

## CONTENTS

<b>1</b>	<b>Preface</b> .....	<b>i</b>
1.1.	How to use this manual.....	i
1.2.	FAQs .....	1
2.1.	Basis for the award of a pension .....	2
2.2.	Bonus and income supplement.....	3
2.3.	Commutated pension .....	4
2.4.	Computation of Pensions.....	6
2.5.	Eligibility for a treasury pension.....	8
2.6.	Full pension .....	9
2.7.	Reckonable service for pension purposes.....	10
2.8.	Retirement date .....	11
2.9.	Widows and Orphans pension .....	12
2.10.	Work after the award of a pension .....	13

MANAGEMENT AND PERSONNEL OFFICE

---

# TREASURY PENSIONS MANUAL

---

Employee Relations Department  
Auberge de Castille • Valletta  
Phone. 22001213 • Fax. 22001220

The Treasury  
Pensions Section • Gozo  
Phone 22100475

- 1) It is PAHRO's aim to simplify and streamline the PSMC as far as possible. To achieve this objective and to uphold the principle of better regulation, a number of manuals have been developed, each dealing with a particular area of HR management.
- 2) Whilst every effort is made to ensure that the manual is updated, employees are nonetheless requested to refer to the PSMC, the provisions of which will prevail.

This manual is correct as on 23<sup>rd</sup> October 2009.

---

## 2.1. Basis for the award of a pension

---

<b>Purpose</b>	To outline the criteria required for the grant of a pension.
<b>Policy</b>	The pension is calculated on the salary pertaining to a post within the public service. If the person applying for a pension is receiving an allowance, the allowance may be added to the salary for the calculation of the pension on a personal basis, provided that the allowance is a pensionable allowance.
<b>Eligibility</b>	A full pension is awarded after 30 years of continuous service.
<b>Clarification</b>	The pension is not awarded by right. The pension/gratuity can be suspended or reduced by the President's approval in cases of negligence, irregularities or misconduct.
<b>Inquiries</b>	HR Manager of the employee concerned.

## 1 PREFACE

Public officers who joined the Public Service of Malta prior to 15<sup>th</sup> January 1979, are entitled to a Treasury Pension when they retire from the public service.

This manual brings together in user-friendly format the salient points of the legal instrument namely: the Pensions Ordinance 1937, on which the policy is based and the relevant procedures to be followed for the award of a Treasury Pension.

This manual will be kept updated with any amendments made to the law or the procedures that are followed.

### 1.1. How to use this manual

This manual is intended to inform officers entitled to a treasury pension of their rights and entitlements, and the obligations that have to be fulfilled in order to be granted this pension.

It may also serve as a management tool for Human Resources Managers to prepare pension papers and compute pensions of officers entitled to a Treasury Pension.

### 1.2. FAQs

#### Who can benefit from a Treasury Pension?

Those who qualify for a Treasury pension are:

- All Government employees who started service with the Government before the 15<sup>th</sup> of January 1979,
- Police, AFM personnel and Correctional Facilities officials,
- Widows of Public service officials in a pensionable post who were contributors in the widows pension scheme,
- Members of Parliament.

Public officers qualify only if they were employed with public service before the 15<sup>th</sup> of January and the service rendered was continuous.

The pension is awarded as a result of dedicated and loyal service. In cases where service is deemed to be inferior, the pension awarded may be granted at a reduced rate.

#### What is the amount of pension granted?

The pension awarded cannot be more than two thirds (⅔) of the highest income ever received by the public official.

For example, in the case of a public official who has a salary of €14,000 and thirty years or more reckonable service, he would have a pension of €9,333.33.

$$\frac{30 \text{ (years)} \times 12 \text{ (months)}}{540} \times \text{€}14,000.00 = \text{€}9,333.33 \text{ (Full Pension - Two Thirds)}$$

---

## 2.4. Computation of Pensions

---

**Purpose** To outline the method of calculating the pension granted to retiring officers, in various circumstances.

**Policy** *Average salary of the last three years:* The pension is calculated on the last annual salary of the retiring official. In the case that there has been a change in the grade of the official in the last three years, the average salary is taken for the calculation of the pension. If the average is less than the salary the employee had prior to the change in grade, the pension is computed on the salary received prior to the change in grade.

*Pension and gratuity to employees who retire after 61 years of age:* In cases where public officers are requested to stay in service after their sixty-first birthday, the pension due under the Pensions Ordinance is to be calculated on the two thirds pension. However the pension must be increased by 1/80 for every year over sixty whilst the gratuity decreases by 1/80 for every year over sixty.

*Pension in cases of re-instatement:* If a person who retired from the public service and was receiving a regular pension, resumes working with the service a new pension and/or gratuity can be awarded as a result of this reinstatement. This pension is based on the whole reckonable service both before the break in service and also after. The amount of

---

## 2.2. Bonus and income supplement

---

**Purpose** To outline the bi-annual payment procedure of the bonus and income supplement payable to pensioners receiving a Treasury pension.

**Procedure** The Treasury pays two income supplements, one in March and the other in September. Each payment amounts to €81.16.

The Treasury also pays a bonus of €135.10, twice a year, in June and December.

**Eligibility** The bonus and income supplement are due to those pensioners who receive a Treasury pension but do not receive a Social Security pension.

**Clarification** Pensioners who have a full time job or are self-employed are not entitled to the bonus and income supplement. These are to be paid by their employer.

**Inquiries** Pensions section at the Treasury.

### 2.3. Commuted pension

**Purpose** When pensioners choose to reduce their pension by a quarter, which in turn, is converted into a gratuity.

**Policy** The gratuity is composed of a quarter of the pension, multiplied by twelve and a half times. This is a set rate and cannot be changed.

**Example:**

$$€9,022.22 (2/3 \text{ pension}) \times \frac{3}{4} = €6,766.67 \text{ (commuted pension)}$$

$$€9,022.22 - €6,766.67 = €2,255.55 \times 12.5 = €28,194.44 \text{ (gratuity)}$$

**Procedure** *What has to be done by the employee's department?*

The department has to ensure that Form GP 61 is correctly filled in and signed by both the head of the department and by the official who is to retire. This form is to be accompanied by a birth certificate and a declaration that the individual does not have any pending disciplinary cases. It is important that with these documents the department includes the choice of the individual (this can only be done by the retiring official) as explained in the following paragraph.

*What has to be done by the employee, to start receiving a treasury pension?*

Retiring officials have to declare in writing if they are opting for a full pension (two thirds of their salary) or if they would like to commute part of the pension as permitted by the Pensions Ordinance. This choice can only be changed up to the eve of their retirement date. As long as the retiring officials make their declaration for a change in option in the established period and their plea for change is accepted by the President, this choice can be accepted up to the date of the award of the pension.

**Clarification** *Granting of gratuity instead of a pension:* In case the death of an eligible official occurs before he or she has made the choice, the President may still approve the award of a gratuity that the deceased would have been entitled to. The gratuity is presented to the legal heirs of the deceased official.

**Inquiries** Human Resources Manager of the employee concerned.

## 2.7. Reckonable service for pension purposes

<b>Purpose</b>	To explain when service is considered to be reckonable for pension purposes.
<b>Policy</b>	Reckonable service commences on the day when the pensionable public officer begins to receive pay, either full or half pay.
<b>Procedure</b>	<p><i>Service reckonable for pension purposes:</i></p> <ul style="list-style-type: none"> <li>a) all the period of service that is remunerated by full or half salary;</li> <li>b) absences from work on paid leave or absence from work on unpaid leave, on grounds of public policy;</li> <li>c) period of dismissal if it is determined that the dismissal was invalid.</li> </ul>
<b>Clarification</b>	<p><i>Service is deducted in the following instances:</i></p> <ul style="list-style-type: none"> <li>a) periods of leave without pay;</li> <li>b) absences due to industrial action and strikes;</li> <li>c) service worked before reaching 18 years of age; and</li> <li>d) when employees were occupying a temporary post, the service is calculated from the date of first employment where the employee worked fifty percent or more of the working days within a twelve month period.</li> </ul>
<b>Inquiries</b>	Human resources manager of the employee concerned.

the gratuity already awarded is subtracted from the new gratuity.

<b>Clarifications</b>	<p><i>Pension of certain public officers:</i> The pensionable emoluments of public service officials in the position of Secretary to the Cabinet, Permanent Secretary or Head of Department on a performance agreement, and also Ambassador, High Commissioner or Principal Representative of Malta, appointed from the public service in terms of article 111(1) of the Constitution, who prior to such appointment was eligible for appointment of head of department in terms of Article 92(4) of the Constitution, who retire from their position shall be their whole salary on retirement. This is subject to the officers having served at least twelve months in the position; or if they retire after they have served three years in such an office, the salary considered for pension purposes can be tied to the highest or higher of the positions mentioned, if the service rendered is considered to be meritorious.</p>
-----------------------	---

<b>Inquiries</b>	Human Resources Manager of the employee concerned.
------------------	--

## 2.5. Eligibility for a treasury pension

<b>Purpose</b>	To specify who qualifies for a treasury pension.
<b>Policy</b>	<p>Officers who qualify for a treasury pension are:</p> <ol style="list-style-type: none"> <li>a) all government employees who started service with government before 15th January 1979;</li> <li>b) Police, AFM personnel and Correctional Facilities officials;</li> <li>c) Widows of public officers who held a pensionable post and who contributed to the widows pension scheme; and</li> <li>d) Members of Parliament.</li> </ol> <p>Public officers are eligible to receive a treasury pension only if they were employed with government before 15th January 1979 and the service rendered was continuous.</p>
<b>Procedure</b>	<p>The pension awarded cannot exceed two thirds of the highest income ever received by the officer.</p> <p>A worked example of the pension to be granted to an officer who has a salary of €14,000 and has thirty years or more reckonable service with government, is as follows:</p> $\frac{30 \text{ years} \times 12 \text{ months}}{540} \times \text{€}14,000.00 = \text{€}9,333.33$ <p style="text-align: center;">(full pension – two thirds)</p>
<b>Clarification</b>	The pension is awarded as a result of dedicated and loyal service. When the service rendered by a public officer is deemed to be unsatisfactory, the pension may be computed at a reduced rate.
<b>Inquiries</b>	Human resources manager of the employee concerned. Pensions section at the Treasury.

## 2.6. Full pension

<b>Purpose</b>	To outline the instances when a full pension may be granted.
<b>Policy</b>	<p>A full pension may be awarded when:</p> <ol style="list-style-type: none"> <li>a) eligible officers celebrate their 60th birthday;</li> <li>b) members of the Police Force, members of the Armed Forces of Malta and Correctional Facilities complete twenty-five years service or reach fifty five years of age;</li> <li>c) a pensionable public officer is found unfit for work by a medical board; and</li> <li>d) in extraordinary circumstances, when a pensionable officer is fifty years or older, on approval of the President of the Republic of Malta.</li> </ol>
<b>Clarification</b>	A full pension consists of two thirds of the last pay that an employee receives before retiring. Employees are only eligible for a full pension if they have completed thirty years service with government. If the reckonable service is less than thirty years then the pension is calculated on a pro-rata basis. In the case of Police force, AFM and Correctional Services personnel, a full pension is awarded on the completion of twenty five years in the service. If the reckonable service is more than ten years but less than twenty five years, then the pension is also calculated on a pro-rata basis. If the reckonable service is less than ten years then the retiring official is not eligible for a pension.
<b>Procedure</b>	<p>A worked example of the pension to be granted to an officer who has a salary of €14,000 and has twenty nine years service with government, is as follows:</p> $\frac{29 \text{ years} \times 12 \text{ months}}{540} \times \text{€}14,000 = \text{€}9,022.22$
<b>Inquiries</b>	Human resources manager of the employee concerned. Pensions section at the Treasury.

pensioner is performing work with pay, before the age of 55 years or until the pensioner would have completed 25 years in the service, depending on which comes first.

**Inquiries** Pensions section at the Treasury.

## 2.8. Retirement date

---

**Purpose** To determine the retirement date of an officer.

**Policy** If employees chose to work until the age of sixty, the last day of work should be a day before their sixtieth birthday. This applies also if employees are on leave, pre-retirement or on sick leave.

In view of the clarification below, if officers chose to work beyond sixty years, officers are advised that their last day of work should be two days before their sixty first birthday and their retirement date one day before.

**Clarification** If officers continue to work until their sixty-first birthday, the pension due under the Pensions Ordinance will be calculated on the two thirds pension. However the pension must be increased by 1/80 for every year over sixty whilst the gratuity decreases by 1/80 for every year over sixty.

**Inquiries** Human resources manager of the employee concerned.

## 2.9. Widows and Orphans pension

<b>Purpose</b>	To outline the eligibility requirements for the payment of the Widows and Orphans Pension and the amount payable.
<b>Eligibility</b>	Only public officers who commenced work before May 1979 can benefit from this pension. The widow and children of public officers who occupied a pensionable post and contributed to the Widows and Orphans scheme are entitled to this pension. Contributors to this scheme who were confirmed as pensionable on a personal basis also qualify for this pension.
<b>Procedure</b>	<p>The pension is payable to the widow of the contributor and the children of the widow or in some cases children of the deceased from a previous marriage; where these dependants are under eighteen years of age.</p> <p>The amount of the Pension that the widow receives cannot exceed €76.87 per month. This amount is awarded over and above the Social Security pension.</p>
<b>Inquiries</b>	Pensions section at the Treasury.

## 2.10. Work after the award of a pension

<b>Purpose</b>	To give details of the pension due to officers who retire before sixty years of age and perform work against payment.
<b>Policy</b>	<p>Pensionable officers who retire on the recommendation of a medical board and take up paid employment between the retirement date and their sixtieth birthday will have their pension reduced.</p> <p>The income from further employment being received together with the pension must not exceed the pay the officers would have received had they remained in government employment. The pension is reduced according to how much the total income received from employment and pension exceeds the officers' last pay.</p> <p>Nonetheless, pensioners are entitled to a minimum of €116.47 per year. When pensioners reach the age of sixty they are entitled to a full pension.</p>
<b>Clarification</b>	The above policy does not apply to members of the Police Force, the Armed Forces of Malta or the Correctional Facilities who have reached fifty five years of age or have completed twenty five years service. However, officers in these disciplinary forces who have not completed twenty five years service or have not yet reached their fifty-fifth birthday, and retire on medical grounds, and then take up paid employment, will have their pension reduced as outlined above.
<b>Procedure</b>	The Treasury must be informed if the pensioner is performing work with pay, before the age of 60 years. In cases of Police, AFM and Correctional Facilities pensioners, the Treasury must be informed if the



