FINANCIAL LITERACY IN FOCUS

Issue 2, February 2017

A **Pension** or **Pension Plan** or **Scheme** is simply a way to save for your retirement. A pension will provide you with a stream of income, which is paid usually when you reach retirement. Pension benefits can either be in the form of a cash lump sum (up to 25% of benefits) paid on retirement date, and/or regular payments (e.g. monthly) made as from retirement date. You can invest in a pension scheme either through your employer, where your employer contributes to a pension scheme for you (percentage of contribution may vary per employer), and/or through a private pension scheme provider of your choice.

3 Types of private pension schemes:

- **Defined Benefit (DB) Scheme** identifies the specific benefit that will be payable to you at retirement. The benefit is based on factors such as the length of employment and the salary.
- **Defined Contribution (DC) Scheme** is where a certain amount or percentage of money is set aside each year by an employer for the benefit of each of its employees at retirement. The amount usually is a percentage of an employee's salary.
- **Hybrid Schemes** have elements of both Defined Benefits and Defined Contributions plans. Under these plans, when eligible employees retire, they receive a specific benefit that incorporates features of both a DB-type pension as well as a DC-type retirement benefit.













Things to know before investing in a pension plan:

- Private Pension Schemes in Mauritius are regulated by the Financial Services Commission, Mauritius under the Private Pension Schemes Act 2012.
- The main reason to invest in a pension scheme is to ensure that you are catered for financially when you retire.
- **Important:** a pension scheme is not a bank account where you put money in and take it out when you want. It is a long term investment.
- Start early: as soon as you start working, think about saving for your retirement.

Financial Literacy Initiatives

Young Talent Competition 2017

The FSC Mauritius will launch the 6th edition of its Young Talent Competition (YTC) on 27 February 2017, with the theme "Sustaining the development of the Mauritius Pensions Industry".

The new feature in 2017 is that YTC is going **zonal**. Best teams will qualify for semi-finals and final at **zone** level; zonal champions will proceed to semi-finals and final at national level.

Important dates:

- Closing date for application: 17 March 2017
- Briefing session: 30 March 2017
- Quiz Preliminary Rounds: starts from 02 May 2017
- Submission of essays: 26 May 2017

More information on the competition is available on the FSC website.

Forthcoming Outreach Sessions

Two Consumer Outreach programmes will take place in March 2017:

- Roche Noire Community Centre: 17 March 2017
- Bambous Social Welfare Centre: 31 March 2017.

Train-the-Trainer (TtT)

The FSC Mauritius interviewed shortlisted applicants for the TtT programme in February. Selected candidates will soon start training, where they will learn, amongst others:

- How to teach financial education to students, young adults or elderly people;
- Why effective financial education requires more than teaching people about budgeting and saving money as it also includes learning about investing in assets, financial protection and more, and
- Why learning how to manage money wisely involves learning how to practice sound financial habits.

La Minute de la Finance

La Minute de la Finance is being broadcasted on Kool FM (91.7/ 89.3/ 97.3 mhz) and Best FM (103.5/ 96.4/ 99.4 mhz) since 06 February 2017 between 07.30-8.00 and 16.30-17.00 respectively.

Statistical Highlights: The total number of Private Pensions Schemes as at 31 December 2015 was 67 with total benefits paid amounted to MUR 1.631 bn whilst their total assets amounted to MUR 35.867 bn. Furthermore, as at 31 December 2015, there were 5 licensed Pension Scheme Administrators, with their total assets amounting to MUR 67.737 M. *Source: FSC Mauritius Annual Statistical Bulletin 2016*

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This FINANCIAL LITERACY IN Focus issue is brought to you by the Financial Services Commission, Mauritius. The next issue will be brought to you on Saturday, 25 March 2017.

