



IGP Country Profile **Malawi**



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Customary employee benefits

Death benefits

Death benefits (Group Life Cover) are regulated under the Pension Act 2023, which prescribes a minimum benefit equivalent to one year of annual salary payable upon the death of an employee.

Benefits are paid to the designated beneficiaries as a lump sum payment, calculated based on:

- The accumulated credit from pension contributions, and
- A multiple of Group Life Cover as selected by the employer.

Additional options not regulated

The following benefits are not mandated by regulation but may be offered at the employer's discretion.

Permanent and Total Disability (PTD)

This benefit is payable if an employee becomes totally and permanently disabled as a result of an accident, to the extent that the employee is unlikely to ever resume their own occupation or any similar occupation.

Payment is subject to:

- Confirmation of permanent incapacity, and
- Submission of a medical certificate from a qualified practitioner.

Group Critical Illness cover

Provides a one off lump sum cash payment if a member is diagnosed with a covered critical illness.

Typical illnesses and claim events include:

- Cancer
- Stroke
- Paralysis and/or permanent loss of limbs, hearing, or sight
- Major organ transplant
- Coronary artery bypass graft
- Aorta graft surgery
- Coma
- Myocardial infarction (first heart attack)

Claims are subject to:

- Submission of a medical specialist's report
- A 30 day survival period following diagnosis

Group Life cover for spouse

Provides a portion of the main member's life cover as a lump sum benefit to the employee in the event of the death of their spouse.

Group Funeral cover

Provides funeral benefits for the following dependants:

- Member: The insured employee
- Spouse: A legally married spouse of the employee
- Children:
 - Unlimited number of biological, step, or adopted children
 - Must be unmarried and not older than 21 years

Retirement benefits

Mandatory pension contributions

In accordance with the Pensions Act, employers are required to provide a defined contribution pension scheme for their employees. The statutory minimum contribution rates are:

- Employer contribution: 10% of pensionable earnings
- Employee contribution: 5% of pensionable earnings

These contributions are mandatory and apply to all eligible employees.

Retirement age and benefit structure

The minimum retirement age may be set by the employer between 50 and 70 years, in line with the organization's conditions of service.

Employees may access their retirement benefits subject to the rules of the pension fund and applicable legislation. Available options include:

- •Early withdrawals under permitted circumstances
- •Lump sum payments at retirement, with the remaining balance applied toward retirement income

This framework provides flexibility for employees while ensuring the accumulation of retirement savings over the course of employment.

Typical employee benefits plans and benchmarking

Core statutory employee benefits

As old age pensions are not funded through social security, the Initial Pensions Act was introduced in 2011, requiring all employers to establish a defined contribution pension scheme for their employees.

Under the Act:

- Employers must contribute a minimum of 10% of pensionable earnings.
- Employees are required to contribute a minimum of 5%.
- Employers are also obligated to provide death benefit coverage equal to at least one (1) year of annual salary.

The Initial Pensions Act was renewed with effect from 1 April 2023, reaffirming these statutory requirements.

Market practice and benchmarking

Beyond the mandatory old age pension and death benefits prescribed by the Pensions Act, employee benefit plans offered by subsidiaries of multinational corporations are typically enhanced to remain competitive and aligned with international standards.

Common additional benefits include:

- Workers' compensation (a standard statutory requirement)
- Enhanced death benefit cover of 2 to 5 times annual salary
- Critical illness insurance
- Permanent total disability cover
- Funeral benefits

These additional benefits are widely regarded as best practice in the market and are commonly used to support employee wellbeing, talent attraction, and retention.

Useful links

Demographic information and macro-economic indicators

[World Bank Group](#) (please select the country to review)

Malawi Legal Information Institute

[MalawiLII](#)

More information on Old Mutual Life Assurance Company (Malawi) Limited

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