



المؤسسة العامة للتأمينات الاجتماعية
General Organization for Social Insurance

حَقُّ لَكُمْ

Civil Pension Law

Promulgated by Royal Decree no. (M/41), dated 29/7/1393H, and its Amendments,
to enter into force as of 1/7/1393H



We, Faisal bin Abdulaziz Al Saud,
King of the Kingdom of Saudi Arabia,

Upon perusal of Articles (19) and (20) of the Law of the Council of Ministers, issued by Royal Decree no. (28), dated 22/10/1377H;

And upon perusal of Royal Decree no. (6), dated 19/2/1381H issued in approval of the Civil Pension Law;

And upon perusal of the Council of Ministers Resolution no. (939), dated 24/7/1393H;

Have decreed as follows:

First: Approval of the Civil Pension Law in the form enclosed herewith;

Second: With the exception of Royal Decree no. (M/3), dated 21/1/1391H, this Law shall repeal all other public laws and decisions regulating the retirement of civil servants.

Third: This Law shall be implemented as of 1/7/1393H.

Fourth: The Vice-President of the Council of Ministers and the Ministers, each in his respective capacity, shall implement this decree.

Royal Signature



The Council of Ministers,

Upon perusal of the draft Civil Pension Law and its explanatory note, submitted together with HE the Minister of Finance and National Economy letter no. (2924/93H), dated 7/7/1393H;

Has decided as follows:

First: To approve the draft Civil Pension Law and its explanatory note in the form enclosed herewith, and to put the said Law into force as of 1/7/1393H.

Second: A draft Royal Decree has been drawn up, a copy of which is enclosed herewith.

This Resolution has been executed for the aforementioned purpose.

Second Vice-President of the Council of Ministers



Civil Pension Law

Explanatory Note

The present Civil Pension Law was issued on 19/2/1381H at a time when information was not available due to lack of the means required to provide such information. Accordingly, the provisions of the said Law were mainly based on theoretical grounds. However, since the Law was issued, the Saudi society has experienced several changes and updates, namely as follows:

1. An unexpected change in the volume of employment, resulting in an increase in pension contributions within ten years to 373.338%;
2. Large amounts of data have become available with regard to employees with the help of computers, making it possible to identify their life expectancy and incomes and to set standardized data for the development of such incomes;
3. Monitoring reports prepared by actuarial experts have become available, making it possible to identify the capacity of a pension fund to bear its obligations.

For these reasons, it became necessary to introduce amendments to the Civil Pension Law and increase the benefits offered to its beneficiaries in order to achieve the purposes of the Law.

Upon making such amendments, it was necessary to observe the following principles in order:

First: Observe the Fund's financial balance, i.e. the financial limits within which the provisions of the Pension Law could fit;

Second: Realize the maximum degree of insurance protection for an employee and his dependants with respect to the economic needs arising out of his loss of income upon the expiry of his service; this principle is in fact indicative of the main purpose of the enactment of the Pension Law;

Third: Observe the requirements of justice by establishing a kind of balance between the benefits that the Law is committed to provide to employees and the contributions paid on behalf of the employee to the Fund. Given the probabilistic nature of the provisions of this Law, this principle does not place beneficiaries in an equal position with regard to being subject to such probable provisions of the Law. That is, this principle takes as great care as possible to observe this issue and

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refrain from any form of discrimination between the different categories of beneficiaries. In this case, the benefits given to some will not be at the expense of burdens inflicted on others. Such observation would mean that in case of any conflict between this principle and the aforementioned second principle, the latter principle shall be given precedence. This accounts for the provisions related to the benefits granted to those whose service expires either with death or incapacitation and to setting minimum or maximum amounts of pensions.

These considerations indicate the real nature of the Pension Law, namely that it is intended as a protection and insurance law, not as a savings law. That is, the provisions of the Law are based on the principle of probability, meaning that a person does not obtain financial benefits from the Fund that are equal to the contributions paid on his behalf to the Fund. For instance, a person may join the service and before paying any amounts whatsoever to the Fund, he dies or becomes incapacitated. Such person or his family members would for a long time enjoy a pension from the Fund equal to 40% of his salary. Contrariwise, a person could spend a long time in government service and large amounts would be paid to the Fund on his behalf; yet, if his service expires with his death and he has no beneficiary entitled to his pension, the Fund would in this case pay no pension to that person. This idea should be accepted because as previously explained, it constitutes the basis of the Pension Law as an insurance and protection system. It is also the means to realize the basic objective of the Law, namely, to secure an income to a pensioner to satisfy his economic needs upon the employee or his family's loss of his oncome due to the expiration of his service.

Fourth: Take into account the simple foundations of the Law, as it only provides for common cases and does not engage into details by providing special provisions for rare or less frequent cases. That is, the Law provides for common cases and rules out rare ones. Issuing laws to track and provide for every single assumption is a common fault in the legislations of countries that are still at the primary stages of legislative development. This fault hinders the Law from realizing its main goals. The rules of Chapter (1) of the present Law have been kept intact, with the exception of some slight amendments mainly required for clarification and the rules pertaining to the transfer of rights and obligations. The change of economic conditions has made it necessary to reconsider

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the previous pensions; so, Article (11) of the proposed Law contains a special provision to increase such pensions.

The approach used in drafting the rules of the proposed Law is similar to that of the present Law, only giving more space to a number of amendments mainly required to increase the benefits to be enjoyed by beneficiaries from the Law.

Article (16) of the proposed Law provides an amendment of Article (17) of the present Law, as it stipulates that the period during which the employee is subject to the previous civil pension laws will be counted in the periods calculated in his contributory service, in accordance with the requirements of Royal Decrees issued to decide on calculating part of the service period not subject to the restriction set forth in Article (2). Article (16) of the proposed Law has removed the provision of Article (17) of the present Law, which excludes an employee's service period after reaching the age of 60 from the periods calculated in the service period, if such employee has, at the age of 60, a calculated service period exceeding (5/37) years; in this respect, the provision of the proposed Law determines the limit of the pension not to exceed (4/5) of the employee's average salary in the last two years of his service. Similarly, the provision of Article (17) of the present Law, stipulating the exclusion of temporary dismissal periods from the period calculated in the contributory service, was removed; such exception became no longer needed because such penalty no longer exists after the entry into force of the Law of Employee Discipline, issued by Royal Decree no. (M/7), dated 1/2/1391H. Article (17) of the proposed Law includes an amendment of Article (24) of the present Law, as it determines the amount of the monthly installment to be paid by an employee on a study leave in fulfillment of the deductions payable for the leave period. Article (17) of the proposed Law also removes the provision contained in Article (24) of the present Law stating that the rules pertaining to a seconded person or a person on leave should apply to a person on a scholarship; this is because if the person on a scholarship is an employee, the provision requiring him to pay pension deductions is different from the one applicable to an employee on secondment or leave, and if he is not an employee, he is thus not subject to the Pension Law. Article (19) of the proposed Law contains an amendment of Articles

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(21) and (22) of the present Law. The amendment states that the ordinary pension be calculated by $\frac{1}{40}$ of the average monthly salary in the last two years instead of $\frac{1}{50}$ of such average as provided for in the present Law; this means an increase in pension by (25%). The amendment also stipulates that the maximum amount of the pension be $\frac{4}{5}$ of the average referred to, instead of the provision of the present Law that such limit be $\frac{3}{4}$ of the same average in some cases or that it has no limit in other cases.

Article (20) of the proposed Law contains an amendment of Articles (19) and (20) of the present Law, stating that the minimum amount of the pension of an employee whose service was terminated due to death or incapacitation be 40% of his last monthly salary instead of one third of the salary.

Similarly, Article (21) of the proposed Law contains an amendment of Article (23) of the present Law, stating that the pension of an employee whose service was terminated due to death or total disability resulting from the performance of his job be $\frac{4}{5}$ of his last monthly salary instead of the minimum pension amount set by the present Law in such two cases, namely $\frac{3}{4}$ of the last salary.

Article (22) of the proposed Law only amended the drafting of Article (25) of the present Law in order to remove any problems arising upon implementation, along with adding the provision for the minimum amount of a minister's pension.

Articles (24) and (25) of the proposed Law contain a substantial amendment of the corresponding articles in the present Law.

The present Law defines the beneficiaries of a pensioner as the persons who depend mostly on that pensioner and need to maintain such support after his death. Therefore, it adopts the approach that all pension laws follow, but at the same time it stipulates that the pension be distributed according to the rules of inheritance. That is, the present Law regulates this issue by simultaneously applying two laws with different purposes and grounds: The Pension Law and the Inheritance Law. This two-faceted approach has certainly brought about limitless difficulties with regard to enforcement and usually skips some of the purposes of the Pension Law. These results were certain to take place, given that not all beneficiaries are inheritors, and that some

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inheritors are not entitled to the pension. Under the provisions of the Law, beneficiaries include wives, children, parents and siblings, who are living upon the death of the pensioner. In case of a pensioner's death, leaving a son over the age of twenty-one and his sisters, the present Law shall be applied, depriving the sisters from the pension because they have no inheritance with the son. Similarly, the son himself is deprived because he has exceeded the age of twenty-one. In the event of a pensioner who dies, leaving his mother and a married daughter, the mother will be entitled to one sixth of the inheritance, being deprived of one third by the daughter's inheritance. At the same time, the daughter will be deprived of the pension because she is married.

There is no doubt that the author of the present Law did not expect these actual results of such provisions and the subsequent violations of the purposes and goals of the Law. One accidental result, or perhaps cause, of the provisions of this Law is related to the dominant belief that the pension is considered part of the inheritance or has the same status as inheritance. However, this assumption is far away from reality because the pension disbursed to beneficiaries is originally established by the Law and is determined on the basis of the principles of pension entitlement; it is not an inheritance passed on from the pensioner to his beneficiaries. Therefore, the proposed Law had to avoid this situation and to regulate the pension entitlement in accordance with the basic purpose of the provisions of the Law, namely, to secure the dependents of a pensioner in his lifetime, by ensuring that they do not lose the income they need upon the death of the pensioner. Therefore, Article (25) of the proposed Law stipulates that the beneficiaries of a pensioner shall include the husband, wife, mother, father, son, daughter, son and daughter of a son who died during the pensioner's life, brother, sister, grandfather, and grandmother. With the exception of the wife, son, and daughter, the said Article stipulates that the remaining beneficiaries should be dependent on the pensioner at the time of his death.

Article (24) also regulates how entitlements should be distributed to beneficiaries according to the aforementioned idea of securing their living; it stipulates that in case of a pensioner's death, his beneficiaries will be entitled to the full amount of his pension, in case they are three or more; in case of two beneficiaries, they shall be entitled to $\frac{3}{4}$ of the pension amount; and in case of one

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beneficiary, he shall be entitled to half the amount of the pension. The present Law, however, provides for entitling those beneficiaries to $\frac{3}{4}$ of the pension, irrespective of their number. It states as well that the pension must be equally distributed to all beneficiaries, apart from their sex or kinship degree. This is due to the fact that such differences have no impact on the need for support, which is the standard for entitlement, as explained above.

Article (30) of the proposed Law decides that if a beneficiary loses his entitlement, the shares of the remaining beneficiaries must only be reduced by an amount equal to the share of the said beneficiary, provided that the share of the remaining beneficiaries be not less than (50%) of the pension. However, if such shares become less than half of the pension due to suspension or cancellation of a beneficiary's share, the remaining half must be redistributed to the remaining beneficiaries regardless of their number.

Article (26) of the proposed Law corresponds to Article (30) of the present Law in that it provides for raising the age limit for a beneficiary's entitlement, including sons or brothers, to twenty-six years instead of twenty-four, as is the case in the present Law. Article (27) of the proposed Law corresponds to Article (31) of the present Law, and it explicitly states that the standard to be applied in case of suspension of entitlement due to marriage is the marriage contract, thus resolving a controversial issue in the present Law. The reason for considering the marriage contract as the standard instead of the consummation of marriage is that it not easy to prove the consummation of marriage, in contrast to establishing the contract.

Article (28) of the proposed Law corresponds to Article (32) of the present Law, explicitly stipulating that the pension disbursed to a pensioner must be suspended if he is appointed at a government position, whether such appointment precedes or follows the pensioner's death, which is a controversial issue in the present Law. The proposed Law has added an exceptional provision by enabling a beneficiary to receive both the pension and the income of the government position if their total does not exceed (400) riyals.

In contrast to Article (29) of the proposed Law, Article (33) of the present Law stipulates that it is permissible to receive two pensions if their total amount does not exceed (300) riyals, while the

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present Law prohibits receipt of more than one pension if their total amount exceeds (150) riyals. Article (31) of the proposed Law regulates cases of a pensioner's return to service; contrary to the present Law, the proposed Law does not differentiate between cases where a pensioner is treated according to the provisions of the Pension Law issued in 1364H and cases where he is treated pursuant to the provisions of other laws. This distinction in the present Law goes back to the fact that the pension decided in accordance with the provisions of the law issued in 1364H had to be borne by the Ministry of Finance and National Economy or the public agency, as the case may be, instead of the Pension Fund. The proposed Law has chosen to turn a blind eye to this issue, bearing in mind that the cases of return of a pensioner treated in accordance with the provisions of the law issued in 1364H have become so rare that they do not require a separate provision. It goes without saying that people who are returned to service under the present Law will remain governed by its provisions, except for the pension they are entitled to under the present Law, which is settled according to its provisions. The proposed Law has introduced a new provision with regard to persons who joined the civil service and had received pensions as a result of the implementation of laws other than the civil pension laws. It stipulates that upon the expiry of their civil service, their pension for this service will be settled according to the Civil Pension Law, and will be disbursed together with their previous pension, which is to be borne by the Pension Fund.

One of the most prominent amendments introduced by the proposed Law to the present Law is that it no longer distinguishes between two types of civil servants, hors-cadre staff members and employees. They have all become subject to the same rules. For example, the Law stipulates that the Ministry of Finance and National Economy should bear the financial contributions for employees, who used to be called "hors-cadre staff" under the previous laws since the Fund has to receive contributions in return for its new obligations towards them, and given that their low salaries do not enable them to pay such contributions. The implementation of the aforementioned amendment revealed that the provisions of the present Law are not sufficient to fulfill the primary purpose of the Law, namely, to achieve the maximum degree of security and protection

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for an employee and his dependents with regard to the economic needs that may arise upon losing income with the expiration of service.

A hors-cadre staff member or an employee under the present Law used to receive a pension that would not satisfy his needs due to the poor salary on the basis of which the pension was decided and the low benefits determined by the law to such employees in comparison to the benefits decided by the law for employees subject to the Civil Service Law.

This situation has resulted from the financial accounting balance of the Fund. The pension contributions obtained by the Fund from hors-cadre staff members or other employees amounted to (3%) of their salary or nothing, as the case may be. This percentage could not be increased due to the low salaries of this category of employees. This situation has changed with the amendment of the cadre of employees. An employee's salary has become sufficient enough to deduct pension contributions at the percentage to which an employee governed by the Civil Service Law is subject. Therefore, the proposed Law has repealed the rules set forth in Articles (37, 38, 39, 40, 41, 42, 43, and 45) of the present Law.

Accordingly, the proposed Law has introduced rules that determine which standard to be used in determining age, date of pension entitlement, reasons for deprivation of pension, and method of attachment of the pension, which are all provisions that were not covered by the present Law, and some of them were issued by Council of Ministers Resolutions.

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Civil Pension Law

Chapter One

Definitions

Article 1

The following terms, wherever mentioned in this Law, shall have the meanings assigned thereto:

Employee: A person engaged with the State or with public authorities in a permanent relationship governed by law; this term shall include an employee and servant, as well as ministers and their deputies and employees of the excellent grade.

Public Agency: An administrative person with a separate financial liability; this term shall include public institutions and municipalities and any institution whose statute stipulates that its employees be subject to the Civil Pension Law.

Board of Directors: The Board of Directors of the Civil Pension Fund.

Fund: The Civil Pension Fund.

Agency: The Public Pension Agency .

Retiree: An employee whose service has ended

Pension: A monthly amount paid to a retiree or his beneficiaries under this Law.

Lump Sum Settlement: A one-time lump sum disbursed to a retiree under this Law.

Pensioner: A retiree for whom a pension is decided under this Law; the term shall include an employee who died and to whom a pension has been decided under this Law.

Beneficiary: A person for whom a pension is decided for being next of kin to a pensioner.

The terms used in these definitions shall be interpreted according to the meanings assigned thereto in this Article. Besides, the masculine term shall include the feminine, and the singular shall include the plural, unless the context requires otherwise.

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Chapter Two

Persons Subject to this Law

Article 2

The provisions of this Law shall apply to all Saudi civil servants appointed to grades in the State's general budget or budgets of public authorities. However, if an employee occupies more than one of these grades, the provisions of this Law shall not apply to him, except for a position with a higher salary.

The provisions of this Law shall not apply to a person occupying the position of “minister” who is granted a monthly allocation for occupying such position, except if he chooses to assign the monthly allocation in return for enjoying the benefits of this Law .

Chapter Three

Law and Fund Management

Article 3

The Fund shall have an independent financial liability, and shall be managed, pursuant to the provisions of this Law, by the Public Pension Agency, which is an independent authority financed by the Fund. The said Agency shall report administratively to the Ministry of Finance and National Economy, and its fiscal year shall be the same as that of the State. The Council of Ministers may, by its resolution, assign the said Agency to implement any other pension law .

² Wired High Order no. (11181/MB), dated 27/12/1438H, was issued to exclude ministers granted monthly allocations prescribed under the Order no. (6237/2), dated 28/9/1401H and (290), dated 24/12/1421H, of the provisions of Article (2) of the Civil Pension Law so that they would be permitted both to receive the allocation and enjoy the benefits of the said Law.

³ The name of the Ministry of Finance and National Economy was changed into the “Ministry of Finance” after moving the national economy to the Ministry of Economy and Planning.

⁴ The Statute of the Public Pension Agency was issued by Council of Ministers Resolution no. (3), dated 3/1/1425H, and included provisions replacing the Articles from (3) to (7) of this Law.



Article 4

Except for the management of the Fund’s investments, the Public Pension Agency shall be subject to the Civil Service Law and the Law of Employees, as well as the financial laws in force in the Kingdom. The Minister of Finance and National Economy shall, in the implementation of these laws, have the powers prescribed for the Minister. The Agency shall be headed by a Director General; his deputy shall assist him in his presence and replace him in his absence. The rank of the Director General and his deputy shall be determined by a Council of Ministers Resolution based on a proposal of the Minister of Finance and National Economy.

Article 5

The Board of Directors shall be composed as follows :

- Minister of Finance and National Economy, or his designee _____ Chairman
- President of the Public Personnel Bureau. _____ Member
- The Governor of the Saudi Arabian Monetary Authority. _____ Member
- Director General of the Public Pension Agency. _____ Member
- Two specialized members, one in management and the other in economics. _____ Members

The Board of Directors shall convene at the invitation of its Chairman as the need arises; its meeting shall not be valid unless attended by the majority of its members, and decisions shall be issued by the majority of the attending members, and in case of a tie, the Chairman's side shall prevail.

5 The Council of Ministers Resolution no. (130), dated 22/4/1437H was issued to approve amendment of the Public Pension Agency Statute. Article (5) thereof entailed the formation of the Board of Directors of the Agency as follows:

1. Minister of Civil Service	Chairman
2. Secretary General of the Military Service Council	Member and Vice-Chairman
3. Governor of the Public Pension Agency	Member
4. A representative of the Ministry of Civil Service	Member
5. A representative of the Ministry of Finance	Member
6. A representative of the Saudi Arabian Monetary Authority (SAMA)	Member
7. Two retired members, one civilian and one military sector, appointed by a decision of the Council of Ministers upon the nomination of the Chairman	Members
8. Two members representing the private sector, appointed by a decision of the Council of Ministers upon the nomination of the Chairman	Members
9. A member nominated by the Council of Economic Affairs and Development	Member

Article 6

The Board of Directors shall manage the Fund and supervise the Agency; it shall particularly assume the following powers:

1. Supervise the implementation of this Law and issue the Implementing Regulations thereof;
2. Set a general plan for and manage the investments of the Fund, and issue the rules required to implement the same;
3. Approve the annual budget of the Agency in preparation for issuance thereof, in accordance with the Law.
4. Appoint one or more account auditing firms to carry out the auditing work of the Agency according to the accepted rules, and determine its remuneration;
5. Approve the final account of the Agency for submission thereof to the Council of Ministers for approval.

Article 7

The Director General of the Agency shall be accountable to the Board of Directors for the progress of work therein. The Board of Directors shall determine its powers regarding the administration of the Agency and the investment of the funds of the Fund.

Article 8

The financial position of the Fund shall be examined once every three years by an actuarial expert or a specialized institution in this field, as of the effective date of this Law. Such examination shall estimate the present and future obligations of the Fund and the extent of balance between the benefits granted to the beneficiaries of the Fund and its potentials.

The examination shall also include an estimation of the revenues and expenditures in the period following the preparation of the examination report, as determined by the Board of Directors. The Board of Directors shall study the report and afterwards submit the same to the Council of Ministers, together with its observations and suggestions.



Article 9

In case of a deficit in the Fund, it shall be settled according to the method determined by the Board of Directors and approved by the Council of Ministers, but if there is a surplus that makes it possible to introduce new benefits to the beneficiaries, this may be decided upon by a recommendation of the Board of Directors and approval of the Council of Ministers.

Chapter Four

Rights and Obligations of Previous Laws

Article 10

The Public Pension Agency shall only be committed by the pensions and pension benefits payable in accordance with the provisions of this Law and the two Pension Laws of 1378H and 1381H. As for the pensions and compensations payable under other laws preceding these laws, they shall be borne by the Ministry of Finance and National Economy or the Public Agency, as the case may be.

Article 11

The rights and obligations of the Law promulgated by Royal Decree no. (6), dated 19/2/1381H shall be transferred to this Law. The pensions payable under the existing civil pension laws shall be increased upon the entry into force of this Law, according to the following:

- For the pensioner, the first (300) riyals of his pension shall be increased by (30%), the second (300) riyals by (20%), and the rest by (10%);
- For the total benefits for the pensioner, the first (200) riyals shall be increased by (70%), the second (200) riyals by (50%), and the rest by (30%).

However, such increase shall not result in the pension or the total benefits for the pensioner exceed (2,000) riyals .

⁶ Since the issuance of this Law, several increases were introduced to the retirement pension, as follows:

- Council of Ministers Resolution no. (45), dated 24/1/1395H, was issued entailing the increase of retirement pensions by 15% to 30%, with a minimum amount of the pension at (250) riyals, as of 1/1/1395H;

- Royal Decree no. (M/53), dated 1/9/1397H, was issued entailing the increase of retirement pensions by 15% to 30%, with a minimum amount of the pension at (400) riyals, as of 1/7/1397H;



Chapter Five

Medical Examination

Article 12

The Agency may at any time refer a person who has not reached the age of fifty and who receives a pension due to incapacitation, pursuant to this Law or to any previous pension law, to a physician appointed by the Agency to examine him at his place of residence or at any other place specified for him. If the said person fails to appear at the specified time and place for the medical examination, despite notifying him with a registered letter, his pension shall be suspended until he attends such medical examination. If he again continues to decline the examination within one month from the date of suspending his pension, he shall be notified once more in the same way. If he refrains from attending the medical examination for one year from the date of the second notification, or if the examination proves his recovery, his condition shall be re-settled on the basis of his entitlements in case of discharge from the service; however, the pension shall be completely suspended for the person who declines the medical examination if he is a beneficiary of the pensioner

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- Council of Ministers Resolution no. (121), dated 15/7/1401H, was issued entailing the increase of retirement pensions by 35% to 60%, with a minimum amount of the pension at (800) riyals;
 - Royal Decree no. (M/49), dated 13/8/1403H, was issued entailing the increase of retirement pensions for civilian and military personnel by 15% to 30;
 - Council of Ministers Resolution no. (160), dated 29/7/1404H, was issued, including amendment of Paragraph (1) of Council of Ministers Resolution no. (121), dated 15/7/1401H, so that it reads: "Retirement pensions payable before 1/7/1397H for civilians and before 1/4/1397H for military personnel shall be increased in accordance with the table attached thereto".
 - Council of Ministers Resolution no. (183), dated 24/9/1419H, was issued entailing increase of the minimum amount of the pension to (1500) riyals, as of 1/10/1419H;
 - Royal Order no. (A/227), dated 16/7/1426H, was issued entailing the increase of retirement pensions by 15%, excluding ministers and employees at the excellent grade, as of 1/9/1426H; accordingly, the minimum amount of the pension amounted to (1725) riyals;
 - High Order no. (313/A/32), dated 14/6/1432H, was issued entailing approval of adding a cost-of-living allowance of (15%) to retirement pensions, thus raising the minimum amount of the retirement pension to (1985) riyals.

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Chapter Six

Monthly Deductions

Article 13

An amount of (9%) of the salary of an employee who is subject to this Law shall be deducted on a monthly basis. The Ministry of Finance or the Public Agency shall also pay an equal share to that of the employee. The share paid by the Government or the Public Agency may be increased by a decision of the Council of Ministers upon the proposal of the Minister of Finance and National Economy, if the Agency finds that such amounts are not sufficient to meet its obligations.

The Board of Directors shall, by its decision, issue the procedures to be applied in the repayment of the deductions and the equal share .

Article 14

The deductions as well as the share shall be calculated on the basis of the entire basic salary and without any additions thereto.

Chapter Seven

Retirement

Article 15

An employee shall be referred to retirement inevitably upon reaching the age of sixty. However, his service may be extended till the age of 65 only by a decision of the Council of Ministers, but this extension shall not apply to ministers and judges. In exceptional cases, the service period may be extended till after the age of 65 by a Royal Decree.

7 This provision was amended by Council of Ministers Resolution no. (440), dated 20/10/1437H.



Article 16

The service period to be calculated in his contributory service shall refer to the actual periods spent in one of the jobs stipulated in Article (2) hereof or jobs whose incumbents are subject to the previous pension laws, after excluding the following periods:

- a. An employee's period of absence without leave and periods of leave without pay, except for sick and study leaves;
- b. Periods of suspension from work where an employee is deprived of his salary;
- c. Fractions of a month in the service period.

Article 17

The periods of secondment and study leave without pay shall be counted within the periods calculated in his contributory service and the deductions due for such periods shall be paid on the basis of the entire salary of the original job, and shall be paid by the seconded employee on a monthly basis. If such employee fails to repay the deductions due for a certain period, the Board of Directors may decide not to calculate such period in the retirement period. An employee on a study leave shall pay the same after his return to service in a job subject to this Law either in one payment or in monthly installments over a period not exceeding the period of study leave. The Agency may collect these installments in case of the employee's service termination before the fulfillment thereof from the lump sum settlement in one payment or from the pension to which he or his beneficiaries are entitled in monthly installments at an amount of (25%) of the pension or the total pensions of the beneficiaries. If the employee on leave does not return to service in a job subject to this Law for a reason due to him, the study leave shall not be counted in his service period for the purposes of retirement.

Article 18

1. An employee shall be entitled to a pension at the end of his service, provided that his contributory service has reached (25) years at least, or his civil and military contributory service has



reached 25 years at least. An employee may request referral to retirement and receive a pension after the expiration of a contributory service period of not less than twenty years, as calculated in the pension laws, provided that such referral is approved by the competent agency entitled to appoint his likes. However, if the termination of service is due to cancellation of the job or dismissal by a decision of the Council of Ministers or by a High Order, unless the dismissal is based on disciplinary reasons, the employee shall be entitled to a pension whenever the period of his contributory service reaches at least (15) years. An employee whose service is terminated due to his death, disability, or reaching the age of retirement, shall be entitled to a pension, regardless of the period of his service .

2. If the entire length of both the civil and military service does not reach the period for which an employee is entitled to a pension in accordance with the Civil Pension Law, the lump sum settlement for his military service shall be settled pursuant to the Military Pension Law in force upon the expiry of his latter service, and the sum of the two lump sum settlements shall be disbursed from the Civil Pension Fund. &

Article 19

Subject to the provisions of the different cases stipulated in this Law, the pension shall be settled for a service period by one fortieth of the last monthly salary for each year of contributory service, provided that the entire period does not exceed 40 years .

⁸ The Civil Service Council resolution no. (924), dated 7/8/1404H was issued, entailing that the service periods of employees reaching the legal age of retirement before the expiry of the probationary year following appointment, as stipulated in Article (9) of the Civil Service Law, promulgated by Royal Decree no. (M/49), dated 10/7/1397H, shall not be calculated for retirement purposes.

⁹ This Article was amended pursuant to Royal Decree no. (M/48), dated 13/8/1403H; such amendment shall enter into force as of the effective date of the Civil Pension law of 1393H and shall repeal any provisions inconsistent therewith. The said Article used to read: "An employee shall be entitled to a pension upon the expiry of his service if his contributory service has reached 25 years at least. An employee may request referral to retirement and receive a pension after the expiration of a contributory service period of not less than twenty years, provided that such referral is approved by the competent agency entitled to appoint his likes. However, if the termination of service is due to cancellation of the job or dismissal by a decision of the Council of Ministers or by a High Order, except if the dismissal is based on disciplinary reasons, the employee shall be entitled to a pension whenever the period of his contributory service reaches at least (15) years. An employee whose service is terminated due to his death, disability, or reaching the age of retirement, shall be entitled to a pension, regardless of the period of his service.

¹⁰ The Civil Service Council resolution no. (1/941), dated 1/1/1425H, was issued, entailing the rules for the termination of service of family members working together, namely a husband and his wife or any of his female next of kin, thus enabling each of them to receive a retirement pension according to controls specified by the Resolution in detail. The previous provision stipulated the termination of a spouse's service in sync with the service expiration of the other spouse regardless of whether or not the latter is entitled to a retirement pension for his service.

¹¹ This Article was amended pursuant to Royal Decree no. (M/75), dated 21/10/1396H, provided that such amendment enters into force as of the date of issuance thereof. The said Article used to read: "Subject to the provisions of the different cases stipulated in this Law, the pension shall be settled for the service period by one fortieth of the average monthly salary in the last two years, for each year of contributory service, provided that the pension does not exceed 4/5 of the average referred to and that such restriction does not affect the necessity of continuing deduction of retirement contributions from the employee throughout the period of his service in a job subject to the provisions of this Law. If the salary is reduced or suspended during the last two years, the average shall be calculated as if the salary was disbursed in its entirety, and if the service period is less than two years, then the average shall be calculated on the basis of the entire actual service".



Article 20

The pension of a deceased employee or one discharged from service due to his total incapacitation shall be settled on the basis of (40%) of his last monthly salary or the pension payable for his contributory service period, in accordance with Article (19), whichever is greater.

Article 21

The pension of a deceased employee or one discharged from service due to his total incapacitation, if the death or disability occurred due to or during the performance of his duties, shall be settled on the basis of 4/5 of his last monthly salary. Workplace injuries shall include those occurring during an employee's journey to or from his workplace or working area and for the purpose of performing his duties.

Article 22

In the event of the expiry of the service period of minister, a member of in the Council of Ministers, his pension shall be settled according to one of the two following methods, whichever is better for him:

1. A pension equal to (25%) of his salary in the position of a minister, shall be fixed for the minister, regardless of his service period therein; no matter how frequently he occupies the same position, a pension shall be added to such pension for any contributory service period served in a position other than that of a minister, to be calculated at one fortieth (1/40) of the average monthly salary in the last two years of such period.
2. His pension shall be settled for the total of his contributory services, including his service in the position of a minister, according to the Articles (19), (20) or (21). In no case may the pension of a minister exceed four fifths (4/5) of his salary in the position of a minister.

¹² Council of Ministers Resolution no. (217), dated 29/8/1423H was issued, stipulating the inclusion of the provisions of Article (19) for the cases set out in Articles (21) and (22) of the Law, including the cases preceding the issuance of the said resolution, as of the effective date thereof. Accordingly, the restriction related to the pension of a deceased employee or one discharged from service due to his total incapacitation, shall be removed if the death or disability occurred due to or during the performance of his duties, as well as the pension of a minister, a member of the Council of Ministers, stipulating that it does not exceed 4/5 of the salary.

¹³ Same as footnote above.



Article 23

With the exception of the cases stipulated in the previous articles, if an employee's service expires, he shall not be entitled to a pension, but to a lump sum settlement calculated on the basis of (14%) of the annual salary for each year of his service period referred to herein. However, if he leaves the service because of resignation or dismissal for a disciplinary reason, the lump sum settlement shall be calculated according to the following percentages:

- (10%) of the annual salary for each year of contributory service, if his service period is less than ten years;
- (11%) of the annual salary for each year of contributory service, if his service period has reached ten years but has not amounted to the period for which he shall be entitled to a pension. However, female employees who resign due to marriage shall be entitled to a lump sum settlement that is calculated on the basis of (11%) of the annual salary for each year of service period, regardless of such period.
- If the service period of an employee has not reached the amount for which he shall be entitled to a pension; the annual salary shall mean the last monthly salary that the employee has been entitled to multiplied by twelve (12).

Chapter Eight

Entitlement to a Pension on behalf of a Pensioner

Article 24

If a pensioner dies, his beneficiaries shall be entitled to the full amount of his pension, in case they are three or more; in case of two beneficiaries, they shall be entitled to $\frac{3}{4}$ of the pension amount; and in case of one beneficiary, he shall be entitled to half the amount of the pension. The pension shall be equally distributed to all beneficiaries.

Article 25

The beneficiaries of the pensioner shall include:



Husband, wife, mother, father, son, daughter, son and daughter of a son who died during the pensioner's life, brother, sister, grandfather, and grandmother. With the exception of the wife, son, and daughter, in order for a person to be entitled to the pension, he shall be dependent on the pensioner upon his death. The Board of Directors shall, by its decision, determine when to consider a person as dependent on the pensioner and the procedures required to prove the same.

Article 26

The pension to which male children, grandchildren and brothers shall be suspended if they reach the age of twenty-one. Notwithstanding the aforementioned, the pension shall continue for such beneficiaries as under the following conditions:

1. If the beneficiary is a student at a secondary or high school or any recognized equivalent thereof, provided that he is a regular student; the pension shall be disbursed to him until he reaches the age of twenty-six or until graduation, whichever is earlier.
2. If he suffers from a total disability preventing him from earning his living, and this is established by a decision of the competent medical agency, until the disability is removed.

Article 27

The pension payable to a wife, daughter, granddaughter and sister shall be suspended upon their marriage, as of the date of the marriage contract; the same shall apply to the mother if she marries other than the father of the deceased. Such pension entitlement shall be recovered if the beneficiary is divorced or widowed; if the divorced female beneficiary was married at the time of the pensioner's death, the pension shall be redistributed on the assumption that she was entitled thereto at the time of death.

¹⁴ The Council of Ministers decisions regulating dependence were issued as follows:

- Decision no. 96, dated 27/9/1393H;
- Decision no. 74, dated 18/11/1394H;
- Decision no. 76, dated 8/5/1395H;
- Decision no. 82, dated 13/6/1397H;
- Decision no. 89, dated 11/8/1400H;
- Decision no. 102, dated 13/6/1403H;
- Decision no. 113, dated 24/2/1407H;
- Decision no. 3/206, dated 18/7/1431H;



Article 28

The pension disbursed to a pensioner or his beneficiaries shall be suspended if he is/they are appointed at steady government positions or if they were appointed therein upon the death of the pensioner, provided that the employee's salary is equivalent to or exceeds the amount of the pension. If the salary is less than the pension to which he is entitled, the difference shall be disbursed to him. This beneficiary may receive both the pension he is entitled to and his monthly salary together if their total does not exceed (400) riyals, but if such total exceeds this amount, the pension shall be reduced by the amount of such increase.

Article 29

No beneficiary may receive more than one pension. If a person is entitled to more than one pension according to this Law or other pension laws, the larger pension shall be disbursed to him. However, he may receive two or more pensions together if their total does not exceed (300) riyals per month, but if such total exceeds this amount, the last pension shall be disbursed by the amount that completes the said total.

These provisions shall apply to a pensioner who is a beneficiary of another pensioner.

Article 30

If the share of one beneficiary is withdrawn or suspended for any reason whatsoever, it shall not be disbursed to the remaining beneficiaries; it shall be returned to the Fund, provided that the share of the remaining beneficiaries be, in all cases, not less than (50%) of such pension, but if such share becomes less than (50%) of the pension, it shall be increased by the amount of such percentage and shall be redistributed to the remaining beneficiaries by their number. If the suspended beneficiary's share is recovered, the pension shall be redistributed to the existing beneficiaries, as if that share had not been suspended.

This translation is provided for guidance. The governing text shall be the Arabic text.



Chapter Nine

Return to Service

Article 31

Without prejudice to the provisions of Article (28), if a pensioner is returned to service in a job whose incumbent is subject to the provisions of this Law, his retirement pension shall be suspended throughout his service period, and upon the expiration of his latter service period, his pension shall be settled on the basis of either of the two following methods, whichever is better for him

1. The pension shall be settled on the basis of the sum of a pensioner's former and latter service periods.
2. The pension shall be settled for the latter period of service, regardless of the duration of such service, in accordance with the provisions of this Law, in addition to the pension that he used to receive before returning to service. However, if he was entitled to the previous pension under another law other than the Civil Pension Law, then the pensioner shall be treated, upon the expiry of his service that is under the Civil Pension Law, in accordance with the latter method.

Article 32

If an employee is returned to service in a job subject to the provisions of this Law and he has previously received compensation, lump sum settlement or retirement benefits under previous laws or has received a lump sum settlement for a previous service period under this Law, such period may be counted in his contributory service, provided that he applies for the same within a period not exceeding one year from the date of his return to service. In this case, he shall return the compensation, lump sum settlement, or benefits that he received for the period to be calculated either in one payment not later than six months from the date of submitting the application or in equal monthly installments to be deducted from his salary for a period equal to the period to be calculated or to the period remaining for him to reach the age of retirement, whichever is earlier.

This translation is provided for guidance. The governing text shall be the Arabic text.



The deduction of installments from the salary shall start as of the date determined by the Agency. In the event of service expiry before these installments are completed, the Agency shall be entitled to obtain the same from the employee's pension. If this employee becomes entitled to a lump sum settlement, the remaining installments shall be deducted therefrom at one time. In the event of the death of an employee or pensioner, the Agency may not claim the amount of such installments from his heirs or beneficiaries

Chapter Ten

General and Transitional Provisions

Article 33

The Ministry of Finance and National Economy or public authorities shall pay, as the case may be, a percentage of the salaries for employees on the job at the effective date of this Law upon the implementation of the provisions stipulated in (Chapter Three) of the Civil Pension Law issued in 1381H, for their service period prior to the entry into force of this Law; this percentage shall amount to (9%) for employees not covered by the Civil Pension Law for the year 1381H, and (6%) for employees covered thereby. This percentage shall be paid in the manner prescribed by the Minister of Finance and National Economy.

The previous provision shall apply to Hors-cadre staff members or employees who were appointed before effective date of this Law in positions subject to (Chapter Two) of the Civil Pension Law of 1381H, if they are still in service when this Law enters into force.

Article 34

The age of a retiree or beneficiary entitled to a pension shall be determined based on the data contained in his birth certificate or identification card. In the event that the birth date is not specified in days and months, it shall be considered to have occurred on the first day of the seventh month of the Hijri year in which he was born.

This translation is provided for guidance. The governing text shall be the Arabic text.



Article 35

A retiree shall be entitled to a pension as of the day following the expiry of his service, and his beneficiaries shall be entitled to the same from the day following his death.

Article 36

If, after the effective date of this Law, a pensioner dies and he was entitled to such pension before the entry into force of this Law, then his beneficiaries shall be treated in accordance with the provisions of this Law.

Article 37

A pension may not be attached except by an amount of (25%) thereof and pursuant to the order of the President of the Council of Ministers, if the attachment is related to government debts, or pursuant to a judicial ruling, if it is related to other than government debts. In all cases, an alimony debt shall be given precedence over other debts .

Article 38

A pensioner or beneficiary thereof shall be deprived of a pension in following cases:

1. If he obtains a nationality other than his Saudi nationality;
2. If he serves in a foreign government or organization without official permission.

Such provision shall not apply to a non-Saudi wife or a wife who recovers her non-Saudi nationality due to the death of her husband.

Article 39

Any person who intentionally presents incorrect data or has deliberately refrained from presenting the data required for this Law or its Implementing Regulations, resulting in obtaining funds from the Fund without right, or has, with bad intention, caused the same, whether he or others shall be beneficiary, and whether he is an employee or not; shall be punished with a fine not exceeding the amounts illegally obtained, without prejudice to any other penalty stipulated in other laws, and without prejudice to the Fund's right to recover the amounts unlawfully obtained.

¹⁵ Wired High Order no. (53751), dated 14/11/1432H, was issued, entailing the application of the State Revenues Law and its Implementing Regulations to requests of deduction from the retirement pension as of 18/11/1431H.





المؤسسة العامة للتأمينات الاجتماعية
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