

**CIRCULAR LETTER  
CL230421**

**23 April 2021**

**ALL FUNCTIONARIES OF PRIVATE PENSION SCHEMES**

Dear Sir/ Madam

**GUIDELINES FOR THE ‘CONVERSION’ OR ‘SHIFT’ OF DEFINED BENEFIT PENSION SCHEMES TO DEFINED CONTRIBUTION PENSION SCHEMES**

1. The Financial Services Commission, Mauritius (the “FSC”) refers to the Guidelines for the ‘conversion’ or ‘shift’ of defined benefit pension schemes to defined contribution pension schemes (the “Guidelines”) issued on 23 April 2021 under section 7 (1) (a) of the Financial Services Act.
2. The objective of the Guidelines is to provide a regulatory framework for the ‘conversion’ or ‘shift’ of defined benefit pension schemes to defined contribution pension schemes.
3. A ‘conversion’ means the process of converting the members’ benefits in a defined benefit scheme that have accrued up to the date of conversion and crediting the commuted value to the members’ individual accounts under the subsequent defined contribution scheme. A ‘shift’ means the process of shifting the members of a defined benefit scheme to a defined contribution scheme, for future service accrual, on the date on which the accrued pension benefits of members under the defined benefit scheme are frozen.
4. The Guidelines require private pension schemes and sponsoring employers to engage with the members of defined benefit schemes to ensure full disclosure of information prior to any conversion or shift of the schemes. In this respect, members of defined benefit schemes shall make informed decisions regarding any

shift or conversion affecting them. In addition, the Guidelines address the issues of underfunded defined benefit schemes by providing for sponsoring employers to either forthwith fund respective deficits or to submit a contingency plan when deciding for a conversion or shift of the defined benefit schemes.

5. The [Guidelines](#) are available on the website of the FSC.

*Signed by Mr Dhanesswurnath Thakoor, Chief Executive, on 23 April 2021.*

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