MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Consultation Document

Rule on programmed withdrawal arrangements

1. On retirement, 25 *per centum* of the assets of a Retirement Scheme or Retirement Fund, as the case may be, may be paid as a cash lump sum. The remaining assets shall be used to invest in an annuity or a quasi-annuity such as income drawdown offered by any EU provider.

2. The pension payable must reflect annuity rates available in the EU market being within 10% of the average of three quoted in any relevant industry information database or journal.

3. Not more than once each year, and not within the first three years, in relation to a market-linked annuity of any description, or of a quasi-annuity, the annuitant may value the assets held by the provider in respect of the annuity. Where the annuity available under the contract exceeds 50,000 Euro, 50 *per centum* of the capital representing the excess may be drawn as a lump sum, subject to the approval of the provider, as:

   - a return of excess capital
   - payment of enhanced pension
   - return of provider surplus on the contract payable to the annuitant or at his direction

   as the case may be or at the option of the annuitant.

   Provided that it can be adequately demonstrated that the remaining assets within the Retirement Scheme or Retirement Fund will continue to generate sufficient income to the annuitant.

4. The base amount in euro specified in paragraph 3. above shall be reviewed annually in order to take account of changes in the European index of consumer prices comprising all Member States as published by Eurostat.

Any comments should be submitted in writing to the **Director, Insurance and Pensions Supervision Unit**, by e-mail on ipsu@mfsa.com.mt , by not later than **Friday 10 December 2010**.

8 November 2010
Communications Unit