

# Portable Retirement Gratuity Fund

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## Updates



**SWAN**

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Prepared by Swan Actuarial Services Ltd

# Introduction

The Portable Retirement Gratuity Fund (PRGF) was established following the proclamation of the Workers' Rights Act 2019 (WRA 2019).

The purpose of the PRGF is to provide for the payment of a gratuity on retirement or death of a worker, irrespective of the number of employers with whom the worker may have worked during his career span.

## Who is eligible to join the PRGF?

The PRGF has come into operation on 01 January 2020. It applies to all workers, including self-employed individuals, except:

- Public sector officers
- Expatriates
- Workers covered by the Statutory Bodies Pension Funds Act
- Workers covered by a private pension fund
- Workers drawing a monthly basic salary of more than MUR 200,000

## What is required from Employers?

For each eligible worker, employers should make contributions into the PRGF at a rate of **4.5%** of monthly remuneration.

The monthly remuneration has been defined as the sum of the monthly basic wage, productivity bonus, attendance bonus and payment for extra work performed.

### Contributions



Mauritius Revenue Authority

Administrator

PRGF



The initial moratorium for the payment of contributions of 3 months given to employers has been extended to 2 years.

The first payment of contribution to the MRA is due no later than 01 January 2022.



Employers may consider contributing to the MRA during the moratorium period to lessen any financial burden when the benefits are due at exit, death, or retirement.

### Payments



#### What benefit is payable to workers?

Any worker who resigns as from 2020 is eligible to a portable gratuity benefit based on service with the employer as from **1 January 2020** and remuneration at exit.

The same benefit formula as for retirement or death gratuity applies.

# Licensed Private Pension Schemes

Employers who sponsor a Private Pension Scheme (PPS) licensed by the FSC shall be exempted from making any contributions into the PRGF in respect of employees participating in the said PPS.

The sponsoring employers of those PPS are required to amend the scheme rules of their pension plan to allow for transfer values, upon resignation of employees, at any time instead of the obligation to have a minimum of two years of service.

## What happens to contribution levels of PPS?

There are ongoing discussions whether there should be amendments required by pension schemes where the rate of contribution is less favourable than the rate prescribed in the PRGF. The FSC will notify its licensed pension schemes on any developments.

### How can we help?

Swan Actuarial Services Ltd has the expertise to assist you on the following:

- Accounting treatment of contributions to PRGF;
- Detailed withdrawal analysis of your membership;
- Adjustment in IAS 19 calculations to include benefit upon resignation;
- Changes in IAS 19 disclosures;
- Understand the steps when an employee resigns.

### Get in touch with us for more information.

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