Bokamoso
Vol. 2 | Jul 2018

DPF
DEBSWANA · PENSION · FUND

4% Pensioner Salary Increase for DPF Pensioners

Inside

The Debswana Pension Fund Secretariat is pleased to announce that in its last sitting, the Board of Trustees approved a pensioner salary increase of 4% to effect from July 2018.

2017 PENSIONER PORTFOLIO PERFORMANCE

The Fund experienced reasonable growth in 2017 relative to the 2016 outcome. Against a target of CPI+4.4% over a three year rolling period, the Pensioner portfolio in particular returned 6.23% gross in the last 36 months against a CPI of 3.1%, which is slightly below target. For 2017 alone, the Pensioner Portfolio returned 4.52%. Despite the sluggish performance in the short-term investment periods, the long term performance of the Fund renders it in good financial position.

Due to the modest returns, the pension portfolio funding levels (i.e. the match between assets and liabilities (future pensions) have reduced slightly by 1.9% during the year 2017. Nevertheless the Pensioner Portfolio remains sufficiently funded at 104.6% against a targeted Funding level of 103%. Similarly, the surplus earned reduced by 25% compared to the 2016 earnings. Below is the financial position of the Pensioner account as at 31 December 2017;

Pensioner Account	31st Dec 2017 P' 000	31st Dec 2016 P' 000
Fair Value of assets	2 037 697	1 959 299
Pensioner Member liabilities	1 948 019	1 840 226
Surplus/(Deficit)	89 768	119 073
Funding Level	104.6%	106.5%
Inflation	3.2%	3.0%

Continues on page 3

Debswana Pension Fund
Debswana Pension Fund
@DebswanaPF

DPF Values
Customer Focused Trust & Integrity Innovation Agility Self driven & Motivated

Bokamoso Vol. 2 | July 2018


Ogomoditse G. Letsholo

Editorial

Greetings from the DPF Team.

We are happy to report that the year is progressing well for DPF despite the challenge of ensuring full compliance to the requirements of the new Retirement Funds Act, 2014.

We are already half way into the year, this is a good time to look back on all our plans and gauge the progress made thus far. Note that it is very important to always keep track of your progress in order to make adjustments where necessary. Most people don't like to think and worry about pensions and retirement planning which means we underestimate its importance.

How much money do you need to retire? Depending on your age, it is a question you have to think about a lot more especially if retirement is imminent. For younger people, the subject is a combination of too far away, too complex and too boring, and too depressing. When you consider that you might live for 20, 25 or even 30 years after you stop working, it is a very important issue, so start prioritising it with immediate effect despite your age.

That being said, the "Financial Planning" and "Retirement Planning tools" articles are included in this edition to help members put into perspective their retirement planning and the reality that what your employer contributes for your pension is often not going to be enough to sustain you in retirement. There is a need to go an extra mile in ensuring your financial freedom in retirement.

Once again a big thank you to all our Pensioner members who completed and submitted their Certificate of Existence (COE) forms way before the deadline. This goes a long way in helping your Fund give you uninterrupted service. Completion of COEs is one of the mandatory requirements that helps the Fund to ensure that the rightful person is receiving their Pension payments hence it is very important to comply with.

We hope that all active and deferred members will have accessed their 2017 annual benefit statements through the DPF Member Portal. For those that do not have access to internet, please do not despair as your hard copies will have reached you by end of August 2018.

We are looking forward to meeting with Deferred members at the upcoming Deferred Members Engagement meeting later in the year. Please note that should you have anything you would like to share with us regarding Bokamoso newsletter, simply send us an email at bokamoso@debswana.bw. Remember we are always happy to hear from you.

Follow us on Social Media

Announcements

New Appointment

IT Administrator
Kewame Gajaje

In June the Fund welcomed Kewame Gajaje to the DPF as the new IT Administrator. He will join the IT department which also oversees the project management functions of the Fund. Kewame will co-ordinate the installation, configuration, upgrading, administration, monitoring and maintenance of escalated end-user computer equipment problems and provide direct support for infrastructure hardware and software problems.

Farewell

Legal and Compliance Manager
Sidney Mganga

The Fund bids farewell to Sidney Mganga who held the position of Legal and Compliance Manager since August 2016. Sidney proved to be an essential component of the team. He blended in seamlessly with the Exco team, his knowledge, skill, character and experience added tremendously to the stability of DPF operations. Despite his departure we are grateful for his contribution to the growth of DPF and wish him success in his personal and career ambitions.

Board Movement

Professor Mtendeweka Mhango has resigned from the DPF Board of Trustees with effect from 26th May 2018. After serving in the DPF Board of Trustees for just under 2 years, Professor Mtendeweka Mhango relinquished his position as Independent Trustee. Professor Mhango's resignation leaves the Independent Trustee position vacant. Professor Mhango was highly instrumental in driving Board decisions on key projects especially those requiring legal counsel. His contribution to the growth of the Fund has been invaluable. The DPF Board of Trustees and Management wish Professor Mhango success in his personal and career ambitions. An advert will be placed in different mediums to look for a suitable candidate to fill the position of Independent Trustee. It is a regulatory requirement for every Pension Fund to have an Independent Trustee in the Board.

Continues from page 1

HOW PENSIONER INCREASES ARE DETERMINED

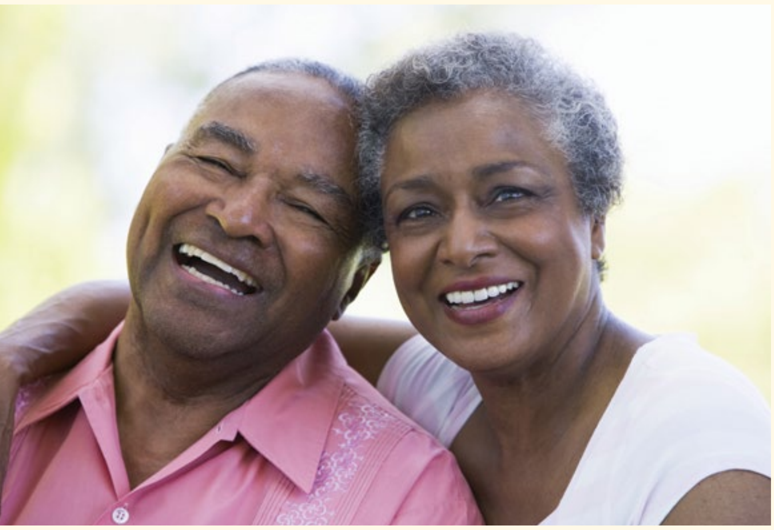
Annual pensioner salary increases are subject to affordability hence are not guaranteed. Affordability of Pensioner increases is determined through matching of Fund assets and liabilities in order to establish the Fund's funding levels and whether or not they are below, within or above target. Other important factors are annual investment performance, past pensioner increases. As well as the current and future investment outlooks. If the Trustees are satisfied that these variables are favorable, then they may resolve to award an increase.

The 4% increase amount, or any other past increases, is determined in line with the Fund's current Pensioner Increase Policy which outlines in detail the criteria for calculating pensioner increases as and when the Board resolves to pays them.

For further clarification and assistance Pensioners may contact the DPF Member Relations Office nearest to them.

Gaborone +267 361 4217
Jwaneng +267 588 4849
Orapa +267 290 2323

Koketso ya dikamogelo tsa bagodi ya ngwaga wa 2017



Debswana Pension Fund e itsise maloko otlhe a bagodi ba ba amogelang phenshene gore dikamogelo tsa bone tsa kgwedi le kgwedi di tlaa okediwa ka selekanyo sa 4% go simologa ka kgwedi ya Phukwi monongwaga.

SEEMO SA LETLOLE SA MADI MO NGWAGENG WA 2017

Maloko a letlole la Phenshene ya Debswana a itsisiwe gore letlole le bone dipoelo tse di botoka mo ngwageng wa 2017 fa go bapisiwa le tsa ngwaga wa 2016. Letlole le ipeetse seelo sa CPI+4.4 mo lobakeng la dingwaga tse tharo. Morokotso wa letlole le le beileng madi a bagodi o ne wa itemogela dipoelo tsa 4.52%, mme se se raya gore letlole le reteletswe ke go fitlhelela seelo se se beilweng. Le fa go ntse jalo, seemo sa madi sa lebaka le le leejana se supa fa itsholelo ya letlole le madi a maloko a santse a sireletsegile.

Go ya ka dipoelo tsedi sa ikanyegeng, seemo sa letlole la madi a bagodi se wetse tlase ka selekanyo sa 1.9% mo ngwageng wa 2017. Le fa seemo se ntse jaana, letlole la phenshene ya bagodi le babalesegile ka le kgonne go fitlhelela seelo sa 104% go gaisa seelo se se neng se beilwe sa 103%.

Tafole e e fa tlase e, e supa seemo sa letlole la madi a bagodi go ema ka kgwedi ya Sedimonthole 2017:

Pensioner Account	31st Dec 2017 P' 000	31st Dec 2016 P' 000
Fair Value of assets	2 037 697	1 959 299
Pensioner Member liabilities	1 948 019	1 840 226
Surplus/(Deficit)	89 768	119 073
Funding Level	104.6%	106.5%
Inflation	3.2%	3.0%

KOKETSO YA MADI A BAGODI E DIRWA GO LEBILWENG ENG

Go botlhokwa go tlhaloganya gore koketso ya dikamogelo ga e kake ya tlhomamisega ngwaga le ngwaga mme madi a bagodi a tla okediwa fela fa e le gore seemo sa itsholelo se a letla. Dilo di mmalwa tse di lebelelwang pele ga tshwetso e ka tsewa go oketsa madi a bagodi, mme mo go tsone kgolo ya itsholelo ya letlole e bewa kwa pele.

Letlole la Phenshene ya Debswana le eletsa gore bagodi ba lemoge gore kokeletso e e abilweng gompieno ya 4% e supa tokafalo ya dipoelo tsa letlole mo ngwageng wa 2017. 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. Mme le fa go ntse jalo, re le solofetsa gore re tlaa nna re lebile seemo gore fa go ka tlhokega gore re tsiboge re dire jalo.

Fa o tlhoka tlhaloso e e tseneletseng mabapi le kitsiso e, o ka leletsa megala ya DPF e e tlwaelesegileng gaufi le wena.

Gaborone +267 361 4217
Jwaneng +267 588 4849
Orapa +267 290 2323

Bokamoso Vol. 2 | July 2018

Financial Planning

Financial planning covers a wide variety of money topics including budgeting, expenses, debt, saving, retirement and insurance among others.

Understanding how each of these topics work together and relate to one another can help in laying the groundwork of a solid financial foundation for you and your family;

Budgeting

At the very basic level of personal finance, you should understand the need for, and value of, a budget. A budget or spending plan is a road map for telling your money what to do each month. At its simplest, a budget lists how much income you have compared to what's going out. Creating a detailed and written budget allows you to make smarter decisions with your finances on a daily basis. When you're faced with spending money on something, a budget requires you to stop and think about the purchase. You realize that by spending money in one area, you won't have to spend elsewhere.

When you create a budget, you begin to see a clear picture of how much money you have, what you spend it on, and how much, if any is left over. Ideally, you'll have a surplus left over which you can use to save for retirement, build up your emergency fund, pay down debt or apply to other financial goals.

Cutting Expenses

After you've successfully created a basic budget, you'll have a much better understanding of where your money goes and where you can possibly trim expenses. For many people, this is as simple as cutting back on some of the little things that can add up. For others, it may mean taking a closer look at spending to make deeper cuts in order to create a wider gap between monthly inflows and outflows. For example, some of the smaller variable expenses you may consider eliminating include unnecessary subscription services or recurring memberships you don't use. Bigger cuts could result from refinancing your mortgage or wiping out an entire spending category, such as dining out.

Getting Out of Debt

Even after creating a sound budget and cutting unnecessary expenses, you may still find yourself with lingering debt to get rid of. Using credit and taking on some debt itself isn't necessarily a bad thing, but when you can't keep up with the payments or borrow more than you can afford to pay back, you could be in trouble. Getting out debt becomes even more difficult when you're facing a high interest rate on credit cards or loans.

One of the most important steps in getting out of debt is to pay more than the minimum amount due each month. Even a modest credit card balance can take over a decade to pay off if you simply pay the minimum amount due because of interest and finance charges. That could end up costing you thousands of dollars that could be better used towards savings.

Saving for Retirement

Unfortunately, many people feel that they simply don't have enough money left over each month to save. That, however, can be costly if you delay saving until later in life because it means missing out on the power of compound interest. Retirement savings needs to become a priority instead of an afterthought. If you're not saving for retirement yet, revisit your budget to see if you have room to include it.

Insurance

You've created a budget, cut expenses, eliminated your credit card debt and have started saving for retirement, so you're all set, right? While you've definitely come a long way, there is one more important aspect of your finances that you need to consider: insurance.

You've worked hard to build a solid financial footing for you and your family, so it needs to be protected. Accidents and disasters can and do happen and if you aren't adequately insured it could leave you in financial ruin. You need insurance to protect your life, your ability to earn income, and to keep a roof over your head. Life insurance, disability insurance, household and homeowners' insurance can help with those scenarios. One question you may have is, what kind of life insurance do I need? Term life offers you for a set period of time; permanent insurance covers you for life, with some policies offering the benefit of cash value accumulation. It's important to consider which one is the best fit for your needs and goals.

BY Jeremy Vohwinkle

https://www.thebalance.com/financial-planning-basics-personal-finance-101

DPF

DEBSWANA · PENSION · FUND

PRESENTS:

Follow the series on Facebook
& YouTube and win big!

www.dpf.co.bw

Death Investigations Process

As provided for by Section 39 of the Retirement Funds Act, the distribution of death benefits of a member of the Fund is a process which is governed by statute.

It is the fiduciary duty of Trustees (the Board) to distribute any benefits left by a deceased member to his identified dependants and or nominated beneficiaries after establishing dependency on the member. The process of investigations involve a formal meeting between the DPF Investigations team and the family of the deceased member, where a death benefits questionnaire is completed by a family member chosen at the meeting. All family members attending the meeting fully participate in the process.

The enquiry is not directed at a specific person. Families are encouraged to invite close relatives in an effort to ensure that information provided is correct, legitimate and solid enough to enable the Board to take a fair and reasonable decision in terms of allocation of the benefits.

As per the Retirement Funds Act, the benefits of a deceased member should be paid within 12 months of the death of a member. This process starts with a formal death report lodged to the Fund officers where a copy of death certificate should be submitted.

The Member Relations Officers complete the death notification form and register all relevant information about the deceased's member, family addresses and contact numbers as well as place of residence.

A hard copy file is created where the member's documents are kept. That includes a Nomination of Beneficiaries Form where the member had nominated their beneficiaries. A family meeting is arranged where an extensive number of questions around dependency on the deceased are asked. The questions will establish if the deceased had children, whether the deceased was married or not, whether the deceased had a partner who was dependent on him or not, if the deceased was financially supporting any other person other than the Legal dependants. Legal dependants are those that a member is obliged by Law to financially support. It is not a member's choice but a legal obligation for the member to support such dependants. The dependants in this category are the spouse and children of the deceased. Children include all children born to the deceased including those born out of wedlock, posthumous children and legally adopted children.

Any other dependants who are not legal dependants will fall in the category of Financial or factual dependants. That includes parents, siblings and any other person whom the deceased member was financially supporting.

After collecting all information regarding the deceased's dependants, an advert is published in the newspaper where the general public is made aware that the death benefits process of a particular member is ongoing, and that anyone who was dependent on the deceased should contact the Fund and lodge his/her claim.

The adverts run for 14 days on local newspapers. If a claim arises that is lodged by someone not mentioned by the family as having been dependent on the deceased, the claimant should submit sufficient grounds of his/her dependency with material proof. The proof could be in the form of bank deposits, receipts of transfers of money, and any other documentation or circumstances that would prove dependency over a period of time.

Where such claim comes, the family is made aware and depending on the circumstances, another meeting could be arranged so as to discuss the validity of the claim.

Where the claim comes on behalf of a minor who was not mentioned by the family, the Fund would engage with the family and enquire further regarding the omission of the child. In some cases the claim will be supported by Court Orders of maintenance. In such cases the Fund will rely on the Court Order and regard the claim as legitimate.

The Deceased's close associates, friends, colleagues are also interviewed such that if there is something that the family may have not been aware of, close associates can assist. In most cases they confirm what the family already provided.

After collecting all information, the investigator will make a report considering all material facts and make recommendations to management on percentage allocations of benefits, exclusions and whether the money should be paid in cash or to the Master of High Court for minor dependants or mentally impaired dependants.

Management will set a meeting where the cases are discussed and amendments are made, or recommendations on further investigations are made.

When management is satisfied with reports, the allocations are presented to the Benefits & Communications Committee (BCC) where deliberations and recommendations are made to the Board for allocation of benefits. Where the BCC is satisfied with cases, they are presented to Board of Trustees for final decision on allocation of benefits. The BCC will also refer cases back to management for further investigations if the Committee is not satisfied with the reports.

Continues on page 7

Continues from page 6

The Board takes the final decision on allocation of death benefits. It sits 4 times a year to deliberate on cases submitted for allocations. The Board will refer the cases back to the BCC for further investigations where it is not satisfied with the recommendations.

The decision of the Board is final and will lead to final payment of benefits should there be no objection/appeal after 14 days of family notification of the Board's decision. Where there is no appeal on allocation of benefits, payments are made to identified dependants as per percentage allocations.

Affected parties, families are given 14 days to appeal the Board's decision. Any appeal will stop payment disbursement until the matter is attended to and finalized. After the payment of benefits, there will be no other money left and the deceased's case will be closed.

Currently the DPF death investigations process often takes a minimum of 6 months before benefits could be paid. However, some cases with exceptional circumstances take a longer period due to their complexity and this causes them to fall outside the stipulated 12 months period as per the Act. In such situations, the affected parties are engaged and kept abreast of all developments.

DEATH OF A MEMBER WHERE THERE ARE NO DEATH BENEFITS

The DPF has three types of members:

- **Active Members -** currently employed by one of the participating members of the Group
- **Deferred Members -** members who left the employ of a participating employer
- **Pensioners -** those who retired and are earning pension through DPF

There are different approaches to the death benefits process and that is determined by the type of membership.

For Active members and deferred members, the process is as per the above in all scenarios, whereas, for pensioners, the process is different and shall be explained below.

When a pensioner retires, there are different options available for the purchase of an Annuity. An annuity is a fixed sum of money paid to someone each year, it can be monthly or annually. The payment will typically be for the rest of the annuitant's life. There are however annuities which are for a specified period or up to a certain future time. Those are referred to as Term Annuities or Annuity Certain, usually paid to minor dependants. However, the DPF does not have the two annuities mentioned above.

The DPF has a Single Life Annuity with guarantee period of 5 years to 10 years. The annuity is such that an annuitant is paid monthly pension for the rest of his/her life, and that death benefits shall be paid if the pensioner/annuitant dies before the guarantee period elapses. Where an annuitant has purchased/chosen an annuity of 5 years and die after 5 years elapse, there will be no death benefit paid to the dependants. The same applies to the 10 year guarantee period. As such, there will be no family meeting to establish dependants where a pensioner dies after the guarantee period elapses. The DPF pays the monthly pension that a member was earning multiplied by the remaining months of the guarantee period, as such no death benefit payment will be available where a pensioner has exhausted his/her guarantee period. It is however worth mentioning that the pensioner would still earn the monthly pension even if he lives far beyond guarantee period.

Where a member dies outside guarantee period, the family after notifying the fund of the death is informed of the scenario and that there shall be no death benefit or investigation carried out.

For Joint Life annuity, the Fund would not do the investigations because the beneficiaries would have already been determined at the time of his retirement and also factored into his/her annuity. With the joint life option, beneficiaries who are eligible are enrolled and paid monthly as per the deceased pensioner's percentage allocations at retirement. The monthly pension of the member is determined by the percentage allocations of his dependants at retirement, as such the amounts payable cannot be changed. Where a minor was nominated and attained the age of 25, the benefit on a joint life falls off.

The Death benefits investigations process is a delicate process and each case has its own uniqueness, hence why the time to conclude cases will vary from member to member.

By: Karabo Ditau Matale
Member Relations and Investigations Coordinator
Debswana Pension Fund

Your Questions Answered

1. As Pensioners, we used to receive our pay slips every month. Nowadays we only receive payslips twice a year, why is this the case?

Pensioners used to get their pay slips every month and with time the printing costs escalated.This meant that it was no longer sustainable to continue printing these payslips on a monthly basis. When developing the DPF Member Portal, the Fund made sure to include the pay slip feature so as to enable Pensioners to view their pay slips any time and if a member required a hard copy they simply liaise with any Member Relations Officer or Benefits and Contributions Officer so that they may assist with printing one for them. Pay slips are sent only once every year in July.

2. What is the procedure if I as a Pensioner want a copy of my payslip?

If a Pensioner member would like to have a copy of their pay slip, they may visit or contact any of the nearest DPF Offices and request to be printed a copy from any Member Relations Officer or Benefits and Contributions Officer.

3. Is it possible to transfer my deferred balance from my former employer into my current DPF account?

It is possible to transfer a deferred account to DPF but the account will run parallel with the active account to avoid encashing on the money again if it happens that the member leaves employment. The account running parallel does not in any way have a negative impact on the growth of your funds. The investment model that we use is not affected by whether your funds are combined or not.

4. Why do you mostly communicate using SMS, Newsletters and emails? Why don't you call as it is most effective?

Communicating with members using different mediums such as Publications, emails, mail and SMS has proved to be effective and cost saving. DPF has over twelve thousand members and calling each and every single member will deplete all the Funds at the disposal of the Fund. Where there is a serious need to contact the members by calling, a telephone call will be placed to that particular member in order to assist them. DPF will keep on looking for alternative communication mediums that will ease the cost of communicating with members.

5. Up to what age can one be regarded as a dependent?

A dependant is any child who is 21 years and below as he/she is still a minor child. Children aged 21 up to 25 who are still studying or has permanent disability can also fall under dependency title.

6. Please write my Pension balance on my pay slip!

When a member becomes a pensioner, he/she no longer has a balance due to the following reasons;

- The salary is calculated and fully committed based on the estimated life expectancy
- A pensioner is guaranteed a Pension for life
- After cashing out 33% of their funds at retirement, pensioners use the remaining 66% to purchase a Life annuity and after that annuity is purchased.There is no longer a fund balance to refer to

7. Why can't all Pensioners have a burial benefit?

DPF has four Pension/annuity options that members may choose from. Only the two guarantee period options have a possibility of accessing a funeral advance when the member passes on from their accumulated fund credits. DPF does not provide funeral insurance as it is not an Insurer but a Pension Fund.

8. Is it possible to instruct the Fund to deduct Medical aid and Funeral insurance subscriptions on my Pension salary?

It is possible to effect deductions of Medical aid and Funeral insurances from a Pensioner member's salary.The member has to avail the necessary information such as bank details for the service provider and make sure that there will be enough funds to cater for these deductions. Alternatively a member may create a stop order with their bank for the particular service provider they would like to pay without instructing the Fund to effect any deductions on their monthly pension salary.

9. Why can't I use my Fund credit to access a loan from a bank or better yet settle my ever increasing debts?

You need to ask yourself, what is the purpose of a Pension Fund and why is it regulated? Government has pension regulations for two simple reasons. First reason is that in the event you die before you could retire, all those that were dependent on you must be taken care of financially by the money you have left off in your pension. Second reason why governments regulate pensions is that since it cannot bear the burden of taking care of every citizen, those that were fortunate enough to get jobs and were able to save money for Pension must help take care of themselves as what is available for social welfare will never be enough for each and every single citizen. You will also realise that your Pension is the only money that no matter how indebted you are, your creditors cannot access it. It is protected by the regulator. The Pension Fund mandate is to take care of its members when they have reached retirement age.

10. Why don't you give preference to Pensioner owned companies when you do your procurement?

The DPF Procurement Policy states that, all procurement should be based on the technical ability, expertise and competitiveness of the supplier. This had to apply irrespective of the owner. The Fund must ensure fairness to all suppliers at all times.

11. Is it possible to change the pension/annuity option I had bought?

Once a pension/annuity option has been bought, it will not be possible to request for a different option because the pension you are earning is tied to pre-determined variables that cannot be changed. It is very important to understand what you are signing up for hence it is imperative to always attend the DPF Pre-retirement counselling sessions as this is the time one may thoroughly engage the Fund on any issues they may need clarity on.

Dipotso le Dikarabo

1. Rele bagodi ba letlole la Phenshene ya Debswana, re kile rabo re neelwa dipampiri tsa dituelo tsa rona kgwedi le kgwedi. Malatsi a, re di bona gangwe fela mo ngwageng. Re batla go itse gore se, se fetotswe ke eng?

Bagodi ba letlole la Phenshene ya Debswana ba kile ba bo ba neelwa dipampiri tsa dituelo tsa bone kgwedi le kgwedi mme se sa fetoga fa letlole le lemoga gore ditlhwatlhwa tsa go dira dipampiri tse diya kwa godimo. Lefa letlole lesa romela dipampiri tsa tuelo kgwedi le kgwedi bagodi ba kgona go di bona mo maranyaneng a Portal mme ha ba batla moriti baka ikgolaganya le ofisi ya phenshene e e gaufi le bone. Letlole le romela dipampiri tsa dituelo ngwaga le ngwaga ka kgwedi ya Phukwi.

2. Tsamaiso ke efe fa ke batla go fiwa Pampiri ya dituelo tsame?

Fa mogodi a batla Pampiri ya dituelo tsa gagwe o itshwaraganya le ofisi ya letlole la Phenshene e e gaufi le ene.

3. A ke ka kgona go tsaya madi ame a phenshene a mohiri wa pele ka a tsisa mo letloleng la DPF?

Go a letelesega gore leloko la phenshene leka tsaya madi a mohiri wa pele a phenshene lea fudusetsa mo letloleng la phenshene ya Debswana. Madi a ga ana go tlhakangwa le a mohiri o mosha. Madi a ga a tlhakanngwe go itsa leloko goka tsaya sepe mo mading a phenshene go fitlha nako ya go togela tiro e goroga.

4. Ke eng le re fa dikitsiso le dirisa melaetsa ya mosokelatsebeng, makwalo le melaetsa ya dibala makgolo? Ke eng le sa re leletse ka go le bofefo go nale metlhale e mengwe e?

Letlole la Phenshene le dirisa metlhale e farologaneng go isa dikitsiso ko malokong. Letlole le dirisa metlhale jaaka melaetsa ya mosokelatsebeng, lekwalo dikgang lwa Bokamoso le melaetsa ya dibala makgolo. Metlhale e e supile fa e nale maduo ka melaetsa e goroga ko malokong. Go leletsa maloko a feta dikete dile lesome le bobedi go ka nna turu mo letloleng.

5. Motho o nna Mojaboswa kana moikaegi wa leloko la phenshene go fitlha ka dingwaga dife?

Mojaboswa kana moikaegi ke motho wa dingwaga tsedi ko tlase ga masome mabedi le bongwe a ikaegile gotlhelele ka leloko la phenshene kgotsa monale bogole o dingwaga tsedi fetileng masome mabedi le bongwe yo senang bokgoni ka goka itshetsa.

6. Ke kopa le kwale madi a ntshaletseng mo pampiring yame ya dituelo

Ha leloko le tsena mo phensheneng, ga le sa tlhola le nna le pampiri e supang madi a leloko le nang le one mo letloleng. Go tsena mo phensheneng go raya gore leloko le reka phenshene e leloko le yang go e amogela botshelo jotlhe.

Madi a kgwedi le kgwedi a mogodi a yang go a amogela a dirwa go etswe dilo dile mmalwa tlhoko jaaka melao e e tsamaisang diphenshene.

7. Ke eng bagodi botlhe basa direlwe lenaneo la tsa phitlho?

Letlole la Phenshene ya Debswana le nale mefuta ele mene ya phenshene e leloko le ka itlhophelang mo go yone. Mefuta e mabedi ke yone fela e nang le kgonagalo ya go bona madi a phitlho. Go botlhokwa gore fa leloko le tsena mo phenshene le tlhaloganye mefuta e ka tlhamalalo lebo le tlhaloganya ditlamorago tsa tshwetso tse a di tsayang.

8. A go a kgonega gore letlole le ntshe madi a medical aid le insurance tsame mo dituelong tsame tsa phenshene?

Mogodi oka rulaganya le letlole la gagwe la phenshene gore ha go nale madi mangwe a a tshwanetseng go ntshiwa kgwedi le kgwedi a duelwe botlhe ba a tlaabong a kaetse gore ba duelwe go tswa mo mading a gagwe a kgwedi le kgwedi. Mogodi o tla tlamega go ntsha tsotlhe tsedi tlhokegang kayo o tlaa bong a duelwa jaaka maina le dinomore tsa bone tsa ko bankeng.

9. Ke eng ke sa letlelelwe go dirisa madi ame a phenshene go tsaya madi ko bankeng?

Goromente wa lefatshe la Botswana o dirile phenshene a lebile mabaka a le mabedi a matona a gore:

- Botlhe ba ba nnileng sego ba bone ditiro ba kgonne go boloka madi a itshetso, ka nako ya fa ba sa tlhola ba bereka ba thuse puso ka go itlhokomela ha ba setse ba hetile dingwaga tsa pereko.
- Lebaka legolo la bobedi ke gore jaaka erile o santse ole mo botshelong o bereka obo o nale bao ba tlhokomelang, o tswelele o thuse puso ka go ba tlhokomela le mo boseyong jwa gago.

  Puso ya rona ga e kake ya kgona go re tlhokomela ba rotlhe.

10. Ke eng losa tseye tshwetso ya go reka mo dikgwebong tsa bagodi?

Melao ya tsa theko ya letlole la Phenshene ya Debswana e kaela letlole go tsamaisa tsotlhe tsedi lebaneng le tsa theko ka mokgwa o o rileng. Fa letlole le batla go reka mo mogwebing yo o rileng a sa phadisanye le ba bangwe, le tshwanelwa ke go lebelela boitseanape le bokgoni jwa yo o rekisang gore a gase mo go tshwanang le mo go leng teng mo mmarakeng. Se se tshwannwa ke go dirwa mo dieemong tsedi haphegileng fela gosa idiiwe ope go ka iteka Lesego go phadisanela ditiro tsa letlole.

11. A ke ka kgona go fetola mofuta wa phenshene o ke o tsereng mo tsamaong ya nako?

Pele fa leloko le tsaya tshwetso ya go tsena mo phensheneng rele rotloetsa go batlisisa ka mefuta e e leng teng ya phenshene. Letlole la DPF le nna le tshwara dithuto puisanyo tsa botlhe ba ba batlang go togela tiro. Letlole le dira se, go itsa maloko go ikwatlhaela mofuta o ba tlaa o itlhophelang wa phenshene ka gore ga gona yone tshono ya go fetola tshwetso ya gago.

Retirement Planning:

What Tools Can I Use To Plan For My Retirement?

Retirement Planning is a process and it needs prior planning during an individual's active working days.

Quite often we see the results of poor retirement planning in a lot of our retired friends and colleagues. In the last edition of this publication we investigated the question, 'Retirement Planning: is it necessary?'. We established the importance of retirement planning and we also noted that the best time to start is NOW.

In this edition we shall investigate some of the tools and techniques that we can use to plan for retirement. Please note that there are a lot of tools and techniques that may be employed to plan for retirement, but one has to choose the best tools for himself considering a couple of factors some of which include the following:

Age

A person who starts to plan for retirement in the earlier years of their lives has more time to accumulate wealth than someone who only starts towards his retirement. The person who starts later will need to be more aggressive and careful than those who started earlier.

Risk Appetite

We all have different financial risk appetite. Some people are risk averse while others seem to be accommodative to risk. Age also plays a critical role here. Generally people who are near retirement prefer to invest in a less volatile instrument so that they can minimize their chances of loss.

Investment Objective

While we may all be saving for retirement, we all have different dreams about how we want to spend our retirement days. Each one of us should determine how they want to spend their retirement and should start investing towards that objective now! If you are planning to retire into farming, you may start investing in some weekend training on farming. If you want to become an author, start compiling your material now. If you want to become a public speaker, start investing in public speaking courses now.

Current Financial Pressures

In choosing the instrument you want to use, you need to consider your current financial pressure and avoid instruments that will leave you financially stranded month after month. Your investment plan should be able to allow you to live comfortably while you are also working towards building a solid retirement plan.

Investment Knowledge

People who have a certain degree of expertise can always afford to 'play' with their money. However, people who have less investment knowledge normally prefer to leave that to an expert e.g. invest in a pension fund, buy unit trusts, buy an insurance product etc.

Liquidity

Liquidity simply means the ability to convert an investment asset into cash. Some people choose to play it safe and keep their money in a fairly liquid instrument so that should they have an unforeseen event they can always revert to their investment. I normally advise people who are investing for retirement to choose a less liquid instrument so that they avoid temptations of using the funds before the right time.

The above are just a few examples of factors that one needs to consider before choosing an investment vehicle that they use. It's critical that we all consider the above before we sign on the dotted line of any investment proposal. Some of the tools that one may use to plan for retirement include the following:

Pension Fund

This is one of the most common plans used worldwide. A pension fund is a fund to which an employer, an employee or both contribute towards with a view of providing an employee with retirement income. While the employer normally sets contribution rates into the fund, employees are free to increase their monthly contributions towards their pension plan. This has over time proved to be one of the effective ways of planning for retirement.

Continues on page 11

Continues from page 10

Passive Income

One of the best ways to plan for retirement is to start working towards increasing your passive income streams while you are still in the employed. Passive income refers to income that you earn without doing much. Some of the ways to build passive income include the following:

Invest in rental income

While you are still employed, you may build houses for rental and ensure that their loans are fully paid by the time you retire. This will guarantee you monthly income beyond retirement.

Dividend Income

You may choose to buy shares while you are still employed and this will give you dividend returns every time the company you have invested in declares dividends. You however may need a qualified financial advisor to help you choose the right shares.

Royalties

A good number of us have brilliant ideas that we are failing to reduce to writing and publish a book. Writing books, songs or developing products are some of the ways we can build passive income. The income you get from such is referred to as royalties.

Follow your passion

Find something that you love doing that even when you do it you don't feel like you are working! This, in my view, is a form of passive income. If you love public speaking you may choose to follow this path after retirement. If you love developing talent, follow this path and charge a nominal fee! This will not only keep you engaged, but will also ensure that you remain relevant in the community.

Insurance Products

You may choose to invest in a pension or investment product with a local insurance company and ensure that you tie its maturity date to your year of retirement. This will give you additional income beyond retirement. Again, you need to speak to a qualified financial advisor to guide you on this one. If you are planning for retirement, this is one of the good options as there are normally limitations on the amount of money you can withdraw before maturity. This helps you reduce the temptation of withdrawing funds before the right time, which is retirement!

Unit Trusts

While unit trusts provide an attractive investment alternative, the challenge with them is that they are highly liquid and therefore may not be favorable for investors who want to 'lock' their investment away only to redeem it at retirement.

Own your own house

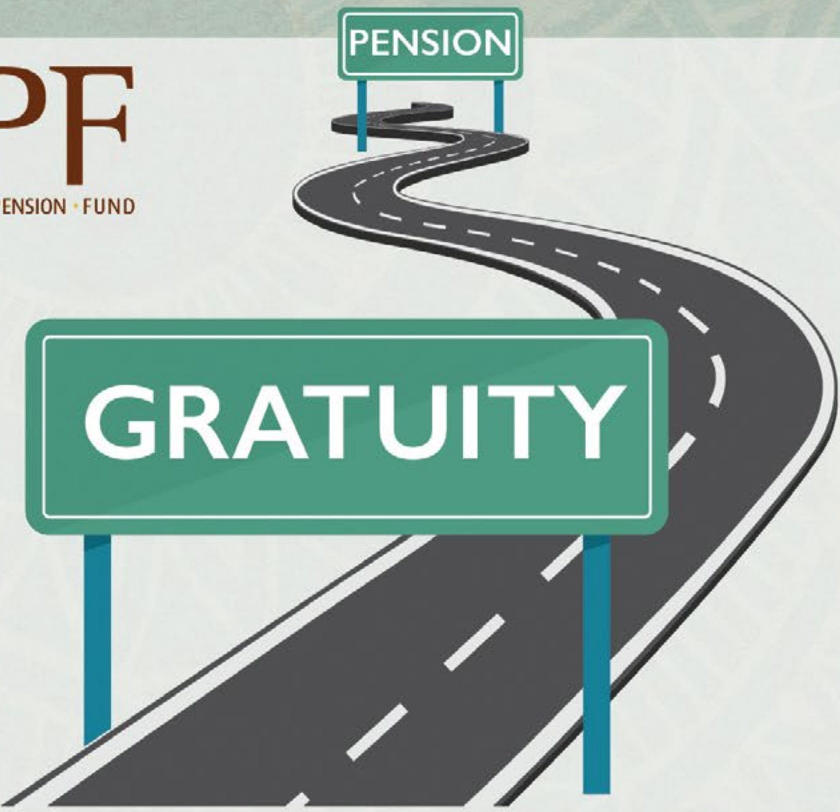
You cannot afford to retire to a rented house, the rental of which may start eating into your retirement income. By the time you retire, make sure you own your own house.

Planning for retirement may be simple to understand but hard to live! This explains why a lot of people, even though financially literate, fail to succeed at planning for retirement. It all comes down to financial discipline. We will never reach our financial goals if we do not develop the right discipline. You may engage the best financial advisor but if you are not financially disciplined you will never reach your financial goals. The tools discussed above can therefore be useful only if we master the art of using money wisely. So the starting point is to discipline your financial spending!

By: Thato Kubu
Country Head: Operations – Metropolitan

Disclaimer: Views and opinions expressed in this article are those of the author unless clearly stated the source, and do not represent any institution. The author and DPF accepts no liability whatsoever for any loss or damages - whatsoever and howsoever incurred - or suffered resulting or arising from the use of this article.

DPF
DEBSWANA · PENSION · FUND



WHICH ONE IS A BETTER OPTION FOR YOU?

Nowadays many employers give employees the option to choose between contributing into a pension fund and earning a gratuity. Do you know the difference between the two?

You should only choose gratuity if you have financial discipline and knowledge to invest it wisely upon receiving it. Otherwise pension is the better option for you.

PENSION

- Pension provides security in retirement due to a forced saving.
- Your pension contributions are invested and yields returns, hence growth.
- You are guaranteed a Pension for life.
- Your pension lump sum withdrawal is tax-free upon retirement.
- You will have peace of mind knowing your income in retirement is secured.

GRATUITY

- There is reduced security on retirement.
- To preserve your gratuity money wisely, you require knowledge of investments.
- It does not yield returns because most employers just provide for it without any investment backing.
- Its availability is limited to the period of employment only.
- Gratuity is taxable.

'SAVE NOW, LIVE WELL IN RETIREMENT"

33% Lump Sum Payment:

How to Responsibly Plan for & Utilize My Last Big Financial Pay out

At the time of retirement you are eligible to receive 33% of your pension savings as a once off tax free lump sum payment.

The rest of your pension savings will be paid as a life time monthly annuity; or if your fund credit results in you earning less than P500 per month, it will make you qualify to be paid all of your pension payments in one total pay-out. Upon retirement, you are not obliged to take any or all of your 33% lump sum payment, as you may decide to add the 33% lump sum payment to your fund credit which will then be used to procure your pension/ annuity option. This often result in you getting a higher monthly annuity.

Receiving a large sum of money can be a gift and a curse at the same time. It is a big responsibility that a member should not take lightly and one that must be planned and prepared for. By the time a member reach retirement age, they are expected to have reached the tail end of their Life Investment cycle. By this time an individual, should have at least one property which they live in (and have the funds for up keeping their property monthly), have acquired any assets they had planned to get such as car, farm etc, they should have invested in all the projects they had planned for, all of their debts paid off and should only be concerned with day to day/ monthly expenses of their household.

As with receiving any funds it is imperative for an individual to carefully plan how they are going to utilize their funds. One should realize that this is probably the last and biggest payment they will receive in their life time and should view the funds as limited resource. A lot of people generally get excited when they receive such large sums of money and tend to irresponsibly spending and depleting the funds within a short period of time. Some people have never received such large payments and don't know how to utilize such huge amounts of money. One million pula for example can seem like one hundred million pula, but you need to treat one million pula like one hundred thousand pula. One should consciously be aware that large sums of money attract opportunists or activities that can swindle members of their hard earned life savings.

The 33% lump sum payment is meant to act as cushion to the pension's monthly annuity and is meant to consistently improve the one's standard of living. This payment is a continuous financial benefit that shouldn't be used as investment tool (purchasing a house), clearing debt, and it is not meant for starting up a business. You should understand that a large sum of money doesn't make you a farmer if you weren't a farmer before, it doesn't make you into an instant business man or business woman if you weren't one before. Investments generally require large sums of money when they start and even more when they take off, your 33% lump sum pension payment may not be sufficient and you may find yourself having spent money on different investments that don't take off and this may leave you with unnecessary financial strain and heartache which can lead to premature death.

Before receiving your 33 lump sum payment, thoroughly plan and prioritize how this money will be utilized. Clearly identify your needs, identify expenses and take out those you don't need (e.g. buying a second or luxury cars just because funds are available) high insurance costs, expensive homes, adult children's expenses. Also consider how you would want to utilize your funds to moderately reward yourself. Save up for trips, certain goods such as watches, gadgets etc. Everything has to be planned for and moderate. All of this will require involvement of a professional financial advisor who is credible. It's important to find someone who has the right qualifications, such as professional institutions (banks) or financial services companies. You must meet with your financial advisor to discuss your monthly budget based on the monthly Annuity you will be earning and If you have any outstanding debts obligations, you should discuss with your financial advisor the best possible way to settling them without spending all of your 33% lump sum payment.

The 33% lump sum payment you will receive should be regarded as an emergency tool, so it will not be in your best interest to spend all of it at a go. Remember, if there are funds are remaining when you happen to pass on, it can always be put in a trust fund for your children or family.

Develop a financial plan/ map and adopt the 50/30/20 budgeting rule when dividing your budget. 50% of the lump sum may be saved, 30% spent on debt and 20% for all your needs and wants. If you happen have no debt then split the funds between your savings and needs and wants. In order to avoid defaulting on your budget, adopt a strict system of spending which you should adhere and keep track of your budget. Try and maintain same spending habits.

Please note that a lump sum payment doesn't drastically change your life. It is very important to devise a prudent approach to how you are going to spend this windfall. It is common to see people having spent all of their lump sum payment recklessly only to struggle financially within a short period of time. This reckless behaviour will also be a contributor of financial stress and early death.

The saved funds should be further utilized to augment your annuity earnings. Though your lump sum payment is not taxed please note that earnings from your savings may be taxed. Together with your financial advisor, explore possible ways to best minimize this. There are lot of investment options that you may choose from such as cash, bonds, stocks or a combination of all three. If you want to guarantee your capital value (initial value), stick with cash but if you want higher returns and have a higher risk appetite then opt for stocks (or mutual funds) and bonds are a sweet spot in between. When making your selection also consider assets with generally good returns (looking to atleast beat inflation) but with very low risk since you don't have a long investment horizon and can't afford to take any major shocks. Do a thorough research and find out the industry fees and opt for low fees. If you choose to invest with Insurance firms it is imperative you understand the fees as insurance company investments generally have high fees

If you carefully plan for your 33% lump sum payment and use it wisely you are bound to live a stress free life and you will be happier and live much longer.

By Mbakisi Gopolang
Investment Analyst
Debswana Pension Fund

The Risk Of Living Too Short Or Too Long

The journey of life comes with many challenges such as social, economic and political during the life span of an individual.

Most people suffer economically thus leading to financial stress and other stress related diseases. This is often caused by failure to plan for retirement hence retirement age comes to them as a surprise. On this article we will focus on financial risk management of longevity and mortality.

Longevity risk is the risk of living too long such that one end up not being able to financially sustain themselves at retirement. The risk of this is the future cost of living which is always high due to factors such as inflation, medical expenses, special diets and others.

Most people retire with insufficient income or depending on only one source of income which is pension. Remember this is just a fraction of your current income (employment income) which means that your retirement budget expenditure might be higher than your pension income. This exposes pensioners to financial stress and makes them depend on other people such as children or government grants. However this risk can be mitigated at an early age. One can consult a certified financial planner to guide them to invest the little they earn now. There are wide range of instruments like pension funds, stock markets, property markets and small business. Upon retirement age these investments should be able to provide stream of income that will sustain your financial lifestyle and you may even leave behind a legacy for your children and grandchildren.

Longevity and mortality risk affects pension funds and insurance companies in similar and different ways. Mortality risk is the rate at which people are dying before their expected lifespans. Insurance as a financial risk transfer mechanism, it is used to prevent financial loss during the life span of a person. It is everyone's dream to live longer and with financial freedom, but only our creator knows our days in the world we live in. Due to mortality rate it is advisable to have life assurance policy so that if you live shorter your dream can be continued by your surviving family members (Dependents). Your financial burden can be paid off to relief the surviving members financial stress and your future planning (children school fees) can be met and live your desired lifestyle even during your absence.

It is painful to lose your loved ones but it is more painful to lose them and remain with financial burden that will not help you heal the pain. We should learn to plan for any life time events that may occur, save or invest enough for retirement age and have financial risk products like life assurance to protect your family assets (property or business) and provide income for them if you live too short.

Kagiso Wamakhubu
Business Development
Liberty Life Botswana
+267 369 3343 / +267 72 778 083
#AdvantageOfKnowing

5 Bad Money Habits That Will Always Leave You Broke

With personal finance, the habits we have can either make us successful or cause us to stagnate.

If you have been struggling with your finances, take a look at this list and make sure you are not bringing yourself down with any of these habits;

1. PROCRASTINATION

Are you one of those "I'll start saving tomorrow" kind of people. We all procrastinate at times but there are people who are always telling themselves they will do something later or the next day. Procrastinating is one of those habits that may end up costing you not only time but money as well.

Here are a couple of ways that you procrastinating your financial freedom;

- Paying your bills and loans late causing you to have to pay more money as interest.
- Purchasing certain things late e.g. event tickets, plane tickets thus you end up buying with the highest price.
- Never settling on a financial plan or taking a decision to save/invest when the stakes are good.
- Not preparing a monthly budget on time and by the time you get your income, you end up spending impulsively.

2. IMPULSE BUYING

Giving in into impulse buying is not only hard on your wallet in the short term but it also prevents you from developing good financial practices in the long term. It is okay to treat yourself once in a while but it is important to be clear about what you want and what you need.

Here are some reasons why people impulse buy;

- Buying items on sale to 'save money' even if you do not really need them.
- You want to fit into trends so as to conform to your friends and the society.
- Doing too much window shopping both online and at physical stores.

You can avoid impulse buying by;

- Planning for big purchases
- Knowing your triggers, what makes you impulse buy?
- Finding ways to treat and reward yourself without spending money.
- Remembering the past losses that you made from impulse buying.
- Budgeting always.
- Carrying fixed cash and avoiding having too much cash in your purse/wallet.
- Setting financial goals and following through.

3. IGNORANCE

There is nothing worse than being ignorant or uneducated with your personal money matters. No one expects you can be an expert on finance but at least gain knowledge on the basics of investments, savings, mortgages, insurance, budget, interest rates, etc.

There is no excuse for ignorance, it is actually costly when you hit 50, you've had a great career but you have nothing to show for it. Take some time to educate yourself on things like banking, interests, unit trusts, shares and insurance. The internet is at your fingertips with all this information.

Instead of watching too much T.V and talking about politics all day long, pick a book on finance and investment or take up a personal finance course. Your future self will thank you for it.

4. NOT SAVING FOR RETIREMENT

When you are young, in your 20's, through your 30's, it is easy to think that you have your whole life ahead of you. We'll, just ask someone who is 60 and they will tell you that if they could, they would save for their retirement from as early as their first salary.

Most jobs both in the public and private sector provide you with a retirement/pension scheme but that isn't entirely enough. It limits you to what you can and cannot do in your old age because you have to wait for a fixed monthly deposit which isn't much.

At that stage of your life, you want to be independent and have a fairly comfortable life. Please don't keep living without a retirement plan. The earlier you start, the better. As you try to make ends meet and achieve your financial goals, put a retirement plan in the equation.

5. IGNORING INSURANCE

Insurances have a bad reputation and love it or hate it, insurance is an important part of any financial plan. Basic insurance you shouldn't ignore is health insurance and insuring valuable property such as your car or house.

We cannot control everything that happens and that is why insurance is important, to prepare you for the worst. One accident can totally wipe out your investments. However, before settling on an insurance cover, do your research and ask people who have been insured before preferably close friends for their honest opinion on certain policies.

http://www.kuzabiashara.co.ke/blog/5-bad-money-habits-that-will-always-leave-you-broke/

Info Bits

Certificate of Existence (COE)

The 2018 COE forms were mailed by post to all Pensioners in April 2018. All Pensioners are requested to ensure that they have completed the form and submitted it before 31st July 2018. If you have not received the form, please contact the DPF offices on 3614267,
Email: bokamoso@dpf.co.bw **or visit the nearest DPF office.**

Submissions may be made by either of the following:

- Hand delivery to any of the DPF offices
- Post to DPF, Private Bag 00512, Gaborone
- **Fax:** +267 393 6239
- **Email:** bokamoso@dpf.co.bw

Failure to submit the form before the deadline will result in your pension being suspended from August 2018. Should your pension be suspended, you will only be paid in the next payroll processing, following your COE submission.

Benefit Statements

The Fund is in the process of preparing 2017 Annual Benefit Statements. Members may expect distribution of the statements to start toward end of June going into July. Do remember that you already have access to your up to date pension Fund balance and can view it as and when you prefer through the member portal.

All members that have deferred accounts will receive their statements by mail and all active members will receive their statements from their DPF Member Relations Officers in their respective constituencies.

If you still don't have access to the portal send a registration request to portal_queries@dpf.co.bw

Member Portal

When last did you access your individual account on the DPF Member Portal?

The Member Portal is there to make your life simple and save you time as you will cut down on 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 the Member Relations Officer in your area.

ITW8 Forms

The ITW8 forms will be sent to all Pensioner Members by end of July 2018. Members are likely to receive their forms by mail from the first week of August 2018.

All enquiries regarding ITW8 Forms should be forwarded to the Administration Department back Office and Finance Department at the following contacts:

One Radipitse
+267 364 8379
oradipitse@debswana.bw

Pearl Makhao
+267 361 4318
pmakhao@debswana.bw

Sadie Sekolokwane
+267 361 4242
ssekolokwane@debswana.bw

Khumo Tsomele
+267 361 4272
ktsomele@debswana.bw

Upcoming Events

2018 Deferred Members Stakeholder Engagement Breakfast Meeting

The 2018 Breakfast Meeting will take place beginning of September 2018 in Gaborone. Deferred Members are encouraged to attend this very important meeting in large numbers.

2018 Annual Pensioner Conference

The 2018 Annual Pensioner Conference will take place end of September 2018 in Palapye. All Pensioners are encouraged to reserve their seat on time to avoid disappointment.

More information to be sent to Deferred and Pensioner members by email correspondence, sms, letters, newspaper and radio adverts.