

Civil Servants' Welfare Scheme

(Of the civil servants, by the civil servants, and for the civil servants)

Background

It is the avowed policy of the Civil Service to “pay adequate remuneration, allowances and benefits to the civil servants.” However, in the current Civil Service system, there is only a 21-day bereavement leave in the event of death of “a family member, parent, spouse’s parent, and sibling”. This is primarily aimed at resolving the logistical difficulties arising out of death in the family but incidentally also serves as a period for emotional relief from the traumatic experience. There is no provision for financial support or other benefits during such times. In order to fill this glaring void, the RCSC has initiated the Civil Servants’ Welfare Scheme (CSWS).

CSWS is one of the three programs under the Well-being Services introduced as part of the larger reform of the RCSC to revamp the Civil Service to take it from ‘good to great’. CSWS is the flagship program of Civil Service Well-being Services. The scheme entails contributing a small fixed amount, depending on one’s position level, on a monthly basis to an assigned account to receive a fixed ‘grant’ amount at the time of death of the member civil servant or his/her dependent. The ‘grant’ amount is subject to revision from time to time. The design of the scheme is such that a civil servant at a higher position level contributes a higher amount as compared to lower position level civil servant while the ‘grant’ payout amount remains equal irrespective of the position level. This altruistic principle is deliberate to help promote sense of fraternity & bonding as a Civil Service family. The scheme is intended to help uphold personal dignity, reinforce self-esteem and validate the status of the civil servants as independent professionals from the moment one enters the Civil Service. This confirmation will build, groom and sustain the professional character of the civil servant as an upright person the moment one enters Civil Service until superannuation and even beyond.

CSWS is intended to strengthen the reverence for existing traditional and cultural values, instill renewed dignity in life/living and accord appropriate grace in death. The scheme attempts to reinforce the meaning of family and family relationship in a degenerative nucleating society. This moral high ground will form the basis for a strong, value-based and performing Civil Service that will continue to be coveted into the future.

Objective

The CSWS can be seen as a kind of social security scheme supported solely by the huge Civil Service size. It is, therefore, rightly understood as a scheme ‘of, by and for’ the civil servants. Out of the many concerns that require intervention in the Civil Service from a welfare perspective, the RCSC has chosen to share the financial burden of dealing with death as the most important and a priority for the present. Other concerns can be addressed over time as it evolves. The reason being that death is an inevitable universal truth and for the Bhutanese it is an expensive reality when it happens. Our tradition considers death sacred and is believed to be the moment of ground luminosity. The stage is also recognized as the transient phase during which meritorious actions directed to benefit the deceased will help them transcend to a higher being/realm. That is why our tradition sees the culmination of the dedication prayers and meritorious actions most pervasive at the time of dying, during cremation and post-funeral than at any other point of time in a person’s life. Not surprisingly, additional financial resources become very useful.

The CSWS aims to provide security to every civil servant and their immediate family members at two distinct levels. The first level of security is the sharing of financial burden of death by picking up some of the costs involved in the expansive post-death ceremony. The second and more powerful, but subtle, effect is the feeling of security it imbibes in the minds of bereaved family members when fellow civil servants come together and share the sorrow. Such an approach culminates into spontaneous solidarity and fraternity within the Civil Service.

The scheme will help reinforce our tradition of respect for the dying and dignity for the dead. It will also help civil servants come to terms with reality of life & the nature of impermanence. It will help inculcate meaning in life as moments of impermanence interspersed with daily normal life will act as constant reminders of the fragility of life and the value of everyday living. Such experiences will help generate intrinsic motivation that is spontaneous and can be sustained over time. This utopian state is achievable but needs concerted efforts and CSWS can be a beginning in that direction.

Scope

Sense of security is very important for a civil servant if s/he is to render professional service for all times. Vulnerability of civil servants is most pronounced at the time of recruitment and the initial years following that period. This feeling of insecurity recedes over time with every additional number of service years followed by improvement of financial position vis-à-vis the expansion of social network. While the CSWS is aimed to benefit all civil servants, it would tend to be positively biased towards this category of civil servants, which is also fair since everyone has to transit through that stage. Notwithstanding this fact, death is a major disturbance to normalcy in the family/society and is seen as irreparable loss that takes time and effort to heal. It imposes a huge financial burden to the family. Psychological support through physical presence and availability, at the time of sorrow, along with a nominal financial package will go a long way as consolatory gesture. Institutionalizing this customary practice as a standard consolatory gesture across the Civil Service as one big family will have positive ripple effects which will lead to a more cohesive Civil Service with an all time high efficiency and productivity.

In addition, the scheme has a unique feature of providing free membership to superannuated civil servants and the spouse as life members in recognition of their life-long dedicated service to Tsa-Wa-Sum. This proactive posturing of the scheme is for the purpose of sustaining bonds of Civil Service fraternity beyond superannuation.

The CSWS through its humble beginning hopes to achieve the lofty dream. Other critical concerns such as permanent disability, terminal illness, civil servants' loans through establishment of a Credit Union etc. will be progressively discussed, reviewed and covered by the scheme as it matures and builds corpus. The scheme will also strive to make prudent investments upon the advice of the Commission/Board of Trustee, as and when it builds sufficient corpus in the future, for its long-term sustainability.

Scheme design

In view of the above the RCSC has designed this self help insurance scheme for the civil servants using each other within the Civil Service as the reinsurance partner. It is based on pyramidal model to take advantage of the huge number of civil servants. The scheme is, fundamentally, a 'pyramid scheme' but with a significant difference. The difference lies in its intention. CSWS has been conceived for the benefit of the entire Civil Service by way of sharing the financial burden at the most difficult/vulnerable time in one's life while the pyramid scheme involves conscious attempt on the part of individuals to make fast money through means that is questionable. In the case of CSWS, profit will be generated through interests on the savings plus return on investments whereas in a

typical ‘pyramid scheme’, individual payments are met from the new capital paid to operators by new investors rather than from profit earned by operator. Since they ‘profit’ from additional membership it requires continuous new membership for its sustainability. The operator is generally the ultimate beneficiary as he/she decides when to call it a day.

The design of the scheme is such that inflow is always greater than outflow. This is achieved by working out the estimated payout in a year, factoring in the average number of annual deaths and the free members to the scheme upon superannuation, as against the contribution made by fresh recruits on an average. As such, the scheme is designed by default to sustain in its current framework comfortably for another 10 years starting 2015. Proactive actions in the form of new investments could generate additional income to grow the fund corpus and take it beyond the projected 10 years or conversely new products/services could erode the corpus sooner than expected. The Commission requires using prudence to grow the scheme and provide more services before it reaches its peaking point in 2025. The Commission has been vested with the authority for appropriate intervention through the CSWS Fund Management Committee and the Well-being Committee to avert any extreme situation and keep it sustainable for all times.

Scheme operation

In our attempt to introduce a smooth system for ensuring regular contribution from members to the scheme and timely payout from the scheme to the bereaved member/family, the two processes have been individuated. The contribution from the members will be solicited through deduction at source using the accounts system of the respective organizations. This inflow will be monitored by the RCSC/partner financial institution through the respective member organizations. Managing inflow, therefore, is not a problem. Managing outflow or payout is a far more complicated issue. It will require series of checks and verifications to authenticate claims. The process cannot be too stringent as it can become embroiled in bureaucratic hassles but neither can it be too lax as opportunists can take advantage of the flaws. It has to be a process with sufficient rigor for authentication and yet be a fast enough system to benefit the bereaved family/member at the time of need.

Besides the verification process, fund management is another complex management issue that has implications on manpower, equipment and professional competence. It involves maintaining accounts of stock and flow of around 25,000 civil servants amounting to approximately Nu. 4 million every month. It will call for designing of separate software program to support the system. It will also require a professional team of finance personnel to manage the funds without errors. Errors are generally always costly but in this context it will be devastating. It will destabilize the trust bestowed upon the RCSC by the civil servants. Errors will confirm the doubts, expressed by many in the initial stages of scheme advocacy, about the possibility of the huge funds of the scheme leading to all sorts of (mis)management issues.

Therefore, the Commission has decided to partner with a financial institution that has the credibility, expertise and experience of managing similar schemes. RICBL with its years of experience in life insurance policy and other insurance products has been chosen as the partner institution for CSWS mainly because of i) its offer of 8% interest on savings – which is the highest in the market, ii) its consent to render incidental services of scheme management free of cost, and iii) its wide reach across the length and breadth of the country through its various branch offices.

Scheme details

The scheme entails contribution of an agreed amount at regular frequency from member civil servants into a designated common account under the custody of the partner financial institution.

Fund corpus created through accumulation of the contribution would be topped up with the return on savings and investments made (at a later stage) to progressively improve the scheme.

Admissible grants will be paid from this corpus for purposes outlined in the By-Law or as approved by the Commission, from time to time. For the present the grant payout will be only in the instance of death to member and direct dependents.

Contribution amount

The scheme shall require every member to make a monthly contribution in the following categories:

Position category	Contribution (Nu.)
Executive & Specialists	300
Professional & Management	200
Supervisory & Support	100
Operational	75

Grant payout

Nu. 75,000/- in the event of death of a member;

Nu. 35,000/- in the event of death of a dependent;

Nu. 50,000/- in event of a death of a superannuated member.

Scheme closure

In the most unlikely event of the scheme winding up, for reasons beyond control, the RCSC will reimburse the balance amount to all contributing members prorated to their contribution. The residual amount, if any, will be disposed at the decision of a Special Committee which will be formed specifically for this purpose. Thereafter, the Well-being Services/RCSC will not be held liable whatsoever for issues that may arise.