

GOVERNMENT NOTICE No. 396 published on 3/08/2018

**SOCIAL SECURITY (REGULATORY AUTHORITY) ACT
(CAP. 135)**

GUIDELINES

(Made under section 5(1)(c))

THE SOCIAL SECURITY SCHEMES (TOTALIZATION OF PERIODS OF
CONTRIBUTIONS) GUIDELINES, 2018

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**PART I
PRELIMINARY PROVISIONS**

- Citation **1.** These Guidelines may be cited as Social Security Schemes (Totalization of Periods of Contributions) Guidelines, 2018.
- Application **2.** These Guidelines shall apply to all Mandatory Pension Schemes operating in Tanzania Mainland.
- Interpretation **3.** In these Guidelines unless the context otherwise requires-
- Cap. 135 “Act” means the Social Security (Regulatory Authority) Act;
 “annual pensionable emoluments” means an average of three years highest salaries of a member earned during his pensionable service;
 “corresponding scheme” means the scheme forming part of the benefit liability of a member as a result of totalization of periods.

- “current scheme” means the scheme in which last contributions prior to retirement are made and which is responsible for administering payment of lump sum benefits;
- “pensionable services” has the meaning ascribed to it in the respective Schemes legislation;
- “salary” has the meaning ascribed to it in the respective Schemes legislation;
- “social security benefit right” means the right given to a member of a Scheme stemming from benefits such as pension in the form of old age pension, survivorship pension, disability pension and other benefits;
- “previous scheme” means any scheme which a member has previously contributed.
- “totalization of periods of contributions” means adding up of the number of months which a member has fully contributed for the purpose of getting similar social security benefits from different schemes due to change of employment for the purpose of creating qualifying condition for pension benefits;
- “scheme” means the mandatory pension scheme;
- “vesting period” means period of time required in achieving full benefits rights or privileges in a Scheme.

Objectives of Guidelines

4.-(1) The objective of these Guidelines is to provide guidance on how to treat members who have contributed to more than one scheme due to changes of terms and conditions of employment.

(2) Without prejudice to the generality of subparagraph (1), these Guidelines-

- (a) establish conditions which give rights to a member to add contribution periods completed under more than one scheme in order to increase pension credits of such a member for purposes of qualifying for pension or improve the pension amounts; and
- (b) safeguard the interests of members by protecting their benefit rights acquired through contributing to more than one scheme.

PART II
CONDITIONS APPLICABLE FOR TOTALIZATION OF
CONTRIBUTIONS PERIODS

Conditions
applicable

5. The following shall be applicable for totalization of periods of contributions-

- (a) the member must not have received a pension or a lump sum benefit payment from any current or previous schemes;
- (b) the period of contributions of the member, which are to be added shall not be less than one month;
- (c) totalization of periods of contributions shall be made for a member who qualifies for retirement by age or special conditions as specified under item (d) and who has made contributions to more than one scheme upon application by such a member to the current scheme;
- (d) special conditions referred to under item (c) shall include retirement on medical grounds, retrenchment while a member is at the retirement age bracket, death of a member and disability;
- (e) annual pensionable emoluments shall be determined by the current scheme upon retirement of a member who is eligible to totalization.

PART III

TREATMENT OF MEMBERSHIP MOVEMENT WITHIN SECTORS

Treatment of
membership

6.-(1) A member who, after the date of commencement of these Guidelines, has changed his employment from:

- (a) public service to any employer in private sector his membership shall be transferred to the National Social Security Fund and shall become a member subject to the provisions of the National Social Security Fund Act; or
- (b) private sector to any employer in public service his membership shall be transferred to the Public Service Social Security Fund and shall become an insured person subject to the provisions of the of the Public Service Social Security Fund Act.

(2) Notwithstanding the transfer of membership under subsection (1), the contributions and his proportional share to the assets of the Fund of such member shall not be transferred:

Provided that, on retirement his benefits and

contribution periods in both Funds shall be totalised in accordance with these Guidelines

(3) Without prejudice to the provisions of paragraph (6) and for avoidance of doubt, in computing the benefits of a member who has contributed in more than one of the former schemes, Funds shall, subject to the provisions of these Guidelines, take into consideration the periods of contributions and benefits in all former mandatory pension schemes.

PART IV

TOTALIZATION, COMPUTATION AND PAYMENT OF BENEFITS

Right to totalization

7.-(1) Any member who has contributed to more than one Scheme shall have the right to add up periods of contributions under each Scheme as if all contributions were made under the current Scheme.

(2) A member that qualifies for totalization of contribution periods under sub-paragraph (1) who has not attained the compulsory retirement age shall receive the pension amount which shall be reduced at a rate of 0.3 *per centum* deducted pursuant to the Social Security Schemes (Benefits) Regulations, 2018.

(3) Notwithstanding the provisions of sub-paragraph (2), the right to totalization for a member who qualifies for retirement by reason of special conditions shall not attract any reduction of pension amount.

Application and payment of benefits

8.-(1) A member who intends to exercise the right to totalization shall make application in writing to the current scheme where the last contributions are made copying the same to all schemes where contributions were made.

(2) In computing benefit liabilities among schemes for purposes of totalization, the benefit formula of each corresponding scheme shall be used in respect of the periods of contributions to that scheme.

(3) The liability that shall be established upon computation under sub-paragraph (2) be shared on *pro-rata* basis by all schemes where the contributions were made.

(4) The annual pensionable emoluments applicable to all corresponding schemes shall be as determined under paragraph 5(e).

(5) A member who has qualified for the right to

totalization shall be paid benefits as computed in sub-paragraph (2).

Duty of scheme to notify member of his right to totalization

9.-(1) Notwithstanding the provisions of guideline 8, it shall be the duty all schemes to which a member has contributed to enquire from the member if he has ever contributed to any other pension scheme and inform the member of his right to totalization.

(2) Notwithstanding the provisions of paragraph 5(a), where the Authority is satisfied that the a scheme did not discharge his duty under sub paragraph (1) and as a result the member failed to exercise his right of totalization, it may upon request of the member order the schemes involved to re-compute the benefits accordingly.

Determination of actual values

10. The actual value payable shall be calculated and be determined as follows:

- (a) the applicable annual pensionable emoluments at the time of making payment of benefits by the corresponding scheme shall be in a manner prescribed under paragraph 5(e);
- (b) the actual value of the benefit payable shall be determined by each corresponding scheme; and
- (c) each corresponding scheme shall be responsible for administering payment of the respective monthly pension of the member.

Payment of applicable benefits

11.-(1) Computation and determination of lump sum benefits (commuted pension) shall be made by each corresponding scheme.

(2) The lump sum benefits computed and determined under sub-paragraph (1) shall be transferred by each corresponding scheme to the current scheme for administering payment on or before the date the pension is due to be received under the current scheme.

(3) The corresponding schemes shall liaise among themselves through the current scheme to verify the correctness of the periods of contributions as claimed by the applicant member for each scheme before payment of benefits is affected.

(4) The current scheme shall co-ordinate other corresponding schemes to ensure that the payment of lump

sum benefits is administered properly.

Off-setting
balances
between
Schemes

12.-(1) Schemes may enter into any agreement for off-setting financial liability arising between them as a result of members exercising the right to totalization of contribution periods under these Guidelines

(2) An agreement made under sub-paragraph (1) shall be valid provided that they are not at the detriment of member's right to access benefits at the right time and efficiently.

PART V
GENERAL PROVISIONS

Prohibition
against revising
lump sum

13. Any repayment of lump sum benefit to Scheme for the purpose of regaining the pension benefit rights lost due to such payments shall amount to fraud and shall be punishable under any law for the time being in force.

Prohibition
against previous
paid lump sum

14.-(1) A scheme shall not receive repayment of a lump sum payment previously paid to enable the member to add, for purposes of calculating pension.

(2) A scheme that contravenes this paragraph is liable to a fine of not less than the amount which the other scheme would have to pay the member, at that same payment.

Sanctions

15.-(1) A scheme which contravenes the provisions of these Guidelines commits an act of unsafe and unsound conduct as provided under the Act, and such act shall be punishable in the manner provided in the Act.

(2) Notwithstanding the penalty imposed under sub paragraph (1) and powers conferred under the Act, the Authority shall-

- (a) direct the scheme to comply with these Guidelines;
- (b) propose disqualification of the Board of Trustees of scheme and Management of the schemes to the respective appointing authority;
- (c) take any other necessary measures it considers appropriate for the better implementation of these Guidelines.

Dis-application
of Guidelines
and savings

16.-(1) The Social Security Schemes (Totalization of Periods of Contributions) Guidelines, 2014 issued prior to the coming into effect of these Guidelines are hereby disappplied.

(2) Notwithstanding sub paragraph (1), anything done, action, claim or directive made pursuant to the Social Security Schemes (Totalization of Periods of Contributions) Guidelines, 2014 shall continue to have effect as if were made, issued or prepared under these Guidelines.

Dodoma
....., 2018

IRENE C. ISAKA
Director General