

## Malawi

Exchange rate: US\$1.00 = 733 kwacha.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First and current law:** 2011 (pension act).

**Type of program:** Mandatory individual account system.

Note: A 2011 law creating mandatory individual accounts for certain public- and private-sector employees has been partially implemented. Provisions of the law are included below.

#### Coverage

Private-sector employees working in firms with more than five workers and public-sector employees aged 35 or younger on July 1st, 2017.

Voluntary coverage for self-employed persons.

Exclusions: Private-sector employees with monthly earnings below 10,000 kwacha working in firms with five or fewer workers, household workers, seasonal workers, and tenants.

Special systems for certain public-sector employees, including military and police personnel.

#### Source of Funds

**Insured person:** 5% of gross monthly earnings. Additional contributions are possible.

**Self-employed person:** 15% of gross monthly earnings. Additional contributions are possible.

**Employer:** 10% of gross monthly payroll. Additional contributions are possible.

**Government:** None; contributes as an employer.

#### Qualifying Conditions

**Old-age pension:** Age 50; at any age if permanently emigrating or with at least 20 years of contributions.

Employment must cease.

Early withdrawal: At any age if unemployed with no contributions in the last six months.

**Disability benefit:** Must be assessed with a total permanent incapacity for work.

A medical doctor must certify the incapacity.

**Survivor benefit:** Paid to named survivors when the insured dies.

#### Old-Age Benefits

**Old-age pension:** The insured has three payment options: purchase an annuity, make programmed withdrawals, or receive a lump sum up to a limit that varies depending on the insured's age at retirement, from 5,440,000 kwacha (age 50) to 3,453,000 kwacha (age 70).

If emigrating permanently, the balance of total employee and employer contributions plus accrued interest minus previous withdrawals is paid as a lump sum.

Early withdrawal: If the insured has an account balance of less than 500,000 kwacha, the total employee and employer contributions plus accrued interest can be withdrawn. If the account balance exceeds 500,000 kwacha, only the employee contributions plus accrued interest can be withdrawn.

#### Permanent Disability Benefits

**Disability benefit:** The account balance is paid as a lump sum or an annuity.

#### Survivor Benefits

**Survivor benefit:** The account balance may be paid as a lump sum or an annuity.

#### Administrative Organization

Reserve Bank of Malawi (<https://www.rbm.mw/>) licenses pension management companies and provides financial supervision.

Licensed pension management companies manage the mandatory individual accounts.

#### Sickness and Maternity

##### Regulatory Framework

**First and current law:** 2000 (employment).

**Type of program:** Employer-liability (cash sickness and maternity benefits) system. Cash benefits only.

##### Coverage

Employed persons.

Exclusion: Military, police, and prison personnel.

##### Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** The total cost (pays insurance premiums).

**Government:** None; contributes as an employer.

### **Qualifying Conditions**

**Cash sickness benefit:** Must have 12 months of continuous employment with the same employer and provide a medical certificate from a registered medical practitioner.

**Cash maternity benefit:** There is no minimum qualifying period. The employee can claim the benefit once every three years.

### **Sickness and Maternity Benefits**

**Sickness benefit:** 100% of the employee's daily wage is paid for up to four weeks; 50% for an additional eight weeks.

**Maternity benefit:** 100% of the employee's daily wage is paid for eight weeks. Additional paid leave may be provided in case of certified medical complications.

### **Workers' Medical Benefits**

No statutory benefits are provided. The public health system provides some free medical services in government health centers and hospitals, including immunizations and treatments for tuberculosis, malaria, HIV/AIDS, and sexually transmitted diseases.

### **Dependents' Medical Benefits**

Benefits for dependents are the same as those for the insured.

### **Administrative Organization**

Ministry of Labour, Youth, Sports, and Manpower Development enforces the law.

Employers provide benefits through private insurance companies.

Ministry of Health (<http://www.health.gov.mw/>) oversees the public health system.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1946.

**Current law:** 2000 (worker's compensation).

**Type of program:** Employer-liability system through a private carrier.

#### **Coverage**

Employed persons, including apprentices.

Exclusions: Self-employed persons, casual workers, family labor, military personnel, and certain miners.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** Not applicable.

**Employer:** The total cost (pays insurance premiums).

**Government:** None; contributes as an employer.

### **Qualifying Conditions**

Must be assessed with a work injury or occupational disease and be certified by a medical doctor to be unfit for work for at least seven days. Accidents that occur while commuting to and from work are covered if the employer provides the transportation.

### **Temporary Disability Benefits**

A percentage of the employee's average monthly earnings in the 12 months before the disability began (in the last period of continuous employment if less than 12 months of continuous employment) is paid, according to a schedule in law. The benefit is paid after a three-day waiting period until full recovery or certification of permanent disability.

### **Permanent Disability Benefits**

For a total (100%) disability, a lump sum of 54 times the employee's average monthly earnings in the 12 months before the disability began (in the last period of continuous employment if less than 12 months of continuous employment) is paid.

**Partial disability:** A percentage of the full permanent disability benefit is paid based on the assessed degree of disability and a schedule in law.

**Constant-attendance allowance:** If the employee requires the constant attendance of others to perform daily functions, a lump sum is paid based on individual circumstances.

### **Workers' Medical Benefits**

The employer pays the cost of reasonable medical expenses for medical, surgical, dental, and hospital treatment; skilled nursing services; medicine; prostheses; mechanical aids; and transportation.

### **Survivor Benefits**

**Survivor benefit:** A lump sum of 42 times the deceased's last monthly earnings minus any disability benefits paid before the date of death is paid to eligible survivors.

Eligible survivors include the deceased's dependent family members; a reduced benefit is paid if the survivor was only partially dependent.

**Funeral grant:** If there are no surviving dependents, the cost of the deceased's burial is paid by the employer.

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### ***Administrative Organization***

Ministry of Labour, Youth, Sports, and Manpower Development enforces the law.

Employers provide benefits through private insurance companies.

### ***Unemployment***

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#### ***Regulatory Framework***

The 2000 Employment Act and Employment Amendment Act 27 (2010) requires employers to provide severance pay for contract terminations because of redundancy, retrenchment, or economic conditions, and for unfair dismissals.

The severance pay is two weeks of the employee's wages for each of the first five years of continuous service, plus three weeks of wages for each year of continuous service from the sixth year to the 10th year, plus four weeks of wages for each year of continuous service exceeding 10 years.