
- Where a worker retires or dies or his employment is terminated during the period of moratorium, the employer shall be required to pay forthwith all the contributions due to the PRGF.

## **6. Adjustment**

- Where, before the coming into operation of the PRGF, the rate of the contribution paid by an employer to a private pension scheme is less favourable than the rate prescribed in the PRGF, the employer shall be required to top up to the level equivalent to the prescribed rate and pay the difference for the previous period in accordance with the moratorium period.

## **7. Transfer of funds**

- Where a worker changes employment, the value of his accrued benefits held in a private pension scheme may be transferred to the Portable Retirement Gratuity Fund or the private pension scheme held by his new employer; and the transfer value shall be paid at the appropriate retirement age, or on the death of the worker.

## **8. Entitlement**

- A worker who retires at the appropriate retirement or on medical ground.
- A worker who is laid off for economic reasons at or after the age of 45.
- The spouse of the deceased worker or where there is no surviving spouse, the dependants of the deceased worker.

## **9. Gratuity payable**

- The gratuity shall be computed on the contributions made by his current employer and any subsequent employer with whom he has been in employment during his whole length of service, plus any interest accrued on investment.
- The gratuity shall be paid on retirement or at the death of the worker.

## **10. Recycling Fee**

With the introduction of the PRGF, an employer shall no longer be required to pay the recycling fee upon the termination of employment of a worker provided in the Employment Rights Act.