

The text below is an internet version of the Rules made by the FSC under section 93 of the Financial Services Act 2007 and sections 17(2)(a), 18, 20, 21 and 22 of the Private Pension Schemes Act 2012 and is for information purposes only. Whilst reasonable care has been taken to ensure its accuracy, the authoritative version is the one published in the Government Gazette of Mauritius (GN No. 323 of 2013).

PRIVATE PENSION SCHEMES (TECHNICAL FUNDING REQUIREMENT) RULES 2013

(Consolidated version with amendments as at 16th April 2022)

FSC Rules made by the Financial Services Commission under section 93 of the Financial Services Act 2007 and sections 17(2)(a), 18, 20, 21 and 22 of the Private Pension Schemes Act 2012.

PART I - PRELIMINARY

1. Citation

These Rules may be cited as the Private Pension Schemes (Technical Funding Requirement) Rules 2013.

2. Interpretation

In these Rules –

“accrued benefits” means all rights and benefits which beneficiaries are entitled to at the valuation date;

“accrued benefits funding method” means a funding method whereby the technical provisions are based on the accrued pension benefits as at valuation date and expected future salary increases;

“Act” means the Private Pension Schemes Act 2012;

“actuarial report” means a written report, prepared and signed by an actuary, on the technical provisions of a defined contribution scheme;

“actuarial valuation report” means a written report, providing for the valuation of the assets and calculation of the technical provisions of a defined benefit scheme, prepared and signed by an actuary;

“actuarial value of assets” means the value of the assets of a private pension scheme determined by the actuary in accordance with Rule 9;

“actuary” means an actuary referred to in section 20(1)(a) of the Act;

“constitutive documents” has the same meaning as in the Act;

“contingency plan” means the contingency plan referred to in section 21 of the Act;

“deficit” means the excess of the technical provisions over the actuarial value of the assets;

“discretionary benefits” means pension benefits awarded to beneficiaries other than mandatory pension benefits provided in the rules of the private pension scheme;

“fair value of assets” means –

- (a) with respect to an asset which is listed on a securities exchange, its price last quoted on that exchange; and
- (b) in any other case, the price which could have been obtained upon a sale of the asset between a willing buyer and a willing seller dealing at arm’s length;

“funding ratio” means the ratio of the actuarial value of the assets to the technical provisions, calculated in accordance with these Rules, expressed as a percentage;

“insurance policy” means a long term insurance policy as referred to in the Insurance Act 2005;

“insured benefit” means a death or disability benefit connected with an insurance policy contracted by the private pension scheme;

“investment policy” has the same meaning as in the Private Pension Schemes (Investment) Rules;

“investment reserve management policy” means a policy document that sets out the –

- (cc) operation of the smoothing reserve including its utilisation and movement over time; and
- (cd) policy on the annual interim and final rates of return as agreed by the governing body of the private pension scheme;

“investment smoothing reserve ratio” means the percentage of the smoothing reserve to the total assets of the scheme.

“smoothing reserve” means a reserve which enables the governing body of a private pension scheme to smooth out any return being paid to the members’ individual accounts and shall not imply any guarantee in relation to investment returns that shall be allocated to the members’ individual accounts;

“surplus” means the excess of the actuarial value of the assets over the technical provisions;

“technical funding requirement” means the technical funding requirement referred to in section 21(1) of the Act;

“valuation date” means the date on which an actuarial valuation of a private pension scheme is conducted.

Amended by [GN No. 80 of 2022]

3. Application of the Rules

- (1) These Rules shall apply to private pension schemes licensed under sections 9 and 12 of the Act.
- (2) These Rules are not exhaustive and should be read in conjunction with the Act, other relevant Acts, regulations and FSC Rules made under those Acts and Codes or guidelines which the Commission may issue from time to time.

PART II – TECHNICAL FUNDING AND REPORTING

4. Technical funding requirement

- (1) A defined benefit scheme shall meet the technical funding requirement if –
 - (a) its funding ratio is at least 100%;
 - (b) the rates of contributions to the scheme are such that the condition in subparagraph (a) can be expected to be met for the period for which the schedule of contributions is in force; and
 - (c) it meets all the requirements provided in any FSC Rules issued by the Commission under section 18 of the Act.
- (2) Notwithstanding paragraph (1), where the funding ratio of a defined benefit scheme is at least 90% and the scheme meets the provisions of subparagraphs (1)(b) and (1)(c), it shall be deemed to meet the technical funding requirement.

5. Statement of funding policy

- (1) The governing body of a private pension scheme, after consultation with the actuary, shall prepare and regularly review a written statement of funding policy.
- (2) In the case of a defined benefit scheme, the statement of funding policy referred to in paragraph (1) shall include –
 - (a) the method and assumptions to be used in calculating the technical provisions and rates of contributions of the private pension scheme as provided in Rule 11; and
 - (b) the period within which, and the manner in which, any failure to comply with the technical funding requirement is to be rectified.
- (3) In the case of a defined contribution scheme, the statement of funding policy referred to in paragraph (1) shall include the method and assumptions to be used to determine the projected pension benefits as specified in Item 11 of Part I of the Second Schedule of the Private Pension Schemes (Disclosure) Rules 2012.

6. Actuarial valuation report and actuarial report

- (1) The governing body shall determine whether the private pension scheme meets the technical funding requirement by taking into consideration -
 - (a) in the case of a defined benefit scheme, an actuarial valuation report at intervals of not more than 3 years; and
 - (b) in the case of a defined contribution scheme, an actuarial report at intervals of not more than 3 years.
- (2) The actuarial valuation report or actuarial report specified in paragraph (1) shall be prepared in accordance with Part V of these Rules and shall be submitted to the Commission within 9 months after the close of the financial year of the private pension scheme.
- (3) The Commission may on good cause exempt any defined contribution scheme or any class of defined contribution schemes from the requirement of this Rule subject to such terms and conditions it deems fit.

PART III – DETERMINATION AND VALUATION OF ASSETS AND LIABILITIES

7. Determination of assets

For the purposes of actuarial valuation reporting and actuarial reporting, the assets of a private pension scheme shall exclude –

- (a) assets that are not admissible or exceed the concentration limits as specified in Rule 11 of the Private Pension Schemes (Investment) Rules 2013; and
- (b) any right provided under an insurance policy, where the actuary deems it appropriate.

8. Determination of liabilities

- (1) For the purposes of actuarial valuation reporting and actuarial reporting, the liabilities of a private pension scheme shall be equal to its technical provisions.
- (2) Where the actuary has excluded any right provided under an insurance policy in accordance with Rule 7(b), the liabilities secured by the insurance policy shall be disregarded for the purposes of paragraph (1).

9. Valuation of assets and liabilities

- (1) The assets and liabilities of a private pension scheme shall be valued by reference to the same valuation date.
- (2) The actuarial value of the assets of a defined contribution scheme shall be the fair value of assets of that scheme.
- (3) The actuarial value of the assets of a defined benefit scheme shall be –
 - (a) consistent with the basis used to value the liabilities of the scheme and to determine the technical provisions in accordance with Rule 11; and
 - (b) compared with the fair value of the assets on the valuation date.

PART IV– CALCULATION OF TECHNICAL PROVISIONS

10. Calculation of technical provisions for defined contribution scheme

- (1) The technical provisions for any individual member of a defined contribution scheme shall be calculated by adding –
 - (a) the total contributions of the member or sponsoring employer in respect of pension benefits;
 - (b) any interest, dividend and other income accrued in respect of contributions of the member or sponsoring employer; and
 - (c) any capital appreciation,and by deducting any capital depreciation, cost of any insured benefit and any other expenses.
- (2) The technical provisions for the defined contribution scheme shall be the aggregate of the technical provisions of all the individual members of that scheme.

10A. Smoothing reserve

- (1) Where a private pension scheme maintains a smoothing reserve, the amount allocated to each member's individual account from that reserve as determined by the governing body of the scheme after consultation with the actuary, shall be included in the technical provisions of each individual member.
- (2) The technical provisions for the scheme referred to in paragraph (1), shall be the aggregate of the technical provisions of all the individual members of that scheme and the balance of the smoothing reserve maintained by the scheme after allocation of returns to each individual member account.
- (3) The actuary shall disclose to the governing body of the scheme referred to in paragraph (1), on an annual basis –
 - (a) the relevant information on the smoothing reserve;
 - (b) the actual rate of return on investment as compared to the interim and final rates of return being allocated from the smoothing reserve to the members' individual accounts; and
 - (c) the investment smoothing reserve ratio as compared to the maximum ratio allowed in the investment reserve management policy of the scheme.
- (4) The private pension scheme shall disclose and submit to the Commission, under section 37(2)(f) of the Act, on an annual basis, the information referred to in paragraph (3).

- (5) A sponsoring employer shall not have any right whatsoever on any amount from the smoothing reserve at any point in time.
- (6) The actuarial report or the actuarial valuation report, as the case may be, of the private pension scheme referred to in paragraph (1), shall, in addition to the requirements in Rules 12 and 13, report on –
 - (a) the smoothing reserve;
 - (b) the allocation of interim and final returns;
 - (c) compliance with the investment reserve management policy of the scheme; and
 - (d) such other information as may be determined by the actuary of the scheme.
- (7) Where a private pension scheme maintains a smoothing reserve, the constitutive documents of the scheme shall provide for the constitution of the smoothing reserve and any other relevant information.

Inserted by [GN No. 80 of 2022]

11. Calculation of technical provisions for defined benefit scheme

- (1) A defined benefit scheme shall use the accrued benefits funding method based on prudent assumptions to calculate its technical provisions.
- (2) The technical provisions of a defined benefit scheme shall be calculated by the actuary in accordance with the statement of funding policy of the private pension scheme.
- (3) In determining the accrued benefits funding method to be used, the governing body and the actuary shall consider the particularities of the scheme and the sponsoring employer.
- (4) In determining the prudent assumptions referred to in paragraph (1), the defined benefit scheme shall ensure that –
 - (a) an appropriate margin for adverse deviation is taken into account, wherever required;
 - (b) the rates of interest used to discount future payments of pension benefits have been prudently chosen and are consistent with the manner in which the assets are valued;
 - (c) the mortality and demographic assumptions are based on prudent principles, having regard to the current and expected characteristics of the beneficiaries of the scheme;
 - (d) the evidence for, and rationale behind the values of each assumption are taken into consideration; and

- (e) the sensitivity of the technical provisions to the assumptions is taken into consideration.
- (5) Any change in the method or assumptions used in calculating the technical provisions of a defined benefit scheme shall be justified by a change in legal, demographic or economic circumstances.

11A. Calculation of technical provisions for a private pension scheme having a defined contribution section and a defined benefit section

Where a private pension scheme has a defined contribution section and a defined benefit section, the actuary shall apply Rules 10, 10A or 11, as may be applicable, for the calculation of its technical provisions.

Inserted by [GN No. 80 of 2022]

PART IVA - INVESTMENT RESERVE MANAGEMENT POLICY

11B. Contents of the investment reserve management policy

- (1) Where a private pension scheme maintains a smoothing reserve, it shall have an investment reserve management policy that shall be-
 - (a) prepared and approved by its governing body in consultation with the actuary;
 - (b) signed by the Chairperson or any appointed representative of the governing body; and
 - (c) forthwith filed with the Commission.
- (2) When determining an investment reserve management policy, the governing body of the private pension scheme shall have regard to the-
 - (a) current and future investment strategy of the scheme;
 - (b) long-term objectives of the scheme in terms of expected rates of return;
 - (c) need to build sufficient reserves over a reasonable period of time;
 - (d) way that the smoothing reserve will need to be re-built following adverse movement in the prevailing local and international macroeconomic and market conditions; and
 - (e) risk appetite of the scheme.
- (3) The investment reserve management policy of a private pension scheme shall include the items specified in the Fifth Schedule.
- (4) The investment reserve management policy shall be subject to actuarial review at intervals of not more than 3 years.
- (5) The investment reserve management policy shall be consistent with the constitutive documents and the investment policy of the private pension scheme, these Rules, the Act and other relevant Acts.

- (6) A private pension scheme shall notify the Commission of any alteration to its investment reserve management policy within 15 days from the approval of such alteration by the governing body.

Inserted by [GN No. 80 of 2022]

11C. Application of Rules 10A and 11B

Rules 10A and 11B shall apply to –

- (a) a defined contribution scheme; or
- (b) a private pension scheme that has a defined contribution section and a defined benefit section;

provided that the defined contribution scheme or the defined contribution section of the private pension scheme, as applicable, maintains a smoothing reserve.

Inserted by [GN No. 80 of 2022]

PART V – CONTENTS OF ACTUARIAL VALUATION REPORT AND ACTUARIAL REPORT

12. Contents of actuarial valuation report

- (1) An actuarial valuation report of a defined benefit scheme shall, wherever applicable, include –
- (a) an opening statement setting out the objectives of the valuation and the date on which the current valuation and the preceding valuation were conducted;
 - (b) an analysis of all the relevant developments, if any, since the preceding valuation, including –
 - (i) any change in pension benefits;
 - (ii) discretionary benefits granted;
 - (iii) contribution rates since the preceding valuation and any change thereto;
 - (iv) changes in the profile or characteristics of the beneficiaries; and
 - (v) any change in the investment policy;
 - (c) a summary of the pension benefits used in the valuation;

- (d) a summary of the beneficiaries' data used in the valuation, measures taken by the actuary to ensure the completeness and accuracy of the data, and, whenever applicable, a qualification where the actuary has any reservation regarding the completeness and accuracy of the data;
- (e) details of how expenses, death, disability and such other allowance as may be provided in the rules of the private pension scheme are funded;
- (f) comments on financially significant events that have occurred since the preceding valuation date, or that may be imminent, and the provision of an allowance for such events in the valuation, if applicable;
- (g) a summary of the assets of the scheme split into different asset classes;
- (h) an explanation of and justification for the methodology and assumptions used to determine the actuarial value of assets, if different from the fair value of assets;
- (i) comments on the assets in relation to the liabilities of the scheme;
- (j) a description of the valuation method and assumptions used to determine the technical provisions;
- (k) the valuation results and sensitivity testing of the valuation results against changes in the assumptions;
- (l) a comparison of the current valuation results with the valuation results at the preceding valuation date, quantifying the changes over the valuation period, including an analysis of the change in surplus or deficit;
- (m) recommendations for the financing of any deficit or the utilization of surplus, if applicable;
- (n) recommendations on the future contribution rates; and
- (o) where reserves have been held for specific contingencies and the actuary believes that these reserves require an increase or decrease, a quantification of the increase or decrease by the actuary, and recommendations on how these will be paid for or accommodated in the scheme.

(2) An actuarial valuation report of a private pension scheme shall be accompanied by –

- (a) a certificate of the actuary with respect to the calculation of the technical provisions and the funding ratio in the form specified in the First Schedule; and

- (b) a certificate of the actuary with respect to the schedule of contributions in the form specified in the Second Schedule.

13. Contents of actuarial report

- (1) The actuarial report of a defined contribution scheme shall include –
 - (a) an opening statement setting out the objectives of the report;
 - (b) a review of all the relevant developments, if any, since the previous valuation, including –
 - (i) contribution rates paid and any change thereto;
 - (ii) changes in the profile or characteristics of the beneficiaries; and
 - (iii) changes in the investment policy of the scheme;
 - (c) a summary of the beneficiaries' data used in the valuation, measures taken by the actuary to ensure the completeness and accuracy of the data, and whenever necessary, any qualification where the actuary has any reservation regarding the completeness and accuracy of the data;
 - (d) a statement on whether expenses, death, disability and such other allowance as may be provided in the rules of the scheme are funded –
 - (i) by the defined contribution;
 - (ii) by any other payment in addition to the defined contribution; or
 - (iii) by using another method;
 - (e) comments on financially significant events that have occurred since the date of the preceding actuarial report, or that may be imminent, and the provision of an allowance for such events in the report, if applicable;
 - (f) a summary of the assets of the scheme split into different asset classes;
 - (g) the calculation of the technical provisions;
 - (h) comments on the assets in relation to the liabilities of the scheme; and
 - (i) a comparison of the current results with the results of the preceding actuarial report, quantifying the changes over the reporting period.

PART VI – SURPLUS

14. Surplus of a defined benefit scheme

- (1) Any surplus of a defined benefit scheme shall be an asset of that scheme.
- (2) A defined benefit scheme shall not use any surplus referred to in paragraph (1) where such utilization would result in the funding ratio of the scheme falling below 105%.
- (3) Where a governing body of a defined benefit scheme considers the use of surplus referred to in paragraph (1), it shall take into account both the interests of the beneficiaries and of the sponsoring employer of the scheme.

15. Utilization of surplus

Subject to Rule 14, the governing body of a defined benefit scheme may, after consultation with the actuary, use the surplus of the scheme to –

- (a) subsidise, in full or in part, the contributions due by the sponsoring employer or members;
- (b) meet, in full or in part, the expenses of the scheme; or (c) fund discretionary benefits.

16. Report of the actuary on the utilization of surplus

Where the governing body of a defined benefit scheme decides to utilize the surplus in accordance with Rule 15, the actuary must forthwith submit a report to the Commission certifying -

- (a) the exact manner in which the surplus is to be utilized; and
- (b) that the utilization of the surplus shall not result in the funding ratio falling below 105%.

PART VII – UNDERFUNDING AND CONTINGENCY PLAN

17. Underfunding

- (1) Where a defined benefit scheme does not meet the technical funding requirement as specified in Rule 4, its governing body, after consultation with the actuary, shall –
 - (a) cause the sponsoring employer to make a payment that will ensure that the funding ratio is at least 100%; or
 - (b) in conjunction with the sponsoring employer develop a contingency plan to restore the funding ratio to 100% within a predetermined timeframe approved by the Commission, as provided under section 21(1) of the Act.
- (2) For the purpose of subparagraph (1)(b), the governing body and the actuary may consult with the Commission on an appropriate timeframe for the restoration of the funding ratio to 100%, prior to the submission of the contingency plan.
- (3) The Commission may require a contingency plan to be revised under such terms and conditions that it deems appropriate for the best interests of the beneficiaries of the defined benefit scheme.
- (4) Any sponsoring employer required to make a payment pursuant to subparagraph 1(a) shall make such payment before the submission of the scheme's next actuarial valuation report to the Commission.

18. Requirements of a Contingency Plan

- (1) The contingency plan shall include –
 - (a) the timeframe within which the funding ratio of the defined benefit scheme shall be restored to 100%;
 - (b) a statement whether the underfunding of the defined benefit scheme will be rectified by –
 - (i) an increase in contributions;
 - (ii) regular payments by the sponsoring employer; or
 - (iii) a combination of (i) and (ii); and
 - (c) the actuary's certification of the contingency plan as specified in the Third Schedule.

- (2) Where the governing body of the defined benefit scheme prepares or amends a contingency plan, it shall, take into account the –
- (a) asset and liability structure of the scheme;
 - (b) risk profile of the scheme;
 - (c) liquidity requirements of the scheme;
 - (d) age profile of the members of the scheme; and
 - (e) recommendations and advice of the actuary of the scheme.
- (3) Subject to the prior approval of the Commission, a contingency plan may be amended by the governing body where it considers that there are valid reasons that justify an amendment.
- (4) A contingency plan shall clearly specify the date on which it was prepared and the date of any subsequent amendment.
- (5) Any contingency plan submitted to the Commission shall be accompanied by –
- (a) a summary of the information contained in the actuarial valuation report of the scheme if the plan has been prepared or amended following that valuation;
 - (b) an explanation of the reasons for any amendment where the plan has been amended in the circumstance described in paragraph (3); and
 - (c) the sponsoring employer's certification in the form specified in the Fourth Schedule.

PART VIII – MISCELLANEOUS

19. Commencement

These Rules shall come into operation on 31st January 2014.

Made by the Financial Services Commission on 17th December 2013.

FIRST SCHEDULE

[Rule 12(2)(a)]

ACTUARY'S CERTIFICATE

Form of actuary's certification of the calculation of technical provisions and funding ratio

Name of scheme

Calculation of technical provisions and funding ratio

I,, certify that, in my opinion, the calculation of the scheme's technical provisions as at [*insert effective date of valuation on which the calculation is based*] is made in accordance with the Private Pension Schemes Act 2012 and the Private Pension Schemes (Technical Funding Requirement) Rules 2013. The calculation uses a method and assumptions (determined in consultation with the governing body of the scheme) set out in the statement of funding policy dated [*dd/mm/yyyy*].

Technical provisions	[<i>MUR amount</i>]
Actuarial value of assets	[<i>MUR amount</i>]
Funding ratio	%

Signature:

Date:

Name:

Qualification:

Address:

Name of employer (if applicable):

SECOND SCHEDULE

[Rule 12(2)(b)]

ACTUARY’S CERTIFICATE

Form of actuary’s certification of schedule of contributions

Name of scheme

Adequacy of rates of contributions

I, , certify that, in my opinion –

- 1. the schedule of contributions is consistent with section 22 of the Act and the statement of funding policy dated [dd/mm/yyyy]; and
- 2. the technical funding requirement can be expected to be met by the end of the period specified in the contingency plan dated [dd/mm/yyyy]¹ **OR** the technical funding requirement can be expected to continue to be met for the period for which the schedule is in force². [*delete whichever alternative does not apply*]

The certification of the adequacy of the rates of contributions for the purpose of ensuring that the technical funding requirement is met is not to be construed as a certification of adequacy of the rates of contributions for the purpose of securing the scheme’s liabilities by the purchase of annuities, in the event the scheme were to be wound up.

Member contribution rate (category 1)	[% of salary or nominal]
Employer contribution rate (category 1)	[% of salary or nominal]
Member contribution rate (category 2)	[% of salary or nominal]
Employer contribution rate (category 2)	[% of salary or nominal]
.....	

Signature:

Date:

Name:

Qualification:

Address:

Name of employer (if applicable):

¹ This applies where the technical funding requirement was not met at the valuation date. ²This applies where the technical funding requirement was met at the valuation date.

THIRD SCHEDULE

[Rule 18(1)(c)]

ACTUARY’S CERTIFICATE

Form of actuary’s certification of contingency plan

Name of scheme

Contingency plan

I, , certify that, in my opinion, the contingency plan dated [dd/mm/yyyy], including
–

1. the following rates of contributions; [and/or]

Member contribution rate (category 1)	[% of salary or nominal]
Employer contribution rate (category 1)	[% of salary or nominal]
Member contribution rate (category 2)	[% of salary or nominal]
Employer contribution rate (category 2)	[% of salary or nominal]
.....	

2. the following payment(s) by the sponsoring employer,

Date of payment 1	[nominal]
Date of payment 2	[nominal]
.....	[nominal]

is expected to restore the funding ratio of the scheme to 100% by [dd/mm/yyyy].

The certification of the adequacy of the rates of contributions [and/ or] payment(s) by the sponsoring employer to the scheme for the purpose of ensuring that the funding ratio is restored to 100%, is not to be construed as a certification of their adequacy for the purpose of securing the scheme’s liabilities by the purchase of annuities, in the event the scheme were to be wound up.

Signature:

Date:

Name:

Qualification:

Address:

Name of employer (if applicable):

FOURTH SCHEDULE

[Rule 18(5)(c)]

SPONSORING EMPLOYER’S CERTIFICATE

Form of sponsoring employer’s agreement to the contingency plan

Name of scheme

Contingency plan

I, , duly authorised by [*name of company*], herewith agree that the [*name of the sponsoring employer*] will comply with the requirements of the contingency plan by making the following contributions [*and/or*] payments to the [*name of private pension scheme*]:

1. the following rates of contributions; [*and/ or*]

Member contribution rate (category 1)	[<i>% of salary or nominal</i>]
Employer contribution rate (category 1)	[<i>% of salary or nominal</i>]
Member contribution rate (category 2)	[<i>% of salary or nominal</i>]
Employer contribution rate (category 2)	[<i>% of salary or nominal</i>]
.....	

2. the following payment(s) by the sponsoring employer,

Date of payment 1	[<i>nominal</i>]
Date of payment 2	[<i>nominal</i>]
.....	[<i>nominal</i>]

Signature:

Date:

Name:

Title:

Address:

Name of employer (if applicable):

FIFTH SCHEDULE

[Rule 11B(3)]

1. Description of the private pension scheme.
2. Rationale for the operation of a smoothing reserve.
3. Description of the investment return allocation methodology.
4. The maximum level of investment smoothing reserve ratio, as agreed by the actuary and the governing body of the scheme, which shall be reasonable and justification shall be given as to how it is consistent with the investment strategy and profile of the scheme.
5. The governing body's agreed policy in terms of building up the reserve and its utilisation over time under various economic scenarios.
6. The governing body's agreed policy in regard to the interim and final rates of return applicable each year.
7. Frequency in which the interim and final returns shall be allocated to the members' individual accounts.
8. Frequency at which the policy document shall be reviewed.

Added by [GN No. 80 of 2022]