



Deferred Members Stakeholder Engagement meeting

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Gosego January DPF CEO address

Stakeholders are an integral part of any organisation and keeping stakeholders informed is often top priority for any organisation. This sentiment is no different when it comes to how Debswana Pension Fund treats its very important stakeholders, the Members. The Fund’s members vary as one may either be an Active member, a Deferred member or a Pensioner member.

Upon assessing the effectiveness of communication to all members, DPF established that more needs to be done in communicating with deferred members on a personal level. A deferred member is a former employee of DPF participating employers who has a deferred Pension balance with DPF. Participating Employers are Debswana and DeBeers group of companies i.e. DPF, Anglo Coal Botswana, Peo Venture Capital Fund, DDC, DBGSS, DBHB, MCM and DTCB.

In the past communication with DPF Deferred members was mainly through emails, letters and short message system (sms). Though effective these methods lowered the interaction between the Fund and the deferred members to be less personal and lacked that human/personal feel hence the need to come up with a solution that will improve this dilemma.

Given the wide geographical distribution of DPF deferred members across the country, traditional communication mediums such as face to face meetings are not possible and the fact that most of these people are actively employed makes it even more difficult. To mitigate this challenge, the DPF initiated the first ever Deferred Members Stakeholder Engagement meeting.

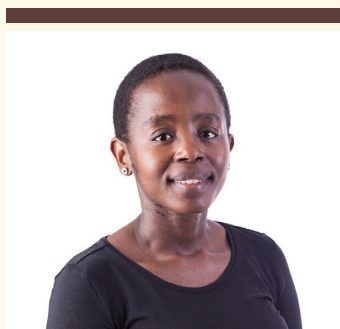
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Notice: Remember to take advantage of the recently introduced Deferred Members contributions.

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Greetings from the Bokamoso team!

Ogomoditse G. Letsholo

Editorial

Warm welcome to the first edition of our Bokamoso newsletter for the year 2017. The first two quarters of the year has just come to an end and at the DPF we are pleased to report that things are moving exceptionally great. A lot of the key milestones such as filling vacant positions has been achieved and this means that the Fund functionality is at its highest.

2016 saw the DPF Member Portal (self-service pension administration) being launched and we would like to urge members to continually access this medium as it was developed to make member's access of information very simple and seamless. Also looking back to 2016 the DPF hosted the first ever Deferred Members Stakeholder engagement meeting. This platform is hoped to improve the interaction between the Fund and Deferred members.

DPF is also pleased to announce the successful vetting and appointment of Professor Mtendeweka Mhango as an independent trustee. Professor Mhango started his board duties in March 2017 and we look forward to a successful and fruitful working relationship. We would also like to welcome on board the two new trustees from MCM being Mr Lapologang Letshwenyo who will be the principal trustee replacing Mr Ishmael Mokobi and Mr Mooketsi Oaitse who will be the alternate trustee replacing Mr Mooketsi Menyatso. The two trustees are still undergoing vetting process by the regulator and we wish them success.

Our focus for this issue is centred on planning for your retirement while you still can lest you regret the decisions you made and realise it is already late to make any changes. As you might have realised we have also been running a campaign on Social Media on Annuity and Pension options. The financial choices we make when we start employment have a huge bearing on our financial comfort once retirement looms. We encourage you to always find time to learn about your Fund and ways in which you may improve your Fund credit in order to ensure financial comfort in retirement.

We hope you will enjoy reading this issue of Bokamoso half as much as we enjoyed assembling it. Please follow us on Facebook and Twitter and share with us your thoughts. We are always eager to hear from you, our Members.

Announcements

The DPF team has experienced staff movements in the first half of 2017.

New Appointments:

Boipelo Mosimanyane
Receptionist



In January we were delighted to welcome Boipelo Mosimanyane as a permanent member of the team in the Receptionist position. She holds a Bachelor of Arts in Humanities and started at DPF two years ago as an Intern based in Orapa. Her dedication and hard work during the internship proved her to be an invaluable member of the team.

Thato Norman
Investment Manager



In March we welcomed Thato Norman to the position of Investment Manager. He was previously at the Bank of Botswana as a Trader: Fixed Income Markets. He holds a Bachelor of Arts Degree in Actuarial Science and an MSC Finance from the University of Manchester.

Seneo Mokgosana
IT Administrator



Due to movements in the IT department prompted by the IT Manager's end of contract, the vacancy of IT Administrator was created. DPF welcomed Seneo Mokgosana in a secondment capacity from Debswana Diamond Company. This agreement was made as a training and development opportunity that's also beneficial to DPF as she was familiar with the IT infrastructure that DPF operates in.

All individuals have already made a seamless transition into their positions and are contributing to DPF's continuing rise.

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Promotions



Boikanyo Europa – IT Manager
Mr Europa was the IT Administrator and has been placed on a one year Temporary Appointment onto the IT Manager role beginning January 2017.



Omphile Macheng – Fund Administrator
Mr Macheng was the Risk and Compliance Coordinator and has been promoted to Fund Administrator effective March 2017.

Farewell

In March and April 2017 we bid goodbye to two members of staff that have really shaped the Fund into what it is today. Both individuals joined DPF in 2014 just a month apart and were immediately thrown into project mode.

Melvyn Pensee-Arnold

IT Manager and Project Anchor



Joined DPF as the IT Manager who would overhaul the then Benefits Administration system which was at the core of the Fund. He was the Project Manager ensuring that all project deliverables are carried out timeously at acceptable standards.

Ms Maipelo Motshwane

Fund Administrator



Has been holding the Fund Administrator role which was previously called Operations Manager. She was a key process lead in the design of processes for the 'new' company as well as for the movement of data from the old system to the new one. Mma Motshwane had previously been with the Fund on contract in 2012 as Project Accountant.

DPF is well on its way to the envisioned High Performance Organisation, thanks to these two individuals who put their hearts and souls into the restructuring of the Fund with excellent results.

Board Movements

Between June 2016 and June 2017, the following changes took place:



Board Chairman

In line with the Fund Rules the chairman is appointed to serve a three year term. Mr Richard Vaka's term lapsed end of September 2016. Elections for the Board

Chairman were held in November 2016 were Mr Chris Mokgware was elected and his term will be for three years.



Deputy Chairman

Elections for the Deputy Board Chairman were also held where Mr Reobonye Abel was reappointed. Mr Abel will be serving a three year term.



Independent Trustee

The Board appointed Professor Mtendeweka Mhango as an independent Trustee in November 2016. Aside from being a DPF Board member, Professor Mhango was also appointed a member of the Benefits and Communications Committee. Professor Mhango is employed as Deputy Head, School of Law, at the University of the Witwatersrand. He amongst other things, serve as an Independent Board Member at Municipal Employees Pension Fund and was once the Board Chairperson of the University of the Witwatersrand Retirement Fund. Professor Mhango has been vetted successfully by the Regulator.

Morupule Constituency

MCM elections were held in February 2017. The Principal Trustee Mr Ishmael Mokobi and his alternate Mr Mooketsi Menyatso did not stand for the elections to serve a second and final term if re-elected.



MCM Principal Trustee

Mr Lapologang Letshwenyo emerged the winner at MCM Member Trustee elections held in February 2017. In line with the Fund Rules, Mr Letshwenyo was appointed Principal Trustee. Mr Letshwenyo is to undergo vetting by the Regulator to affirm his position in the DPF Board.



MCM Alternate Trustee

The candidate with the second largest votes was Mr Mooketsi Oaitse. In line with the Fund Rules, Mr Oaitse was appointed the Alternate Trustee. Mr Oaitse has been successfully vetted.

Retirement Fund Act & Fund Rules

The Retirement Fund Act, 2014 which was passed by Parliament on the 28th July 2014 came into operation on the 1st April 2017. Still outstanding is Regulations which are still at drafting stage. The Fund Rules have to be amended accordingly to align with the new Act.

Gaborone Campus Elections - 11th July 2017

Polling Stations: DTCB Atrium, DCC Foyer and DPF.

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Deferred Members Stakeholder Engagement meeting (continued from page 1)



Boikanyo Europa IT Manager, during DPF Member Portal demonstration.

The first ever Deferred Members stakeholder engagement meeting was scheduled for the 2nd December 2016 at Tlotlo Hotel and Conference centre in Gaborone. Ms Agatha Sejoe, Communication Manager kicked off the meeting by offering welcome remarks. Ms Sejoe had this to say in her remarks "As the Fund we saw it fit to hold this meeting in order to harness the relationship the Fund has with its deferred members. Your turn out is very encouraging and testimony to the fact that this was long overdue".

When giving the Fund Performance report, Ms Gosego January, alerted the members that "The Pension Fund like the rest of the world has seen trying financial times and will forever demand all those entrusted to look after the Fund's investments to forever have their ears on the ground in order to minimise any loss that could be resultant from the unstable market situations". Ms January also highlighted that "despite these financial challenges, DPF Management will keep looking for sound investment opportunities that is aimed at improving the benefits for all members".

During the proceedings the Fund Administrator, Ms Maipelo Motshwane, made a motivating announcement. She informed the members that "with effect from January 2017, all deferred members who have been longing to make regular monthly contributions into their deferred accounts will be able to do so". This development gives deferred members an opportunity to grow their Fund credits for

better pension salaries upon retirement. The members commended the DPF Management for the important feedback regarding Fund performance, strategic developments and other issues affecting members. The members also applauded the DPF Management for having accorded them with an opportunity to interact with and raise their concerns or seek clarification about their investments.

The turn-out was remarkable and the DPF management would like to show gratitude to all the members that set aside their busy schedules in order to support this very important initiative and hope to see more deferred members at the upcoming meeting scheduled to take place in 2017.



Audience



Deferred members listening attentively



Audience

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DPF Annuity/ Pension options



We work in order to create a better life for ourselves and our dependents in the future. The financial decisions we make when we are still actively employed have a huge bearing on the kind of life we are to lead once in retirement. It is always advisable to prioritise saving for retirement the day you start working rather than to start when you are about to retire and you realise that you left it too late to prepare and only left with ifs.

For someone who will one day be earning pension as a salary it is very important to appreciate the impact of your decisions when you can still make a difference, like Motswana says "o le aramele lesa go thabetse". What significance do the following words that are used in the retirement industry have on the choice I have to make:

Pension: is the money you have saved to provide an income later in life when you have retired.

An Annuity: is a financial product you purchase with the pension money/funds you have saved throughout your working period. By so doing you are purchasing an Annuity so that you get a monthly income during your retirement for as long as you live. The Annuity is purchased with the two third that one will be remaining with after accessing the one third lump sum.

Pension Option: refers to a set of options that a pension member may choose from once they have reached retirement. The options determines how much the member will get as an annuity, how the funds will be distributed and who can benefit upon one's demise.

Do not let industry jargon (terminology) confuse you. Seek clarity where you do not understand as this is your financial

future at stake. As a Debswana Pension Fund member the different annuity/pension options you have at your disposal are as follows:

Joint life pension: When a member selects this option they will receive their Pension for life and have to be married to qualify for this option. When the member dies, their spouse will continue to earn 50% of what the deceased member's pension salary was at the time of death. The spouse will also earn the pension salary for the rest of their life. The deceased members' children under the age of 25 years will also continue to earn a share up to 25% of the salary until they reach the age of 25 years when the salary will cease. Other dependents will receive up to 10% and percentages earned by surviving dependents will vary depending on who and how many of them are eligible to receive the pension salary. Only dependents nominated at retirement shall be eligible to receive the benefit.

Life Pension with a surviving Child and/or Dependant but no spouse: Under this option, the member will also receive pension for life. With this option the member does not have to be married. Upon death of a member, the pension salary will be paid out to underage dependents and likewise, any of them reaching 25 years will cease to receive their portion. How the pension salary is distributed amongst the nominated dependents is at the discretion of the deceased. Percentages may vary as long as they do not exceed an aggregate 100% of the member's salary at the time of death.

Pension guaranteed for Five (5) years and thereafter payable for Life: With this option the member will also receive their pension for life. Benefits are guaranteed to the member's beneficiaries only during the first 5 years of the member's life as a DPF enrolled pensioner. Should the member die before the guarantee period expires, benefits will be calculated as a lump sum of the total remaining months (pension salaries) of the guaranteed 5 year period. If death occurs after the 5 years no benefits will be due to the beneficiaries. In instances where a member fail to choose a retirement option, the life with 5 years guarantee will become the default option.

Pension guaranteed for Ten (10) years and thereafter payable for life: With this option the member will also receive their pension for life. Benefits are guaranteed to the member's beneficiaries only during the first 10 years of the member's life as a DPF enrolled pensioner. Should the member die before the guarantee period expires, benefits will be calculated as a lump sum of the total remaining months (pension salaries) of the guaranteed 10 year period. If death occurs after the 10 years no benefits will be due to the beneficiaries.

The 'Comfortable Independent' Retirement



Recognising that pension is built from a fraction of one's salary should help us appreciate that the two cannot have the same monetary value and thus cannot have the same purpose.

The building phase of a pension is supported by the larger resource being the salary, often encumbered with a whole host of expenditure requirements such as raising children, building a home, developing a farm and other investments.

The pension on the other hand is meant to find us in our paid up homes and well stocked farms, with no large recurring expenditure items such as school fees, mortgages or car repayments. This is unfortunately not the case as we find ourselves in retirement, funding children and grandchildren... with nothing more than our pension and a few assets from whose income we had looked to a comfortable independent retirement.

Most Pensioners developed themselves from meagre beginnings and worked their way through life with the hope for that comfortable independent retirement. Whilst moving up the ladder of social lifestyle, both parents and schools forgot to educate the children about the importance of self-development and self-reliance beyond the school going age. The children, instead, developed an attitude of entitlement and failed to recognise the diminishing income generating capability of the parents as they approached retirement.

The family becomes a Brand and to keep it alive the Pensioner has to repeat the process of housing their children and educating the grandchildren at the same level they educated their own children and this time without the power of an inflation-linked salary but instead an inflation-battered pension!

This is not sustainable – we need to appreciate that our children have the powerful resource of TIME. Time to get

that job or develop that business idea, time to lose and gain in the various investments and get it right, time to compound that growth and achieve their dreams. Our dreams are spent and the best we can do is to manage our assets so as to realise that comfortable independent retirement.

Failing to do this will result in hasty dependence on our children, having assisted them to deplete our retirement cushion. Will they have the 'heart' to then accept us as their dependents, or will we give up our dignity, knowing we have nowhere to go?

To Will one's assets to their children does not mean handing over what you need for your own sustenance. It is natural for a parent to want to give continuously to their children but to hand over ownership of the asset that gives you the ability to give is to put oneself in a precarious position.



The Pensioner should instead appreciate their own personal need for income in retirement and from that income, offer only the support they can reasonably afford without letting go of their 'Dream' of a comfortable independent retirement.

By - Edna Dambe
Managing Director: Money Matters

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Prioritise saving for retirement from the day you start working

When I joined Personal Finance over 16 years ago, I knew next to nothing about finance and investments. Bruce Cameron, the editor at the time, did not see this as counting against me. Personal Finance aims to explain finance in plain language to the lay person. My job, as a sub-editor, was to ensure that articles could be understood by people in the same position.

Personal Finance has done a lot more than provide gainful employment; it has given me an education that I would otherwise not have had, which would have been to my detriment. I'm often asked by people who know where I work to advise on them where to invest – they believe I have some "inside knowledge" that will put them on the path to riches. I have none. What I know is what readers know – a result of the articles I have edited.

Here are the key lessons I've learnt and the mistakes I wish I had avoided:

1 Make saving for retirement your financial priority from the day you start working:

Saving for retirement has been compulsory in all of my jobs, but I assumed that, if I kept contributing at the required rate, I would end up with a secure pension when I retired. Like many others of my generation (I am 49), I had a father who belonged to a defined-benefit (DB) fund. A secure, adequate pension was something I assumed I would get. Sadly, when I changed jobs, I cashed in my meagre savings, considering them not worth preserving. When I joined Independent Newspapers, its DB fund was closed to new members. However, the implications of belonging to a defined-contribution fund were never explained to me.

A year or two before I joined Personal Finance, I started to read the publication. The message started to filter through that (a) a company retirement fund wouldn't be enough and (b) how much money I accumulated to buy a pension depended on how much I saved before the day I retired. I took out a retirement annuity (RA) through my bank. Those were the days before the Financial Advisory and Intermediary Services Act and unit trust-based RAs. I didn't understand the implications of being locked into contributing to a policy until the age of 55.

I still have my first RA, although I reduced the premiums to the original contracted amount, and I have taken out a unit trust-based RA, so I can stop or change the premiums at any time without incurring a penalty.

If I had understood the power of compound returns over the long term, I would have started saving much more when I started in my 20s. If I had preserved those meagre savings, and put them in a unit trust fund, they would have grown to a very respectable amount today. The advent of unit trust based RAs and the tax deduction of up to 27.5 percent present a golden opportunity to save.

2 Saving, even small amounts, over the long term is the key to growing wealth:

In my mid-20s, I took out an equity unit trust fund. I had no idea what I was investing in, but I knew someone who had done very well out of unit trusts, so I went into the local building society and invested a few hundred rands in the fund on offer. Over the years, I made some ad hoc contributions. A year ago, I found the fund had increased in value by more than 10 times, just from earning returns. If I had understood the power of equity returns, I would have taken out more such investments.

3 Avoid debt:

I have none. When I bought my current property, I had to take out a mortgage bond for about a third of the price. I realised that my home loan was undermining my ability to build wealth. What I was earning on my investments was effectively being cancelled out by the interest on the bond. I suspended my investments, except mandatory contributions to retirement funds. I cashed in some unit trusts. I paid off the bond in five years. Without debt, I can contribute as much as possible to savings.

Full Report: <http://www.iol.co.za/personal-finance/prioritise-saving-for-retirement-from-the-day-you-start-working-8029732>

Personal Finance
4 March 2017
By Mark Bechard
<http://www.irf.org.za/>



2016 Member Satisfaction Survey Questions answered

During the 2016 Member Satisfaction Survey, members posed various questions to the Pension Fund. Since the list contains a lot of questions every issue of Bokamoso for the year 2017 will have a segment dedicated to providing answers to all these questions.

Below is the first batch of questions with answers:

1. How do I know which Annuity / Pension option I have bought?

If you cannot recall the pension option you have bought, you may contact any of the Member Relations Officers in your respective constituency (Orapa, Jwaneng and Gaborone) and they will be able to assist with determining which option you have bought.

2. What affects Pensioner Salary increments?

Pensioner Salary increments are affected by performance of Markets. It is not automatic that every year there will be an increase.

3. What day of the Month do Pensioners get their Salary?

DPF Pensioner Members' salaries are paid every month on the 20th.

4. How often does the Fund send Pensioners' pay slips?

Pensioner Members' pay slips are sent twice in a year in July and December. In the event a Pensioner needs a copy of their pay slip they may contact any of the Member Relations Officers and request for a copy to be printed.

5. My health is deteriorating and I would like for a salary advance to seek medical attention, will this be possible?

It is not possible to get a Salary advance against your Pension. A member will only have access to their Pension credit after retirement as per the Annuity/Pension option they would have bought.

6. Does all Pensioner Members get Funeral advance?

Not all Pensioners are eligible for a funeral advance. Only those who have chosen a Guaranteed annuity option are

eligible for a funeral advance. Furthermore, the guaranteed period of that particular member must not be expired. That is the time frame of the guaranteed period should not have elapsed at the time of the members death.

7. How often does the Fund send out Member statements?

Member statements are sent out on an annual basis but a member can request their system generated statement at any given point of their active or deferred membership.

8. I have been retrenched from work but still in my forties, will it be possible to access my funds to sustain myself?

Currently Early retirement begins at 50 years of age and normal retirement should not be later than 60 years. Upon retrenchment you will be able to access up to 33% of your fund credit, which will then be taxed, and then start earning a monthly pension at the time of retirement.

9. What are the advantages and disadvantages of the different Annuity/Pension options offered by DPF?

The advantages or disadvantages of the retirement options depend on the family structure of the particular member who is retiring. It is upon the member to decide and select the best option that suits his or her family structure!

10. Where has the Fund invested our money?

Members' funds have been invested in different vehicles of investment. Some monies are offshores while others are invested local. For instance we have money invested into the following:

- Global equity
- Global cash
- Global bonds
- Local property and cash
- Shares in companies listed in the Botswana Stock Exchange

11. Why aren't Pensioners receiving their statements like all the other Fund Members?

When a member becomes a pensioner and buys annuity upon that happening the member or pensioner no longer has a pension balance. So a statement shows a member's pension balance at a given time which a pensioner does not have.

12. How did the Fund perform in the year 2016?

2016 Fund Performance update has been released and accessible in the DPF website. Follow this link to access it <http://tinyurl.com/DPF-2016-PERFORMANCE-UPDATE>

13. What products does the Pension Fund have on offer?

Our core product is pension and any other product or

service we have is to enhance our mandate as pension fund. We have four retirement options namely;

- Pension guaranteed for Five (5) years and thereafter payable for Life
- Pension guaranteed for Ten (10) years and thereafter payable for life
- Joint life pension
- Life Pension with a surviving Child and/or Dependant but no spouse

We assist in funeral advance of up to P2000.00 for the principal member only. We have created a portal for our members to be able to view their pension records anytime anywhere in the world.

14. Why can't Active members be assisted with short term loans from their savings?

The Fund is a non-banking financial institute and therefore does not offer short term loans as this falls outside its mandate.

15. What are the advantages and disadvantages of taking early retirement?

At early retirement your pension would not have accumulated to its highest as compared to have waited for the normal retirement. Otherwise all things applicable to early retirement are the same as at normal retirement.

16. What do I need to do in my first year of employment in preparation for my retirement?

Contact the pension fund and have a one on one discussion about retirement planning.

17. What new products / services has the Fund implemented?

DPF has introduced the member portal which is a self-service tool which allows members to view your current membership record and amend your contact details. Furthermore, a member can view their current statement and the investment performance for any period. In addition the portal allows pensioners to print their pay-slip at any given month.

18. Is it possible to simplify the information contained in member statements?

The member statements are in their simplest form already. But if you need any further clarity feel free to contact our office.

19. How often does the Fund conduct pre-retirement sessions and how will I get to know about these sessions?

The Fund conducts pre-retirement sessions at least twice a year. An invitation email is sent out to all potential pre-retirees to invite them for the sessions. You can contact

your nearest Member Relations Officer to find out about the next session in your area.

20. What is the impact of Additional Voluntary Contributions on my Fund credit?

AVC increases your fund credit and therefore increases your net replacement ratio upon retirement. The higher the fund credit, the higher your monthly pension will be upon retirement.

21. Is it possible to update my contact details as I fill out my COE form?

Your COE is sent out to you populated with your contact details. But if you wish to change them you can indicate the change in the form so that we can note it, better still, you can always visit our offices at any time to update your contact details.

22. As a member how do I send my suggestions besides using the Member Satisfaction Survey Form?

You may write a correspondence for the attention of the CEO to bring to her attention your enquiry or suggestion.

23. Once a member passes on, How come the Fund often does not distribute one's Funds according to how they had filled out the Nomination form?

The nomination of beneficiaries form is an important tool that guides the Trustees on how the member wanted their funds to be allocated, but it is not binding. The Trustees have a fiduciary duty of establishing the deceased's member's dependants and allocate the funds to all the rightful dependants even if it differs from what the member had nominated.

24. Why aren't the Orapa Office and Jwaneng Office coming to visit us in our respective Kgotsa as they are meant to be overlooking the regions in close proximity to the Offices?

This arrangement is possible. Members have to group themselves and inform the respective Member Relations Officer in their constituency who will then make arrangements to address the Members as per the agreed date and time.

25. How is the Fund's investments performing so far?

2016 Fund Performance update has been released and accessible in the DPF website. Follow this link to access it <http://tinyurl.com/DPF-2016-PERFORMANCE-UPDATE>

To be continued in the 2nd issue of Bokamoso



Types of Pension Funds in Botswana

Pension schemes can be set up in a number of different ways and have a range of different titles. However, most pensions will be some form of Defined Contribution Scheme, where a pot of money is accumulated and used to buy a pension (i.e. an Annuity) at retirement.

The late 1700's saw the developments of the Industrial Revolution. Industries were hungry for people to come and work thus causing a rural / urban shift in employment patterns. There was the move from subsistence to cash economy and the resultant need for income in old age.

Botswana has also witnessed a gradual move from subsistence to a cash economy. Aged parents have to look to the government for support thus increasing dependency on old age pension allowance – Tandabala.

With little training in money management workers spend their working lives accumulating very little and having insufficient savings for retirement. The development of the Retirement Funds Industry in Botswana by the government was necessitated by a need to provide solutions to the challenges faced by Botswana in their old age.

Many people are dependent on their company retirement fund for their future financial well-being. For most people their retirement fund represents their biggest saving which has often proved not to be enough unless one has in the past augmented employer's contributions by making additional voluntary contributions.

Sadly most people do not make an effort to understand the benefits they or their dependents can expect when they retire, if they resign from their companies or if they die or become disabled. Pension Funds provide members with basic information about how it works and the benefits they are entitled to but it's always a good idea to get an update on what's happening with your retirement fund.

To what kind of fund do you belong?

The structure of the fund, what you receive in benefits and how the benefits are taxed depends on whether you belong to Pension Fund or a Provident Fund.

If you have a Pension Fund, at retirement, you can take a maximum of one third of the total benefit in cash and the rest is paid as a monthly pension (or annuity). However, if the annuity is less than P 5000 a year you may take it in a single cash payment.

A Provident Fund, allows one to take all their money as a tax free cash lump sum at retirement. Some funds will allow you to buy a pension instead of taking the full cash amount as a lump sum, similar to a pension fund. Retirement age is stipulated in the rules together with minimum and maximum limits.

Another difference between a Pension Fund and a Provident Fund is the way in which the funds are taxed. Important to know that the tax advantages only apply to approved funds, to those funds that meet certain criteria stipulated by the Regulator - NBFIRA and Commissioner General.

Pension Fund contributions are tax deductible up to a maximum of 15 percent of your earnings. Pension Funds can be divided into two broad categories, namely, those with Defined benefits (final salary) and those with Defined contributions (money purchase) bases. Pension Funds are registered with the Regulatory Authority of Pension and Provident funds, and approved by the Commissioner General in the case of Botswana the regulator is Non-Banking Financial Institutions Regulatory Authority (NBFIRA).

Defined Benefit Scheme is a pension based on the final salary of the individual and the number of years served. This type of fund generally best suits professional institutions with permanent staff such as banks, insurance companies, government departments, etc. and tends to provide proportionately higher benefits to the most highly promoted individuals in the scheme in the most tax efficient manner.

Defined Contribution Scheme is a pension purchased in the form of an annuity based on the aggregate of all contributions and investment returns made in respect of the individual employee to the scheme. Funding is made by way of fixing the contribution rate at inception. This type of fund generally best suits industrial concerns where salaries remain relatively 'flat' over the whole of their working life and thus excludes managerial staff. The annuity may be provided by the Fund or from a Life Assurance company.

Provident Funds are similar to defined contribution pension funds except that they provide a tax free lump sum payment at the date of retirement, which the individual should suitably invest to provide for his welfare.

Preservation Funds; Early exit from pension schemes result in non-encashable funds that arise from pre-retirement age withdrawals. These funds may be held in a preservation fund until the member reaches retirement age. Preservation Funds permit one withdrawal and one installation but do not accept continued contributions into the fund. These funds are invested in secure instruments and made available to the member at their selected retirement age.

Retirement Annuity Funds; this is an insurance product with policies taken by individuals. It is similar to a defined contribution scheme, except that contributions are made from taxed funds – claimable at the end of the year.

What Is the Difference Between Retirement Plans and Pension Plans?

A pension plan is usually related to employment: an employer promises an employee a certain amount for retirement associated with that employee's work. While some retirement plans may be available through employers, it is usually one's individual responsibility to contribute to a retirement plan.

To build up a retirement nest egg, you and your employer contribute money into the retirement fund. The money is invested and you get to share in the investment returns. Most funds today tend to be contributory funds with both the member and the employer contributing to the Fund. Usually employee's contributions are lower than the employer's contribution.

Some funds are non-contributory, which means that only your employer makes contributions to the fund on your behalf – resulting obviously in a smaller nest egg. The maximum amount an employer may contribute to your retirement fund for tax-deductible purposes is 20 percent of your salary. Fund contributions both member and employer differ from one employer to another.

It is important that all registered retirement funds disclose certain minimum information to members. At the very least, your retirement fund should give you a benefit statement showing the value of your fund once a year. Your fund can communicate benefit information to you more frequently, but once a year is the minimum.

The kind of information that the benefit statement should contain includes, your total contributions for the reporting period, the date you joined the fund, the benefit that you are entitled to at normal retirement date, what you are entitled to at death, what you would get if you stopped working because of ill health and what your withdrawal benefits are.

Legislation

The main statutes governing the retirement funds industry are the Non-Bank Financial Institutions Regulatory Authority Act, the Pension and Provident Funds Act and the Income Tax Act.



Registration of Pensions and Provident Funds is a statutory requirement to enable the Government to monitor the scheme for the protection of its members. Once registered a retirement fund attains its own legal status from that of the employer and can sue or be sued.

The Board of Trustees, comprising both management and staff representatives, is elected to manage and monitor the progress of the scheme. They are responsible for the appointment and removal of service providers depending on their performance.

Most scheme rules have been amended to allow members to make additional voluntary contributions into the employer scheme so as to augment their pension at retirement. This option allows flexibility in that contributions may be varied at each fund anniversary to either increase, decrease or pause them. Members need to be well aware of this useful option.

www.legalmatch.com

www.botswanapensionsociety.co.bw

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Differences between DPF and BBMPA



The Debswana Pension Fund (DPF) is a defined contribution Pension Fund established in 1984 as a trust through a joint initiative between, De Beers Botswana Mining Company (now Debswana), Anglo American Corporation Botswana (Pty) Ltd and De Beers Prospecting Botswana (Pty) Ltd. The primary purpose of the Debswana Pension Fund is to meet future benefit obligations to members as defined by the rules of the Fund and also earn positive investment returns on member funds while remain financially sound at all times.

Membership of DPF

The DPF has three types of Members;

Active Members: All employees of participating employers that is Debswana Pension Fund (DPF), Anglo Coal Botswana, Debswana Diamond Company (DDC), Morupule Coal Mine (MCM), Diamond Trading Company Botswana (DTCB), DeBeers Holdings Botswana (DBHB) and DeBeers Global Sightholder Sales (DBGSS) who were employed into Permanent and Pensionable positions on or before 2004 are automatically members of the Fund. Participating employers make 20% contributions of their employees' salaries towards Pension unless stated otherwise in their conditions of Service.

Deferred Members: this refers to individuals who resigned from participating employers before reaching retirement age and some of their benefits are still with the Fund.

Pensioner Members: All Pensioners who have bought an annuity/pension option from the DPF.

"Most Pensioners however confuse the DPF with BBMPA. Though the DPF has pledged to assist BBMPA, this should not be misunderstood to mean that the two entities are operating as one."

Members should note that BBMPA is not in any way an extension of DPF. It is a separate entity established with a clear mandate of mobilising pensioners while DPF was established by the participating employers to secure financial security for all its employees. The main objective of this article is to assist all DPF Members and their families differentiate between DPF and BBMPA as well as to know why the two organisations were set up.

To find out more information please contact the following:

DPF Communications Department – 3614264

BBMPA Secretary General – Mr Kobamelo Mompe 75021389



Badiri Ba Meepo Pensioners Association (BBMPA) was formed and registered on the 31st May 2010 with the Registrar of Societies. The Association was formed for all former employees of Debswana and DeBeers group of Companies who have retired and are now earning monthly pension salary from DPF. BBMPA was formed to mobilise retired members and become agents of knowledge by assisting with information dissemination at their respective branches.

Membership of BBMPA

Currently membership into BBMPA is open to any DPF Pensioner Member. BBMPA has got 19 branches all over the Country and to join a pensioner has to report to the Secretary of a branch near him/her in order to fill in membership forms. Membership will be confirmed upon payment of P100 joining fee and monthly subscription fee of P20.00.

Pharologanyo ha gare ga DPF le lekgotla la badiri ba meepo



DPF ke letlole la pension la seelo se se tshalositsweng le le tshamilweng ka 1984 e ele maiteko a a kopanetsweng ke dikompone tsa De Beers Botswana Mining (e e leng Debswana mo bogompionong), Anglo American Corporation Botswana le De Beers Prospecting Botswana. Maikaelelo magolo a letlole le ke go fitlhelela maitlamo a tsa madi mo isagong ya maloko jaaka go tshalositswa ke melao e e tsamaisang letlole, le go godisa dipeeletso tsa maloko mme le itshetletse ka nako tsotlhe.

Boloko jwa DPF

DPF e na le mefuta e le meraro ya boloko.

a) Maloko a a santseng a bereka

Babereki botlhe ba dikompone tsa DPF, Anglo Coal Botswana, Debswana Diamond Company, Morupule Coal Mine, Diamond trading Company Botswana, De Beers Holdings Botswana, De Beers Global Sightholders Sales ba ba hirileweng ka khiri ya sennela ruri le penshene ke maloko a a sa kgetheng bolo jwa bone. Dikompone di ntshetsa babereki ba tsone masome a mabedi mo lekgolong (20%) go tswa mo meputsong ya bone go kokotletsa letlole la penshene.

b) Maloko a a kileng a berekela dikompone tsa Debswana le De Beers

Maloko a, ke a a tlogetse tiro pele ga nako ya bogodi mme ba na le madi mo letloleng la penshene.

c) Maloko a bagodi

A ke maloko a a tlogetseng tiro ka bogodi, mme ba reka annuity (penshene) mo letloleng la DPF.

Go le gantsi maloko a retelwa ke go harologanya DPF le BBMPA. Le fa letlole la DPF le itlamile go thusa lekgotla la BBMPA, se ga se re e gore DPF le BBMPA ke selo se le sengwefela.

Maloko a tswanetse go tshaloganya gore BBMPA ga e tswaledise maitlamo le tiro ya DPF ka gope, mme ke lekgotla le le ikemetseng ka nosi ka maitlamo a go rotloetsa dikeletso tsa bagodi. DPF yone e tshamilwe ke bahiri go sireletsa isago ya madi ya babereki. Maikaelelo a mokwalo o, ke go thusa maloko a letlole la penshene (DPF) le ba malapa a bone go farologanya DPF le BBMPA le gore di tshametswe eng.

Go itse go le gontse, o ka leletsa ba ba latelang:-

DPF Communications Department 3614264

BBMPA Secretary General – Kobamelo Mompe 75021389



Badiri Ba Meepo (BBMPA) ke lekgotla le le tshamilweng le go kwadisiwa ka 2010. Lekgotla le le tshametswe go kopanya badiri botlhe ba meepo ya Debswana le De Beers ba ba tlogetseng tiro ka bogodi mme ba tswetsetse ka go amogela pension kgwedi le kgwedi go tswa mo letloleng la DPF. Badiri Ba Meepo e tshametswe go rotloetsa dikeletso tsa bagodi ba lefapha la meepo ka bobueledi le boemedi jwa tlhwatlhwa go lebeletse dikeletso tsa bagodi, tomagano ya ba na le seabe, dikitsiso le go tsaya karolo mo ditirong tse di ka tlisang kgolo le boleng mo malokong.

Boloko jwa BBMPA

Mo bogompionong boloko jwa BBMPA bo buletse maloko otlhe a letlole la penshene la DPF. BBMPA e na le makalana a le lesome le boherabongwe go ralala lehatshe la Botswana. Go ikwadisa, mogodi o tshwanetse go ipega ko mokwaleding wa lekalana le le gaufi le ne go tlatsa dipampiri tsa go ikopela boloko. Boloko bo rurihadiwa morago ga go duela P100 wa boikopedi le P20.00 wa boloko kgwedi le kgwedi.



FUND PERFORMANCE UPDATE

INVESTMENT PERFORMANCE

Result Summary

During the year ended December 31, 2016, the Debswana Pension Fund assets increased 3.16 percent (gross) to P6.565 billion. The respective investment portfolios delivered similarly as follows;

Fund	12 month	36 month	60 month	Since Inception (Aug 2004)	Target
Market	3.48%	9.38%	14.51%	13.90%	CPI+5%
Conservative	2.42%	8.55%	10.83%	11.53%	CPI+3%
Pensioner	2.36%	8.85%	12.37%	13.05%	CPI+4%
Contingency	2.81%	8.97%	13.78%	15.50%	
Fund	3.04%	9.07%	14.37%	15.75%	CPI+5%
Inflation	3.01%	3.30%	4.27%	7.09%	

Declining returns

Politics, policies and sentiment guided markets in 2016 on a volatile road. In the short-term results (12 months), there is a notable under-performance (relative to target-refer to table above) across all portfolios with the highest yielding portfolio barely meeting inflation. The decline in the 2016 returns can be explained as follows;

Global Markets

- A drop in equity markets worldwide at the beginning of 2016 after the US started a rate hiking cycle in December 2015.
- The markets were again negatively affected by the UK's vote to exit the EU in the June 23rd, 2016 referendum
- Uncertainty in the markets following Donald Trump's surprising victory in the US elections
- With a Federal Reserve Bank interest rate hike looming on the horizon for much of the period (and realized in December), bond markets were notably unsettled.
- Given the South African Rand strength and the 50% exposure to ZAR in the BWP currency

PEG ratio, the BWP strengthened against the dollar by 5.23%. This had the effect of wiping out the muted positive dollar returns from global equities and dragging global bond market performance into negative territory.

Local markets

- The market continued to fall towards the end of the year driven by large cap counters in the banking and consumer sector. The Domestic Companies Index (DCI) (including income) was down -11.38% in 2016.
- Financial companies performed poorly, with Standard Chartered and First National Bank as the key laggards. Both banks traded under cautionary statements relating to the impact of the liquidation of the state-owned BCL copper-nickel mine ahead of the upcoming earnings reporting season.
- The BCL liquidation has had adverse effects on the economy, affecting both the private sector, the parastatals and general market sentiment.
- Bond yields fell across the curve after the August, 12 2016 policy rate cut of 50 bps, with possible over-reaction as the market approached the September and December Government bond auctions.
- Rates on money market instruments remained low during 2016 as the Bank Rate was reduced in August 2016.

Implications

The Fund remains profitable over the long term as reflected in the medium to long term results, and it is important that members always remember that a pension fund must adopt a long term investment view with respect to assessing its financial soundness. However this does not suggest that the short term view must be ignored. The Board of Trustees and Management of the DPF remain equally concerned by the ongoing market volatility both globally and locally, and are fully committed to doing everything necessary to mitigate where possible against potential market downturns, mainly through strategic and tactical investment policies. As an example, the Fund is in the process of implementing an Asset Liability Modeling strategy which is aimed at ensuring that the Fund grows at a rate adequate enough to enable it to meet its future liabilities.

As at 30 June 2017 Fund assets had risen from 6.5 billion pula in December 2016 to 6.8 billion

A full annual report on the 2016 performance and benefit statements will be released by the end of Q3 2017.

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PENSIONER SALARY INCREASE EFFECTIVE JULY 2017

The Debswana Pension Fund Secretariat is pleased to announce that in its last sitting, the Board of Trustees approved a pensioner salary increase of 3.5% to effect from July 2017.



2016 FUND PERFORMANCE

Investment returns declined in 2016 relative to previous years, and although positive, targets were not met. The pensioner portfolio in particular performed below inflation at 2.36% and further below the portfolio performance target of inflation/CPI+4%. Despite the decline, the long term performance of Fund renders it in good financial position.

Due to the declining returns, the pension portfolio funding levels (i.e. the match between assets and liabilities (future pensions)) also reduced by 9.2% during the year. Similarly the surplus earned reduced by 53% compared to 2015 earnings.

Pensioner Account	31 December 2016 P' 000	31 December 2015 P' 000
Fair Value of assets	1 959 299	1 884 672
Pensioner member liabilities	1 840 226	1 628 693
Surplus/ (Deficit)	119 073	255 979
Funding Level	106.5%	115.7%
Inflation	3.0%	3.1%

Annual pensioner salary increases are subject to affordability, hence are not guaranteed. Affordability is determined through matching of Fund assets and liabilities in order to establish the Fund's funding level. In addition to funding levels, other factors such as current and future investment outlook are taken into account. The 3.5% increase therefore is awarded in line with the objective to maintain acceptable funding levels in the pensioner portfolio and is also motivated by the fact that the Pensioner Portfolio achieved below inflation returns in 2016. The performance outlook in the next coming two years is not encouraging either and is likely to remain unchanged, therefore the Fund must exercise prudence so that in the event of continued poor investment performance, the Fund would still have the potential to adjust the pensioner salaries in future periods. For further clarification contact the Member Relations Officer near you. (Gaborone; 3614217, Jwaneng; 5884849 Orapa; 2902323).

KOKETSO YA DIKAMOGELO TSA BAGODI YA NGWAGA WA 2017

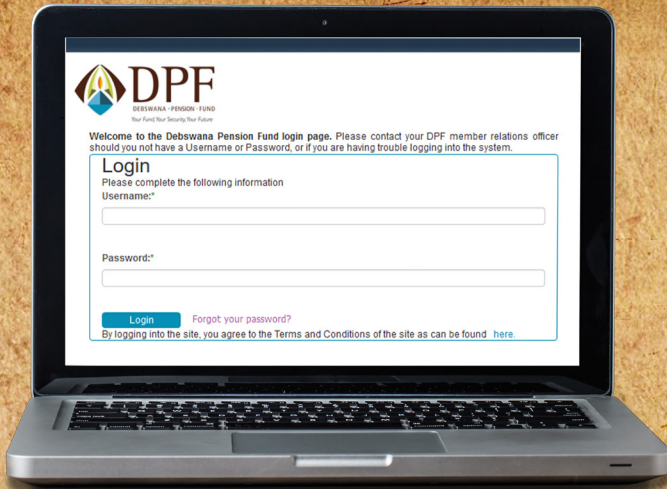
Debswana Pension Fund e itsise maloko otlhe a bagodi ba ba jang phenshene gore dikamogelo tsa bone tsa kgwedi le kgwedi di tlaa okediwa ka selekanyo sa 3.5% go simologa ka kgwedi ya Phukwi monongwaga.

SEEMO SA LETLOLE SA MADI MO NGWAGENG WA 2016

Kitsiso e nngwe gape ke gore dipoelo tse re di boneng go tswa mo dipeeletsong tsa madi a letlole mo mebarakeng mo ngwageng wa 2016 di ne di sa kgotsofatse gotlhelele. Mebaraka ya madi lefatshe ka bophara ga e a dira sentle, re balela le mebaraka ya mo gae. Ka ga jalo, madi a dipenshenara a a beeditsweng mo mebarakeng ga aa dira merokotso epe e e kalo kalo. Morokotso wa letlole le le beileng madi a bagodi o ne wa nna 2.36%, mme ga o a fitlhelela fa re neng re eleditse teng, ebile go padile le gore o fitlhelele selekanyo sa kgolo ya ditlhwatlhwa tsa ditlamelo sa ngwaga le ngwaga. Le fa go ntse jalo, seemo sa madi sa dingwaga di kopantswe se supa fa itsholelo ya letlole le madi a maloko a santse a sireletsegile. Tafole e e fa tlase e, e supa merokotso e e dirilweng ngogola le dingwaga tse di fetileng;

Go botlhokwa gore bagodi ba thaloganye gore koketso ya dikamogelo ga e kake ya tlhomamisega ngwaga le ngwaga. Madi a bagodi a okediwa fela fa e le gore seemo sa itsholelo se a letla, mme fa se sa letle go na le kgonagalo ya gore mo dingwageng tse dingwe re tloke go oketsa. Dilo di mmalwa tse di lebelelwang pele ga tshwetso e ka tsewa go oketsa madi a bagolo mme mo go tsona kgolo ya itsholelo ya letlole e bewa kwa pele. Ka go nna jalo, re eletsa gore bagodi ba lemoge gore selekanyo se se kwa tlase se se abilweng gompiano sa 3.5% se supa bokowa jwa dipoelo tsa letlole ngogola, mme ebile le fa re lebelela seemo sa mebaraka ya madi monongwaga go ya ko pele, ga re na tsholofelo e ntsi ya gore tokafalo ya dipoelo e tlaa goroga ka bonako jo bo tlhokegang. Dipoelo tse re setseng re di bone mo ngwageng wa 2017 di re supegetsa gore ga go na go nna le pharologanyo e ntsi magareng ga dipoelo tsa ngogola le tsa monongwaga. Mme le fa go ntse jalo, re le solofetsa gore re tlaa nna re lebile seemo gore fa go ka tlhokega gore re tsiboga re dire jalo.

Fa o tlhoka tlhaloso e e tseletseng mabapi le kgang e o ka leletsa megala ya DPF e e tlwaelesegileng gaufi le wena. (Gaborone; 3614217, Jwaneng; 5884849 Orapa; 2902323). Re lebogela thatloetso ya gago.



DPF Member Portal

<http://www.portal.dpf.co.bw>

Have you registered to access your individual account on the DPF Portal?

Inside the DPF Portal, Members can expect to do the following and much more:

- 1 View your current membership record AND update your contact details from time to time. Personal details that need verification through supportive documentation (E.g. Date of birth, marital status, name change etc.) should however still be done through your HR or directly with DPF
- 2 View your fund balance and the pension contributions history as received from your employer
- 3 View and print a membership certificate (if you need one)
- 4 View and print your current year rolling benefit statement (The annual 2016 statement is already available)
- 5 View and Print pay slip if you are a Pensioner Member

No need for those frequent visits and calls to the DPF, You are now able to access your Fund records at the click of a button.

If you still don't have access to the portal send a registration request to portal_queries@dpf.co.bw or contact Member Relations Officer in your area

- Gaborone Campus – 3614217
- Orapa Constituency – 290 2323
- Jwaneng Constituency – 588 4849

Gaborone Office

Private Bag 00512, Gaborone Botswana
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Tel: +267 361 4267, Fax +267 393 6239

Jwaneng Office

Township Housing Block
Office No.9
Tel: +267 588 4849

Orapa Office

HR Block,
Office No.11
Tel: +267 290 2323



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