



# BOKAMOSO



ISSUE 33 DECEMBER 2009

## THE BEST GOVERNED, BIGGEST PRIVATE PENSION FUND IN BOTSWANA - Tiny Kgatlwane

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**A MULTI AWARD  
WINNING FUND:  
COMMUNICATION IS  
OUR GAME!**



**THE FUND THROUGH  
THEIR EYES**



**DEBSWANA PENSION FUND**  
*Your fund: your security for your future*







Agatha Sejoe

## EDITOR'S NOTE

Happy 25th Anniversary to all members!

25 great years of Excellence is no small feat for any organisation, and we've come a long way. It is also wonderful that the founders of this Fund, be it Trustees, Principal Officers, employers have all lived to tell the true DPF story as they know it. I am particularly honoured to present this ALL-NEW AND REVAMPED special edition of BOKAMOSO to you the member; to mark this event. With a countless number of BOKAMOSO

editions behind us, it was imperative that we outdo ourselves on this one for obvious reasons, and I hope that you will approve of the new look and feel of your favourite publication.

Consider this edition as a trip down memory lane, one that will hopefully leave you with a better perspective and understanding of what the DPF stands for:

Inside you will read and get first-hand accounts from the great men and women who have walked a mile or two with the Fund and borne witness to all of its historical moments. Indeed the DPF has been fortunate to have very passionate individuals at its helm, from the likes of Bashi Sengwaketse, Richard Vaka and the incumbent chairman Tabake Kobedi, all seasoned visionaries within the business community. The Fund has not been short of talent, hence it's no wonder we have had such phenomenal success over the years.

Everyone deserves a happy birthday, and it is safe to say that the gods were on our side in 2009! Just when we had every reason to be depressed because of the recession, the investment markets took an unexpected turn for the better earlier on during the year, and the Fund seems well on the road to recovery from the bad performance experienced in '08. By the end of the third quarter, Fund investments had recorded a healthy 11.08% year to date return against 7% inflation! Certainly much more than we bargained for judging by the history of markets in situations such as the one we came out of. We can now hopefully in future reminisce of a sparkling silver jubilee.

*Enjoy this copy and have a wonderful festive season, good health and a rewarding 2010!*

Agatha—Email: [asejoe@dpf.co.bw](mailto:asejoe@dpf.co.bw)

# 25 YEARS OF KEEPING MEMBERS INFORMED ...OUR PUBLICATION HAS GROWN FROM SEASON TO SEASON!







## OBITUARY— GOITSEONE MATHUMO

The year 2009 was not free of misfortune as we lost one of our own here at the Fund.

Our dear friend and colleague, Goitseone Mathumo passed on Sunday 2nd August 2009 following a short illness. Her death came exactly one year since she joined the Fund on 1st July 2008 as the Fund Receptionist, whom her stay was too brief and her departure too soon for such a delightful person we had come

to value greatly as a team player.

Buried but not forgotten, Goitseone will always be remembered as the DPF's first ever Receptionist as she joined the Fund when it began the process of transformation into an independent secretariat .

She is survived by her 8 year old daughter Naledi and her husband Moses.

**REST IN PEACE GOITSE**



## NEW FACE AT DPF



*“My wishes are to see myself growing, both academically and professionally”*

**Legodile Motlhako (28)** is the new FUND RECEPTIONIST with effect from 1st November 2009. Her work experience includes working for Botswana Bureau of Standards from 2007 to 2009 and Stock Building Africa from 2004 to 2006. She holds a National Certificate in Secretarial Studies from Maun Technical college

About her new job Legodile says “My wishes are to see myself growing, both academically and professionally. With Debswana I believe my wishes will become a reality. With vast experience in the front office I will work hard and give the best customer service possible”

She is single with no children.

## BOARD ANNOUNCEMENTS



**David Reetsang** has joined the Fund Leadership on company appointment to the DPF Investment Committee as a member. He is also the Chairman of the DPF Tender Review Committee. Reetsang is a seasoned IT Developer, IT Manager, Process Management specialist, project manager, and Customer Relationship manager. His current Position in Debswana is Senior Service Management Manager, Debswana Shared Services



**Ezekiel Obakeng Moumakwa** is the new Chairman of the Audit & Finance Committee. He is company appointed Trustee and is currently with Ministry of Mineral, Energy and Water Resources as a Financial Advisor-Projects. He is a Chartered Management Accountant (CIMA) whose experience spans over two decades. He has held a number of key positions in prominent organizations within the accounting field. Mr. Mousmakwa is also a member of the DPF's Human Resources Committee. The Fund will benefit immensely from his wealth of experience.



**Enoch Mosegofatsi Shabane** is the new Chairman of the Human Resources Committee. He is currently with Debswana Diamond Company as a Human Resources Manager - Remuneration and Benefits. He is an HR Manager, Global Remuneration Professional and a part-time Lecturer.



**Petros Loeto Montshioa** has been appointed Alternate Trustee to Anita Malapela following the resignation of Fred Keitumetse. He is an Assistant Accountant at Morupule Colliery, he is a member of the Chartered Institutes of Secretaries and a member of Botswana Institute of Accountants. He enjoys watching football, listening and performing in choral music.

# THE FUND THROUGH THEIR EYES - DPF'S OLDEST BENEFICIARY & YOUNGEST MEMBER



*The clock of life is wound but once and no man has the power to tell just when the hands will stop a late or early hour. Now is the only time you own, live, love and toil as you will place no faith in tomorrow for the clock may then be still...Unknown*

The inadequacy of the old age pension scheme has raised the need for complimentary pension schemes. However, while some old folks continue to wait upon change in government policy, a few of them who were wise enough can rest in the comfort of their savings.

Mrs. Mmuru is 61 years of age and worked for Debswana in Orapa for 23 years and retired in 1998. Her late husband worked at the same mines for 27 years.

She worked in the Laundry department. She never worked anywhere else apart from Orapa. She doubled up as store keeper as she was very trusted by management.

Her retirement package from DPF gives her P700 a month which she says it is enough for her for food but the only problem is that her husband and daughter passed away, the latter leaving behind two children who she has to take care of. She cuts a very sad figure as she explains her situation.

She is however very grateful for the little she gets from DPF. "Although P700 is very little these days due to inflation it's better than nothing at all. Where will I be had I not joined the pension scheme. At least I can buy some food and a dress or two," she said forcing a smile on her face. It gets better a little bit since she gets an additional P220 from the Government Old Age Pension Scheme which brings her monthly income to P920. She is very thankful to Debswana for establishing the

non contributory Scheme. "Employees should embrace it with gratitude because no other organization including the government has such a unique Scheme." She advised people to work hard and save for their old age as most of them will have no friend or relative to assist during old age, she continues. Today's generation is naïve about their old age, some going to the extent of thinking that they will die before 50 years of age so they should use their money whilst young! You will be surprised, shocked and frightened as you turn 55 with no plans for your retirement! What you don't want in old age is to be a beggar.

**"Sometimes I wish I could be young again and go to school and study hard. It's the only way to have a bright future with better retirement benefits" she advised.**

"Today's children have most of the resources at their disposal. It's important for them to use these resources gainfully for their future. They shouldn't waste time with living a temporary "fake" life being boisterous and showing off whilst disregarding their future," she concluded.

Mmuru is a shining example of the benefits derived from DPF. Although her candle seems to be dimming, she has illuminated the path of younger generations to come.



**"We cannot sow thistles and reap clover. Mother nature simply doesn't run things that way, she goes by cause and effects..." Napoleon Hill**

Tebogo Morupedi at 20 years of age is the youngest member of Debswana Pension Fund. She works at Morulpule Colliery in Palapye as a coal sampler in the lab.

She is very excited about her work and the perks involved including the non contributory pension

scheme. She samples the coal in the lab checking coal value, and its contents including ash, moisture, phosphorous and sulphur; also determining the texture, size, to mention but a few. In simple terms she separates the good coal from the bad ones. She was first trained on the job by a very qualified senior coal analyst and now she works with very minimal supervision.

"After finishing form five in 2007, I joined Morupule colliery as plant assistant operating a screen and crushing plant for about six months and then moved to the lab where the excitement started. I have been in the lab since July 2008," she chuckled.

As soon as she joined DPF she knew that her old age will depend on how she would build her retirement benefits. It's amazing how a young lady of her age holds her old age with so much enthusiasm compared to her peers who mostly would think of nothing but trend du jour which is the new blac: she is a paragon of virtue at her age. She talks about the Pension Fund with so much knowledge you would think she works as the DPF secretariat.

"The good thing with the Pension scheme is that it is non contributory unlike in other organizations", she enthused.

Whilst she works so hard at the lab she doubles up with a mine college in South Africa where she is advancing her mineral analysis career. "I want to get a degree in mineral sampling and became a coal analyst, so that I can better my future. The company will contribute more to my pension

scheme," she said.

Tebogo says DPF does a great job in disseminating information to members regularly. They come to Morupule to tell us about the Fund, how it is invested and what is happening to it which is very important to us. We feel our old age future is safe and we pray and hope that the status quo will remain steady for us and continue for generations to come." Morupedi said that she is greatly concerned when there is recession as it is now because she understands quite well how that affects investments. It's sad for those retiring around this time. These are her colleagues and she does not want to see colleagues retiring with little money after many years of work in the organization.

As the youngest and the only lady sampler in the lab, she advises other ladies especially of her age to work hard give their jobs their all and prove to the world that they too can be depended upon as future leaders in organizations. "There is no job for the young or the old, for a lady or for a man and if you find one you must work hard and guard it at the same time. More importantly the sooner you start investing on a pension scheme the better for your old age benefits," she advises.

Wisdom is what Morupedi embraces, given her vision and insight, there is no doubt that her future smiles at her.





Before 1982, Debswana used to pay gratuities to employees instead of Pension. In 1981, Sengwaketse and other Union Executives suggested to management on possibilities of establishing a pension scheme since the gratuity payout then, didn't give retirement benefits to employees.

## The Early Years With Bashi Sengwaketse

*The ones who miss the fun are those who say 'it can't be done.' In solemn pride they stand aloof and greet each venture with reproof. Had they the power they would efface the history of the human race. We would have no radio or automobiles, no telephones, email or computers. We would linger in the age of stone. The world would sleep if it was run by those who say, 'it can't be done.'*

Bashi Sengwaketse, a former Mine secretary for Debswana, was a board member and amongst the founders of the Debswana Pension Fund. Here he reminisces on past days as a trustee of Debswana Pension Fund (DPF).

Before 1982, Debswana used to pay gratuities to employees instead of Pension. In 1981, Sengwaketse and other Union Executives suggested to management on possibilities of establishing a pension scheme since the gratuity payout then did not give retirement benefits to employees. The Union executive had consulted with their counterparts in South Africa, the Mine Workers Union and realized that their counterparts were on a pension scheme.

In 1982, Debswana management agreed on a pension scheme. Because it was a new scheme there were pockets of resistance from some employees. It did not take them long to realize the importance of the scheme and eventually all employees embraced the scheme. Debswana was contributing 20% to the scheme whilst the members did not

contribute anything at all. Bashi was then elected as trustee by the employees becoming one of the first trustees of the Fund. He also became a member of the Investment Committee, a subcommittee of the Board of Trustees.

"Debswana was represented by its management, and employees were represented by the trustees. It was very challenging because it was a new development and once in a while the Board of Trustees would clash head on with Debswana management. In 1983 for example, the then Managing Director of Debswana wanted to slash the contribution from 20% to 15%. The matter ended up in court where the Union won the case!

There was another instance where members only qualified for their pension money at the age of 60, the official retirement age then. This was a problem because some members died before age 60. The Board sat down with the actuary and explained the scenario. After studying and analyzing the act in great detail he realized that ...members could start earning their retirement benefits from age 50. It was passed and that made a great difference to members."

In 2002 in Jwaneng, Sengwaketse had to step down as a trustee because he was in the Debswana management team, as he could not be a union member and Mine Secretary at the same time. He opted to retire from Debswana in December, 2006.

"The Fund started with virtually no money and by the time he left it had grown to 2.7 billion Pula! He feels proud to be part of the growth of the Fund. One strategy which was and still is paramount is the communication strategy between the board of trustees and members or employees. Members always feel very safe if every little item is communicated to them! There were journals like the monthly newsletter, regular meeting with employees, monthly statements showing how funds were distributed or invested, to mention but a few. Pension Funds need very dynamic and prudent investment strategies to grow. Innovative ideas are crucial in this industry so that members' funds are made to be worthwhile," he asserts.

"I am also thinking that the Fund should competently utilise technology. An interactive website would very beneficial to members especially as most of them are literate. This could reduce constant visits to mines to brief members and cut down the operating costs.

To wrap up he advised people from all walks of life of the importance of a pension scheme for one's future. "Imagine you are 60 years old and you never invested in a pension scheme or other tangible assets? think about it," he says.

Although sunsets steal the great times and leave shadows for memories, there are memories to be cherished forever and Sengwaketse cherishes his days with DPF.





## Why we succeed: Tabake Kobedi on the future of the Fund

### Why We Succeed

Tabake Kobedi has been the chairperson of the DPF board since 2008 and a trustee since 2003. He directs the board which is responsible and accountable for the management of Debswana Pension Fund (DPF). He is also the Group Finance manager of Debswana Diamond Company. He had the following to say.

*“The Board crafts strategies to tackle issues of the Fund and more importantly to invest members' money profitably so that members can have a worthwhile retirement fund.*

*In 2004, we introduced the Age Based Life Stage Investment Model which aims to minimize the impact of potential future market downturn on members' funds credit especially for those close to retirement (the conservative portfolio). This was a visionary move because it has, to some extent, provided a fort for our Fund during the current global economic meltdown.”*

*Mr Kobedi proceeded to highlight that one other critical success factor has been their commitment to long term investment excellence and the profound team experience. Cutting member costs has also been one of the fund's commitments. We have been recruiting members from sister companies like DTC to increase the membership base so that member costs can be minimized through economies of scale. Operational efficiency has become the norm to keep the fund costs at a minimum.*

*“Effective communication between the Fund and its members has enabled us to communicate to our members the developments regarding their retirement funds including how the money is invested, and the returns received. Members also give feedback and suggestions on improving the Fund which we take very seriously. Members*

*have to know and understand the movement of the Fund. This has promoted transparency between the two parties. The Fund has actually won Awards on effective communication which justifies our commitment to our members!*

*Another success factor has been our investment philosophy which we adopted in 2004. We spread our investment amongst different highly qualified and reputable local and international asset managers who have different investment philosophies but are similar to ours. Our consultants assist us in identifying such managers. We travel all over the world to interview the asset managers and we hire only those who qualify. It is a very rigorous exercise but it's worthwhile. Some of our investment managers include but are not limited to Brandes Investment Partners, Alliance Capital, Marathon Asset Management, Orbis Investment Management and Pacific Investment management company. On the local front we have Allan Gray, BIFM and Investec Asset Management*

*We also monitor and appraise our asset managers regularly to make sure they measure up. Pensions are reviewed annually to make sure that the benefits to members are in line with inflation.*

### Challenges

*The Global Recession has been a major drawback which has resulted in our Fund shrinking to 2.9 billion from 3 billion. Other challenges include but are not limited to:*

- *The Fund vulnerability to market crashes, economic and political risks, especially in international markets.*
- *Members' expectations are very high as they anticipate reasonable pensions when they retire, therefore we have to be on our toes to make sure we invest the funds*

*wisely.*

- *As culture evolves, our members would like to participate more on how the funds are invested unlike in the old days.*
- *The younger members want their money now, they do not want to wait until they are 50 or after retirement. We however follow the original legislation which established the Fund; that the Funds purpose is for retirement benefits.*
- *Since the fund started in 1984, more members are retiring in great numbers this time around which means we have to recall money invested to pay retirement benefits.*
- *Though there is continuous education and communication to members there are still other members who fail to update their nominations which cause a lot of friction when the member dies.*

### Conclusion:

*Though the Fund has immensely grown since inception, we as the board have a duty to make sure that we look after the Fund responsibly and invest wisely. We have to bench mark with other successful international Funds so as to improve the Fund. “We must acknowledge Debswana for the foresight in establishing the non-contributory Fund in 1984. We should also acknowledge the founding members who started the Fund and successfully worked tirelessly with insufficient knowledge on operating a Pension Fund,” he concluded.*

*Although many companies have crashed because of the economic melt down, DPF is assured that with the current clear vision and unparalleled commitment by its leaders, the recession will be greatly cushioned and thereafter the Fund will move to greater heights of prosperity.*



# REPORT TO MEMBERS:

## Badiri Ba Meepo ' Pensioners Association gains momentum



### LETLHAKANE MEMBERS

**In living up to the promise to put member communication at the forefront, 2009 marked yet another year of hard work and dedication for the Debswana Pension Fund Communications department .**

The Fund's communication strategy is reviewed annually to ensure that it remains in line with the organisational strategy as well as remain relevant to the ongoing dynamics of communication best practice. The 2008 review therefore was no different, and the outcome of it revealed amongst others, two major voids in the strategy that were necessary to fill in order to improve its overall effectiveness across all member categories. These were;

1. The need to establish alternative communication channels for non-active members (i.e. deferred members and pensioners ) to give them greater access to, and increased participation in Fund activities.
2. The need for the Fund to start promoting its public image through a social responsibility program that will primarily function through full member participation.

Historically, Active Members (i.e. contributing members who are still in employment within the Debswana Group) have enjoyed the Fund's communication programs to a far much larger

extent that the deferred members and pensioners, mainly due to easier and accessible communication channels, which are made possible by the strong relationships that the Fund has established with the various employers. Regular in-house member presentations, Business fairs, retirement functions, Business Briefings, retirement counselling, Team Building events, Fund visitations etc. are some of the many opportunities that the DPF gets to interact with Active members and offer its services throughout the year.

Meanwhile, just under 60% of the DPF members are Active, whilst the other 40% + representing both deferred and pensioners are widely distributed in various towns and villages across the country. Reaching this group has not always been easy for the Fund, as there weren't any established forums through which these members could convene and share matters of common interests. Up to the end of 2008, non-active members could only rely on Fund publications and correspondences for information on Fund activities and developments.

It is against this background that **Badiri Ba Meepo Pensioner Association** was conceptualised.

#### Mission

To facilitate and promote the interests of the DPF retirees and deferred members and the dissemination of information relevant to their needs.

#### Objectives

The Association, in partnership with the DPF will strive to achieve the following objectives;

1. To enhance and promote the sense of continuing membership for retiring and deferred DPF members
2. To represent the ongoing interests of DPF pensioners, deferred members, their spouses and beneficiaries;
3. To further educate pensioners and deferred members and increase their understanding of their retirement benefits;
4. To develop and build stronger relationships between the DPF and retired and deferred members
5. To promote social responsibility, community participation by the DPF through sponsorship and support of community based projects initiated by the Association.





## JWANENG MEMBERS



**KHAKHEA MEMBERS**

**LOBATSE MEMBERS**

**GABORONE MEMBERS**

### Mobilisation

Letters to members

During the first quarter of 2009, letters were sent to members to inform them about the desired formation of a pensioners association. Forms were included for completion to show their interest, and in turn over 700 positive responses were received by the end of the second quarter. This number representing 18% of the targeted audience. This was a sufficient basis for further consultations with relevant stakeholders to get the project off the ground.

### Relationship Tour—Tribal Administrations (Dikgotla)

Next on the agenda was the annual public relations initiative of paying courtesy visits to key tribal administrations, another one of DPF's very important stakeholders. This tour was conveniently positioned to further seek the endorsement of Tribal leaders, being valuable opinion leaders that will help promote the Pensioners Association on a wider platform during their regular public addresses. Chiefs and Headmen are culturally seen as a source of leadership, moral support, inspiration and guidance for their subjects and are almost likely to always have a positive influence on members

who belong to their tribes .

With their buy-in, the Fund's objective would be attainable. The tour commenced in the second quarter of 2009. Apart from their advocacy role, Tribal administrators are recognised by the Fund as an important stakeholders and contributor to the success of our operations. Our members are from time to time required to certify documents, produce affidavits, etc.

Such activities all require the services provided by various government authorities such as law enforcement, agencies, tribal administrations, district commissioners etc. The Debswana Pension Fund also utilises the services of these stakeholders to investigate claims, trace retired members and their beneficiaries, and (in some cases) seek arbitration to resolve family disputes that hamper claims processing. Of all these available support services, Tribal administrations are the most frequently utilised by members, mainly due to their ease of access, cultural consciousness, and the simplicity of their operations, hence a welcoming environment for all of our members. It is for this purpose that DPF has for many of its 25 years of existence nurtured and maintained relations with this very important stakeholder .

Towns and Villages visited in the 2009 tour

were Jwaneng, Khakhea, Hukuntsi, Goodhope, Kanye, Thamaga, Moshupa, Ramotswa, Lobatse, Tlokweng, Mogoditshane, Mahalapye, Palapye, Serowe, Mopipi, Rakops, Orapa, Letlhakane, Nata, Tutume, Francistown, Tonota, Selibe-Phekwe, and Bobonong. These were selected on the basis of highest membership concentration.

### Consultative Meetings - Pensioners and Deferred members

Following the TA tour, consultative meetings with members about the Association commenced in the third quarter of 2009, hence we revisited the villages, this time selectively and in accordance with the responses to our initial communiqué regarding the same matter . Meetings were held in Mahalapye, Palapye, Serowe, Letlhakane, Mopipi, Francistown, Tonota, Bobonong, Jwaneng, Khakhea Lobatse, Gaborone and Kanye.





**TRIBAL LEADERS IN KHAKHEA**

In the meetings, the purpose for the proposed Pensioner Association was further clarified, as well as its objectives and the DPF expectations. The meetings were very successful with an aggregate of over 500 members in attendance across the various venues. All members have so far welcome the idea of the Association with some already volunteering for leadership roles as the Association begins to take form.

### **Election of Regional committees**

Subsequent to the consultative meetings, members have agreed to meet regionally on their own during the months of November and December 2009 to conduct elections for regional committees. These committees will going forward be liaising with the Fund on an ongoing basis through their chairpersons as the Association grows from strength to strength. It is envisaged that all regions will formally meet in their respective areas as a formally established Association during the first quarter of 2010.

### **The Fund has pledged the following to the association:**

- The Fund will sponsor 3 meetings per annum
- The first half-year meeting will be on their own
- The second will be coordinated by the DPF Communications Department to include member education presentations and Fund updates.
- The third will be an annual general meeting in Gaborone between the committee of regional chairpersons and the Trustees .
- For any desired additional meetings, the association will raise funds to cover the costs
- The Association should come up with community based projects for their regions to be partially sponsored by the Fund, and the rest by their own fund raising events
- The Fund will assist the Association with administration services during its formative period, which will eventually become their responsibility.
- A Constitution is currently being drafted by the Fund's Governance and Compliance division on behalf of the Association and will be distributed to members by the beginning of 2010.



**TLOKWENG TRIBAL LEADER KGOSI PUSO GABORONE & HEADMEN FROM HIS ADMINISTRATION**



**CHIEFS AND HEADMEN FROM THE TUTUME SUB-DISTRICT**



# FUNERAL ADVANCE COVER INTRODUCED

In response to a growing need, as well as for improved service delivery, the Debswana Pension Fund has introduced a Funeral Advance Cover policy to provide some relief for families of deceased members who often find themselves in dire need of burial funds for various reasons.

## **What is the benefit?**

With effect from 1st June 2009, the DPF shall advance all its members a funeral cover advance of 20% of their fund credit but not exceeding BWP20, 000. Members of Debswana Pension Fund shall mean all active members, deferred members and pensioner members.

## **Who is covered?**

All members of the Fund are eligible for this benefit, however in all cases, cover will be subject to availability of benefits, i.e. there must be an available fund credit or in the case of pensioners, a benefit entitlement to beneficiaries.

## **What do I need to do to be covered?**

by virtue of being a DPF member, you automatically qualify, no forms necessary and no extra fees. It is important that members understand that this is not some form of insurance policy, but simply an advance against a pension benefit that would eventually be disbursed to beneficiaries following the death of a member.

## **Does the cover include burial of my beneficiaries?**

No. This advance only applies to the burial of members. While the member is still alive, the pension objective as per the rules will still remain.

## **Are there any exclusion?**

Yes. The cover shall exclude pensioners who have upon retirement elected:

- 1. Life only option or**
- 2. Pensioners who have exceeded 5-Years and 10-Years options or**
- 3. Joint Life option**

## **What is the procedure?**

The next of kin (spouse, parent or child) shall write a letter to Debswana Pension Fund requesting for the funds upon death of a member. Proof of death shall be provided, in the form of notification of death or death certificate.

The next of kin shall produce an affidavit or a signed letter from the Chief or the District Commissioner reflecting that the family has agreed that an advance should be made to the next of kin or the nominated family representative. The affidavit shall also reflect the family representative's full names as per the national identity documents. Upon verification payment shall be made to the nominated person.

The Fund shall issue an uncrossed cheque (or a bank transfer) to the next of kin after all the investigations have been completed.

The fund credit of the deceased will automatically reduce by 20% or P20,000 depending on what has been disbursed to the surviving family members.

The remaining fund credit shall be paid in accordance with the Fund Rules.

## **Is it compulsory to take this advance?**

No, not at all. If no claim is received from beneficiaries, the member's FULL benefit will be disbursed to the nominated beneficiaries as per norm. This option is only there for families who may need it. Members who are not in favour of this cover can also write to the Fund and instruct the Fund not to avail the funeral benefits to their next of kin in the event of their death. For more information on this matter contact the following numbers; 3614318, 3614366, 3614236



# A MULTI AWARD WINNING FUND: COMMUNICATION IS OUR GAME!

**Debswana Pension Fund, since the early years ,has scooped international communication awards at almost every opportunity!**

(1.) Former Principal Officer Boitumelo Molefe and former Communications Officer Lemogelang Ebineng celebrating during one of the earlier years. This was in the fourth year of success

(2.) (3). and (4.) IRF Awards in the recent years

(5).The proof is on the wall - Award certificates grace the DPF offices



Lemogelang Ebineng and Boitumelo Molefe of the Fund (center) with the Fund former communication consultants ,Anette Van der Spuy(left)and Charles Smith (right)





# RICHARD VAKA - *How we did it*

*Leaders must be tough enough to fight, tender enough to cry, human enough to make mistakes, humble enough to admit them, strong enough to absorb the pain, and resilient enough to bounce back and keep on moving...”Rev. Jesse Jackson*

*The road of success is filled with multiple obstacles, many embark on the journey but few ever reach the destination. However, former DPF trustee and board chairperson is one of the few victors. Richard Vaka is the Group Employee Relations Manager of Debswana Diamond Company. He was a trustee of the Board and then elected Board Chairperson in 2000 to 2008.*

*“We took over the Fund whilst it was in existence already though it did not have as many members as it has at present” Richard shares.*

*“My role with the Board was building collective leadership with the trustees. Management and employees have to be coherent in meeting objectives and goals of an organisation. This is then followed by strategic guidance and follow ups on various issues. Understanding and training the trustees is paramount so that they understand how the industry works. It was challenging times when we took over as it was the time of the Iraq War. That was a mini recession as our offshore funds were impacted negatively. Retirees then suffered as they lost reasonable amounts of their benefits. We introduced different models of investment to safeguard the Fund from volatile situations. One of them was the concept of multi managers where we recruited different asset managers with different portfolios to manage our Fund so as to spread risks” Mr Vaka offers.*

*“There were not many reputable and specialized asset managers in Botswana at the time. The Fund used to double up as an asset manager but that was a lot of work and it had to hire specialized personnel for that. The Fund decided to bring some asset managers to set up in Botswana and manage part of the Fund while at the same time create employment and transfer skills to Botswana. It was a calculated risk but it paid*



*There were not many reputable and specialized asset managers in Botswana at the time.*

*handsomely on the intended objectives. Mr Vaka and his team also came in at time when Debswana decided that the Debswana Pension Fund should run on its own; meeting its operating expenses. The team however, struck a reasonable deal with Debswana so that it could pull out in phases as it didn't want to destabilize the Fund and affect retirees negatively.*

*Another challenge we had was the high mortality rate of members due to HIV/AIDS as there were no ARVs. Payment of claims was overwhelming. I highly commend Debswana for being the first organization in Botswana to bring free ARVs to its employees which helped a lot in saving lives and saving the Fund from depletion.*

*Debswana used to reassign the principal officer and managers to DPF and then take them whenever they needed them which created a lot of inconveniences. They therefore decided to recruit independently from Debswana.*

*Communication between members and the*

*board/management has been the cornerstone of the success story of the Fund. Management and Board of trustees made sure that every detail of the Fund was communicated to every one involved. There were never secrets and by so doing we gained trust between ourselves and members which has been until this day. There was a time when we had some reserve which belonged to no one so we decided to distribute it to the members who were very grateful.*

***I acknowledge Debswana for being very supportive to the Fund then. During our time we had most of the management team being members of the Fund including the then Managing Director.”***

*The initiatives and dynamics Vaka contributed to DPF transformed the organisation over the years. Today as he sits in his Debswana office, Vaka is proud of what he and his team achieved. He stands as hero and pace setter of the DPF fame.*



# MONEY MATTERS:

## Ednah Dambe 's Dos And Don'ts on Retirement Fund Management

Botswana's 44 years of independence is witnessed in her steady infrastructural development achieved through world renowned National development Plans. The populace, on the other hand, hasn't approached the transition from rural to urban living with the same pace of development.

Botswana still approach retirement as something they can deal with in the villages when they get to that point. Apart from occupational pension schemes, most people have very little or no retirement savings. Cattle farming continue to be the most popular retirement investment for both income and choice of self employment. Semi complete housing (2 and halves) structures are another common long term investment for most people.

"The retirement fund is an important part of everybody's retirement planning. Each and every one of us ought to think about their retirement income which will replace their salary when they are too old to work. Edna Dambe, managing director of Money Matters and a consultant in Pensions gives us tips of what the DOs and DON'Ts are so as to maximize the benefits.

There are important issues in retirement plan structuring which affect members, employers and service providers but here we shall only discuss those affecting the members.

**DO** contribute into your scheme: whether or not an employer can afford a high rate of contribution should not affect the members' personal responsibility to contribute. Remember this is an investment - any additional contribution can only improve one's pension at retirement. We therefore advocate for members to contribute into their pension to improve their benefits and also to help develop a genuine interest in their retirement planning. A non-contributory (only employer contributes) scheme that contributes 15% or 20% may seem well funded but a contributory (both employer and employee contribute) scheme with similar contribution rates from the employer can only be improved by any amount members contribute (even 3%).

**DO** make Additional Voluntary Contributions: Most pension fund rules have included this option but are failing to educate their membership on

its benefits. Most people panic into using this option in their mid to late forties (40's) when they begin to realize that their nest egg is not a cushy as they had hoped. This is the ultimate flexibility in augmenting your retirement plan. At any point one can make additional contributions into their pension with the option to increase,

**DO** understand your retirement budget before purchasing your annuities. The options available at retirement should not be rushed into before you understand your retirement needs as this can mean the difference between an adequate income at retirement and 'peanuts' after having enjoyed your full 33% tax free cash sum.



**DON'T** encash your withdrawal benefits unless under very difficult financial pressure. When moving from one organization to another we are normally going for greener pastures and higher salaries so it is not that we are cash strapped by our move. Because the Income Tax Act allows encashment of up to 25% of one's pension when they leave an employer (with the balance deferred to retirement age) most people take this depletion of their fund as an absolute must. The loss is not only the heavily taxed amount they have withdrawn but the compounded growth of that amount over the years to retirement age.

**DON'T** let your Debts follow you to your retirement budget: Members ought to clear their debts on mortgages, cars, or other large financial commitments as they approach retirement. This is because one's retirement income will very rarely match their pre-retirement salary and would be adequate basically for one's upkeep.

One should understand the rules of the scheme he or she is joining. There are member booklets with

guidelines on the operation of the scheme.

reduce or suspend the additional contributions provided total contributions remain within 15% of their income and any changes occur at the anniversary of their initial AVC participation.

**DO** update your Nomination Forms periodically: There are so many cases where a member passes on without updating their nomination form. This form enables a much smoother distribution of one's benefits and ensures that those who are entitled to them are easy to trace.

**DO** not let your death benefit be the cause of a permanent conflict in your family.

"Members of Pension Schemes need to be educated on the importance of understanding how the industry works. They must be educated on the brutal reality of transition from work life to retirement life. They must be made aware of the importance of having a comfortable income in retirement - because life continues. All this can be done best by their service providers," Dambe concluded.





The industry had however, due to global recession shrunk by 20% in April last year.

## BOTSWANA'S RETIREMENT FUNDS INDUSTRY: THE JOURNEY SO FAR BY PAUL MASIE

**Paul Masie, the Managing Director of Alexander Forbes weighs on the Pension Industry in Botswana since 1984.**

"The industry growth from 1984 to early 1990s was slow and haphazard and thereafter government parastatals started setting up their own retirement schemes. The growth picked up more pace from 2001 because of the establishment of the Government Pension Fund which currently accounts for 70% of the total pension Fund in Botswana. Just before the global recession, the total assets net worth for the Pension Fund has been growing by an outstanding 30% from 15 billion Pula in 2004 soaring to 35 billion Pula by end of 2007. The industry had however, due to global recession shrunk by 20% in April last year.

The growth of the industry saw the mushrooming of service providers such as fund administrators, investment consultants, asset managers, to mention but a few. Some of the service providers in the industry include but are not limited to Botswana Insurance Fund Managers - BIFM (the largest to date), Alexander Forbes, Flemming Asset Management, Allan Gray, Legae Investors, African Alliance, and Stanbic Asset Management.

The Retirement Fund has become one of the largest single investors in the domestic market holding about 65% of the excess

free float of equities listed in the Botswana Stock Exchange, with approximately, 15 billion Pula worth of equities. It is also the largest investor in the Botswana bond market. The government realized the fund had a large potential of diversifying the mineral led economy. It therefore enhanced the development of the Financial Services Sector.

The government established The Non Banking Financial Institutions Regulatory Authority (NBFIRA) to regulate and control the industry since the industry was operating in a vacuum, without laws governing it.

Notwithstanding the aim of the Pension Fund to provide worthwhile returns to members, the Fund can help in national development through infrastructural development, poverty eradication, reduction of financial services costs, and improvement of robustness of the financial industry. Such projects create massive employment opportunities.

The industry however, has its own challenges which include:

- The industry has not been giving the members the treatment they deserve. One should understand that a retiree's greatest asset is the Pension Fund. Trustees therefore need to exercise more prudence with members' savings.
- There is need for strict regulations, stringent government procedures and

comprehensive legislation. The government has established NBFIRA which has already laid down procedures and regulation for the industry

- HIV/AIDs affected the industry as they were so many claims before ARVs were introduced, its better now but it is still a problem.

The Pension Fund industry in Botswana is underdeveloped compared to those in developed countries due to:

- Uncertain inflationary tendencies,
- Macro-economic instability.
- Government crowding investments in major projects
- Botswana has limited investment opportunities to help diversify its investment portfolio. This has led to 70% of the Retirement Fund being invested offshore where though markets have various investment opportunities, they are vulnerable to wars, recession, politics, to name but a few.
- There is serious shortage of skilled personnel in the industry. This is because the industry is relatively new and still developing.
- Lack of understanding of basic Fund issues by most people brings in misinterpretation and negativity about the industry. Those in the know about the industry appreciate it though."





# Francis Seelo - The Loyal Warrior



*"In every soul there has been deposited the seed of a great future, but that seed will never germinate, much less grow to maturity, except through the rendering of useful service..." Napoleon Hill*

When one considers DPF Accountant and longest serving employee, Francis Seelo, the proverbial saying wine gets better with age comes to life. His wealth of experience in the field and dedication to DPF has made the Fund a household name in the country. He is a qualified Accounting Technician and currently pursuing an ACCA.

After working for Debswana with dedication for five years, he was transferred to the Fund in 1992 where he is now the Fund Accountant. "I'm proud to be the longest serving employee for Debswana Pension Fund," Seelo says.

His duties as the Fund Accountant include among others; financial reporting, fund investment accounting, budget planning and cost containment, property management and making sure that there are effective internal controls. Since the Fund is independent from Debswana, he is also in charge of payroll and procurement for the Fund.

Seelo sits in different partnership boards as a Director including inter alia, DBM Development, Engen Palapye and Maun Partnerships, and Francistown Retail Partnership representing the interests of the Fund.

The Fund has sub committees such as Investment Committee, Audit and Finance

Committee, Procurement Committee, Benefit Review committee and HR Committee. These committees are very instrumental in their respective areas but overall they are a strategy for transparency and governance. These subcommittees report to the board of trustees.

Still on governance and transparency; Seelo and other management team members attend various conferences on the subject. There is also a Compliance Manager amongst the team who makes sure that DPF meets its compliance obligations. Annually the Fund is audited internally and externally by Debswana Internal Audit Services and Deloitte respectively.

"We have such an enabling and happy working environment here. We are a big family which makes me feel like I'm running my own business or a family business. When the Fund is growing as it is now except for the global recession, I know we are working smart and that's exciting. It feels wonderful when people trust you with their retirement funds and you know that you must never let them down. You are always challenged to make the funds grow so that every one including colleagues in the office and members are happy and knowing that their old age life is well taken care of!

A case in point is when I joined the Fund in 1992 the Fund's total assets were only P114 million and by June 2007 the Fund hit 3 billion Pula mark, becoming the largest private and efficiently run Pension Fund in the country. Now these are the very reasons which have made me stay at the Fund all this time," Seelo said.

"The only biggest challenge for the last one and half years is the global economic melt down which has resulted into our Fund's total assets shrinking to 2.9 billion pula. Our situation was however mitigated by the fact that our local offshore investment are highly diversified and also that the life stage model introduced in 2004, where assets are allocated to various portfolios at all times." It is unfortunate that the Fund made a loss but Seelo said they are "mapping strategies to make sure that they recover the losses and grow the Fund to greater heights," he said.

According to Bank of Botswana regulations a maximum of 70% of Funds can be invested offshore and the balance locally. This implies that there is too much money in Botswana chasing few investment instruments and that's why a large chunk of the funds are invested offshore.

"As the biggest, best run pension fund in Botswana, with the best working team, Debswana Pension Fund remains the best organization for me and I feel great to be amongst the team", Seelo concluded.





# MARTINUS SEBONI - ON BOTSWANA'S INVESTMENTS LANDSCAPE

*Investec asset management is amongst DPF's three appointed local asset management companies alongside Allan Gray Botswana and BIFM. Entrusted with 20% of DPF's 40% locally invested assets, it is the longest serving Asset Management company on DPF's current local investment portfolio. Over the years Investec have built a brand synonymous with credibility and success. Investec managing director Martinus Seboni takes us through the firm's experiences in the asset management industry.*

this it does through the issuing out of bonds on the market. However the development is going to take some time before we can benchmark with the developed countries.

Although there is stiff competition in the industry it is a good thing as it has raised the standard together with the new NBFIRA. More and more investors are also getting into the industry which improves the credibility of our asset management sector;

that we also invest locally. This can be done by encouraging companies to list on the stock market as there are only 30 companies on the stock market. We can also be creative and engage into private equity investment.

The local asset management industry faces a number of challenges. One of the major problems is that we have many players in an industry and the latter is not growing or expanding. This makes us fight for the same



The local asset management industry faces a number of challenges.

"The history of the asset management industry is one of continual growth. When the industry started there were only 2 asset management companies: BIFM and Fleming. BIFM is still one of the biggest players in the industry. However over the years the industry has grown to about 7 firms. I believe we were the third to enter the market. At that time the industry was only worth a few billion pulas, however today it has multiplied into a P30 billion industry in which the Botswana Public Officers Pension Fund (BPOPF) accounts for 70% of the assets in the industry.

The asset management industry is now concentrated with BPOPF and DPF as the two dominant players in the industry. The industry is continually growing as seen by the fact that it was previously not regulated but now government is moving in to provide a legal framework for the sector's operations. This will be done through the new Non Bank Financial Institutions Regulatory Authority (NBFIRA) which will regulate and license the industry. Government has been supportive to the growth of the sector through out the years. It is also active in the development of the local bourse;

Asset management firms are allowed to invest up 70% of their funds offshore. Currently 60% of retirement funds are invested offshore. There are good reasons to justify offshore investment. One of the reasons is diversification by accessing sectors that are not available in Botswana; these could be pharmaceutical, automobile or any other industry. This can save the country for in bad times we can always depend on our offshore investments which will not be affected by the situations prevailing at home. It is not only about sectoral diversity but geographical diversity as well which is healthy for the domestic economy.

The other reason is that there is too much liquidity on the local market. When there is too much money chasing too few assets the price usually goes up resulting in an asset bubble, as the prices will be continually going up, however based on artificial grounds. Since this is not sustainable it will come a time when the bubble bursts and the prices will come down crashing. To avoid such scenarios, asset managers often opt to invest their funds offshore. However we need to encourage investment instruments to be developed in the country so

clients as we all want a piece of the same cake. Although jobs are being created in the country very few are joining pension funds. We also lose clients to retirement and death which in itself is a challenge as there will be no replacements. The outflows are increasing every day yet we have no new inflows. However we see these challenges being turned into opportunities as the government is considering establishing a permanent pension scheme.

In 1997 Investec was selected to manage 20% of DPF investments. Although we were limited to investing in the domestic market only, technically we were recently given a green light by DPF to invest elsewhere within the African Continent. Investec was selected by DPF because of its outstanding track record which obviously impressed DPF.

DPF can be rest assured that Investec will passionately manage and add value to its investments through their creative initiatives."



# THE BEST GOVERNED, BIGGEST PRIVATE PENSION FUND IN BOTSWANA



*"We have exceptional leadership in our board of trustees and they take their fiduciary responsibility seriously"*

**Tiny Kgatlwane**  
**Principal Executive Officer (PEO) of**  
**Debswana Pension Fund (DPF)**

Governance has become a critical issue in Botswana's retirement funds, Tiny Kgatlwane, the Principal Executive Officer of Debswana Pension Fund told Business Leaders Magazine how they do it at their Fund.

The Debswana Pension fund is by far the biggest and oldest privately run pension fund in Botswana. It is also the second largest in value overall. Established in 1984, the DPF has earned a reputation as the best administrated pension fund in the country, thanks to the visionary leadership of its Trustees as well as a well run Fund secretariat that boasts of sound systems in place. The fund has successfully grown to a remarkable

P3 billion since its inception, making it the second largest in both value and membership size after the government pension fund country wide.

To date the DPF has a total of 9 600 members inclusive of active and non active members, as well as pensioners. It is governed by a board of six trustees and another six alternate trustees, with some appointed by the contributing employers and others elected by members. The board of trustees meet four times a year and is supported by four sub-committees namely; The Audit and Finance committee, Investment committee, the Benefit Review committee and the Human Resources

committee. All the committees are supported by the Fund Secretariat. "We have exceptional leadership in our board of trustees and they take their fiduciary responsibility seriously. It is on this background that our Trustees constantly make a conscious effort, monitor and evaluate all important deliverables such as Fund investment performance, member communication and data integrity, amongst others. Each sub-committee also has terms of reference that guide the Trustees in their decision making process" Kgatlwane explains.

The fund has three distinct business units namely Benefits Administration, Member Communication and Investments. These form the core business of the Fund. The Principal Executive Officer, Tiny Kgatlwane says that prudent financial management, governance and compliance, and strict adherence to best practice are key elements in their day to day operations. She also attributes the Fund's phenomenal success to the introduction to the Life Stage Investment Model in 2004. This model primarily takes cognizance of a member's age in relation to his or her proximity to retirement and evaluates the risk which that member's funds can be exposed to without incurring any irrecoverable losses based on their age. In that regard, members are clustered into different age groups which then make up several investment portfolios that are subsequently invested differently with a varying mix of instruments appropriate for each portfolio.

Kgatlwane adds that "We do not entirely rely on Asset Managers to manage our funds, there are controls in place to ensure that the Asset Managers' performance is constantly evaluated with the assistance of an independent investment consultant. Our Benefits Administration is also out-sourced to an administrator. However the secretariat actively coordinates all member services, carrying out checks and balances between the Asset Managers, Actuaries, administrators and other service providers". She also added that the secretariat is run on a Balanced Scorecard, an acclaimed key instrument in performance monitoring, and this has greatly helped the Fund achieve employee effectiveness and the realization of organisational objectives.



The DPF has been very innovative in terms of product development. In addition to the Life Stage Model, the Fund is acclaimed for winning awards for effective communication regionally. Kgatlwane has however expressed concern regarding regulation of the Pension fund industry in Botswana. Because it is recognised that Pension Funds are a separate legal entity from employers, Kgatlwane believes that there should not be any interference in the running of Pension Funds from employers, suggesting that Boards of Trustees across the industry should be robust enough to ensure long term sustainability and security of the Funds they run without the need for employer intervention. Increased development of Trustees in the industry is required to ensure that they fully appreciate and understand their responsibilities.

In conclusion the PEO of Botswana's biggest private pension Fund says that

she looks forward to the implementation of the newly established Non Bank Financial Institutions Act and its governing body to help improve adherence to regulation in the Pensions Fund industry in Botswana. She is empathic about government's social responsibility toward this matter; "The government must be concerned because if there is no proper regulation and running of the Pension Funds, many members will retire into poverty and once again become a burden to government, who, ultimately, is morally responsible for their upkeep in the form of social benefits".

As an example of what some of the urgent issues up for consideration should be, she suggests that government should consider making it compulsory for every employer to set up pension funds, and in future we would urge the government to also consider some type of forced savings for citizens: which is something

that other countries like South Africa are considering.

The PEO also urged all stakeholders, including financial institutions and government to educate citizens and thus create a savings culture amongst the population that will guarantee those who heed the message a comfortable retirement, and less dependence on government support.

With this kind of outlook from the woman at the helm, it can be safely said that the DPF is indeed a leaping giant, a great story of empowerment, promising nothing but a bright future ahead for its members and their beneficiaries.

COURTESY: BUSINESS LEADERS, MAY/JUNE 2008



**"Relying on loose pocket change found under sofa cushions is a risky retirement plan."**



# BOKAMOSO COMPETITION WINNERS

"Congratulations all, and thank you for your participation in the Bokamoso competition. All winners should make arrangements to collect their gifts from the Fund Offices. If you reside outside Gaborone, contact us on 3614366 and provide a mailing address for your gift. Happy 25th anniversary!"

1. Lebogang Tshidi  
P. O. Box 68 Lokgwabe via Hukuntsi
2. Silandeni Ramakhubu  
P. O. Box 516 Orapa
3. Moindia Lesetedi  
P. O. Box 44 Shoshong
4. Gabofetswe Ngalang  
P. O. Box 510 Orapa
5. Wilson Onalethata  
P. O. Box 2296 Jwaneng
6. Bigboy Halahala  
P. O. Box 2313 Jwaneng
7. Dikgole Ditiro
8. Monnana Tuelo

9. Orman Aron
10. Moses Moeti  
P. O. Box 13 Lokgwabe
11. Soonyana Ngande  
P. O. Box 29 Rakops
12. Violet Kgaogano Phuti  
P. O. Box 980 Jwaneng
13. Tshipidi Moshe  
P. O. Box 72 Tutume
14. Otsile Gaaswediwe  
P. O. Box 30784 Serowe
15. Ntatiwa Pusoetsile  
P. O. Box 865 Letlhakane
16. M.L Melaetsa  
P. O. Box 428 Kang

## Competition Questions

- \* Name two things that you should do to ensure a better retirement benefit?
- \* When was the Fund formed?
- \* What is the government regulatory body overseeing Pension Funds?

### NO SALARY INCREMENTS FOR 2009

In view of the 2008 market downturn and the subsequent under performance of the Fund, the Board of Trustee resolved not to grant any pensioner salary increments in the year 2009.

For the financial year ended 2008, the Pensioner Investment portfolio experienced a loss of -7.82% against a targeted 17.69%.

The next salary review will take place when the Board meets after the 2010 audit period.

#### FUND CONTACT DETAILS

The Principal Officer, Debswana Pension Fund, Ground Floor Visible Edge (BP Building)

The Mall P/Bag 00512 Gaborone, Botswana

#### FUND OFFICES

Tel: 361 4236/4267/4318/4366  
Fax: 393 6239  
Toll-free (landline): 0 800 600 681  
Email: bokamoso@debswana.bw

#### FUND CONSULTATION HOURS

Monday - Friday  
0800hrs - 1645hrs (Including lunch hour)

#### *Our Vision*

To be the preferred provider of retirement fund services in Botswana

#### *Our Mission*

We will provide members with competitive and sustainable retirement benefits through:

- Prudent management of member funds
- Efficient administration of member records
- Provision of focused communication

#### *Our Values*

1. Innovation
2. Trust and Integrity
3. Value Oriented
4. Member focused
5. Quality focused



# ISAGO & LETLOLE

## HOW IS YOUR PENSION SALARY DETERMINED?



**LETLOLE:**  
I want to write to the Pension Fund and tell them to increase my pension salary, the amount I am earning is far too small and I am not coping.

**ISAGO:**  
Just like that? How much are you earning and which pension option did you choose?



**ISAGO;** Ha! Ha! Letlole, you are very funny! You are joking, right? You cannot just quote any amount from the blue and ask for it. Do you even know how you came to earn the P1,200 that you currently get?

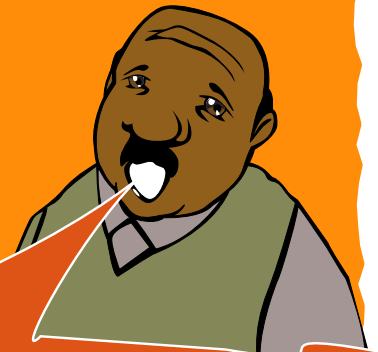


**LETLOLE:**  
I get P1,200 per month but I want them to increase it to at least P3,000. I chose the joint life option.



**ISAGO**  
Ok, I didn't mean to laugh at you Letlole, but you can be so ignorant sometimes. Obviously you have no clue how a pension salary comes about, otherwise you would not have said what you just said. This is how it is done; when you retire, your pension salary is calculated based on the fund credit balance that you have accumulated, minus the lump sum withdrawal. Several other factors are considered as well, such as your age, life expectancy, the number of dependents you have nominated and their ages plus the type of pension option that you choose etc. All these elements are factored together in an actuarial calculation to arrive at a salary amount that you will earn for the rest of your life. So, to answer you simply, you are earning P1,200 because that is what you saved. You cannot earn money that you did not make! Don't compare a pension salary with the salary that you had while you were still working. They are completely different. Back then you were giving a service for money, therefore you could negotiate any amount as long as it matches on your output, but with pension, nobody owes you anything, you are just spending what you accumulated while you were working plus the interest from your investment.

**LETLOLE**  
How can I joke about something this serious Isago, and what is so funny about what I just said?



**LETLOLE**  
Aaah..that makes a lot of sense ISAGO. I never thought of it that way. I guess it helps to have young men like you by my side to explain these complex concepts. Well, at least I am still better off than the next person who doesn't have any pension at all.