

*Pensions in Figures 2014*

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## 1. INTRODUCTION

The Seychelles Pension Fund (SPF) operates a defined benefit pension system whereby the employees receive a prescribed pension amount upon retirement.

The SPF was established in January 2006, by an Act of Parliament, as an earning replacement mechanism to enable qualifying members to live in basic comfort upon retirement at 60 years of age (early retirement) or at 63 years of age (mandatory retirement age). The SPF provides a variety of benefits ranging from payments of monthly retirement pensions to incapacitation benefits due to injuries or illnesses.

The SPF manages the national pension of the country and accommodates everyone in employment from public and private sector workers in formal employment to the self-employed and part-time workers who are contributing to the SPF, as well as casual workers. Any Seychellois employee contributing to the SPF automatically becomes a member of the SPF.

Currently all members are required by law to contribute 2% of their monthly gross salary and their employers contribute a further 2%. For the self-employed sector, a 4% contribution or a minimum monthly contribution of SR174 is deemed to be sufficient to cover their membership.

## 2. VISION AND MISSION STATEMENTS

### **Vision**

The Seychelles Pension Fund will be a leader and model among retirement systems, by providing the best retirement and related benefit package for our members.

### **Mission**

The Seychelles Pension Fund is dedicated to manage and secure its funds through prudent investments and innovative methods to pay out the optimum retirement and related benefits for its members.

### **3. OBJECTIVES**

- Ensure the prompt collection of contributions due from employers and members as per the Act.
- Provide to eligible members the prescribed retirement benefits and other benefits as per the Act.
- Promote individual voluntary contributions to the Seychelles Pension Fund as an additional means of saving for retirement.
- Prudently investment of all surplus funds on behalf of its members.
- Efficiently manage the resources available to secure value for money in all aspects of its operations.
- Foster good management practices for the efficient and effective operation of the Seychelles Pension Fund.
- Conduct research and evaluation of pension policies in order to contribute to the development of the national pension policy.

## 4. OUR CORE VALUES

### **Prudence**

The Seychelles Pension Fund will ensure sensible and cautious investment at the highest possible return and will deliver best possible benefit services.

### **Integrity**

The integrity of our organisation is based on reliability, trust, credibility, accuracy, accountability and ethical conduct at all times.

### **Empathy**

The Seychelles Pension Fund always has the interest of its members at heart; it will be responsive and honest in all its dealings and will address all enquiries in an appropriate and timely manner, treating all its clients with respect.

### **Teamwork**

The Seychelles Pension Fund staff will work together, united as one team towards attaining the Vision and Mission of the Seychelles Pension Fund.

### **Confidentiality**

The Seychelles Pension Fund will ensure that its staff work with the utmost confidentiality and professionalism at all times.

## 5. SEYCHELLES PENSION FUND ORGANISATION CHART

### SEYCHELLES PENSION FUND ORGANISATION CHART



## 6. MEMBERSHIP

REGISTERED MEMBERS			
YEAR	ACTIVE MEMBERS	NON-ACTIVE MEMBERS	TOTAL
2009	30,166	23,613	53,779
2010	33,371	21,975	55,346
2011	35,252	18,859	55,396
2012	39,461	16,819	56,280
2013	40,279	18,430	58,709
2014	38,117	20,365	58,482

Source: SPF



## 7. MEMBERS' FUND

YEARS ENDING 31 DECEMBER	*MEMBERS' FUNDS (MILLIONS)	RATE OF GROWTH
2009	620,731	9%
2010	664,331	7%
2011	723,712	9%
2012	805,929	11%
2013	898,697	12%
2014	1,035,504	15%

Source: SPF

\* Total contributions collected and interest earned on members' account before deduction of pension and benefit payments.

## 8. CONTRIBUTION

### a) Pension Contribution Rates

Currently the monthly mandatory contribution is 4% of the employee's gross salary of which 2% is paid by the employer for each of their employee and 2% by each employee.

YEAR	COMPULSORY		VOLUNTARY		TOTAL SR. '000'
	Employer SR. '000'	Employee SR. '000'	Employer SR. '000'	Employee SR. '000'	
2009	19,394	19,358	1,742	2,861	43,355
2010	21,056	21,072	1,743	3,458	47,329
2011	32,390	32,219	1,546	3,499	69,655
2012	45,646	45,802	1,879	4,194	97,521
2013	58,477	63,343	2,000	4,389	128,209
2014	89,514	81,388	6,741	5,172	182,815

Source: SPF

Self-employed Members pay a monthly contribution of 4% of their gross declared salary or SCR174.

## B) VOLUNTARY CONTRIBUTIONS

VOLUNTARY CONTRIBUTIONS	Employee	YEAR	2009	2010	2011	2012	2013	2014
		N° of Members	1,394	1,548	1,678	1,807	1,790	1,870
		Amount SR. '000'	2,861	3,458	3,499	4,194	4,389	5,190
	Employer	N° of Members	526	686	479	487	483	500
		Amount SR. '000'	1,742	1,743	1,546	1,879	2,000	6,741

Source: SPF

## 9. PAYMENT OF PENSIONS

### a) Pensions Paid (Seychelles Pension Fund & Social Security Fund)

YEAR	2009	2010	2011	2012	2013	2014
Total N° of Pensioners	1,573	1,848	2,002	2,148	2,436	2,668
Total Value of Pension (SR)	56,393,677	71,554,016	83,207,097	98,345,240	139,742,376	163,907,802
SSF (SR)	26,298,138	32,857,277	40,622,741	50,101,607	62,076,460	94,447,200
Total	30,095,539	38,366,739	42,584,356	48,243,633	77,665,916	69,460,602

Source: SPF

## B) DETAILS OF PENSIONS PAID

	Age	2009	2010	2011	2012	2013	2014
N° of Beneficiaries on Pension	63 and above	798	1,034	1,270	1,515	1,799	2,084
	60 - 62	414	460	480	468	571	539
	55 - 59	361	354	252	165	66	45
	Total	1,573	1,848	2,002	2,148	2,436	2,668
Amount Paid (SR)	63 and Above	29,660,044	40,301,738	53,931,285	70,502,209	102,866,472	125,625,660
	60 - 62	13,909,288	16,749,448	18,622,694	20,390,697	33,137,795	34,395,522
	55 - 59	12,824,345	14,172,830	10,653,118	7,452,334	3,738,108	3,886,620
	Total	56,393,677	71,224,016	83,207,097	98,345,240	139,742,375	163,907,802

Source: SPF

## C) OTHER TYPES OF BENEFITS PAID

		Normal Retirement	Permanent Incapacity	Surviving Spouse's Pension	Children's Pension	Special Pension*	Special Entitlement**	Post Surviving Spouse's Pension	Post Surviving Children's Pension	Early Retirement***
2011	Nº. of Beneficiaries	1,742	236	85	68	465	110	29	6	260
	Amount Paid	6,505,586	766,721	206,046	91,743.44	232,500	55,000	75,355	12,292	917,925
2012	Nº. of Beneficiaries	1,978	299	107	82	453	109	45	16	169
	Amount Paid	7,935,959	1,023,188	290,098	123,275.00	226,500	54,500	114,735	35,585	642,051
2013	Nº. of Beneficiaries	2,274	431	110	356	117	85	64	14	77
	Amount Paid	10,035,085	215,500	55,000	1,034,425	334,457	133,226	182,050	25,096	331,269
2014	Nº. of Beneficiaries	2,541	419	107	360	135	100	117	21	13
	Amount Paid	138,804,736	2,343,400	649,000	17,391,392	4,591,743	1,871,007	2,970,770	372,044	2,158,553

## 10. INVESTMENTS

### a) Investment Income

Year ending 31 December	*Income on Investment SR (000)	**Average return on investment	***Return on Members Account SR (000)	Rate of interest on voluntary contribution
2009	71,833	9%	29,466	5%
2010	56,812	9%	26,382	4%
2011	62,258	9%	28,253	4%
2012	81,834	9%	36,152	4.5%
2013	109,478	10%	29,519	3%
2014	88,922,253	7%	32,947	3%

Source: SPF

- \* The income on investment includes interest, dividend and rental income receivable on all investments for the respective year.
- \*\* The average return on investment represents the total return on all investments as a percentage of all the investments made during that year.
- \*\*\* Return on members account is the total interest credited to members' account.

## B) DETAILS OF INVESTMENT INCOME

	2009	2010	2011	2012	2013	2014
Revenue (SR 000)						
Interest Received	46,023,	22,466	17,550	25,716	29,221	23,285
Rental Income (Property)	16,957	21,850	25,707	28,412	53,179	52,629
Dividend Received	8,853	12,496	19,000	27,706	27,079	13,008
Total Income	71,833	56,812	62,258	81,834	109,479	88,922*

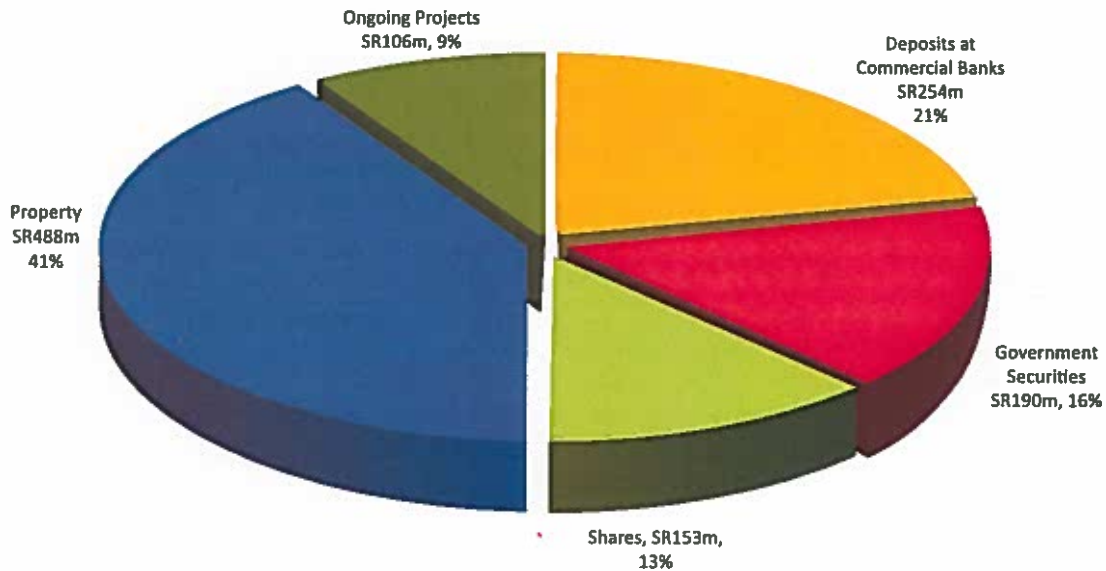
Source: SPF

\*Due to prevailing low interest rate and reduction in dividends received in 2014



## C) INVESTMENT PORTFOLIO

Investment Portfolio as at 31 December 2014



Source: SPF

## D) RATE OF RETURN ON INVESTMENTS AS AT 31/12/2014

	AMOUNT INVESTED (SR)	% OF INVESTMENT	RATE OF RETURN
Government Securities	SR189.7m	16%	7%
Commercial Banks	SR253.6m	21%	4%
Share Investments	SR152.9m	13%	16%
Property *	SR593.6m	50%	8%

Source: SPF

\* Includes ongoing property projects

## 11. PROPERTY DEVELOPMENT

The SPF has revised its property development plan for the year 2014 to 2019. The plan continues to uphold the SPF's long-term vision to generate sufficient income for the payment of pensions and other benefits. The approved investment plan in property development for the five-year period is as follows:

PROJECTS	START DATE
Pirates Arms re-development	2016
Residential Project at Ile Perseverance	2016
Micro-Enterprise Project at Anse Boileau	2016
Micro-Enterprise Project at Ile du Port	2016
Huteau Lane re-development	2017

This is in addition to the SPF's investments in government securities, bank deposits and shares.

## 12. ADMINISTRATION

### Administrative Expenses

YEAR	*ADMINISTRATIVE EXPENSES MILLION	** ADMINISTRATIVE EXPENSES AS A % OF CONTRIBUTION	*** ADMINISTRATIVE EXPENSES AS A % OF TOTAL INCOME
2009	12.1m	28%	17%
2010	12.8m	27%	15%
2011	15.1m	22%	23%
2012	17.6m	18%	21%
2013	20.5m	16%	19%
2014	21.2m	12%	24%

Source: SPF

\* Operational expenses

\*\* Total members' contributions collected for the year including both mandatory & voluntary contributions

\*\*\* Members' contributions, rental income, interest on deposits, dividend income & other income

### 13. POPULATION DATA

#### a) Population Growth

	2009	2010	2011	2012	2013	2014
Total resident population	87,300	89,700	87,400	88,300	90,100	91,400
Male	45,000	45,900	43,100	43,300	45,100	45,300
Female	42,300	43,800	44,300	45,000	45,000	46,100

Source: NSB

#### b) Expected Population Growth for the next five years

YEAR	TOTAL POPULATION
2015	95,665
2016	96,634
2017	97,558
2018	98,432
2019	99,250

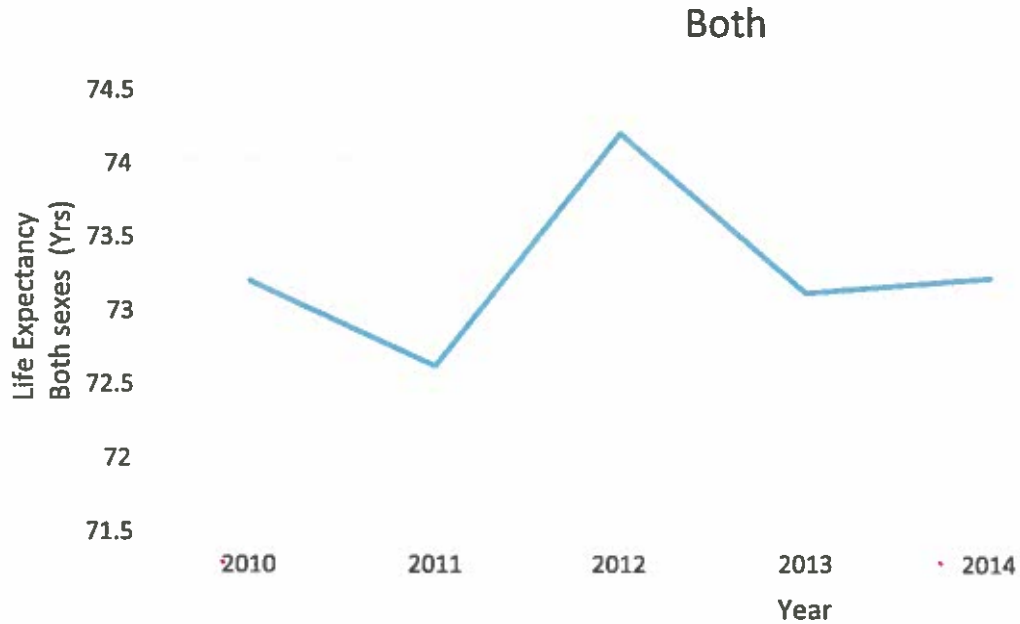
Source: NSB

### C) LIFE EXPECTANCY AT BIRTH (YRS) IN FIGURES

	2009	2010	2011	2012	2013	2014
Both sexes	72.9	73.3	72.6	74.2	73	73.2
Male	68.4	69.7	67.7	69.3	70	68.4
Female	77.9	77.4	78	79.6	77	78.3

Source: NSB

## D) GRAPH (LIFE EXPECTANCY AT BIRTH)



Source: NSB

## E) LIFE EXPECTANCY FOR THE NEXT TEN YEARS

YEARS	MALE	FEMALE	BOTH SEXES
2015	69.8	79.8	74.8
2016	69.9	79.9	74.9
2017	70.1	80	75.1
2018	70.2	80.1	75.2
2019	70.4	80.2	75.3
2020	70.5	80.3	75.4
2021	70.7	80.4	75.6
2022	70.8	80.5	75.7
2023	71	80.6	75.8
2024	71.1	80.7	75.9

Source: NSB

In the next ten years the average life expectancy for both male and female will be 75.9



## 14. EMPLOYMENT DATA

### a) Labour Statistics - Total Employment

	2009	2010	2011	2012	2013	2014
All Sectors	41,891	44,159	49,891	51,426	46,515	47,945
Public Sector	9,305	8,799	8,831	9,016	9,003	9,150
Private Sector	27,721	30,508	35,916	37,319	32,240	33,363
Parastatal Sector	4,865	4,852	5,144	5,091	5,272	5,432

Source: NSB

Note: 2014 figures include 12,197 expatriates as at 31 December 2014

### b) Average percentage of wage growth

2009	2010	2011	2012	2013	2014
17%	13%	7%	5%	10%	13%

Source: NSB

## 15. GROSS DOMESTIC PRODUCT

### a) Gross Domestic Product (GDP) at Market Prices (million prices)

2009	2010	2011	2012	2013	2014
11,450.40	11,621.30	13,204.50	15,468.50	17,014.70	19,257.50

Source: NSB

Note: 2014 figure is provisional

### b) Gross Domestic Product (GDP) Per Capita

	2009	2010	2011	2012	2013	2014
SR	132,115	120,890	150,912	176,026	191,115	19,575
US\$	9,707	10,846	12,189	12,845	15,849	16,399

Source: NSB

2011, 2012, 2013 and 2014 figures are provisional

## 16. ACTUARIAL EVALUATION

The financial sustainability of the Seychelles Pension Fund is an important concern. In accordance with Section 55 of the Seychelles Pension Fund Act, the SPF is required to carry out an actuarial review every three years. The last actuarial review of the Seychelles Pension Fund for the period ending December 2013 was completed by Pricewaterhouse Coopers (PWC) of Sydney, Australia.

The recent Actuarial Review showed that the SPF is at the moment financially sustainable. However, to sustain the SPF in the long term up to 2050 there is a need for additional contribution of 4.5% to 5% to be spread out over the years as set out below to minimise the impact it may have on members' take home pay.

The recommendation is to start the collection of additional contribution for the future as follows:

- 1% of earnings in 2018
- 1% of earnings in 2023
- 1% of earnings in 2028
- 1% of earnings in 2033
- 0.50% of earnings in 2038

The Board of Trustees has recommended the above to the Government for adoption.



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