





SERVICE PENSIONS  
MANUAL

Department of Social Security

Service Pensions Section

38, Ordinance Street

Valletta VLT 1021

Email: [servicepensions.dss@gov.mt](mailto:servicepensions.dss@gov.mt)

Contact Number: Freephone 153

Whilst every effort is made to ensure that the manual is updated, employees are nonetheless requested to refer to the Pensions Ordinance (Cap. 93) of the Laws of Malta, the provisions of which will prevail.

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This manual brings together in user-friendly format the salient points of the legal instrument namely: Chapter 93 of the Laws of Malta, on which the policy is based and the relevant procedures to be followed for the award of a Service 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 service pension of their rights and entitlements, and the obligations must 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 Service Pension.

## 1.2 Who can Benefit from a Service Pension?

Those who qualify for a Service Pension are:

- a) Government officers appointed to the public service before the 15th of January 1979 where an officer means a person substantively appointed to an office in respect of which a pension may be granted under the Pensions Ordinance
- b) Members of the Police Force, Armed Forces of Malta, Civil Protection, and Correctional Services officers
- c) Widows of Public Service officials in a pensionable post who were contributors in this voluntary Widow's pension scheme
- d) Members of Parliament
- e) Members of the Judiciary and the Attorney General
- f) Secretary to the Cabinet
- g) Permanent Secretaries

Public officers as per (a) above, qualify only if they were employed with public service before the 15th of January 1979 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 Service Pension granted?**

The pension awarded cannot be more than two-thirds ( $\frac{2}{3}$ ) of the highest salary 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, his/her pension would be €9,333.33.

$(30 \text{ years} \times 12 \text{ months}) / 540 \times €14,000 = €9,333.33$  (Full Pension - Two-Thirds)



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## 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 of Malta's approval in cases of negligence, irregularities or misconduct.
<b>Inquiries</b>	HR Manager of the employee concerned.

## 2.2 Bonus and Income Supplement

<b>Purpose</b>	To outline the bi-annual payment procedure of the bonus and income supplement payable to pensioners receiving a Service Pension.
<b>Procedure</b>	<p>The Service Pension pays two income supplements, one in March and the other in September. Each payment amounts to €81.16.</p> <p>The Service Pension also pays a bonus of €135.10, twice a year, in June and December.</p>
<b>Eligibility</b>	The bonus and income supplement are due to those pensioners who receive a Service Pension but do not receive a Social Security pension.
<b>Clarification</b>	Pensioners who have a full time job or are self-occupied are not entitled to the bonus and income supplement. These are to be paid by their employer.
<b>Inquiries</b>	Service Pensions at DSS.

## 2.3 Commuted Pension

- Purpose** When pensioners choose also to have a gratuity their pension is reduced 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:**

$$\begin{aligned} &€9,022.22 \text{ (2/3 pension)} \times \frac{3}{4} = €6,766.67 \text{ (commuted pension)} \\ &€9,022.22 - €6,766.67 = €2,255.55 \times 12.5 = €28,194.44 \text{ (gratuity)} \end{aligned}$$

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

Pension and gratuity papers of officers retiring on attaining the age limit are to be forwarded to Service Pensions Section at the Department of Social Security by their respective Department not later than three (3) months before the date of retirement. The form to be used for the award of pensions and gratuities is Form GP 61. The employee's department must 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 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, if to have a pension and a gratuity or only a pension (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 service 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 of Malta, 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.

## 2.4 Computation of Pensions

<b>Purpose</b>	To outline the method of calculating the pension granted to retiring officers, in various circumstances.
<b>Policy</b>	<p>The pension is calculated on the last annual salary of the retiring official.</p> <p>Average salary of the last three years: 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.</p> <p>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 the gratuity already awarded is subtracted from the new gratuity.</p>
<b>Clarification</b>	<p>Pension of certain public officers:</p> <p>The following officers:</p> <ul style="list-style-type: none"><li>(a) Cabinet Secretary</li><li>(b) Permanent Secretary</li><li>(c) Headship positions under a performance agreement</li><li>(d) Ambassador, High Commissioner or other principal representatives of Malta in any other country, when appointed from the public service in terms of the proviso to Article 111(1) of the Constitution of Malta and provided that, before such appointment, the holder of any of the said offices was eligible for appointment as a head of a department of Government in terms of Article 92(4) of the Constitution of Malta shall, subject to creditable performance, be entitled to a pension based on the higher of:<ul style="list-style-type: none"><li>(i) the salary attached to the position held under a performance agreement by that officer on retirement provided that the officer has served for a period of one (1) year in that position immediately before retirement</li></ul></li></ul> <p>or</p> <ul style="list-style-type: none"><li>(ii) the salary attached to any position, higher than the substantive grade, which the officer previously held for at least three (3) years under a performance agreement.</li></ul> <p>In cases where (i) and (ii) are not applicable, the pension will be based on the salary attached to the substantive grade of the officer on retirement.</p> <p>Creditable performance for Heads of Department and Permanent Secretaries must be certified by the Principal Permanent Secretary.</p>
<b>Inquiries</b>	HR Manager of the employee concerned.



## 2.5 Eligibility for a Service Pension

**Purpose** To specify who qualifies for a Service Pension.

**Policy** Officers who qualify for a Service Pension are:

- a) Government officers appointed to the public service before the 15th of January 1979 where an officer means a person substantively appointed to an office in respect of which a pension may be granted under the Pensions Ordinance
- b) Members of the Police, Armed Forces of Malta, Civil Protection and Correctional Services Officers;
- c) Widows of Public Service officials in a pensionable post who were contributors in this voluntary Widow's and Orphan's pension,
- d) Members of Parliament,
- e) Members of the Judiciary and the Attorney General.
- f) Secretary to the Cabinet
- g) Permanent Secretaries

Public officers as per (a) above are eligible to receive a Service Pension only if they were employed with government before 15th January 1979 and the service rendered was continuous.

**Procedure** The pension awarded cannot exceed two thirds of the highest salary ever received by the officer.

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:

$$\frac{30 \text{ years} \times 12 \text{ months}}{540} \times €14,000.00 = €9,333.33$$

(full pension - two thirds)

**Clarification** 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.

**Inquiries** Human resources manager of the employee concerned.  
Service Pensions Section at the Department of Social Security.

## 2.6 Full Service 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> <ul style="list-style-type: none"><li>a) Eligible public officers on reaching their 60th birthday or any further birthdays up to their 65th</li><li>b) Members of the Police Force, Armed Forces of Malta, Civil Protection and Correctional Services officers complete twenty-five years service;</li><li>c) a pensionable public officer is found unfit for work by a medical panel on completion of thirty years in service; and</li><li>d) Members of Parliament, after serving more than 2 legislatures</li><li>e) Members of the Judiciary and the Attorney General after completing 10 years in service</li><li>f) Secretary to the Cabinet having at least 30 years of service with the Civil Service of which at least 1 term in such position</li><li>g) Permanent Secretaries having at least 30 years of service with the Civil Service of which at least 1 term in such position.</li></ul>
<b>Clarification</b>	<p>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 members of the Police Force, Armed Forces of Malta, Civil Protection and Correctional Services officers, 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. Where the reckonable service is less than ten years then the retiring official is not eligible for a pension.</p>
<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> $\frac{29 \text{ years} \times 12 \text{ months}}{540} \times \text{€}14,000.00 = \text{€}9,022.22$
<b>Inquiries</b>	<p>Human resources manager of the employee concerned. Service Pensions Section at Department of Social Security.</p>

## 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 salary.
<b>Procedure</b>	Service reckonable for pension purposes: <ul style="list-style-type: none"><li>a) all the period of service that is remunerated;</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>	Service is deducted in the following instances: <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 the age of 18;</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.

## 2.8 Retirement Date

<b>Purpose</b>	To determine the retirement date of an officer.
<b>Policy</b>	<p>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 leave or on sick leave.</p> <p>Otherwise, employees can retire in any other future day, in consideration with other employment regulations.</p>
<b>Inquiries</b>	Human Resources Manager of the employee concerned.

## 2.9 Pensionable Officers Employed with Government Entities

<b>Purpose</b>	To determine eligible officers who are employed with a Government entity.
<b>Policy</b>	When a pensionable officer takes up full employment with a Government entity, the employment of that officer shall be considered service with the Government for pension purposes. These officers shall be entitled to a pension and gratuity under the Pensions Ordinance upon termination of service with the entity as if the service was service with the Government. These entities have to contribute to the Government the difference between the pension and gratuity payable at the time of retirement and the pension and gratuity computed had the pensioner retired while still in Government service.
<b>Clarification</b>	<p>Public officers who are detailed with a Government entity and who take up permanent employment with the same entity shall have their pension based on the salary of the Government service grade analogous to the grade last held with the entity, provided that this grade does not exceed Salary Scale 3 in the Public Service.</p> <p>A classification Board shall be set up to classify posts with the entity to their corresponding post in the Public Service according to established criteria such as job description, skills, responsibilities etc. The classification shall in each case be subject to the final approval of the Minister responsible for Social Security.</p> <p>Officers who do not take up permanent employment with the entity shall have their pension based on their last substantive grade with the Government.</p>
<b>Inquiries</b>	Service Pensions Section at the Department of Social Security.

## 2.10 Widow's and Orphan's Pension

<b>Purpose</b>	To outline the eligibility requirements for the payment of the Widow's and Orphan's Pension Scheme and the amount payable.
<b>Eligibility</b>	Only public officers who contributed voluntary towards the Widow's and Orphan's scheme up to 30 <sup>th</sup> April 1979 could benefit from this pension. The widow and children of public officers who occupied a pensionable post and contributed voluntary to the Widow's and Orphan's scheme are entitled to this pension. Contributors to this voluntary 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>Calculation of this voluntary Widow's &amp; Orphan's Pension Scheme is done only when the said pensioner has passed away. To formulate the amount of this voluntary pension, calculations are done using the age of the pensioner in question, the number of years in marriage and the date of death.</p> <p>The amount of the Pension that the widow receives cannot exceed €77.00 per month. This amount is awarded over and above the Social Security pension.</p>
<b>Inquiries</b>	Service Pensions Section at the Department of Social Security.

## 2.11 Work after the Award of a Service 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 officer's last pay.</p> <p>Nonetheless, the pensioner is 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, Armed Forces of Malta, Civil Protection and Correctional Services officers 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>	Service Pensions Section must be informed if the pensioner is performing work with pay, before the age of 60 years. In cases of members of the Police Force, Armed Forces of Malta, Civil Protection and Correctional Services pensioners, the Service Pensions Section must be informed if the 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.
<b>Inquiries</b>	Service Pensions Section at the Department of Social Security.







