

MALTA - AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	The retirement age is 61 for men and 60 for women, increasing in stages between 2014 and 2023 to age 65 for men and women. The pension can be paid from age 61 if contributions have been paid for 40 years. The state pension is made up of a basic pension plus an earnings related supplement, introduced in 1979. The flat rate pension ranges from EUR 62.30 to EUR 137.35 a week, depending on marital status. The earnings-related pension is based on two-thirds of annual average earnings for the best three consecutive years in the 10 years before retirement, up to a maximum of EUR 219.44 a week. The state also provides disability and survivors' pensions and medical benefits.
Typical New Pension Plan	There is no demand for private plans, as occupational pensions can reduce state benefits. Proposals were made in 2006 for the introduction of a mandatory second pillar pension system and a voluntary third pillar. The proposals provide for contributions to a defined contribution plan, initially 1% by both employer and employee, and progressively increasing to 5%. The proposals have been deferred but are currently due to be implemented by 2013. Employers may provide life, personal accident and health insurance.
Typical Costs	Employers and employees both contribute 10% of earnings up to EUR 353.85 a week for state benefits (2011).
Tax Implications	There are no tax incentives for private pension plans. Under the proposed mandatory plan, contributions would be tax deductible for the employer and employee and benefits would be taxed at a fixed rate.
Labour Law Issues	The Special Funds (Regulation) Act 2002 provides for pension funds to be regulated by the Malta Financial Services Authority (MFSA).
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	EU/EEA rules apply. International Financial Reporting Standards are permitted for all companies.
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