AVC & RETIREMENT PLANNING GUIDE

Your step by step guide to a secure retirement.

Contents

INTRODUCTION

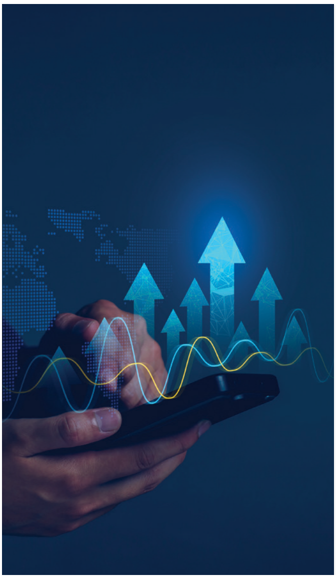
The Importance of Pensions

What is a Pension Fund?

A pension fund is a crucial safety net employers establish for their employees' future. It is funded by monthly contributions from salaries and strategically invested to grow over time by the pension fund. When retirement arrives, these savings translate into a reliable monthly pension income, guaranteeing financial security for life.

The Importance of having a Pension Fund

Ever thought about life after work? You are not alone! Planning for retirement is essential to maintaining your lifestyle and independence. With longer life expectancies due to advances in modern medicine and improved standards of living, it is crucial to start saving now. Imagine decades of relaxation, pursuing hobbies, and quality time with loved ones, all supported by your pension fund. Whatever your goals, one thing is certain: you will want to maintain the standard of living you enjoyed while working. Therefore, secure your future and enjoy retirement without financial worries. Start today to safeguard the lifestyle you've worked hard to achieve!



The Importance of Adequate Retirement Benefits

You are fortunate to be a member of a company pension fund, a benefit not provided by every employer. When you join the Fund, it is crucial to understand the level of retirement and death-in-service benefits available to you and your dependents under your main pension scheme. You can enhance these benefits through Additional Voluntary Contributions (AVCs). While some expenses may decrease in retirement, others like utilities and healthcare costs may rise. Starting your pension early allows more time for your savings to grow, ensuring a more comfortable retirement.

Consider what percentage of your current salary would support your retirement lifestyle. It's essential to plan ahead, especially since government pension eligibility begins at age 65, five years after the typical retirement age of 60. Your current savings will provide income from retirement until you start receiving government benefits, helping bridge any gap in income.

This booklet aims to educate members of the Debswana Pension Fund (DPF) on enhancing retirement benefits through AVCs and investments. For a comprehensive retirement plan tailored to your financial situation and goals, consult a financial advisor.

AVC EXPLAINED

The Additional Voluntary Contribution (AVC) Programme is a tax-efficient way to add extra contributions to increase your existing pension benefits. This guide provides a helpful summary of the AVC programme and is designed to help you make informed decisions.

To qualify for the AVC programme, the following criteria should be met:

1. Be an active member.
2. Make regular payments or periodic lump-sum payments into your pension fund through your employer as AVC by so doing, ensuring that the source of these funds is legal and verifiable.
3. Keep your AVC account invested until you retire.
4. Allow the DPF to invest the money on your behalf along with the rest of the Fund assets, in line with the existing Fund investment strategy.

Important Note:
The DPF does not offer options for member investment choices at this time.

Payments made to the AVC Programme buy units in your fund. The aim is for these units to increase in value. However, as no one can accurately predict how investments will perform, the final benefits you receive from the AVC Fund cannot be known in advance. It is therefore important to monitor your Fund performance and make necessary adjustments as needed. Make use of the online member portal found at https://portal.mmila.co.bw or via the main website www.dpf.co.bw to keep abreast of your Fund performance.

Please note:
If you are unsure whether contributing AVCs is right for you, please speak to a financial adviser. The Trustees, DPF and its employees are not authorised financial advisers.

You should consider taking financial advice if:

1. Your circumstances change, for example, if you are nearing your selected retirement age.
2. You are considering stopping your AVCs due to financial difficulty or other reasons.

WHO SHOULD CONSIDER MAKING AVCS?

You might want to consider making AVCs if:

1. You started a pension fund late in your career.
2. You wish to retire (or take your pension benefits) earlier than the normal retirement age.
3. Some of your normal earnings are not pensionable, such as overtime, monthly/annual bonuses.
4. You wish to use pension savings alongside other forms of investment to supplement your retirement income.
5. You are wholly reliant on your pension fund to be your ONLY source of income during retirement.

The advantages of paying AVCs with DPF are that:

1. Contributions are deducted directly from your salary in the same manner as the employer contribution.
2. You get immediate tax relief on your contributions (pension contributions are deducted prior to income tax deductions).
3. Your AVC fund benefits from the same investment strategies applied to the rest of the Fund assets.
4. Your AVC fund benefits from shared member administration costs and investment management fees, which remain competitive due to the advantage of a large membership and asset base.
5. When you retire, you will be entitled to take a tax-free cash lump sum of up to 50% of the total value of your main DPF Pension benefits and AVC plan benefits combined.

A limitation, but a benefit in the long term, of paying AVCs is that:

1. Pensions saving is a long-term commitment and therefore once you have paid AVC into your fund you cannot make any withdrawals against it until you reach retirement
2. Your AVCs are subject to the same market conditions and investment strategies as your main pension benefit. This means that, market performance can affect your AVCs positively or negatively over time. It is therefore crucial to maintain a long-term perspective on investment growth.

HOW MUCH MUST I SAVE AS AVC?

When considering how much you need to save as AVC towards your retirement Fund, it is worth first establishing what your current Net Replacement Ration (NRR) is and what your ideal targeted NRR should be.

Net Replacement Ratio (NRR): The NRR represents the proportion of your final working salary that your pension/annuity will be at retirement.

According to the Debswana Pension Fund (DPF) Investment Policy, an active member with an average career progression and 35 years of service should ideally retire with a pension equivalent to 70% of their pensionable salary at the normal retirement age of 60.This target is based on several assumptions and is calculated before the commutation of the cash lump sum.

The below items are considered in the assumption:

Item	Assumption
Career	35 years
Age of retirement	60
Retirement savings contribution rate	20% at pensionable salary
Salary increases	In line with inflation

The Board of Trustees recognize that the target replacement ratio may vary for individual members based on their personal circumstances. For example, some members may have shorter or longer service periods than the overall target. The tables below illustrate the impact of shorter service periods (and earlier retirement) and higher salary increases on the target replacement ratios:

Item	Target Member	5 years less service	5 years less service
Career	35 years	30 years	25 years
Age of retirement	60	55	50
Retirement savings contribution rate	20% at pensionable salary	20% at pensionable salary	20% at pensionable salary
Salary increases	In line with inflation	In line with inflation	In line with inflation
Target Replacement Ratio	70%	50%	34%

Salary increase = CPI + 1.5% p.a			
Career	In line with inflation +1.5%pa	In line with inflation +1.5%pa	In line with inflation +1.5%pa
Age of retirement	52%	40%	38%

Given the defined contribution nature of the Fund (i.e., fund investment growth and the final value of the pension depend on unpredictable market performance), the above benefits are only targets and are not guaranteed.

To achieve the 70% target replacement ratio, the following key assumptions must be met:

1. The member starts contributing to their pension at the beginning of their working life.
2. The member will retire at age of 60.
3. The member will have continuous, uninterrupted salaried service until retirement age.
4. The member will consistently receive salary increases above inflation throughout their working life.
5. The member will preserve their benefit and not withdraw any amount before retirement.
6. The Fund prudently manages and maintains optimal administration and investment costs.
7. The Fund seeks and implements the best investment strategies to consistently deliver targeted investment returns.

Important Note:

To determine what your current Net replacement Ratio (NRR), access your Projection Statement on the online member portal found at https://portal.mmila.co.bw or via the main website www.dpf.co.bw.

If you started your pension contributions late in your career, wish to retire earlier than 60 years old, have withdrawn a lump sum of your benefit, or have not been consistently employed throughout your adult life, you are at risk of not achieving the 70% targeted salary replacement ratio at retirement. You need to consider AVC to augment the possible future income shortfall while you can.

FREQUENTLY ASKED QUESTIONS ABOUT AVC

1. Who Qualifies for AVC?

Active members of participating employers are eligible to apply for AVC through their HR departments. Once enrolled, the agreed AVC will be deducted from their monthly salary and forwarded together with the employer contribution to the DPF.

2. How do I apply for AVC?

Active members should apply through their Human Resource departments by completing a 'Request for Voluntary Contribution Form'. The form is available on the Debswana Pension Fund website or from Mmila Fund Administrator's Member Relations Offices.

3. How much can I contribute as AVCs?

You are allowed tax-exempt additional contributions of up to a maximum of 15% of your pensionable income. Depending on your financial status, you can choose any percentage within this range. You may contribute more than 15%, but the AVC amount over and above 15% is taxable. For guidance, contact the Fund Member Relations Offices and your personal financial consultant.

4. When can I start making AVCs?

You may start immediately. All active members of the Fund are eligible to make AVCs.

5. How long can I continue making AVCs?

You can make AVCs for as long as you are eligible. The longer you do, the better your retirement income. Members nearing retirement age are especially encouraged to do so to secure a better income during retirement.

6. Can I make a lump sum AVC?

Lump sum AVC payments are allowed from verifiable and legally obtained sources. You may make lump sum contributions as long as the source of the funds is verified and approved by the Fund, such as your employer.

7. Can I transfer my existing pension from other Funds to the Debswana Pension Fund?

Yes. As an active member, you have the option of transferring your existing pensions to the DPF. The DPF has a successful investment strategy and a good investment performance record. For more information on DPF performance, please visit our website www.dpf.co.bw. To transfer your existing deferred pension funds to the DPF, send a written instruction to your current fund managers to transfer your funds, and then complete an Approved Funds Transfer Details Form from the DPF website. Forward the form to us for processing, and we will confirm the transfer.

8. Is there an AVC limit?

There is no limit to AVC contributions; however, the tax benefit applies only up to 15% of the contributions. Contributions beyond this percentage are taxable.

9. How will my AVCs be invested?

Currently, there is no differentiation in investment strategies between your employer contributions and AVCs. Your AVCs will be invested using the same strategy as the main fund, earning the same returns.

10. Where can I view my AVC account information?

You can view your personal pension account information at any time through the Member Portal link on the website or by visiting the Member Relations Offices.

11. Can I change the amount of the AVC being made?

Yes, you can increase or decrease the amount of your existing AVCs at any time before any subsequent pay period, subject to the limits described above.

12. Can I discontinue my AVCs?

If you experience financial challenges, you can discontinue your AVCs. However, we advise you to consider this decision carefully, as it could negatively impact your future retirement income. Members are encouraged to evaluate their budgets and prioritise savings before discontinuing any form of savings.

13. What happens to my AVC when I leave formal employment?

At retirement or when you cease participation in the Fund, your employer contributions and AVC funds are merged into one account. These funds can be used for lump-sum withdrawals or to buy an annuity/pension, depending on your type of exit. For more information, refer to your Member Guide available for download at www.dpf.co.bw. Any cash withdrawals from your fund credit before retirement are subject to income tax. Pensioner annuities/salaries are taxed based on the applicable tax deduction thresholds at the time.

14. Does AVC have any age restrictions?

No, you can contribute to AVC at any age as long as you are an actively employed member of the Fund.

15. What happens if I go on unpaid leave?

Similar to point 11, you may temporarily suspend your AVCs and resume them at a later stage.

16. Are there any fees charged by the DPF for making AVCs?

The DPF does not charge any transaction fees for accepting AVCs. The usual investment management fees apply based on the investment pool selected. Normally, the investment cost per member is charged against the gross unit values/investment returns earned, with the net amount credited or debited to your account monthly, depending on investment performance.

SUMMARY

Why Make Additional Voluntary Contributions (AVCs)?

- Increase the amount of funds available to you at retirement.
- Benefit from tax deferral on contributions and income generated.
- Receive immediate tax relief on your salary.
- Enjoy the convenience of payroll deduction.
- Access DPF investment pools and preferential management fees compared to similar retail products.

RETIREMENT PLANNING
A STEP-BY-STEP APPROACH

Your pension savings are likely to be one of the biggest investments you will make over your lifetime, providing income when you stop working. It's vital to get them right for your future. The following section will help you understand the steps to take in deciding how to make your retirement savings (including AVCs) choices.

We appreciate that increasing your savings involves lifestyle sacrifices, but enrolling in AVC can significantly impact the benefits you receive at retirement. Consider these steps before deciding on AVC payments and how to invest your AVC account.

Step 1: Think about your retirement goals

Step 2: Decide on the appropriate retirement age

Step 3: Establish your attitude to risk

Step 4: Understand the different investment asset types

Step 5: Review your options

Step 6: Make your decision or request an illustration

Step 7: Review your progress

Regardless of your current decisions, you should review your overall pension savings and estimated/projected pension at least once a year. The Fund will send you an annual benefit statement for both your main DPF contributions and your AVCs, and an annual projection statement estimating your likely pension at retirement based on various assumptions. These statements will help you carry out this review.

Important Note

Projections are never guaranteed as your Fund investment growth as a member of a defined contribution pension Fund is largely dependent on market volatility and other factors. After reviewing your projected benefits, you will be better positioned to adjust your savings to achieve the desired income at retirement.

Key Decisions to Make:

1. How much you need and can afford to save into your retirement savings.
2. How often do you wish to save towards retirement.
3. How long do you wish to participate in the investment instruments you choose for your retirement savings.
4. Understand and accept that your retirement savings are long-term savings – you cannot withdraw from your retirement savings accounts until you reach retirement age.

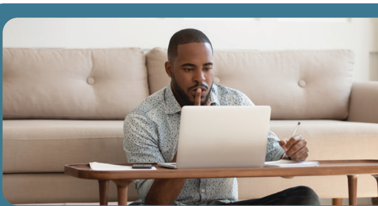
These decisions are crucial as they will affect the retirement income you eventually receive. This guide will help you think through these decisions.

Step 1: Define Your Retirement Goals

Consider your personal circumstances and aspirations before enhancing your retirement savings. Answer these questions:

1. What age do you plan to retire or start receiving pension benefits?
2. How do you envision spending your retirement?
3. What financial resources will you need?
4. Do you have savings or investments outside your pension fund?
5. Will you have other sources of income?
6. What are your family obligations?
7. How much can you contribute to your AVC and other investments now?
8. What are the tax implications?
9. Are there any personal beliefs influencing your investment preferences?

Ensure you save adequately, invest wisely, and build the additional benefits you desire throughout your career. A robust retirement savings strategy will help you achieve these objectives.



Step 2:

Decide on the appropriate retirement age

An important decision is when to retire and begin receiving pension benefits. This choice influences your AVC contributions and other investments outside the pension fund. For instance, if retirement is far off, you might opt for higher-risk investments known for long-term growth potential. However, if retirement is near, prioritising preservation of your investments in lower-risk vehicles becomes crucial. Seek advice from a financial advisor for guidance in this decision.

Step 3:

Establish your attitude to risk

There is a clear link between the level of risk you are prepared to take and the potential long-term growth that your retirement savings will achieve. All investments carry an element of risk. As a general rule:

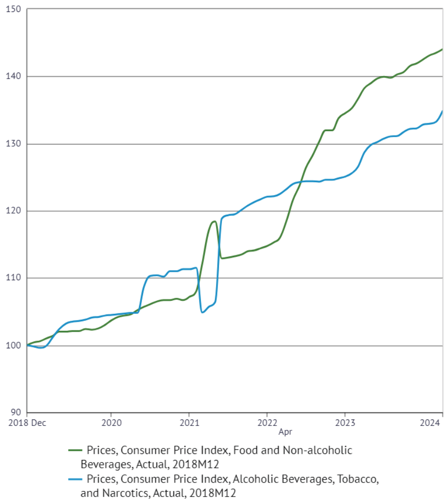
1. **Low risk** – usually associated with lower potential growth prospects and lower volatility.
2. **High risk** – usually associated with higher potential growth prospects and higher volatility.

When selecting your investment alternatives besides your AVCs to DPF, ensure that you are clear about the different types of risks involved. Each asset type/class has a different level of risk and potential future investment performance, it is important to choose carefully depending on your attitude to risk and personal circumstances.

The main types of risk to consider when saving or investing for your retirement are:

a. Inflation Risk

This is the risk that your investments won't grow quickly enough to keep up with the increase in the cost of living (inflation). Over time, inflation may reduce the buying power of money. The table below illustrates the effect of inflation on some everyday items over a five-year period between 2018 and 2024 (Source: Statistics Botswana):



Imagine if annual inflation is 2.5%. A purchase costing BWP 1,000 today would cost BWP 1,639 in 20 years. Without sufficient growth in your investments, their value might not keep up with price and salary inflation. This is especially concerning if you have many years before you plan to take your pension benefits, as it could reduce the eventual buying power of your money.

b. Investment Risk

This is the risk that your investments may drop in value. The size of your investment accounts at retirement will depend partly on the performance of the funds you invest in and the level of risk you are willing to take. Generally, the more risk you take, the greater the potential reward. Some investments, like shares (equities), are more volatile, meaning their prices can change rapidly and significantly. While this volatility may suit some members, you might want to reduce exposure to volatile funds as you near retirement to avoid sharp falls in value with little time to recover.

Typically, the longer you invest, the more risk you might be willing to take. It may be beneficial to predominantly invest in:

- Equity funds for long-term growth (four years or more).
- Bond funds as you get closer to retirement (two to four years).
- Cash funds for short-term investment (less than two years).

c. Lost Opportunity Risk

This is the risk of investing too cautiously in low-risk funds. Volatility refers to how much the price of an investment moves up and down. Over the long term, less volatile investments tend to produce lower growth. If you invest in a low-risk fund, your investment account may show smaller day-to-day changes but may also grow less by your retirement age. Consequently, there is a greater risk of inflation eroding the value of your account in a less volatile fund.

d. Annuity Risk

When you retire, you might use part or all of your retirement savings to buy an annuity, providing a pension for life. The cost of converting savings into an annuity (the annuity rate) varies over time based on the fund administrator's expenses and fees. As you approach retirement, be aware of annuity rates (unless you plan to take your entire fund as a cash lump sum, where allowed). Changes in annuity rates could result in receiving less income than anticipated.

e. Currency Exchange Risk

If you choose a fund that invests in offshore assets, changes in exchange rates between currencies may cause the value of your investments to fluctuate, either falling or rising.

f. Short-term Holding Risk

Certain funds, typically those invested in bonds, are more suited for short-term investments or as part of a diversified fund mix designed to balance risk and potential return.

g. Specialist Fund Risk

Funds that specialise or concentrate their investments in specific regions or sectors (such as smaller companies or emerging markets) or in a smaller number of equities can experience greater fluctuations in value. Funds managed according to ideological or ethical principles tend to invest in a restricted range of equities, which can also lead to greater fluctuations. Diversifying your assets across different types of investments (equities, bonds, and cash) can help reduce overall volatility, as poor performance in one type may be offset by strong performance in another.

Step 4: Understand the Different Investment Asset Types

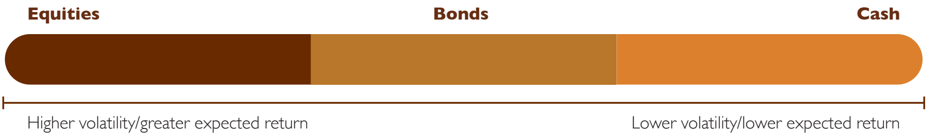
Having considered your retirement goals and risk tolerance, the next step is to familiarise yourself with the different investment asset types. Investment funds typically consist of three main types:

Equities

Equities are shares in companies. Historically, they have grown in value more than bonds or cash over longer periods but can be quite volatile. Equities carry the most 'investment risk.' You might choose a fund that invests mainly in equities if you aim for higher long-term returns and can accept the risks of capital loss and fluctuating values. Investing mainly in equities might be more suitable if your retirement is far off, you have other secure investments, or your AVCs are only a small part of your retirement savings.

Bonds

Bonds are loans to governments, companies, or other organizations. Their investment risk is between cash and equities. Assuming the issuer does not default, the return on your investment is the interest received on the loan, which can be 'fixed' (e.g., 5%) or 'index-linked' (varies with inflation). Bonds are traded on the stock market, so their value can fluctuate, although generally less than equities. Bonds have a maturity date when the loan is repaid, and bond funds usually hold a mix of bonds with different maturity dates. Bond prices typically fall when interest rates rise (and vice versa). Investing in bonds closer to retirement might help protect the buying power of your money because the cost of buying a pension partly depends on bond prices. Historically, bonds have given lower returns over the long term than equities but are generally less volatile.



Cash

Cash funds invest in short-term interest-bearing investments, short-term bonds, and other money market instruments. While the value of a cash investment can occasionally fall in the short term, cash investments typically have the lowest capital risk among the main asset classes. However, returns on cash funds over the long term may not keep pace with inflation, potentially reducing the buying power of your investment. Cash funds can provide good security for your pension and other savings if you are about to retire but may not offer strong long-term returns.

Volatility and Risk

You're likely familiar with the warning that the value of investments can go down as well as up. The tendency of a particular asset type to rise and fall in value is reflected in its 'volatility.' A more volatile asset type (one with higher investment risk) will tend to see frequent and sometimes sharp rises and falls, while a less volatile one (one with lower investment risk) is likely to rise and fall in value more slowly.

Alternative Investments

If you are reluctant to put more of your hard-earned money into the stock market, diversifying your retirement savings with alternative assets can reduce your overall risk. Alternative investments include assets that are not cash, stocks, or bonds. They typically encompass:

- **Real Estate**
- **Private Equity**
- **Commodities**
- **Hedge Funds**
- **Venture Capital**

Real Estate

Real estate includes land and the buildings on it, as well as natural resources such as minerals, water, livestock and crops. Real estate can be categorised into three broad types: residential, commercial, and industrial. Examples include:

- Residential Real Estate: Undeveloped land, houses, condominiums, town homes.
- Commercial Real Estate: Office buildings, warehouses, retail stores.
- Industrial Real Estate: Factories, mines, farms.

Private Equity

Private equity involves capital not listed on public exchanges. It includes funds and investors that directly invest in private companies or engage in buyouts of public companies, resulting in delisting. Institutional and retail investors provide capital for private equity, which can be used to fund new technology, make acquisitions, expand working capital, or strengthen a company's balance sheet.

Commodities

Commodities are basic goods used in commerce that are interchangeable with other goods of the same type, typically used as inputs in the production of other goods or services. Although the quality may vary slightly, commodities are essentially uniform across producers. Examples include oil, which is a standardised product regardless of the producer.

Hedge Funds

Hedge funds are pooled funds that use various strategies to earn active returns, or alpha, for investors. They may be aggressively managed or use derivatives and leverage in domestic and international markets to generate high returns. Hedge funds can diversify a traditional portfolio of stocks and bonds due to their low correlations with these assets.

Venture Capital

Venture capital is financing provided to startup companies and small businesses with long-term growth potential. This funding is crucial for startups without access to capital markets. While the risk is high for investors, venture capitalists typically gain a say in company decisions. Venture capital generally comes from wealthy investors, investment banks, and other financial institutions pooling similar investments.

Understanding these different investment asset types and risks can help you make more informed decisions about your retirement savings strategy. If you aim to achieve a more diversified retirement portfolio, consult your financial advisor for a more insightful view into alternative assets and the benefits they can offer.

Step 5:
Review Your Investment Options

Now that you are familiar with different types of investment assets and understand the concept of investment risk, you need to choose one or more funds to invest your money in. At this point, you will need the expert opinion of a qualified financial advisor to decide on the best investment products for your additional savings.

The DPF AVC program is one of the easiest options for additional savings due to the advantages outlined on page 5, offering peace of mind regarding the safety of your investment. This is because the DPF investment strategy uses the Life Stage investment model.

The Life Stage Investment Model

The Life Stage Model is ideal for members who do not wish to actively manage their retirement savings investments. This strategy generally works by investing aggressively in funds mostly composed of equities while you are several years from your normal retirement age and then gradually moving your main benefit and the AVC account into less volatile funds as you approach retirement.

Through this approach, DPF can manage investment risk and annuity risk, protecting your AVC account and main pension from declines in fund prices and buying power close to your retirement age. However, this also means you might miss out on some growth potential in the years shortly before retirement. When choosing other investment options outside of the DPF, consider such variations in line with your risk appetite and regularly review your fund choices to ensure your retirement savings investments continue to meet your investment views and needs.

The DPF Life Stage Investment strategy gradually moves member assets into less volatile funds when members are within eight years of their mandatory retirement age (Refer to Fund Profiles and Member Guide for more details).

Beyond the DPF AVC program, you can explore other specialist financial institutions to learn more about available investment opportunities outside of the DPF.

Investing Comes at a Cost - Choose Carefully

When reviewing investment products in the market, there are essential concepts to be familiar with to make an informed choice among the competing products:

1. Understand Fund Management Types & Impact on Investment Costs/Fees

Funds can be managed on either an 'active' or 'passive' basis.

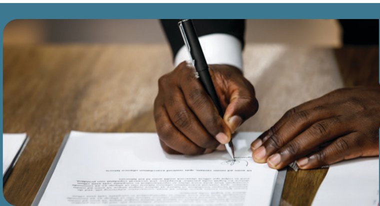
a. **Active Management:** A fund manager tries to beat market growth by choosing individual investments expected to outperform the market. Funds managed this way typically have higher investment management fees, but the manager aims for higher growth through their skill, knowledge, and experience.

b. **Passive Management:** A fund manager tries to produce investment growth that follows (tracks) the performance of a specific investment index, such as the FTSE All-Share Index. This is usually done by buying investments in the same proportions as the market index they are tracking.

2. Understand and Differentiate Between Fund Management Charges

Investing money comes at a cost. Fund managers, insurers, and other service providers will charge fees for their knowledge and services. It's important to differentiate the costs between fund managers. Here are some of the types of charges you are likely to encounter when seeking to invest:

a. **Annual Management Charges** – These charges are taken by the underlying fund managers or asset managers. They are deducted from your investment account before the unit prices of the funds are calculated. These charges could change in the future. Compare and contrast these charges as you evaluate your investment options.
b. **Fund Expenses** – These are deducted from your fund assets before the unit prices of the funds are calculated. They cover additional expenses in the day-to-day management of the funds' activities. Fund expenses are not fixed charges and are estimates based on past fund expenses, meaning the actual charges can fluctuate. For example, a charge of 0.350% a year means the charge is equivalent to 35 thebe a year for each 100 pula invested in that fund.



Step 6:
Make Your Decision

You are nearly there! Hopefully, having read through this guide, you now have a good idea about your attitude to risk and the importance of selecting an investment strategy for your retirement savings that matches your individual circumstances.

Apply for Additional Voluntary Pension Contributions (AVC)

The overall level of benefits payable from the DPF to you at retirement, including the value of your AVC account, relies on you registering as early as possible for AVC and remaining consistent with your contributions over time.

To register, please contact the Mmila Fund Administrators' Member Relation help lines using the contact details below. You can also contact them on an ongoing basis if you want to make any changes to the amount you are paying in AVC.

Mmila Fund Administrators' Member Relation Help Lines;

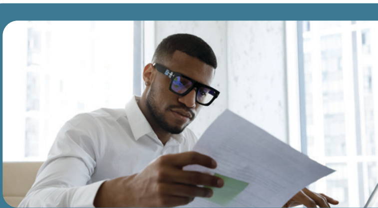
Gaborone & Morupule: 373 5267
Gaborone - Reception: 395 6966
Jwaneng: 588 4849
Orapa, Letlhakane & Damtshaa: 290 2323

Email: info@mmila.co.bw
Website: www.dpf.co.bw

Mailing Address:

Mmila Fund Administrators
Private Bag 017, RWK
Gaborone,
Botswana

For further investment options for your retirement savings, consult with your financial advisor.



Step 7:
Review Your Progress

You may well be saving for your retirement for many years, and it's likely that things will change over that time. Your attitude towards risk, your personal circumstances, and the economic situation could all be different in years to come. That means it's important to regularly review your investment choices and level of savings.

Each year, DPF will send you a statement showing how your main pension benefit and AVC account are performing. By using these yearly statements, you can take a long-term view and get a good idea of how fund prices and the value of your pension savings are changing. You can also check the value of your pension and AVC account at any time by using the DPF Portal available through the website https://portal.dpf.co.bw.

At any time, you can choose to increase your AVC contribution (or reduce it if absolutely necessary due to extenuating circumstances).

Other Factors to Consider When Planning for Retirement

Cash Flow & Retirement Planning

Most people do not save sufficiently for a comfortable retirement. You should make every effort to save at least 15% or more of your monthly salary. If this amount does not seem possible, try using a budget to analyse your cash flow. You may uncover spending and earning patterns you can change to free up more money to save toward retirement. Create a budget worksheet to manage your expenditure every month, and remember, don't overlook your debt. If you are paying more in interest on credit card debt than you are earning in your retirement account, you might benefit from making debt reduction your top priority in the short term. On the other hand, if you would be tempted to stop saving for retirement altogether, you may decide to pay off your debt more slowly so you can keep contributing to your retirement fund. Think about how you can use every thebe as efficiently as possible.

Insurance & Retirement Planning

Insurance prevents financial catastrophes that could derail your retirement plans. Adequately insure what you cannot comfortably afford to replace. For most people, that means having the following insurance: auto, renters or homeowners, liability, health, disability, and life insurance (if someone depends on you financially or you want to leave an inheritance). Long-term care insurance is another type of insurance to consider when doing retirement planning. Keep in mind, too, that you don't have to be elderly to need long-term care; people at any age are at risk of a disability that could require long-term care services. A financial planner can help you assess the costs and benefits of long-term care insurance for your situation and select the right policy for your needs.

Taxes & Retirement Planning

One of the best tax strategies you can implement is to take advantage of tax deductions available when you save for retirement in an AVC Plan or other retirement plans. A financial planner or tax professional can provide details about available tax incentives under the Income Tax Act of Botswana. And remember, you get the benefit of these tax breaks even if your employer does not match your AVC contributions.

For more comprehensive advice tailored to your specific situation, it's always best to consult with a financial advisor who can guide you through the intricacies of retirement planning and help ensure that you are making the most of your savings and investment opportunities.

Estate Planning & Retirement Planning

Without an estate plan, the retirement wealth you are working so hard to build is at risk. To protect yourself and your loved ones, make sure you have the following documents in place and keep them up-to-date: a will, general durable power of attorney, medical power of attorney, and a living will (also called a medical directive). A financial planner can guide you and refer you to an estate planning attorney to draft these documents. If estate taxes are a potential issue, a financial planner can also discuss strategies for reducing them. Finally, ensure that the beneficiary nominations on all your retirement plans are correct and include both legal and factual dependents.

Retirement Planning Checklist

Retirement planning is more effective when done in the context of financial planning. Use this checklist to take a big-picture approach to your retirement plan.

Financial Planning Process	**Yes**	**No**
1. Have I written down my goals, including my retirement goals?	☐	☐
2. Have I gathered all the necessary data for my financial plan?	☐	☐
3. Do I have a realistic assessment of where I am now and where?	☐	☐
4. Where do I need to go to reach my retirement and other goals?	☐	☐
5. Have I made a retirement plan?	☐	☐
6. Have I implemented it?	☐	☐
7. Do I monitor my retirement plan regularly and adjust it as needed?	☐	☐

Cash Flow	**Yes**	**No**
1. Am I saving at least 15% or more of my salary for retirement?	☐	☐
2. Do I use a budget to find more ways to save?	☐	☐
3. Have I taken steps to control my debt so it doesn't get in the way of my retirement goals?	☐	☐

Insurance	Yes	No
1. Do I have adequate property, liability, health and disability insurance?	☐	☐
2. Do I have life insurance to protect my dependents, or can I leave life insurance proceeds as a bequest?	☐	☐
3. Have I analyzed the costs and benefits of long-term care insurance in my situation?	☐	☐

Taxes	Yes	No
1. Am I taking full advantage of tax-deferred retirement accounts available to me?	☐	☐

Estate Planning	Yes	No
1. Do I have basic estate planning documents in place, including a will, power of attorney and medical directive?	☐	☐
2. Are these documents up-to-date?	☐	☐
3. Are the beneficiary designations/nominations for my retirement plans current?	☐	☐

Savings and Investments	Yes	No
1. Does my retirement plan have a diversified mix of investments that take into account my goals, timeframe and risk tolerance?	☐	☐
2. Do I keep costs and fees to a minimum?	☐	☐
3. Do I avoid temptations to borrow from my retirement fund or cash it in early?	☐	☐
4. Have I reassessed my investment strategy recently and made adjustments?	☐	☐

IMPORTANT INFORMATION ABOUT DPF

Debswana Pension Fund (DPF) is responsible for most aspects of the AVC plan administration. However, DPF is not an asset manager and therefore outsources the asset management responsibility to specialist fund managers locally and internationally. DPF supervises and manages the performance of the assigned third-party asset managers through an in-house investment administrator and a contracted Investment Consultant.

The fund managers are subject to review by the Trustee from time to time and may be changed by the Trustee for all member assets under the custody of the DPF. The Trustees will consult with their advisers and inform you beforehand if any major changes affecting the performance of your investment are planned.

FINANCIAL ADVICE

This AVC & Retirement Planning Guide has been prepared as a guide for Debswana Pension Fund members only. The guide should not be seen as recommending a particular course of action. It is your responsibility to choose investment funds and strategies that suit your own needs and circumstances.

The Trustee of the DPF and their respective employees are not authorised to give you advice on choosing your investment options. DPF is also unable to provide financial advice to you. If you are unsure about making decisions regarding your investment options, consider seeking advice from an independent financial adviser to help you decide whether to join and to choose the investment approach best suited to your personal circumstances. You are strongly advised to always consult a qualified financial advisor when making investment decisions.

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