

# BRUNEI DARUSSALAM

## 1. BACKGROUND

### 1.1 Government pension scheme:

The Government Pension Scheme (GPS) is a non-contributory social security scheme offering old-age pension, disability and survivorship benefits to civil servants hired prior to 1993 and all members of the uniformed forces including the military, police and prison guards. Allocation for pension's expenditure is wholly borne by the government based on the pay-as-you-go plan. An employee who has served for at least 10 years is entitled to receive a life-long monthly pension upon retirement.

Most GPS employees retire at the compulsory retirement age of 55 to take advantage of generous pension benefits. For the army and the police, the pension arrangement is slightly more generous whereby the employees are allowed to retire after serving the minimum period of ten years.

The scheme is also designed to provide financial assistance to the dependents of those in the government service in the event that he or she passes away while in service or after retirement. In addition, it provides compensation to employees who are forced to retire or have passed away due to sickness in the course of performing their official duties.

The types of retirement benefits offered in the pension scheme include service pension and service gratuity which is a lump-sum payment granted to a pensionable officer upon retirement. The other type of benefit is in the form of derivative pension, which is granted to the beneficiaries of the deceased officer who dies in service. Similarly, derivative gratuity is payable to the beneficiaries of the deceased or legal personal representative of the deceased officer who dies in service. It is a safety net for the beneficiaries and is particularly beneficial in providing for the female beneficiaries as they generally experience a higher incidence of widowhood. In terms of coverage, less than one percent of the people are protected.

### 1.2 Employee Trust Fund (TAP):

In an effort to lessen the government's burden on the expenditure for the pension scheme, the government set up an Employee Trust Fund (TAP) in 1993 as an alternative solution for retirement benefits and hence, a social protection. Participation in the scheme is compulsory for employees who joined the public and private sectors workforce commencing 1<sup>st</sup> January

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1993 and for the non-pensionable public employees whose job appointments made prior to this date.

## 1.3 Old–Age Pension:

The social security covers only employees in the formal sector. Pension scheme provides coverage to civil servants while the TAP gives protection to public and private sector employees.

## 1.4 Supplemental Contributory Pension (SCP):

The Supplemental Contributory Pension (SCP) Scheme was established under the Supplemental Contributory Pension Order, 2009 and enforced from 1<sup>st</sup> January 2010. With effect from 1<sup>st</sup> April 2014, SCP Board was then merged to Employee Trust Fund (TAP) Board. It is an additional scheme that complements the existing TAP Scheme. Similarly, it is compulsory for all employees below the age of 60 years old in the public and private sector. In addition, those who are self-employed are encouraged to participate in the scheme voluntarily. However, those who are employed under the Public Service Pensionable Post or receiving the Public Service monthly pension are exempted from joining the scheme.

## 1.5 Healthcare

In terms of healthcare, the government has provided free medical care for all its citizens irrespective of their age.

## 1.6 Minimum Retirement Age

Effective 1 January 2010, in accordance to the Retirement Age Order, 2010 the minimum retirement age of an employee shall be not less than 60 years.

## 2. VITAL STATISTICS

### 2.1 Economic Indicators

The Brunei Economy						
Category	2015	2016	2017	2018	2019	2020 <sup>P</sup>
Gross Domestic Product (GDP)	17,778.0	15,747.7	16,747.7	18,300.7	18,375.0	16,578.6
Gross National Income (GNI)	18,672.5	16,901.3	17,742.5	18,413.8	18,867.6	n/a
Gross Savings	10,155.0	8,884.1	9,269.0	9,738.6	9,840.5	n/a

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Note: Value at current prices (BND million)

Category	2016	2017	2018 <sup>r</sup>	2019 <sup>p</sup>
Gross Domestic Product per capita	37,741.2	38,993.4	41,366.8	39,989.1
Gross National Income per capita	40,505.7	41,309.7	41,622.5	41,061.1

Category	2015	2016	2017	2018	2019	2020
Population	412,400	417,256	429,500	442,400	459,500	453,600

## 2.2 Inflation Rate

% Change Y-O-Y						
Year	2014	2015	2016	2017	2018	2019
Inflation Rate	(0.2)	(0.4)	(0.7)	(0.2)	1	(0.4)

## 2.4 Social Indicators

Indicators						
	2015	2016	2017	2018	2019	2020
Annual Growth Rate (%)	1.2	1.2	2.9	3.0	3.9	-1.3
Birth Rate (per 1000 population)	16.2	15.4	15.0	14.0	13.4	n/a
Fertility Rate (per 1000 woman)	1.8	1.8	1.8	1.7	1.6	n/a
Death Rate (per 1000 population)	3.8	3.9	3.9	3.6	3.8	n/a
Infant Mortality Rate (per 1000 live births)	8.7	8.1	9.3	9.0	8.3	n/a

## 2.5 Life Expectancy

Life Expectancy					
	2015	2016	2017	2018	2019
at Birth (year)	77.7	77.8	76.8	77.5	77.4
Female	77.5	78.7	78.3	78.5	78.4
Male	77.8	76.9	74.8	76.4	76.4

## 2.6 Population

Population by age group (persons)						
Category	2015	2016	2017	2018	2019	2020
0 – 4	28,800	28,247	28,400	30,100	30,700	30,700
5 – 19	101,700	101,149	100,100	99,200	101,200	95,900
20 – 54	230,500	232,251	234,500	256,700	267,300	260,000
55 – 64	31,600	33,830	35,700	36,200	38,100	39,800

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65 and above	19,800	21,599	22,600	20,200	22,200	27,200
Population						
Median Age	31	31.3	31.7	30.4	30.6	31.3

## 2.7 Labour

Indicators for the Year 2019	
Working Age Population	15 Years and Above
Labour Force	237,944
Employed	221,711
Unemployed	16,234
Labour Force Participation Rate (%)	64.3
Unemployment Rate (%)	6.8

\* Based on National Definition

## 3. EMPLOYEE TRUST FUND SCHEME (TAP)

At present (2018) the mandatory contribution rate is still at 5% employee and 5% employer, but at the same time, the Employee Trust Fund (TAP) encourages voluntary contribution to its members. On 1<sup>st</sup> March 2011, another initiative has been introduced to allow members contribute voluntarily via counter and online.

### 3.1 Pre-Retirement Withdrawal Scheme – 50

Under the Pre-retirement Withdrawal Scheme, members are allowed to withdraw one-fourth (1/4) of their savings in TAP. This scheme also enables early preparations before retirement.

#### *Withdrawal Criteria*

Savings may be withdrawn in accordance to the followings: -

- a) Members reach the age of 50.
- b) Birth Certificate that shows the year of birth only are eligible to withdraw on 31 December at the age of 50.

### 3.2 Retirement Withdrawal Scheme – 55

The Retirement Withdrawal Scheme enables the member aged 55 years old to withdraw entire savings in TAP.

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## *Withdrawal Criteria*

Savings may only be withdrawn in accordance to the followings: -

- a) Members reach the age of 55.
- b) Birth Certificate that shows the year of birth only are eligible to withdraw on 31 December at the age of 55.

### **3.3 Next-of-Kin Withdrawal Scheme**

Under this scheme, next-of-kin of a deceased TAP member may claim member's savings under Section 11 of the Probate and Administration Act.

## *Withdrawal Criteria*

In the event of death to a TAP member, the eligible claimants are: -

- a) authorized relative (next-of-kin)
- b) appointed Administrator / Executor

### **3.4 Emigration Withdrawal Scheme**

The Scheme allows emigrants to who have no intention of returning to work in this country may withdraw their entire savings.

## *Withdrawal Criteria*

Savings may only be withdrawn in accordance to the followings: -

- a) Member who has surrendered Bruneian Citizenship/Permanent Residence permit and has acquired another nationality abroad; or
- b) Obtained another nationality abroad or acquired permission to be a Permanent Resident of another country.

### **3.5 Housing Withdrawal Scheme**

This scheme allows members who wish to acquire a house to withdraw a specific amount from the savings to settle the construction or purchasing cost, or financial cost for building or purchasing their own house.

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- a) When member has accumulated B\$40,000 in their fund or has been saving with TAP for at least 10 years.
- b) When member has: -
  - i. Been allotted a house under the housing scheme; or
  - ii. Bought or built a house; or
  - iii. Taken a loan for constructing or buying a house; or
- c) Member had signed an agreement for: -
  - i. Purchasing or building a house; or
  - ii. Taking a loan to buy a house; or
  - iii. Taking a loan for constructing a house
- d) The house must be built under member's land and own residence.

## **3.6 Incapacitation Withdrawal Scheme**

This scheme allows members to withdraw their entire savings to lessen their burden if the members become physically or mentally incapacitated and making them unable to continue working.

### *Withdrawal Criteria*

Eligibility to withdraw savings in accordance to the followings: -

- a) If member has been confirmed by the Medical Board to become physically or mentally incapacitated to work; and
- b) No longer employed.

## **4. SUPPLEMENTAL CONTRIBUTORY PENSIONS SCHEME (SCP)**

The current rate of contribution is 3.5% contributed by the member's monthly salary and the employer is required to contribute with the same rate of 3.5% per month. This makes the total monthly rate of contribution to 7%.

### **Monthly Payment Benefit**

Members will receive a monthly payment of SCP savings upon attaining the age of 60 years for a period of 20 years.

### **Derivative Benefit**

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Where a member dies before attaining the age of 60 years, the balance in his SCP account will be paid lump-sum to his/her eligible beneficiaries in accordance with the *Hukum Syara'* if the deceased member was a Muslim; and if he/she was not a Muslim then in accordance with his/her will, and if there is no will, in accordance with the law relating to intestate succession.

## **Survivorship Benefit**

Survivorship benefit is a monthly payment made to the dependant (widow and children under 21 years old) of a member at an amount of B\$400.00 per month if a member dies before attaining the age of 60 years old. The period of payment is 15 years with effect from the date the member dies.

### **4.1 Retirement Withdrawal Scheme – 60**

This scheme allows the members aged 60 years old to withdraw their SCP savings in annuity.

### **4.2 Next-of-Kin Payment Scheme**

This scheme allows the members to withdraw the entire savings to lessen their burden if they become physically or mentally incapacitated to continue working.

### **4.3 Emigration Withdrawal Scheme**

The scheme allows emigrants who have no intention of returning to work in this country may withdraw their entire savings.

## **REFERENCE**

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