

**ACTS SUPPLEMENT**

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**Act 6**

*Parliamentary Pensions Act*

**2007**

THE PARLIAMENTARY PENSIONS ACT, 2007.

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**THE PARLIAMENTARY PENSIONS ACT, 2007.**

**AN Act to make provision for a contributory pension scheme for Members of Parliament and members of staff of Parliament; to establish a Parliamentary Pensions Fund for the payment or granting of pensions or retirement benefits to Members of Parliament and members of staff of Parliament; and to provide for other related matters.**

DATE OF ASSENT: 20th July, 2007.

*Date of commencement:* 1st July, 2001.

BE IT ENACTED by Parliament as follows:

PART I—PRELIMINARY.

**1. Commencement.**

This Act shall be deemed to have come into force on the 1st day of July, 2001.

**2. Interpretation.**

In this Act, unless the context otherwise requires—

“Board” means the Board of Trustees established under section 18;

“Fund” means the Parliamentary Pensions Fund established under section 8;

“Member” means a Member of Parliament and a member of staff of Parliament contributing to the Fund;

“Parliamentary Commission” means the Parliamentary Commission established by and under the Administration of Parliament Act, Cap. 257;

“pensionable service” means service as a Member beginning from the 2nd day of July, 2001;

“pensioner” means a person receiving pension under this Act;

“pensionable emolument” means basic salary, excluding any allowance or gratuity;

“retirement” means retirement as, or ceasing to be, a Member after a period of five continuous years of service as a Member and on attainment of forty five years of age;

“Scheme” means the pension scheme established under section 4.

### **3. Application.**

This Act shall apply to any person who, on the date of commencement of this Act, was a Member of Parliament, whether as an elected Member or an *ex-officio* Member, or is a member of staff of Parliament.

## PART II—ESTABLISHMENT OF PENSIONS SCHEME AND PENSIONS FUND.

### **4. Establishment of Scheme.**

(1) There is established a pension scheme, to be known as “the Parliamentary Pension Scheme”.

(2) The Scheme shall be a contributory scheme under which Members of Parliament, members of staff of Parliament and the Government shall make contributions to the Fund in accordance with section 6.

### **5. Membership of the Scheme.**

(1) Membership of the Scheme shall consist of all Members of Parliament, whether elected or *ex-officio*, and members of staff of Parliament except that any Member who is also a Vice President or a Prime Minister shall not be a Member of the Scheme.

(2) Any Member who is subsequently appointed as Vice President or Prime Minister shall withdraw from the Scheme and shall be entitled to a refund under section 13 (1).

(3) All Members of the 7th Parliament and staff shall, on the date of commencement of this Act, be deemed to have joined the Scheme.

## **6. Contributions to the Scheme.**

(1) There shall be a deduction from each monthly payment of the pensionable emolument made to a Member, a sum calculated at the rate of fifteen per cent of the pensionable emolument.

(2) Government contribution to the Scheme shall be calculated at the rate of thirty per cent of the monthly pensionable emolument paid of each Member, or at a rate determined to guarantee the solvency of the Scheme as provided for under section 21.

(3) Where for any reason the appropriate deduction is not made from a Member's pensionable emolument within any month, there shall be deducted from any other monies payable to a Member, an amount equal to the relevant deduction as if such monies were pensionable emoluments.

(4) Except as otherwise expressly provided for in this Act, no deduction made under this section or any part of that deduction shall be refunded to a Member.

(5) The Board shall maintain an individual account for each Member to which all contributions made by each Member under this section shall be credited, and from which there shall be paid all individual benefits under this section in respect of each Member.

**7. Deductions not assignable, etc.**

Subject to the provisions of this Act, no deductions made under this Act shall be assignable or transferable or liable to be attached, sequestered or levied upon for, or in respect of, any debt or claim.

**8. Parliamentary Pensions Fund.**

There is established a fund to be known as “the Parliamentary Pensions Fund” for the purposes of the pension scheme referred to in section 4.

**9. Objectives of the Fund.**

The objectives of the Fund are to—

- (a) collect contributions of Members;
- (b) ensure the grant of reasonable retirement benefits to Members;
- (c) optimise returns of investment on Members’ contributions; and
- (d) maintain the long-term solvency and sustainability of the Scheme.

**10. Contributions to the Fund.**

(1) Contributions deducted from Members’ emoluments and Government contribution under section 6, shall be paid into the Fund.

(2) Government contribution to the Fund shall be charged on and payable out of the Consolidated Fund without further appropriation other than this section.

(3) The Government shall, in addition to the contribution made under section 6, contribute the initial liability of the Fund resulting from any pensionable service.

**PART III—PENSIONABLE SERVICE AND RETIREMENT BENEFITS.****11. Pensionable service.**

(1) Except as otherwise provided under this Act, only continuous service as a Member shall be taken into account as pensionable service.

(2) Any question as to whether a Member's service is or has been continuous or not shall be determined by the Speaker of Parliament.

## **12. Retirement benefits for former Members.**

(1) Benefits shall be paid to a Member who retires or ceases to be a Member on or after attaining forty five years of age, subject to service as a Member for a continuous period of five years or more.

(2) The pension payable to a former Member under this section shall be by equal monthly payments.

(3) Notwithstanding subsection (2) the amount of pension paid to a former Member shall be increased in such percentage to be in line with current rates of emoluments of a Member of Parliament or a member of staff.

(4) For avoidance of doubt pension shall be calculated basing on the last pensionable emoluments paid to the retired Member.

## **13. Refund of contributions.**

(1) A Member who retires or ceases to be a Member whose age is less than forty five years, or who has had less than five years of pensionable service, shall be entitled to a refund of the member's contributions together with the contribution made by the Government on his or her behalf calculated with interest.

(2) For purposes of this Act, a person who ceases to be a Member in consequence of the dissolution of Parliament, or in consequence of a court order relating to any election petition, shall be deemed to continue to be a Member until such time as he or she fails to be re-elected to Parliament.

## **14. Deferment of payment of benefits.**

(1) Notwithstanding the provision of subsection (1) of section 13, a Member whose membership ceases before he or she attains the age of forty five years, but whose pensionable service is five years or more, may leave his or her contribution in the Scheme as deferred benefits until he or she attains the age of forty five years.

(2) A former Member who opts for deferred benefits under subsection (1) shall, on attaining the age of forty five years, be entitled to his or her benefits including accrued interest.

### **15. Retirement on health grounds.**

Where a Member retires or ceases to be a Member by reason of ill health and the Board is satisfied, on the basis of a report of the Medical Board appointed by the Director General of Medical Services, that there is no reasonable possibility of the Member becoming fit to be an active Member again, the Member shall be paid—

- (a) where the Member has had five or more years of pensionable service, under section 12 notwithstanding that he or she has not attained the age of forty five years; or
- (b) where the Member has less than five years of pensionable service,

a refund of the Member's contributions together with the contribution made by the Government on his or her behalf calculated with interest.

### **16. Death of Member before retirement.**

Where a Member dies when he or she is not eligible for pension under this Act, his or her spouse or children shall be paid—

- (a) a refund of the contributions calculated with interest;
- (b) a gratuity amounting to two years' annual salary based on the last salary earned by the Member before his or her death.

### **17. Suspension of pension on re-election.**

(1) Where a person receiving pension is re-elected as a Member of Parliament, the payment of the pension or any part thereof shall be suspended during the period the Member is in Parliament.

(2) For a avoidance of doubt, no pension under this Act shall be paid to a serving Member of Parliament.

## PART IV—MANAGEMENT OF THE SCHEME AND FUND

**18. Establishment of Board of Trustees.**

(1) There is established a Parliamentary Pension Scheme Board of Trustees consisting of—

- (a) the Chairperson of the Parliamentary Committee on the Economy, who shall be the Chairperson of the Board;
- (b) the Minister of Finance;
- (c) four elected back-bench Commissioners;
- (d) two members of Parliament elected by members of Parliament;
- (e) one member of staff elected by the members of staff of Parliament.

(2) The Clerk to Parliament shall be the Secretary to the Board and Chief Executive of the Fund.

(3) The Board shall be responsible for the management and control of the Scheme and Fund and shall appoint a professional Fund Manager who will be responsible for investment of the Members' contributions and other monies of the Fund.

**19. Expenses of management of Fund.**

(1) The expenses for management and administration of the Scheme and the Fund shall be borne by the Fund.

(2) The Parliamentary Commission shall be responsible for the set-up costs of managing the Scheme and the Fund.

**20. Meetings of the Board.**

(1) The Board shall meet—

- (a) at least once in four months at such time and place as the Chairperson may determine; or
- (b) upon a request in writing to the Chairperson by at least three members of the Board.

(2) The quorum of the Board shall be five members of the Board.

(3) Subject to the provisions of this Act, the Board may regulate its own procedure at its meetings.

(4) The decisions of the Board shall be by simple majority.

PART V—MISCELLANEOUS

**21. Government guarantee.**

The Government shall, during the short and medium term, guarantee the solvency of the Scheme for any payment that may be required under it.

**22. Auditing of accounts.**

All accounts of the Scheme shall be audited by the Auditor-General or an Auditor appointed by him or her, at least once in a Financial Year.

**23. Actuarial review.**

(1) Once in every five years, or at such other times as the Board may determine, an Actuary appointed by the Board shall review the performance and operations of the Scheme and the Fund and make appropriate recommendations to the Parliamentary Commission.

(2) A report made under subsection (1) shall be laid before Parliament within two months after it has been made.

**24. Regulations.**

(1) The Parliamentary Commission may, by statutory instrument, make regulations for the effective implementation of this Act.

(2) Any statutory instrument made under this section shall be laid before Parliament and Parliament shall pronounce itself on the statutory instrument by way of a Resolution, within twenty one days from the date on which it is so laid.

**25. Annual report.**

The Board shall, within four months after the expiration of each Financial Year, submit to Parliament an Annual Report containing—

- (a) the audited accounts of the Fund;
- (b) the status of the Scheme and a statement of the Investments of the Fund; and
- (c) any other information Parliament may require.