



## **Malta Federation of Professional Associations**

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### **Response to the Strategic Review on Adequacy, Sustainability & Social Solidarity of the Pensions System**

#### **1. Attracting women to the work place.**

At the moment there are women who after having a career break are finding it difficult to reintegrate themselves in the work place. This is due to various factors one of which is pension.

Women who cannot attain a good number of years national insurance contributions that are required for a decent pension are not incentivised to return to the workplace.

Another consideration is that certain women feel that their knowledge has been overtaken by technology and find it difficult to begin again from the bottom.

It is proposed that:

- more training opportunities are directed towards their reintegration in the workforce; and
- options such as the possibility to pay more contributions in order to factor in more years on pensionable age are considered.

#### **2. Encouraging the continued participation of Professionals and self employed after retirement age**

The possibility to continue working after the age of 61 and the allowance that after the age of 65 no national insurance is payable are positive aspects.

Consideration should however be given to the fact that Professionals need to keep themselves updated even after retirement if they opt to continue practicing. This can be a considerable financial burden especially given that it is highly likely that their practice will be downsized after retirement age. It is proposed that some form of tax advantage is considered.

### **3. More persons must be induced to work.**

A key aspect of the pension reform programme is to increase the working population, the following considerations are put forward in this respect.

- a. The possibility to begin a campaign with the countries that received Maltese in the early 50 and 60 to induce person of Maltese nationality to return to Malta. The younger generation of such Maltese migrants in countries such as Canada, UK and Australia should be targeted. The opportunities present in Malta should be advertised and that some type of benefit must be worked in the programme.
- b. Foreigners from Europe (especially Eastern Europe) and Northern Africa must be targeted to come to Malta to be employed. We know that certain trades like plasterers, waitering and housekeeping in hotels is undertaken by non Maltese. Government and/or appropriate agencies must target these persons with certain skills to work in Malta and not let these trade migrants be taken over by other countries like USA and Germany.

### **4. Second and third pillars**

The pension reform considers the introduction of the second and third pillars in order to release the stress on the pension bill and thus creating a proper pension fund.

It is felt critical that any such fund should be

- controlled by a Government entity like MFSA ( but not MFSA);
- guaranteed by Government especially in the case of the second pillar and should be run on the basis of a Public Private partnership with private institutions experts in this field;

The third pillar is already effectively in place however this has to be integrated in the pension reform so that better packages can be offered.

### **5. Second pillar adjustment**

It is proposed that persons joining the second pillar who would like to increase their contribution towards a pension be given the opportunity to move in this direction thus increasing their chance of receiving a better pension.

## **6. Pensionable age and working hours**

It is proposed that mechanisms into how the working hours of a pensionable person could be reduced taking into account the age bracket.

For example persons over 70 years could be allowed to work on a working week of say 20/25 hours. These persons could be utilised by commercial entities to introduce flexible working times in these entities.

It is understood that persons of a certain age cannot sustain a 40 hour week but through their experience and knowledge they can add value to the workplace and fill in gaps for flexible hours workers and women returning to work after a certain age.