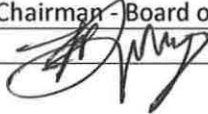




SEYCHELLES PENSION FUND

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|----------------|--|
| Title | Strategic Plan 2021 - 2023 |
| Policy Number | SPF/Policy/CEO/1/2020 |
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| Approved by | Chairman - Board of Trustees |
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STRATEGIC PLAN

SEYCHELLES PENSION FUND
Strategic Plan 2021–2023

I. INTRODUCTION

Seychelles Pension Fund's (SPF) Strategic Plan 2021-2023 is an updated Strategic Plan for the next three years in line with the changing developments of the country and around the world. After fifteen years of existence, it is important for SPF to move to the next level of its development and to work towards a well-planned sustainable retirement system that will improve the citizens' living standards on retirement.

The emphasis for the next three years is thus to provide an enhanced, modern and adequate pension service to all its stakeholders, through mostly smart automated processes and top- quality services.

This strategic plan consists of two overall objectives combined with ten strategic priorities, all of which have been carefully developed to suit the nature of our work and contribute to **new ways of doing business to address new challenges**. This strategic plan with clear strategic objectives will guide the future plans and target of SPF in the next three years to attain its desired outcome in line with its mission and vision.

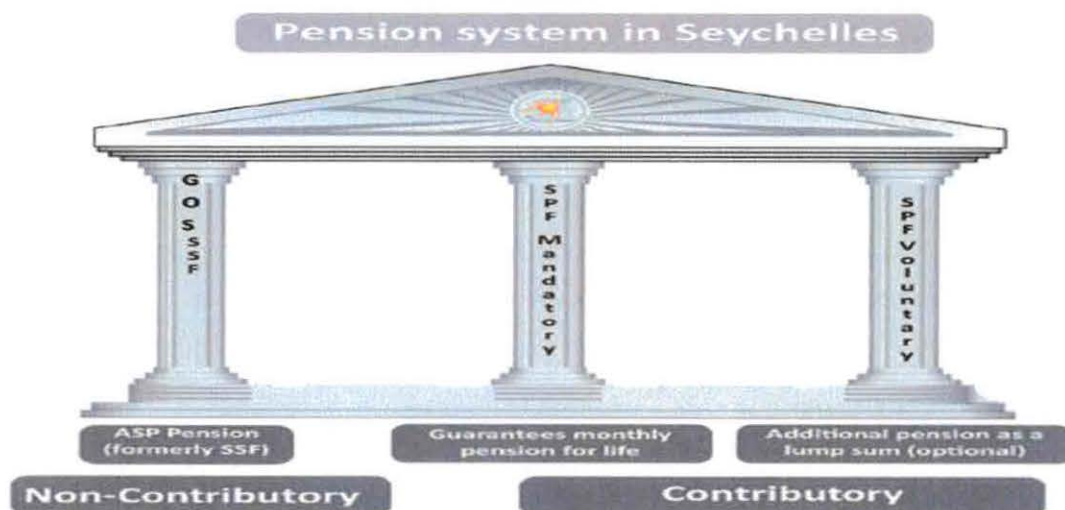
II. WHO WE ARE – *A pension fund devoted to its members*

SPF is a statutory body set up under its own Seychelles Pension Fund Act, 2005, and its two Regulations. Pension is an income replacement mechanism to enable qualifying members to live in basic comfort upon retirement at 60 years of age onwards. SPF operates a Defined Benefit pension system whereby Seychellois employees receive a pension upon retirement for life, calculated using a prescribed pension formula. From June 2020 onwards, SPF introduced a minimum pension of SCR 3000 for all its pensioners. SPF also allows its members to make additional savings for retirement through its Voluntary contribution scheme, which accumulates higher interest and is mainly paid out in a lumpsum to members reaching 55 years of age onwards or at the time of retirement. In addition to the pensions being provided by SPF, Government through the Agency for Social Protection, also provides a universal pension of SCR 5,750 to all its citizens from the age of 63 years onwards.

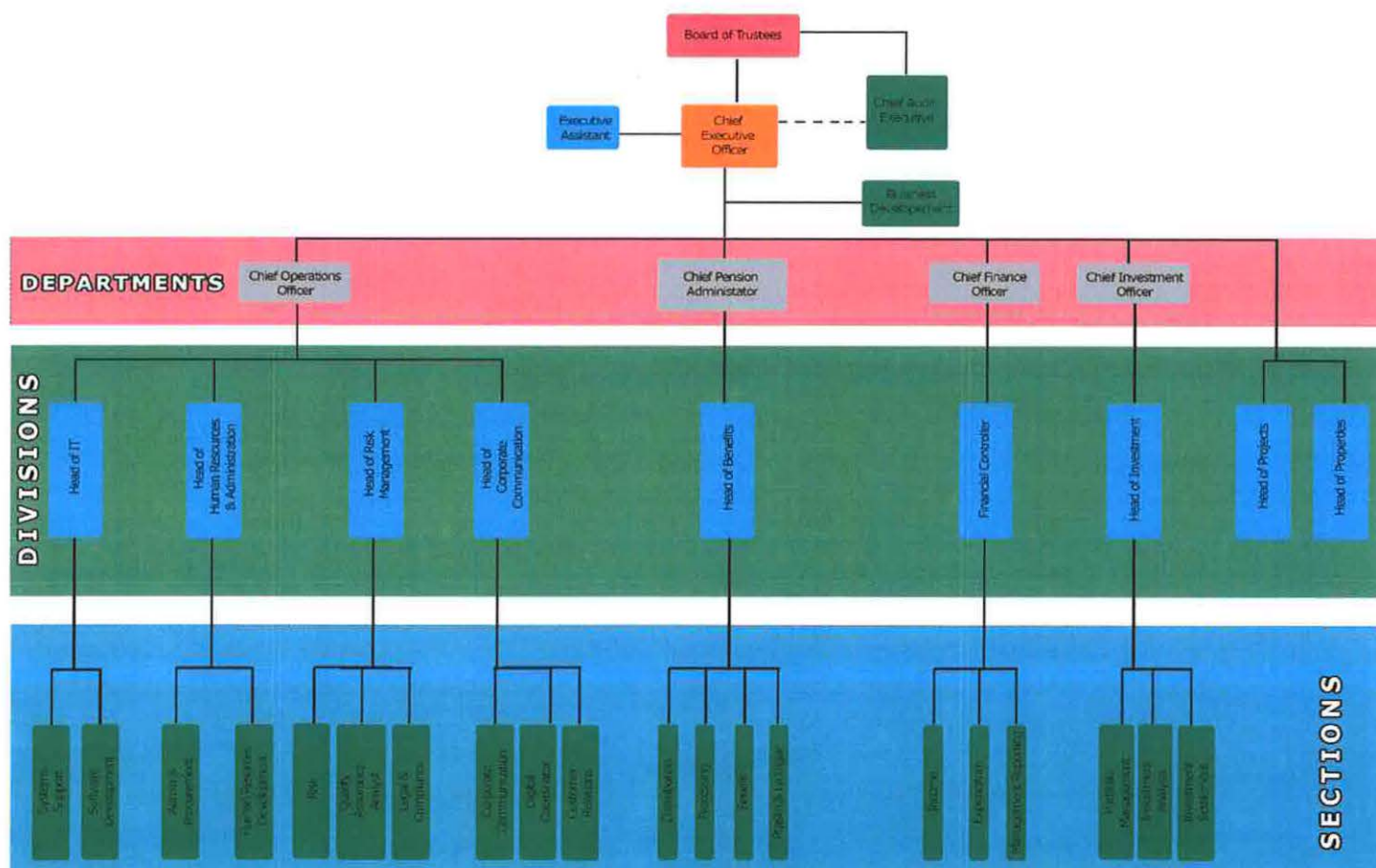
III. WHAT WE DO – *Providing utmost financial security to its members*

SPF manages the national pension system of the country, by collecting contributions from its members who are Seychellois workers and provides them and their beneficiaries with pensions and benefits on retirement. Seychellois workers in employment, include all workers from the formal and the informal sector, from both the public and private sector, as well as the self-employed, part-time and casual workers.

IV. THE CURRENT PENSION SYSTEM IN SEYCHELLES



V. SPF'S ORGANISATION STRUCTURE



VI. VISION

SPF will be a leader and model among retirement systems, by providing the best retirement and related benefit package for its members and their beneficiaries.

VII. MISSION

SPF is committed to paying the right pension to the right beneficiaries on retirement, through effective planning, prudent investments and innovative systems.

VIII. CORE VALUES

SPF promotes the following values in all its activities:

- ❖ **Prudence** by acting with diligence, competence, reliability and delivering the best result after cautious and sensible analysis has been undertaken;
- ❖ **Integrity** by being ethical, truthful, reliable and accountable for all action, safeguarding the credibility of SPF and maintaining good governance practices;
- ❖ **Empathy** by being caring and focusing on clients needs whilst providing the highest customer service possible;
- ❖ **Teamwork** by working collectively and collaboratively amongst staff and with stakeholders through open and frequent communication of information that allows for seamless flow of service by SPF; and
- ❖ **Confidentiality** by upholding high level of professionalism and keeping the trust of clients through maintaining in strict confidence non-disclosable information as required by the law

IX. OBJECTIVES OF PENSION FUND AS PER SPF ACT

The objectives of SPF set forth in section 4 of the SPF Act, 2005 requires that SPF:

- a. provides for the financial security of its members by payment of monthly pension as per the Act;
- b. provides for the financial security of member's beneficiaries through a monthly pension for surviving spouse, surviving children and lump sum refund to relevant beneficiaries;
- c. provides for the financial security for the incapacitated due to injuries or illness while being employed or thereafter, in accordance with the Act;
- d. enables workers contributing to SPF to spend their retirement in basic comfort
- e. promotes individual's voluntary contribution to SPF; and
- f. enabling members to use their voluntary contributions to their credit, as security for a housing loan or a loan for medical treatment.

X. GENERAL OBJECTIVES OF PENSION FUND

In order for SPF to be fully able to meet these objectives set forth in the Act, the following general objectives were compiled:

- a) Meeting SPF's annual targets through cautious and effective management of funds
- b) Securing the prompt and accurate collection of contributions and all other sums due to SPF
- c) Encouraging the self-employed to become members of SPF so that they can also make contributions to SPF and become beneficiaries;
- d) Providing timely, accurate and customer-focused services/information to its stakeholders;
- e) Providing timely and high-quality advice and information about SPF to stakeholders
- f) Fostering good management practices for the efficient and effective management of SPF;
- g) Prudently investing surplus funds which at the moment in time is not required for the functioning of SPF and for payments of benefits;
- h) Efficiently managing available resources to obtain maximum value for money in all aspects of SPF's operations; and
- i) Pursue SPF's mission with effective risk management system in place.

In summary, the two main objectives of SPF for the next three years are:

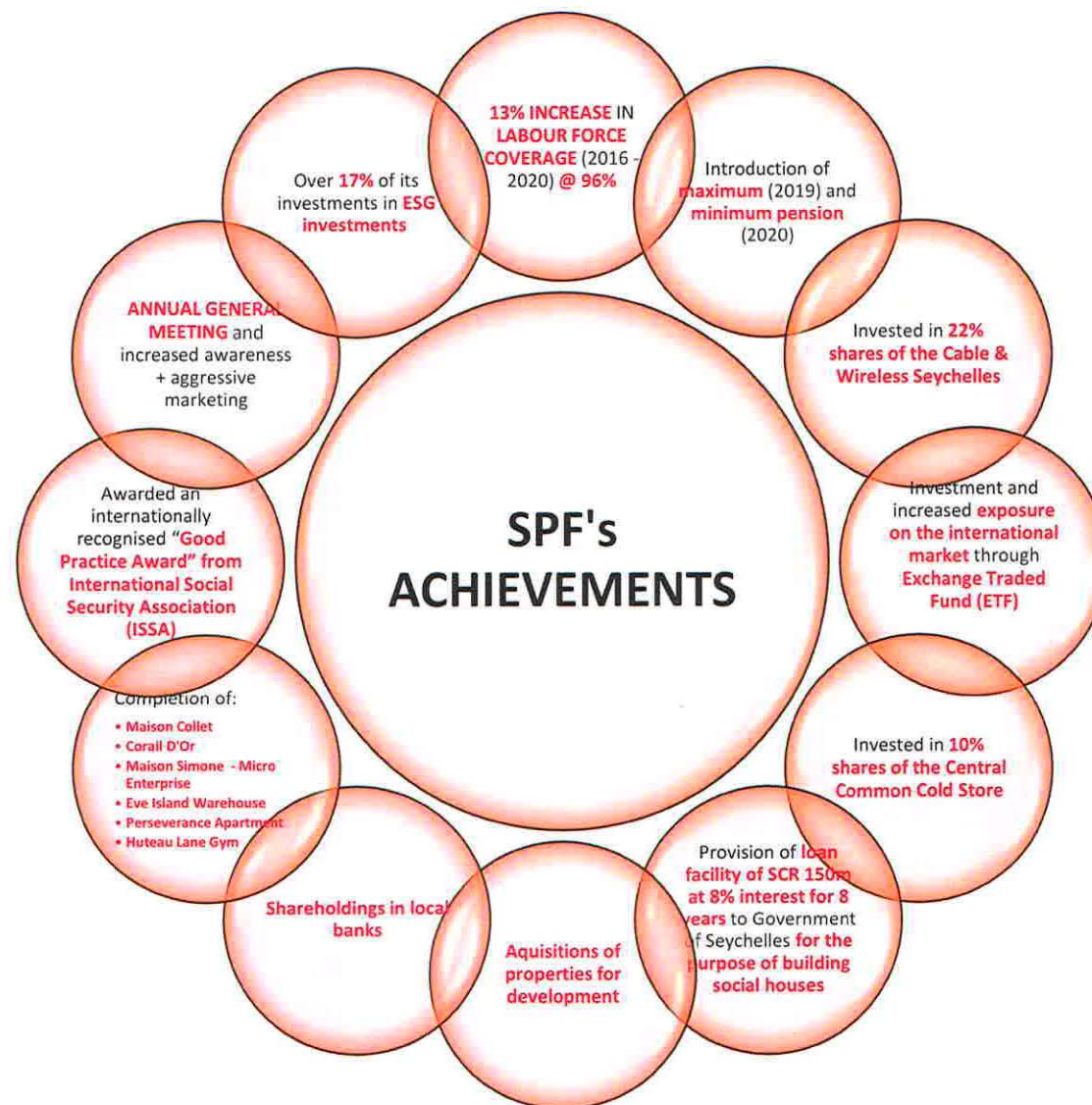
- ✓ **Long term sustainability of SPF through a planned approach**
- ✓ **Delivering enhanced pension products and quality services**

XI. OVERVIEW AND PERFORMANCE OF SPF IN THE RECENT PAST

By the end of 2019, SPF collected SCR 423 million from 43,715 active members, representing 96% of the working population, with an impressive amount of SCR 28 million in Voluntary contributions. SPF today has a record number of 5434 employers including 2106 self-employed, showing that Seychellois workers and employers recognise the important role of SPF. Pensions of SCR338 million were paid out in 2019 to 5918 pensioners and beneficiaries, the highest pay-out since SPF was set up.

SPF continues to focus on investing its surplus funds with the aim of increasing its second source of investment income, achieving targeted returns of 7% in 2019. SPF also achieved the highest degree of diversification of investments across asset classes since its existence and achieved the highest level of investment income surplus (without fair value and depreciation) of SCR 53 million in 2019, increasing total net asset value by 26% to an all-time high of SCR 3.3 billion as at end of 2019. This excellent performance in recent times has not been easily achievable given the pension fund's vulnerability to external factors. This is especially so during the year 2020 with the impact of COVID-19 on the economy and on a global scale, forcing businesses around the world to change their ways of thinking and doing business. SPF too has veered its focus to business continuity, moving towards automation and digitalising of processes and building a robust risk management system, proactively putting in place required controls and 'new normal' ways of operating.

XII. SPF's ACHIEVEMENTS IN RECENT YEARS



XIII. SPF's SWOT ANALYSIS 2019



XIV. SPF'S TEN STRATEGIC OBJECTIVES

The following are SPF's strategic objectives for 2021 to 2023, for which all future plans, programs, activities and outcomes implemented by SPF will be strategically derived from.

A. SO1 - Ensuring optimal benefits for beneficiaries within minimum timeframe

Description

- Ensuring correct calculation of pension and benefits through checks and balances
- Automation of calculation of pension
- Advise members pre-retirement on pension planning to attain optimal benefits
- Self-updates of members profile with required documentation for pension calculation
- Integrated database with other organisation such as Agency for Social Protection, Seychelles Revenue commission, Immigration and Civil Status for more accurate information in calculation of pension

Desired Outcomes

- Beneficiaries receive the optimal pension and benefits they could possibly attain
- Less administrative burden on staff in the event of lack of information
- No legal action taken due to wrongful calculation of pension
- Prompt processing of pensions and benefits

Indicators

- Percentage decrease in complaints relating to pension application
- Percentage decrease in errors in pension calculations
- Number of days taken for processing of pension/benefit applications

B. SO2 – Collection of optimal contributions from members

Description

- Coordinating with Government to have in place up-to-date sharable information on all employees from both the public and private sector.
- Taking legal actions against employers not making contributions at an early stage
- Enhanced promotion of contributions from employers/ employees/ self-employed
- Easing process for payment of contribution by employers and employees such as online and self-service automated machines

Desired Outcomes

- Increase coverage of contributors
- Increased contribution payments made

Indicators

- Percentage increase in contributors
- Percentage increase in income from contributions

C. SO3 - Providing enhanced and professional services to all of SPF's customers

Description

- Setting up automated customer responses online to frequently asked-questions
- Introducing virtual chat rooms with clients on any queries they may have
- Providing automated self-service machines and mobile applications for clients to obtain information, make queries and make applications
- Moving to bigger offices with allocated customer service space, conducive to assist customers and provide for professional and private interactions.
- Promotion of vacant spaces for rent publicised on SPF website, with visual aids to attract tenants
- Providing advisory and counselling services on pension in terms of financial advice, savings for retirement, pension implications for various stages in member's lives- marriage/children
- Training staff in providing financial advice

Desired Outcomes

- Informed and satisfied customers
- Less administrative burden with more queries being done online
- Increased interest in SPF's products and services
- Increased income through more contributors and tenants
- Available electronic record of queries
- Staff development in the respective field

Indicators

- Percentage of customer satisfied with service through customer satisfaction poll
- Percentage of customers informed of SPF's product and services through customer surveys
- Percentage increase in the income as a result of increase in contributors and tenants
- Number of staff training conducted in this area

D. SO4 - Providing new or enhanced pension plan options to members

Description

- Developing new targeted pension plans promoting a savings culture
- Enhancing current pension plans to cater for ongoing developments and members needs
- Training and awareness to staff on the new pension plans and new procedures to be followed
- Awareness and aggressive marketing to entice the public to buy into these new pension plans

Desired Outcomes

- New products available for member's and prospective member's choice
- Increased income and benefits for the members
- Increased savings vis-à-vis voluntary contributions and contributors
- Future income opportunities for members/retirees in addition to their normal monthly pensions and benefits

Indicators

- Number of new/ enhanced pension plans made available
- Percentage of participants to these pension plans

E. SO5 – Regular Health check of the pension fund

Description

- Conduct Actuarial Valuation at least every three years- the next being in 2022
- Conduct interim Actuarial Valuation whenever there are parametric changes
- Comply with the Actuary's recommendations following actuarial valuation
- Conduct monthly analysis of income and expenditure to keep track of the stability of the pension fund

Desired Outcomes

- The pension fund will remain sustainable for future pension and benefit payments
- Applied changes will be done based on a Funding Policy and actual state of the fund and not through arbitrary decision making
- Concrete plans will be laid down with a transparent road map for all stakeholders

Indicators

- Number of actuarial valuations conducted when required
- Percentage of actuarial recommendations implemented

F. SO6 - Responding promptly to social, economic and environmental factors to keep stability of pension fund

Description

- Introducing a Funding Policy that will have rules and triggers allowing for automatic and fast adjustment mechanisms to address negative impact on SPF's sustainability

Desired Outcomes

- All factors affecting sustainability of the pension fund will be addressed to stabilise all imbalances in a short period of time

Indicators

- GAP being better and monitored
- Reserve Ratio of SPF being monitored and made better

G. SO7 – Efficient management of SPF’s investment portfolio

Description

- Continuously update every two years SPF’s Investment policy and Investment Strategy to be in line with international best practices
- All investment decisions should be in line with SPF’s Investment policy, Investment Strategy and the annual Investment Plan
- Take advantage of new investment opportunities to achieve maximum benefit for the pension fund
- Exit ongoing investments which may be a detriment to the projected investment income and returns
- Achieve targeted returns in accordance with investment policy
- Invest in accordance with risk tolerance established in the investment policy
- Managing expenses on ongoing projects to limit overspending
- Continuous training of staff, especially in foreign asset management

Desired Outcomes

- All investment targets and plans are achieved
- Staff trained to address all investment management requirements

Indicators

- Percentage of investment income/returns received in comparison to targeted outcome
- Number of staff training conducted in this area

H. SO8 - Transform SPF’s business processes and model to smart processes and operations

Description

- Moving majority of application of benefits from paper based to electronic based
- Moving all processing of benefits from paper based to electronic/online
- Employer’s to submit remittance and payrolls online
- Moving majority of the applications for membership by self-employed through electronic means
- Majority of cash transaction to be through bank transfers, online payments and e-contributions
- All records of SPF to be kept online with limited paper storage
- Payment procedures done fully online
- Tracking of all processes and status can be done electronically
- Training staff to the level required to conduct these processes
- Having in place written manuals to conduct these processes
- Ensure that business continuity is feasible in the event of disasters and pandemics

Desired Outcomes

- Fully/ Partial business processing through electronic means
- Easy access to documents online by relevant staff
- Quicker processing of documents for approval and payments
- Better record keeping and will ease audits undertaken
- Employees with better knowledge of technological advancements
- SPF’s operations can continue remotely in the event of any disaster and pandemic

Indicators

- Number of days taken to process applications upon receipt
- Number of days taken to make pension and benefit payments upon approval
- Number of members paying contributions on time
- Number of days taken for processing and approvals
- Number of tests passed for business continuity purposes

I. SO9 – Investing in Human Capital

Description

- SPF works on attracting people with professional competence and qualifications. It develops their skills and capabilities through organized training and other methodologies, offering them a motivating work environment – materially and morally - to increase work productivity, which in turn contributes to provide high quality services to clients.

Desired Outcomes

- SPF will have a highly skilled and motivated workforce.

Indicators

- Low staff turnover
- No or few complaints from customers

J. SO10 – Monitor sustainability of SPF through key financial ratios to be met annually

Description

- The four key financial and investment ratios to monitor to ensure continued provision of retirement benefits to all of SPF's members on retirement are:
 - Growth in total assets each year to be at least 5%
 - Growth in Voluntary Contributions both in number of contributors and in amount collected to increase by at least 5%
 - Level of net asset base to current annual benefits outgo and administration expenditure to be at least 6 times on an annual basis
 - Annual investment return to be around 7% in line with investment strategy

Desired Outcomes

- The pension fund will remain sustainable for future pay-outs to current contributors
- Applied changes will be done based on actual state of the fund and not through arbitrary decision making
- A clear and transparent road map for all stakeholders of SPF

Indicators

- Percentage increase in total assets
- Percentage increase in voluntary contributions
- Increase in asset base
- Increase in risk adjusted investment returns

XV. The Way Forward

Guided by its mission, vision and strategic objectives as approved by the Board of Trustees, SPF will continue to operate in the future with focus on the following elements:

A. Sustainability

- Identifying the shortcomings of a defined benefit pension scheme and provide solutions for the benefit of SPF and its members
- Revaluating whether the current asset base will be adequate to cover accrued pension liabilities and propose solutions thereof
- Conducting research on the lessons from international best practices and how SPF can incorporate these best practices in its business and operations
- Conducting necessary regulatory reforms of the scheme
- Developing an SPF funding policy as recommended by its Actuary with possible automatic adjustment mechanisms will also be a key instrument in ensuring long-term solvency and protection against certain risks.

B. Investments

- The continuous search for viable and diverse investment opportunities, especially internally is the focus of SPF in the coming years. SPF intends to proceed by:
- investing in infrastructure projects, with greater focus on “Environment, Social and Governance” criteria. In achieving this, there may be a need for partnerships with both Government and the private sector community.
- channelling more resources into increasing its holdings on foreign assets.
- building capacity by training staff and a partnership strengthening the investment framework for foreign investments.

C. Coverage

Even though, the coverage of the labour force has continued to increase over the years, SPF plans to continue the drive to capture maximum contributors especially the self-employed and those working in the informal sector.

D. Communication and delivering enhanced quality services

As the pension landscape continues to evolve and SPF continues to develop to improve its service, SPF will ensure that it continues to enhance and enrich members experiences. This is through providing additional online services as well as quality developments to frontline service.

E. Strengthen Information management

SPF will continue its process of digitalising its processes. This will allow for an effective information management system which will record and manage member's data and records. This will result in minimising paper-based processes and digitising information wherever possible.

F. Risk Management

SPF will continue to strength its governance structure, risk management framework and the ability of staff and members to adapt to the changes in the pension landscape. The focus will be on reinforcing SPF's core risk management capabilities, to fully achieve a culture of risk awareness and risk mitigation.

G. Upgrading SPF's IT systems

The IT system is a crucial element in ensuring that these strategic objectives are met. Therefore, resources will need to continue to be made available for the upgrading of the system and to keep it secure. The importance of business continuity is also important to address any unexpected factor and allow for processes to continue remotely.

H. Our people and culture

SPF will continue to further engage, empower and inspire its employees. This will be by continuing to equip them with the tools that will support their personal development and career ambitions. Employees will be provided with the access to knowledge, skills, competencies and experience to fit SPF's needs.

XVI. Conclusions

The strategies set in this policy are aimed at guiding the future plans and targets set by SPF's Board of Trustees and management. Such a strategy will enable coordinated approaches to fulfilling SPF's vision and mission.