

## **Introduction**

**The pension Fund Commission is considered as the tool of the Kingdom of Bahrain, and the Managerial and executive Government's firm which is entitled to offer the pension and insurance services to all the pensions subjected under the law of the Civil and Military Laws as employees, military officers and persons and their beneficiaries.**

**The Commission was founded in 1975 as a result extensive and continuous governmental efforts since the thirties of the previous century and in accordance to the constitution of Kingdom of Bahrain in it's article No (5) paragraph (C): The State guarantees to establish the necessary social assurance for the citizens in the event of elderly, sickness, disability to work or orphanhood or being a widow ....etc.**

**In addition to what the civil pension Law consisted of No. 13/1975 regarding the classification of the pensions and gratuities for the government employees which was published on the 28 of June 1975, also as a continuation to the pension law of the Kingdom to whom is working for government and the military sector yields to the issue the decree of the No. 11/ 1976 by issuing the classification law of pension and gratuities for the military persons and the General Security on 14<sup>th</sup> of march 1976.**

**The law stated that the commission is a general firm with a judicial personality and possesses an individual budget related to the general budget of the State and supervised by the treasury minister and his ministry.**

**The commission has a board of directors that consists of 14 members, and the chairman is the treasury minister.**

**Also the commission has a general manger who is also a member of the board of directors, and the board is assigned by a decree from the Prime Minister.**

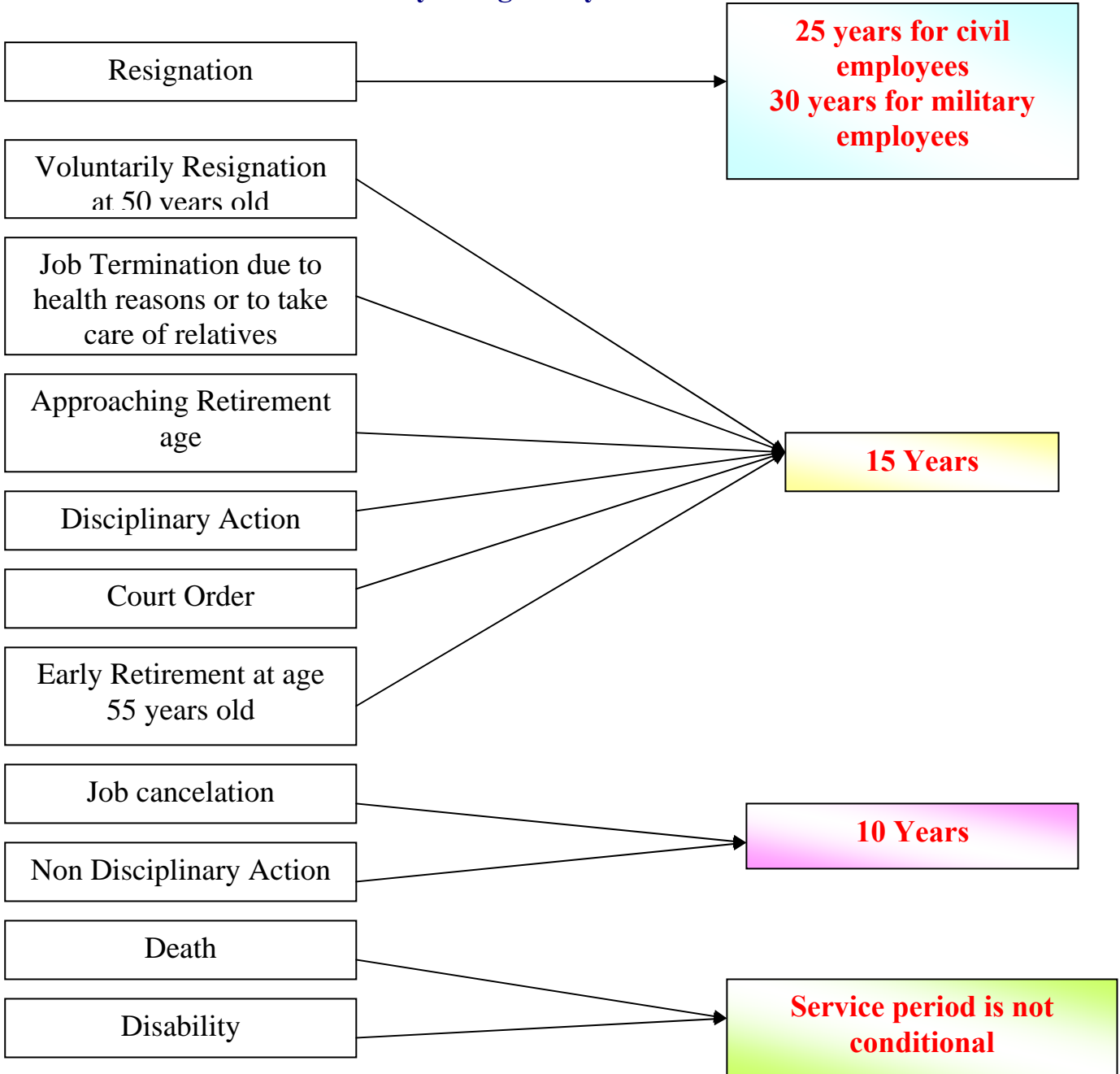
## **Pension Fund Commission** **Responsibilities**

- 1- Applying law 13/1975 and decree with law 11/1976
- 2- Following up the Board of Directors decisions which execute the policies that the board applies. Setting up the general plan to invest the PFC money , revising and approving the annual budget for PFC, to appoint the auditors and to approve the Final Statement of PFC.
- 3- To settle the pension salaries and gratuities for employees, military officers and soldiers eligible to pension once their job is terminated as well as to pay the pensioners and the beneficiaries.
- 4- To fulfill the PFC requirements as preparations and maintaining these assets.
- 5- To operate and maintain Information System to provide a wide range of data and necessary information to manage the PFC in optimum way.
- 6- To contribute as a member in Global and Local Insurance Organizations.
- 7- To explain all the media publications concerning PFC.
- 8- To prepare the reports and periodical statistics and represent them to the Board.
- 9- To examine, select and train the PFC staff in order to develop and upgrade the managerial staff at PFC.
- 10- To assure the financial commitments of pensioner towards other ministries to be paid.
- 11- To produce researches and studies as:
  - Concerning the pension, pensioners and beneficiaries.
  - Legal studies concerning the civil and military laws.
  - The comparison between the Bahraini and the similar laws in other countries, especially Gulf Countries
  - The economical and investment studies.
  - The economical feasibility studies for the projects that the board of directors suggests.
  - To assess the investment projects that involves PFC as an establisher.
- 12- To prepare the Annual Trail Balance and the Annual Estimated Budget (Budget Trail Balance).
- 13- Monitoring the PFC monetary.
- 14- Preparing the Annual Report.

## Rights & Features offered by PFC for the insured persons

### 1<sup>st</sup> The Pension Rights

#### 1- The Pension Salary is eligible by:



## **2- Pension Gratuities:**

- ❖ To non eligible pensioners a gratuity equivalent to 15 %.
- ❖ To the eligible pensioners a gratuity equivalent to 3 %.
- ❖ 15 % for the extra service than 40 years for civil employees and 32 years for military persons.
- ❖ Refunding of the contributions for whose services are less than a year.
- ❖ One month salary for every year as a gratuity for service period before 18 years old.

## **3- Death Grant:**

- ❖ Equivalent to 6 months of basic salary if the deceased was still working.
- ❖ Equivalent to 6 month of pension salary if the deceased was a pensioner.

## **4- Death Compensation:**

- ❖ Equivalent to 3 months of salary if the deceased was still working (military person).
- ❖ Equivalent to 3 months of pension salary if the deceased was a pensioner (military person).

## **5- Funeral Expenses:**

- ❖ Equivalent to 3 months salary if the deceased was still working.
- ❖ Equivalent to 3 months pension salary if the deceased was a pensioner.

## **6- Marriage Grant:**

- ❖ It is to be disbursed to the widow or the daughter or son's daughter or to the sister and equivalent to her salary for 18 months; with a minimum amount of (B.D. 540/-). This is to be disbursed once only.

## 2<sup>nd</sup> Pension Features :

### 1- Job Injury

It includes the following compensations:

- ❖ Injury with one of the occupational job ailments.
- ❖ Injury occurred during job.
- ❖ Injury occurred due to work conducting.
- ❖ Injury due to stress or fatigue because of work .
- ❖ Injury while commuting to or from work on condition that there should be no diversion from the main route, also injury during official missions overseas or while studying abroad.

### Benefits and earnings of job injury:

#### Financial Benefits

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- Lump Sum
  - Injury Salary
  - Salary Compensation

#### Non Financial Benefits

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- Medical Services
  - Artificial Parts & Medical Equipments
  - Hospital Examinations & Treatment
  - Medication & Artificial Parts
  - Travel & Accommodations Fees

#### Extra Benefits

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- Late Relapse
  - The right to claim during the first year
  - Receiving injury & pensions salaries at the same time

## **2- Assumed Service**

It is unrealistic period, maximum of 5 years. It is permissible for an employee to buy it from Pension Fund Commission (PFC) in any time.

The employee can pay it by lump sum or by monthly installments within 5 or 10 years in order to add it up to the service period accounted in pension.

### **Payment Method:**

The employee (applicant) can pay by either following methods:

- ❖ Lump sum
- ❖ Monthly Installments within 5 or 10 years.
- ❖ It is permissible to pay part of the amount in lump sum and the outstanding as installments.

### **Special Terms in Buying Assumed service:**

- ❖ The period should not exceed 5 years.
- ❖ The overall service period should not exceed 40 years after adding the assumed service once the job is terminated.
- ❖ The bought service is not accounted in pension period unless it is paid as lump sum or on the due date of the first installment.
- ❖ The bought service is not accounted in pension period in case of commutation calculations unless what follows:
  - The applicant employee is 50 years old.
  - The job had terminated for any reason before this age and he/she is eligible to pension salary.
- ❖ The outstanding installments are dropped if the applicant had deceased.
- ❖ If the job had terminated with eligible pension salary, the assumed service installments are deducted from the monthly pension salary.
- ❖ In case of the eligibility of 15% as gratuity so the outstanding installments amount is deducted from this gratuity excluding the interests.
- ❖ The installments are deducted from the next month of the PFC approval date.

### **3- Past Service Period**

It is an actual period that an employee has spent in a formal job either according to civil or military laws or before returning back to service (after working under the schema of any of these laws) on condition that the period to be calculated in pension is according to either of these two laws.

The previous service to be joined should be one of the next periods:

- ❖ A period or several service periods that had been spent whether in civil or military sectors.
- ❖ Service period that had been spent in firms or general establishments subjected to the law by dual agreements with PFC.
- ❖ The special vacations of study or training that the government contributes in its expenses upon the ministry's or the concerned firm's request.
- ❖ The previous service before granting the Bahraini citizenship.
- ❖ The service period that the employee deserved a pension salary for.
- ❖ Service period spent in private sector, with contributions that had been paid for GOSI.

#### **Payment Method:**

- ❖ Lump sum
- ❖ Monthly Installments within 5 or 10 years.
- ❖ It is permissible to pay part of the amount in lump sum and the outstanding as installments.

#### **Special Terms about past service or services:**

- ❖ The previous service is accounted in pension period once after paying it as lump sum or once the first installment is due.
- ❖ If a retired employee rejoins the government service, so his previous service is automatically joined to his current service and he/she can keep the (3%) gratuity that was disbursed on his/her retirement period, or he/she can repay the gratuity in addition to the investment interest of this amount with the percentage of 5% from the date the gratuity was disbursed until the repayment date.
- ❖ Once the job is terminated and the pension salary is eligible, the deduction of the installments of past service from the pension salary continues, on the other hand if it was a gratuity of 15%, so the outstanding balance of the installments is deducted plus the interests of the remaining period.
- ❖ The outstanding installments are dropped once the applicant deceased.

#### **4- Pension Loans**

It is committing / making a loan contract between the employee and the Pension Fund Commission (PFC) which allows the borrower to receive an amount of money as lump sum that is determined in accordance to the employee's service period .

#### **Who is eligible for loan?**

The civil & military employees or military officers who have served more than 5 years.

#### **Loan Application Conditions:**

- ❖ The loan applicant should be free from any loans or commutation or bank installments and guaranteed by his employer (ministry he / she works for).
- ❖ The repayment period should not exceed the remaining time before the retirement of the applicant.
- ❖ The loan applicant should sign a commitment to deduct the monthly installments out of his/her salary.

#### **Loan Application Reasons:**

- ❖ Sickness of the loan applicant or whom he/she supports.
- ❖ The marriage of the loan applicant (once only) or marriage of one of his/her sons or whom he/she supports of his/her brothers or sisters.
- ❖ Building or restoration or building extension or furnishing the house of the applicant.
- ❖ The general or specific disasters concerning the loan applicant or whom he / she supports.
- ❖ Emergency cases.

#### **Loan Amount:**

- ❖ Maximum loan amount is B.D. 10,000.

#### **Repayment Period:**

- ❖ Maximum Repayment Period is 48 months (4 years).

#### **Interest Percentage:**

- ❖ 3% annually .

#### **Special Terms for the Lending System:**

- ❖ All the unpaid installments are dropped if the borrower deceased.
- ❖ Once the borrower does not receive a salary for any reason, the



installments are not to be collected. Once he / she resumes receiving the salary, so the collection of installment is resumed also, with the extension of payment period equals the non– collection period.

- ❖ It is not permitted to apply for a new loan unless the old loan is settled. It is permissible to apply for a new loan after one month settling of the old loan.
- ❖ The percentage if the borrowers should not exceed 15% of the whole manpower in every firm (civil & military).
- ❖ The monthly installment should not exceed half of the borrower's salary.

### **5- Pension Salary Commutation (For Employees & Pensioners)**

It is a loan contract guaranteed by the pension salary. Its parties are the employee or the pensioner and the PFC.

The employee / pensioner receives a lump sum amount determined by the applicant's age, commutation's factor, repayment period factor (5, 10 or 15 years) and part of the pension salary allowed to be commuted.

#### **Who is eligible for Commutation?**

- ❖ Any employee who has an actual service period or 25 years for the civil employee and 20 years for the military employee or whose service period is not less than 15 years, and he/she is 50 years old or more on the application date.
- ❖ A pensioner who is not more than 65 years old.

#### **Commutation Approval Conditions:**

- ❖ The amount to be commuted should not exceed 1/3 of the pension salary.
- ❖ The net pension salary (after deducting the commutation installment should not be less than B.D. 180.
- ❖ The commutation applicant should not be more than 65 years old for the civil employee or pensioner and 66 years for the military employee or pensioner.
- ❖ Two years period should pass from the last commutation signature date before applying for new commutation.
- ❖ The health condition of the applicant should be either Good or medium. The commutation request is rejected if the applicant is not fit.

**Commutation Amount :**

It depends upon the pension's salary, service period, applicant's age and health condition.

**Repayment Period:**

5 or 10 or 15 years.

**Interest Percentage:**

- ❖ According to the actuarial table.

**Special Terms about Commutation:**

- ❖ The commutation is approved since the applicant signs the consent of the commutation's capital.
- ❖ The commutation's installments are dropped if the commutator deceased. The pension salary is then settled for the beneficiaries, and the commutation is not to be considered.
- ❖ The medical Examination is valid for one year from the medical committee's approval date to continue the commutation procedure.
- ❖ The commutation's installments are paused if the commutator does not receive salary. Once the installments are repaid again, the repayment period is to be extended as many months as the installments were paused.
- ❖ The employee or the pensioner can apply for a new commutation every two years from the previous commutation.
- ❖ The commutation is not disbursed for the natural or injury disability.
- ❖ The assumed service is not accounted in the pension period on which the commutation determined upon; unless the employee approaches 50 years old or if he/she terminated his/her job with the eligibility of a pension salary.

**6- Annual Increment for the Pensioners and Beneficiaries.**

**7- Social Allowance for pensioners.**

**8- Early Retirement for those who are 55 years old with the grant of annual increment until 60 years old.**

**9- The unified system to Expand the Insurance Protection For GCC countries citizens working in other than their own GCC country.**