

Public Service
Pension Trust Fund



Member Handbook

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EXECUTIVE SUMMARY

The Public Service Pension Trust Fund (PSPTF) was established by an act of parliament, Pension Act (CAP 55:02) 2010, to manage the contributory pension scheme for public servants and has been doing so since its establishment in 2017. The contributory pension scheme, though, is relatively a new concept within the public service. It is yet to be embraced by many and has been met with reservations and a lot of misinformation.

This member handbook therefore outlines the operations, organisational structure, stakeholders, procedures, as well as how members can access information and services regarding the PSPTF. The objective is to ensure that all members are well informed and know how they can actively take part in monitoring the progress of their pension accounts. A well-informed membership base is likely to be more satisfied with the fund's services, contributing to positive feedback and advocacy.

Providing accessible and comprehensive information to members is a fundamental aspect of ensuring a transparent and trustworthy relationship. By embracing transparency and enhancing member engagement through information availability, the Fund can strengthen its operations, cultivate a sense of ownership among members, and achieve its mission of securing the financial future of public service retirees%

The expectation is that all members will be well informed, resulting in them being satisfied with the PSPTF services, making informed decisions and that there will be trust as clear communication and transparency help to dispel any misconceptions. Additionally, this member handbook will ensure that members and other stakeholders have accurate and up-to-date information about the Fund's activities, performance and relevant regulatory changes.

In conclusion, the Public Service Pension Trust Fund is a vital financial institution responsible for managing pension benefits for public service employees. Its operations encompass strategic funding, prudent investment management, robust risk assessment, actuarial valuations, strong governance, and transparent stakeholder engagement—all aimed at securing the financial future of public service retirees while upholding financial stability and compliance with regulatory requirements.

FOREWORD

The Public Service Pension Trust Fund (PSPTF) Secretariat is aware that the majority of Fund members and the general public are underinformed about the Fund's operations, which was established on July 1, 2017, in accordance with the Pension Act (CAP 55:02) 2010. Members' lack of knowledge of the Fund has led to and continues to lead to misconceptions, rumours, misinformation, assumptions, and misrepresentations of the truth.

Various channels of communication are being used to provide information about the Fund to the membership and this member handbook is one of those channels. Other channels that have been employed include: radio and television programmes, brochures, leaflets, factsheets, website, social media platforms and other branded materials as well as physical meetings. This booklet presents information on various aspects of the Fund to ensure that members are well-informed about the Fund's operations and management.

It is the wish of the PSPTF that members follow the progress of their pension accounts. This booklet therefore also highlights how members can actively be part of the process.

The secretariat will continue to dispel misconceptions about the fund, and to build both member and public trust and confidence in the Fund.



JAMES DAIRE KUMWENDA
Board Chairperson

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WHAT IS THE PSPTF?



1.1 INTRODUCTION

The Public Service Pension Trust Fund (PSPTF) is a stand-alone Contributory Pension Scheme for Public Servants. PSPTF was set up in accordance with the Pension Act (CAP 55:02) 2010 and is managed by an independent Board of Trustees. The Fund was established to provide retirement and pension benefits to public servants upon reaching the mandatory retirement age of 60. The Pensions Act mandates employers in the country to have a pension scheme for their employees. PSPTF started operating on 1st July, 2017 and was licensed on 10th July, 2018 by the Registrar of Financial Institutions (Reserve Bank of Malawi).

1.2 MAIN FEATURES OF THE FUND

The Fund is managed by a Board of Trustees. The Board has twelve members with equal representation from the employer (Malawi Government) and employees (civil service). Six members represent the employer and the other six represent employees. The Board elects its Chairperson and Vice Chairperson amongst its members and the members form various functional committees as follows; Benefits, Administration and Human Resource (BAH); Governance and Legal (G&L); Investment; and Finance, Audit and Risk Management (FAR).

The Fund has a well-established Secretariat with key staff and divisions. The Secretariat is headed by the Principal Officer (PO) as a controlling officer.

1.3 SERVICE PROVIDERS

The Fund outsources services as follows:

1.3.1 Pension Administration

The Pension administrator is responsible for data management and record keeping. They ensure that deductions are tallying with individual grades by making sure that there are no over/under-deductions. The Administrators also verify details when claims have been made. They also provide checks and balances on the flow of funds between the Custodian and Investment Managers. They also provide member statements to members of the Fund.

1.3.2 Fund Management

The Fund Managers act upon instruction from the Board of Trustees to invest on behalf of the Fund. They invest in a number of portfolios such as equities (shares in companies), real estate (property), money market securities such as fixed deposits and Government securities.

1.3.3 Actuarial Services

They advise the Fund on potential risks and assist the Fund develop policies that minimize the cost of that risk.

1.3.4 Custodial Services

This is where the PSPTF funds and asset documents are held.

1.3.5 External Audit Services

They are responsible for evaluating financial statements and assessing accounts for accuracy and compliance, investigating internal systems and operations and Assessing risk management approaches.

1.3.6 Group Life Assurance Services

Provides death-in-service cover to members of the PSPTF. The sum assured is payable on the death in service of a member for the benefit of the surviving spouse and children or the appointed beneficiaries.

1.4 MEMBERSHIP TO THE FUND

Membership is compulsory to all public servants who were born after 1st January 1982, and all those who joined public service on or after 1st July, 2017 regardless of their age.

1.5 BENEFITS OF THE FUND

1. Funds are readily available to be disbursed as death benefits or after a member leaves employment and remains unemployed for 3 months or when a member decides to transfer to another pension scheme.
2. Members can transfer their pension funds to another pension fund of their preference in the event that they cease to be a civil servant.
3. Payment is made within 14 days after making the claim provided documentation is in order.
4. Members do not lose benefits in the face of dismissal or criminal conviction since the benefits are managed under a trust.
5. It is owned by the members themselves and not government owned.
6. Pension benefits accumulate interest as the PSPTF engages investment managers to invest the funds.
7. It is managed by an independent body that is the PSPTF.
8. When someone dies in service, the money in the deceased's pension account plus 1 times annual salary will be paid to the beneficiaries of the deceased member.
9. Members can withdraw their benefits due to ill health or when they are totally and permanently incapable of discharging their duties.

The PSPTF has a Board of Trustees and a Secretariat. Currently, the Secretariat is housed in the Public Service Pension House in the City Centre, Lilongwe.

Apart from the Secretariat and Board of Trustees, the scheme has desk officers in all government Ministries, Departments and Agencies (MDAs) including district councils in the country. The Desk Officers handle PSPTF matters at the district level. Among other tasks, the desk officers stand as a focal person between the Fund and the members. They are also responsible for the administration of Nomination of Beneficiary forms at that level. The forms contain information that acts as a guide on who will be beneficiaries of the member's pension benefits and how pension benefits will be shared.

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MANAGEMENT OF THE PSPTF



2.1. GOVERNANCE

To effectively manage the Fund, the Board instituted four (4) Committees. These are the Finance and Audit Committee; Investment Committee; Benefits, Administration and Human Resources Committee; Governance and Legal Services Committee.

The PSPTF has an internal auditor who carries out an assessment of the adequacy and effectiveness of the internal control system and other elements of the system of governance of the Fund and presents a report to the Finance and Audit Committee.

The Fund has contracted an external auditor, and actuary to review the Fund's financial position annually.

2.1.1 Powers of Trustees

The Board of Trustees has the following powers:

1. To select, in the event of the death of a member, beneficiaries (where there are no current nominations and legitimacy of nominations is challenged) and arrange for the administration of benefits. The selection of the beneficiaries shall be in line with the Pensions Act (2023).
2. To consider any proposal for amendments to the Fund Rules
3. Signing of all documents required to be executed by the Fund, provided that the Board of Trustees may delegate authority to a Trustee or Trustees and/or the Principal Officer, by resolution of the Board of Trustees, to sign, on its behalf and on behalf of the Fund, such specific documents as determined by the Board of Trustees from time to time.
4. Decide, any dispute which might arise between the Fund and a member, or former member, or a person deriving a claim from a member, provided that such decision is not inconsistent with the Fund Rules. Where, however, such a member, or former member, or person is not satisfied with the decision of the Board, he shall have recourse to any recognised body for arbitration or to a court of law.
5. Decide on the types of investment that the Fund engages in with guidance from Fund Managers.

2.2 ORGANIZATION STRUCTURE

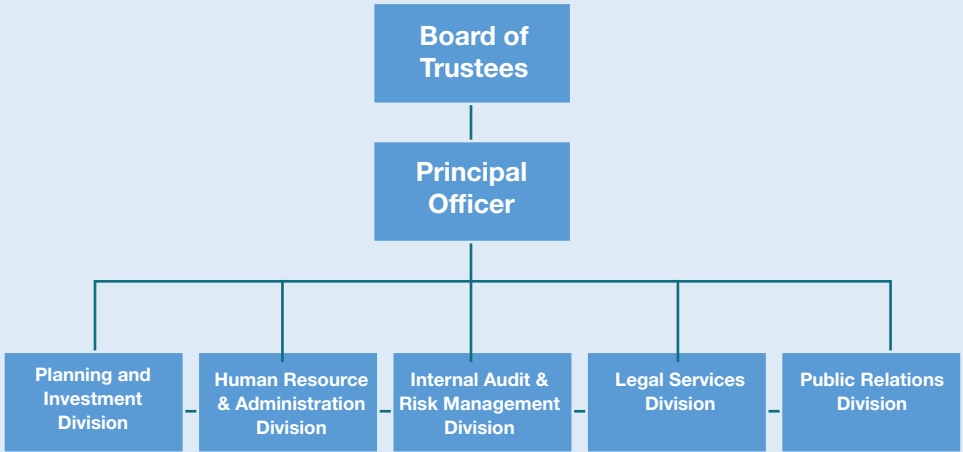


Figure 1: PSPTF Organization Chart

2.2.1 Board of Trustees

A board of Trustees comprises a group of appointed individuals who are registered and Licensed by the Registrar of Financial Institutions and their overall responsibility is to provide oversight function on the Fund.

2.2.2 Principal Officer

A Principal Officer heads the Secretariat that carries out day to day operations of the Fund and reports to the Board.

2.2.3 Planning and Investment Division

This is the core section of the Fund and is responsible for providing planning, research, monitoring and evaluation, oversee and guide the investment of the pension funds.

2.2.4 Human Resource and Administration Division

This division provides human resource and administration services. It performs the following functions in pursuit of its purpose: provision of benefits administration services; provision of human resource and office services; provision of Information and Communication Technology (ICT) services and procurement of goods, work and services.

2.2.5 Internal Audit and Risk Management Division

This division carries out an evaluation of the adequacy and effectiveness of the internal control system and other elements of the system of governance of the Fund.

2.2.6 Legal Services Division

The legal services division is constantly involved in legal challenges occasioned by the enactment and interpretation of laws and emerging issues. The functions are summed up as follows: development and review of Fund's regulatory and supervisory legal framework; the management of Fund's litigation; development and guidance on legal documents and contracts; provision of legal advice and opinion.

2.2.7 Public Relations Division

This section provides public relations services. It performs the following functions: management of internal communication and information dissemination; management of events and corporate social responsibility programs; the development, review and implementation of Fund's public relations, policies, strategies, programmes and materials; and promotion of strong relations with the Fund's stakeholders and the media.

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CONTRIBUTIONS AND INVESTMENTS



3.1 CONTRIBUTION RATES

According to Pension Act (2023), contributions into the pension fund should not be less than 15% of the employee's pensionable salary. As an employee you contribute a minimum of 5% and your employer (Malawi Government) contributes 10%. For example, if you receive a gross salary of MWK 100,000.00 that means you will contribute MWK 5,000.00 and Government will contribute MWK 10,000.00 into your pension savings account.

Generally, there are two subsets to a pension savings account: Employee Account and Employer Account. Your contributions and that of your employer are allocated to these accounts respectively.

3.2 PAYMENT OF PENSION CONTRIBUTIONS

As soon as you get employed in the civil service, your employer is mandated by pension law to start deducting pension contribution from your salary and also make its contribution as an employer. These deductions must be made every month and should be paid into the fund by the fourteenth day of the following month.

3.3 ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCS)

As an employee you also have an option to make extra contributions on top of the prescribed minimum contribution rate of 5% to supplement your pension savings and ultimately retire with more money. These are known as additional voluntary contributions (AVCs), and you can choose to contribute a higher percentage or contribute an additional fixed amount.

3.4 WHAT HAPPENS IF PENSION CONTRIBUTIONS ARE NOT REMITTED ON TIME INTO THE FUND?

Untimely remittance of pension contributions attracts penalties in form of late payment interest as outlined in the Government Notice No. 32 of 2011. Late payment interest is calculated as bank rate plus 10% per annum in respect of the outstanding monthly contributions. The rationale behind this penalty interest is to ensure that scheme members do not lose out on interest when contributions remain unpaid.

3.5 INVESTMENT OF PENSION FUNDS

Once contributions are received, they are invested through the Fund Managers. The income from these investments is allocated to members' pension accounts so that the money grows for optimal retirement benefits. Trustees declare interest rate to be distributed to all Fund members annually.

3.6 PAST SERVICE LIABILITIES

Actuaries were involved to calculate how much Government was to remit into the pension accounts of public servants who were migrating from the old scheme (Pay-As-You-Go) to the new scheme (Contributory) having in mind that some of the members had already accumulated years of service in government before the introduction of the contributory pension scheme.

Government is therefore responsible for remitting past service liabilities into pension accounts of members that served prior the introduction of the Contributory Pension Scheme and upon retirement or in cases of death, the money that is paid out includes the past service liabilities.

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ACCESSING PENSION BENEFITS

4.1 EARLY WITHDRAWAL BENEFITS

You can withdraw your pension before you reach retirement age if:

- I. You have been unemployed for at least 3 months
- II. You have left or are about to leave Malawi permanently
- III. You retire under grounds other than normal retirement.

4.1.1 Prolonged Unemployment

If you have been unemployed for at least 3 months, you can withdraw your pension benefits and your benefits will be paid to your designated bank account within 14 days of signing an exit declaration form from the fund.

Value of Pension Pay-out

Your pension pay-out will be determined by how much is in your pension account and whether that amount exceeds the withdrawal threshold of MWK1,500,000.00 set by the registrar of financial institutions.

If your pension account exceeds the threshold, you are entitled to the employee portion of your pension account and the remaining amount will be treated as a deferred benefit. If your total benefits are below the threshold, you are entitled to withdraw all your benefits.

Example:

Description	Rachel	Peter
Employee Contribution	250,000.00	75,000.00
Employee Bonus	100,000.00	50,000.00
Employer Contribution	500,000.00	150,000.00
Past Service Liability	1,200,000.00	-
Employer Bonus	200,000.00	100,000.00
Total Pension Benefits	2,250,000.00	375,000.00
Threshold	500,000.00	500,000.00
Total Pay-out	350,000.00	375,000.00
Deferred Benefit	1,900,000.00	-

Deferred Benefits

Benefits that have not been accessed will be retained in the pension fund and earn interest until such a time when they are transferred to an unrestricted fund of your choice or reach retirement age.

If you leave employment of the Malawi Government, you must transfer your pension benefits to an unrestricted fund of your choice within 6 months of cessation of employment. Trustees of the PSPTF will transfer the benefits to a designated unrestricted pension fund if your instruction is not given within the stipulated timeframe.

4.1.2 Emigration

If you are leaving or have left Malawi permanently, you can withdraw all your pension benefits subject to providing all information required.

Value of Pension Pay-out

50% of your total pension account will be paid at application and the balance of 50% after 12 months provided the trustees of the pension fund are satisfied that you have left Malawi permanently.

4.2 RETIREMENT BENEFITS

You can access your pension benefits on the following retirement grounds:

- 1 **Early retirement** – you have reached the minimum retirement age of 50
- 2 **Service retirement** – you have worked for an unbroken period of 20 years with the Government of Malawi
- 3 **Normal retirement** – you have reached the Malawi Government retirement age of 60
- 4 **Retirement on medical grounds** – you are deemed incapable to continue any form of employment due to illness or permanent total disability

Value of Pension Pay-out

All retirement benefits are subject to lumpsum commutation thresholds set by the registrar of financial institutions. If your total pension benefits exceed the stipulated thresholds, you will receive a cash lumpsum pay-out equivalent to 50% of your pension account and the remaining 50% will be used to either purchase an annuity or programmed withdrawal with a licensed Life Insurer or Programmed Withdrawal provider.

4.3 DEATH BENEFITS

If you die whilst you are a member of the PSPTF, your pension benefits will be paid out to your beneficiaries according to the Nomination of Beneficiary (NOB) form you complete. In the absence of a current NOB form, your pension benefits will be paid out to beneficiaries as determined by the trustees of the pension fund. The NOB form is to be updated every 2 years and each time there are changes such as marriage, divorce, birth or death of a beneficiary.

Value of Pension Pay-out

The pay-out to your beneficiaries will vary depending on whether you pass away whilst employed by the Malawi Government or after you have ceased employment.

Pension Pay-Out Process

4.4 REQUIRED DOCUMENTATION FOR CLAIMS

Early Withdrawal – Prolonged Unemployment

When a member has left the organization before the age of retirement

1. National Identification Card - Photocopy
2. Bank Account Details
3. Membership Withdrawal Form
4. Letter showing one has been unemployed for 3 months

Emigration

When a member has left or is about to leave Malawi permanently.

1. National Identification Card - Photocopy
2. Bank Account Details – ATM Photocopy if available
3. Membership Withdrawal Form
4. Details of the destination country (Town, City or Address of Residence)
5. Permanent residence permit or citizenship of the destination country

Early, Service & Normal Retirement

When a member has left the organization at retirement

1. National Identification Card - Photocopy
2. Bank Account Details
3. Membership Withdrawal Form

Retirement on Medical Grounds

When a member has left the organization due to total and permanent disability

1. National Identification Card - Photocopy
2. Bank Account Details
3. Membership Withdrawal Form
4. A medical report issued by a medical practitioner or a legally constituted medical board
5. A copy of the medical practitioner's registration certificate issued by Medical Council of Malawi

Death

When a member dies in/out of service

1. Members National Identification Card - Photocopy
2. Membership Withdrawal Form
3. Nomination of Beneficiaries form executed before date of death
4. Death Certificate / Report from the Registrar general's office
5. Beneficiaries Bank Account Details
6. Beneficiaries' National Identification Card – those over 18 – Photocopy



4.5 Transfer of Benefits

Benefits can be transferred in/out of the PSPTF from/to a licensed pension administrator at the members instruction.

Pension benefits received from another pension fund are credited to a member's account under the PSPTF and earn the same return as contributions made to the member's pension account.

4.6 Payment mode

All payments are made:

1. Via Electronic Funds Transfer
2. In the name of the scheme member or,
3. In the name of a death benefit nominated beneficiary

05

GROUP LIFE ASSURANCE (GLA)

5.1 PSPTF GROUP LIFE SCHEME

The Group Life Assurance (GLA) scheme has been designed to enable Malawi Government to make provision for the dependents of civil servants who die whilst in service. According to Pension Act 2023, policy provides a lump sum to be paid in the event of death of the employee before the retirement age, provided he/she is still in government service. This cover enables government to alleviate the financial distress that might befall the dependents of a civil servant upon death.

The Group Life Assurance scheme enables every member under PSPTF, to be covered for a death benefit (sums assured) amounting to twelve times his/her monthly salary (annual salary).

Example:

MONTHLY SALARY	NO. OF MONTHS	DEATH BENEFIT (1 times Annual Salary)
MK100,000.00	12	MK1,200,000.00

ADDITIONAL GLA BENEFITS

Apart from the death benefit, the scheme also offers other supplementary benefits as listed below;

5.0.1 Permanent Total Disablement

This benefit covers an insured person/civil servant in the event of total and absolute disablement arising from engaging in or giving attention to the member's usual occupation.

This can be caused by violent, accidental, external and visible means resulting directly and independently of any other cause in inability to engage in any occupation or perform any work for remuneration or profit to which the civil servant is reasonably suited by reason of education, training or experience.

This benefit is payable as 30% of the main death benefit.

Example:

DEATH BENEFIT (1 times Annual Salary)	PERCENTAGE OF COVER	TOTAL PAYABLE
MK1,200,000.00	30%	MK360,000.00

5.0.2 Critical Illness Cover

This benefit covers an insured person/civil servant in the event of critical illness on diagnosis of the following listed Dreaded Illnesses - Heart attack, cancer, stroke, kidney failure, major organ transplant, coronary artery bypass surgery, and paraplegia/paralysis.

Thus, it is also payable as 30% of the main death benefit.

DEATH BENEFIT (1 time Annual Salary)	PERCENTAGE OF COVER	TOTAL PAYABLE
MK1,200,000.00	30%	MK360,000.00

5.0.3 Funeral Benefit

In the event of death of a member/civil servant, registered spouse of the member and 4 children below the age of 23 whom are not married, the following funeral benefits are paid;

MEMBER	MK500,000.00
REGISTERED SPOUSE	MK250,000.00
CHILD	MK100,000.00

These benefits are payable to the member/beneficiary in cash within 48 hours, upon receipt of required documentation.

06

ACCESS TO INFORMATION



6.1 Desk Officers (first point of contact)

The Fund has Desk Officers in all MDAs and District Councils. The Desk Officers act as a link between the Public Service Pension Trust Fund and its members in various MDAs and District Councils. They are the first point of contact when it comes to access of information concerning the fund. They ensure that members complete the Nomination of Beneficiaries (NOB) form and that they are delivered at the PSPTF Secretariat on time. They also update and notify the Secretariat of any changes such as death and transfers in and out.

6.2 Secretariat

Members can walk in to the PSPTF Secretariat offices housed in Public Service Pension Fund House at City Centre in Lilongwe, opposite Golden Peacock Shopping Centre. More information can be accessed on the Secretariat's website: www.psptf.mw and from an email address: info@psptf.mw.

The Secretariat can also be reached through phone using the following numbers: **+265999981166, +265999981170**



6.3 USSD Service

Members can access their pension account information by simply dialling *368# and following the instructions. This is only possible if an NOB has been correctly completed and submitted.

6.4 Online Portal

Can be accessed through the PSPTF website www.pspft.mw

6.5 Pension Administrators' offices

Members can walk in to the Administrators offices to get any information on the pension fund.

6.6 Group Life Assurance provider

Members can walk in to the Group Life Assurance provider offices to get any information on the pension fund.

CONTACTS

For more information contact the Public Service Pension Trust Fund on **+265(0)999 981 166** or e-mail: **info@psptf.mw**

We are located in Lilongwe inside the Public Service Pension Fund House, City Centre, Opposite Golden Peacock Shopping Centre.