Bokamoso

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.

For someone whose accrued pension will be their only source of income, it is very important to appreciate the impact your decisions will have on your finances and be able to align financial decisions with your financial expectations. Like the Setswana saying that goes "Sedibeng, go iwa ka tsela". For you to arrive at your desired destination, you need to know where you are going, how to get there and what you need to do to get there. This also applies to achieving financial freedom in retirement, for you to achieve it you have to put in the work and not leave it to chance.

Pension terminology simplified

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

b. **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.

c. **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 terminology (jargon) confuse you. Seek clarity where you do not understand as this is your financial future at stake.

As a Debswana Pension Fund member there are six different annuity/pension options you may select from.

DPF Annuity/Pension options

1. **Joint life with nominated married spouse:** When a member selects this option they will receive their Pension for life 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.

2. **Life with nominated dependents:** Under this option, the member will 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.

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Inside

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Ogomoditse G. Letsholo

Editorial

Greetings from the Bokamoso team!

We are at the end of 2022 and what a challenging year this has been. Markets throughout the world have been experiencing a lot of instability. We hope that things will settle down and get back to normal. We urge you to stay abreast of what is happening in the world as our Pension Funds have investments offshore. We are going to be affected by what is happening out there and our currency cannot exist in isolation.

The year 2022 proved to be a difficult year for the Retirement industry the world over. We have seen markets declining due to the war between Russia and Ukraine, interest rates the world over being increased in an effort to control soaring inflation rates and there is news of a looming recession. Majority of us will never forget the losses we experienced when the markets took a knock in the 2008/2009 recession. We hope and pray that we never get to experience anything of that nature ever again.

In this issue, we are going to have a look at two case studies with the view to give insights and appreciate what is happening to other Pension funds in our continent and beyond. The recent regulatory changes in our retirement funds industry shows us that the dynamics are changing by the day. Before our Pension used to be protected even against debts we had accumulated while working, with the new amendments we should not be surprised to see some members retiring to empty pension funds accounts as they would have used what they accumulated to settle their personal loans and pay a portion of their mortgage loans. This dispensation is only available to deferred members who have not been employed for a period of six months or more.

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.

Continue being safe this festive season and we look forward to interacting with you in 2023.

We would never tire to hear from you, please contact our Administrator's Member Relations Officers in their respective constituencies should you need any detailed assistance

Gaborone – **bmosimanyane@mmila.co.bw**
Jwaneng – **mthamage@mmila.co.bw**
Orapa – **lmosigi@mmila.co.bw**
Communication Department at **info@mmila.co.bw**

Do engage us on the socials:

Debswana Pension Fund   +267 75 925 720   Debswana Pension Fund @DebswanaPF

Announcements

Board Movements

Farewell:

Mr. Lebogang Sebopelo

the DPF Board of Trustees bid farewell to its Chairperson, Mr Sebopelo on the 30th November 2022. Mr Sebopelo joined the DPF Board of Trustees in 2015 as an Employer appointed trustee representing DTCB. His term was extended in 2020, which was his second term in the Board of Trustees. Mr. Sebopelo has served in different Committees and was appointed Board Chairperson in December 2021. We wish Mr Sebopelo well in his future endeavors and we wish to extend our gratitude for his contribution and service through the service as a member of the DPF Board of Trustees.

New Trustees:

We would like to welcome the following members to the DPF Board of Trustees;

Ms Tshepo Mokgethi

Ms Mokgethi joined the DPF Board of Trustees on August 18, 2022, having undergone successful regulatory vetting. She is the Senior Information Management Manager at Debswana and joins the Board of Trustees as an Employer appointed trustee, nominated by Debswana Diamond Company.

Mr Baintlafatsi Thomas

Mr Thomas joined the DPF Board of Trustees on August 18, 2022, having undergone successful regulatory vetting. Mr Thomas is the Business Improvement Manager, based in Jwaneng. He joins the Board of Trustees following successful member elections. He represents the Jwaneng Mine constituency.

Ms Malebogo Ntshwabi

Ms Ntshwabi joined the DPF Board of Trustees on August 18, 2022, having undergone successful regulatory vetting. She is the member elected Trustee, representing the Orapa, Letlhakane and Damtshaa Mines constituency. Ms Ntshwabi is a Maintenance Artisan – Auto Electrical Engineering.

Mr Obakeng Moroka

Mr. Moroka joined the DPF Board of Trustees on October 17, 2022, having undergone successful regulatory vetting. He joins the Board of Trustees as a member elected trustee representing Debswana Diamond Company, where he is currently the Chief Finance Officer. The Fund welcomes all the new Trustees to the Fund and wish them success in the execution of their fiduciary responsibilities.

DPF Values

- Member Centric
- Credibility
- Accountability
- Agility
- Self driven & Motivated

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3. **Life with Five years guaranteed:** With this option the member will 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.

4. **Life with Ten years guaranteed:** With this option the member will 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.

5. **Life with Fifteen years guaranteed:** With this option the member will receive their pension for life. Benefits are guaranteed to the member's beneficiaries only during the first 15 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 15 year period. If death occurs after the 15 years no benefits will be due to the beneficiaries.

6. **Life with Twenty years guaranteed:** With this option the member will receive their pension for life. Benefits are guaranteed to the member's beneficiaries only during the first 20 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 20 year period. If death occurs after the 20 years no benefits will be due to the beneficiaries.

It is very important to know the option one has selected as this has a bearing on whether your beneficiaries will get any benefits once you pass or not. You should evaluate financial and social factors that affect you as an individual, your beneficiaries and dependents as this will help you select a suitable retirement option for you and your family.

Debswana Pension Fund pledges to keep on improving on the different annuity/pension options on offer.

Author: Thabang Gaobotse
MRO - Intern, Gaborone, Mmila Fund Admistrators

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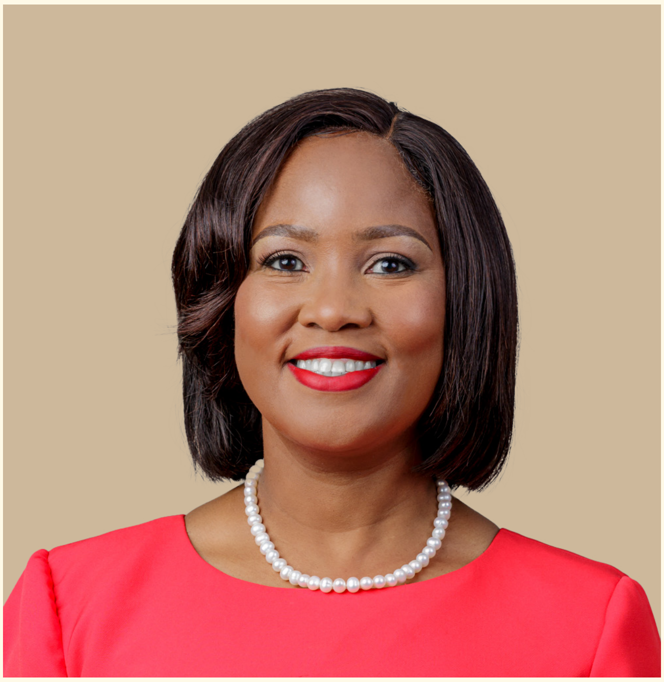
CEO's MESSAGE



Dear Members,

I hope this message finds you all well and having weathered the headwinds that came with the year that is ending.

2022 has certainly been a tough year for the Fund and the economy in general, but despite all the challenges that have come with the year, DPF Board and Management remain resilient and believe strongly in the pillars that have held the Fund in difficult market challenges in the past.

Fund Performance

This year turned out differently to what everyone was expecting, having ended the prior year on such a high note despite the Covid pandemic, we did not expect to see the downward market volatility. The Russia-Ukraine war has disrupted and exacerbated an ailing world economy and global financial markets in a war few predicted would occur near the borders of the European Union. Furthermore, the China's "Zero Covid Strategy" which involves very strict Covid controls that include full or partial lockdowns has kept the world's second largest economy anemic.

High inflation levels and the subsequent interest rates have caused market volatility. The Fund has not been immune from all of this, as we have seen the Fund AUM decline as global assets classes such as equities and bonds sell off. Once interest rate hikes reach their highest point, we anticipate the global market to rally underpinned by improved global activity amidst contained inflation.

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Despite the current market conditions, the Board and Management of DPF recently broke ground for the construction of a 50 room boutique hotel in Jwaneng that shall be managed by Cresta upon completion. Property investments for the Fund have displayed strong resilience and diversification benefits. The project is aimed to create jobs and improve the mining area of Jwaneng.

Ground breaking by (left to right) Cresta Board Chairperson **Mr Moatlhodi Lekaukau,** Hounarable Minister **Setlhabelo Modukanele,** DPF CEO **Ms Gosego January**, Chairperson DPF Board of Trustees **Mr Thabiso Moanakwena &** MD Cresta Marakanelo Limited **Mr Morulane Mokwena**

Compliance Update

The review of the Retirement Funds Act of 2014 has been completed and the revised Act came into effect on the 14th October 2022. The aim of the review was to improve governance, safety, soundness, fairness, efficiency, orderliness and sustainability of Retirement Funds; as well as enhance withdrawal clauses. These withdrawal enhancements being:

a. The commutable amount upon retirement increased from one-third (1/3) to 50 percent of accrued savings;
b. The minimum threshold to be encashed in full at retirement increased from the current annual pension of P5 000 to an annual pension of P20 000;
c. Deferred Members only being allowed to withdraw from the accrued pension in the following instances:
d. Default of any loan
e. Default on mortgage loan
f. Medical Expenses

These changes are indeed welcomed and will allow for members to be able to access more of their pension fund credit. It is worthwhile however to remind members who are yet to encash their Funds to be mindful of their circumstances and ensure that they do not find themselves compromised with having commuted more money and having a smaller pension salary. Therefore it is always important to know your Net Replacement Ratio (NRR) and where need be whilst still employed, make additional voluntary contributions that will be able to cushion your better in retirement.

The Know Your Customer (KYC) project that the Fund has been undertaking to meet the requirements of the Financial Intelligence Act, is still ongoing. There are members who have not responded to the request to submit the required documentation. Going into 2023, the Fund is going to implement stricter measures that may affect member's pension contribution or salary payouts to those members who have not complied, as such this is my last request to those who have not submitted to kindly do so.

This year we were delighted to welcome four new Board of Trustees members into the DPF Board;

1. **Ms Malebogo Ntshwabi** – Orapa Letlhakane & Damtshaa Constituency
2. **Mr Baintlafatsi Thomas** – Jwaneng Constituency
3. **Ms Tshepo Mokgethi** – Debswana Appointed Trustee
4. **Mr Obakeng Moroka** – Debswana Appointed Trustee

Sadly, we have to say goodbye to our Board Chairperson Mr Lebogang Sebopelo who has served on the DPF Board for the past seven years. Mr Sebopelo leadership was unparalleled characterized by distinction and an unrelenting passion to drive member wealth. He leaves an inspired DPF Team and hallmarks of integrity and passion for the Fund across the Board of Trustees and the DPF Team. We wish Rre Sebopelo all the very best in his future endevours.

Strategy

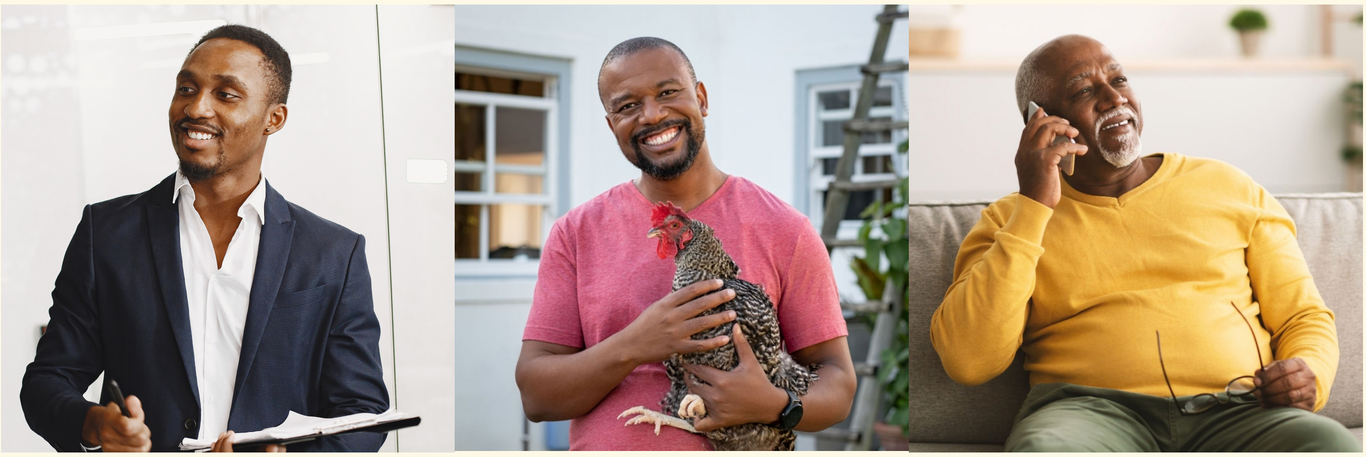
The Fund's diversification strategy is still ongoing, as part of the strategy, we have been looking at various products suitable for our members to deploy. We have been speaking to our members on the possibilities of introducing yet another offering in our annuity products, being the living annuity. Work has been ongoing on this front, however following the implementation of the revised Retirement Fund Act and the ongoing revisions of the Prudential Funds Rules 2(PFR2), it has necessitated for an asset liability matching exercise to be undertaken. This piece of work is critical in ensuring that the product is designed correctly to meet members needs and importantly, overall sustainability for the Fund.

Member Satisfaction Survey

As the year ends, we carry out member satisfaction surveys in order to gauge the level of effectiveness of our engagements and services provided to you as members in the year under review. The feedback we receive from you our members is extremely valuable as not only does it enable us to identify our gaps and shortcomings, and correct these in the year it also allows for us to do more of what our members want and continuously enhance our communication and visibility. The 2022 Member Satisfaction surveys have been sent, I encourage you all to participate in this survey as you feedback is valuable.

The DPF Board of Trustees and Management would like to thank you for trusting us with your futures, and we do hope that in the coming year we shall see the fund returning back to its strong performance.
Season greetings to you, your family and friends. I wish you an enjoyable happy and healthy Christmas and New Year!

Changes In Legislation - The Retirement Funds Act, 2022



In August 2022, Parliament passed the Retirement Funds Bill, 2022. The main objectives of this Bill are to:

a. Repeal and re-enact with amendments, the RFA, 2014
b. Expand and strengthen the oversight authority of NBFIRA
c. Improve governance safety, soundness, fairness, efficiency, orderliness and sustainability of retirement funds; and
d. Enhance withdrawal clauses

Changes that affect Members:

1. Active members

- Upon resignation and transfer from one pension fun to another, active members can access P25 000 or 25% of their fund credit, whichever is greater.
- Upon retrenchment / dismissal active members can withdraw P25 000 or 33.3% whichever is greater.

2. Deferred members

- Member can withdraw 100% where they have defaulted in any loan
- Member can withdraw 100% where they have defaulted in any mortgage loan
- Member can withdraw 50% of pension for medical expenses

The pension legal framework is also contained in subsidiary legislation such as the:

Income Tax Act (Superannuation Funds) Regulations, which is still being amended and is expected to bring the following changes;

a. The changes also increase the amount of pension commutable at retirement from the current one third to a maximum of 50%.
b. The minimum threshold to be encashed in full at retirement has been increased from the current annual pension of P5 000 to annual pension of P20 000.
c. Dissolution or full distribution of the pension estate of a deceased member by paying total benefits in cash to all beneficiaries or nominees. This will assist in clearing all jointly secured debts in the case of the surviving spouse.
d. The dissolution of the pension estate will assist in clearing any jointly secured debts in the case of a surviving spouse.

Members will be informed once these changes are effected and the Income Tax Act Amendment (Superannuation Funds) has been passed into law.

A study is being conducted through NBFIRA to review the effect and impact, on the pension system of allowing withdrawals; and the findings will inform subsequent amendments to the Retirement Funds Act, 2022.

Changes to Board Composition

The amended Act requires that in order to improve on corporate governance a board should have at least two Independent Trustees to enhance professionalism in funds.

Changes on Financial Crime Compliance

- The amended Act introduces a duty on regulated entities to establish measures to prevent money laundering and financing of terrorism in accordance with the Financial Intelligence Act.
- It further provides for a requirement to report any evidence of criminal activity to NBFIRA, which is suspected in any institution or in the provision of services in the retirement funds industry.

Author: Gorata Matlapeng
Legal and Compliance Coordinator - Debswana Pension Fund

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 accepts no liability whatsoever for any loss or damages whatsoever and however incurred or suffered resulting or arising from the use of this article.

The Good and Bad of a Preservation Fund

Preservation funds have some distinctive features which investors should be aware of. Upon leaving your employment as a result of resignation, retrenchment or dismissal, one of the options you have for your retirement funds is to transfer them to a preservation fund for capital growth in a tax-efficient manner. As a repository for the proceeds of company-sponsored retirement funds, preservation funds have some distinctive features which investors should be aware of. In this article, we unpack the advantages and disadvantages of Preservation Funds to ensure that you can make informed decisions when leaving your employment.

Advantages

Some of the most notable advantages of a Preservation Fund include the following:

Tax-neutral transfer: If you elect to transfer your funds to a Preservation Fund, note that the transaction will be tax neutral as you are effectively moving your capital from one retirement fund to another. However, the commutable portion (amount taken as lumpsum) will be subjected to tax as per the legislation.

One full or partial withdrawal before retirement: One of the most significant advantages of a preservation fund is that you are permitted to make one full or partial withdrawal from the fund before age 50 (early retirement) . If there is a likelihood that you may need access to your capital before age 50, then a preservation fund may provide a workable solution. As a member you are allowed up to 25% of your total Fund credit, taxed.

Transferring to another service provider: Being a flexible investment, you can transfer your Preservation fund from one provider to another for whatever reason, with this process being governed by the applicable legislation.

Allowable deductions: The funds held in a preservation fund are protected from creditors in terms of the Retirement Funds Act, although this section does not provide outright protection. Certain monies can be deducted from your retirement funds, such as money owed to BURS and amounts due and payable following Divorce Orders and Maintenance Orders.

Falls outside of estate: Funds held in a Preservation fund, as in the case of money held in all approved retirement funds, fall outside of your deceased estate and, as such, are not estate dutiable – nor do these funds attract executor's fees.

Guaranteeing an annuity income: When retiring from your Preservation fund, you are obliged to use at least 50% of the investment to purchase an annuity income to provide for you during your retirement years.

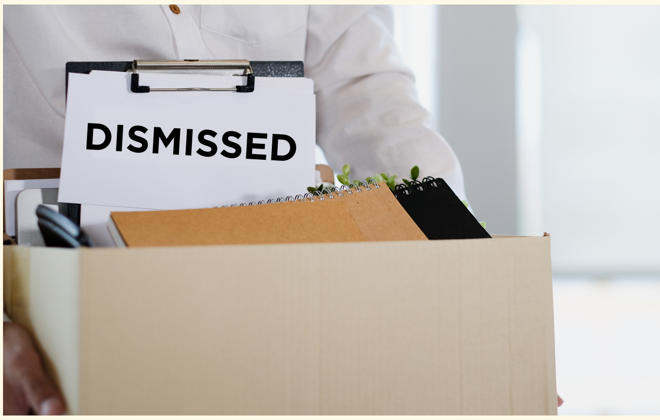
50% withdrawal option at retirement: The option to make up to 50% withdrawal from the fund at retirement is useful in creating

DPF Values

Member Centric Credibility Accountability Agility Self driven & Motivated additional liquidity in retirement, especially if you have debt that you want to settle or large capital expenses such as a vehicle purchase or overseas vacation. Unlike making a withdrawal pre-retirement, this one-third cash commutation at retirement is subject to the retirement tax tables

Competitive fees: When selecting a preservation fund, it is important to ensure that the investment fees are market-related. Mmila Preservation Fund provides transparent and competitive fee structures.

Invested for growth: As you do not pay tax on the growth in your preservation fund and (other than the once-off allowable withdrawal) you cannot access your funds before age 55, your money will remain invested for growth and can help fund a comfortable retirement.



Disadvantages

There are a few disadvantages when it comes to preserving your retirement fund benefits, which include the following:

The limitations of Investment Strategy: As Preservation funds fall within the ambit of the Retirement Funds Act , your investment diversification will be somewhat limited by Regulation, which is designed to protect retirement fund investors against poorly diversified investment portfolios. In terms of these regulations, there are set perimeters for investment in terms of off and onshore exposure, including investment vehicle and portfolios which some investors may find restrictive. That being said, if you choose to transfer your retirement benefits into a retirement annuity structure, leave it in your current employer's default investment strategy, or transfer it to your new employer's retirement fund, you would still be restricted by Regulation 28.

No additional contributions: Generally speaking, you may not make additional contributions to your preservation fund except if the money originates from another retirement fund. This means that, if you want to keep contributing towards a retirement fund, you may need to set up a retirement annuity which would allow you to make ongoing contributions.

Tax on withdrawal: While the ability to make one full or partial withdrawal before age 55 may appear advantageous, keep in mind that you will be taxed on the withdrawal Before making a withdrawal, ask your service provider to prepare a tax simulation for you so that you fully understand the tax implications of making a withdrawal.

Distribution of benefits in terms of Section 52 of the Retirement Funds Act 2022 as read with Regulation 29 of the Retirement Funds Act Regulations: Although you can keep your funds invested in a Preservation fund for as long as you like, there are estate planning implications for doing so which should be kept in mind. If you die while your funds are housed in a Preservation fund, the distribution of your death benefits will take place in terms of the Retirement Funds Act In terms of this legislation, the fund trustees are responsible for identifying your rightful beneficiaries, including financial dependants and allocating the funds proportionately. This means that the beneficiary nomination on your Preservation fund will be used by the trustees as a guideline when making their determination. Mmila Fund Administrators conducts the Death Benefits Investigations on behalf of the Trustees; however, they are still responsible to make the final approval.

Remember, when leaving your employer as a result of resignation, retrenchment or dismissal, there are several critical financial decisions that need to be made and it is always best to discuss these with an experienced person.

REFERENCES

Moneyweb 24 November 2022
IRFA Dispatch, Friday 2nd December 2022. The Retirement Industry Newsletter

Author: Milton Madikwe
Business Development Executive - Mmila Fund Admistrators

Your Questions answered

We have been receiving a high number of enquiries on the different platforms we use to interact with members.

We believe that some of the enquiries made will benefit other members who might be having the same questions hence the decision to share with members the questions asked and their responses.

1. What affects Pensioner Salary increases?

Pensioner Salary increments are affected by performance of Markets. It is not automatic that every year there will be an increase. We should always pay attention to what is happening in the world as we are not immune from the negative effects experienced. Pensioner Salary increase for 2022 was 8.7%

2. How often does the Fund issue Pensioner salary 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 the Fund's appointed Administrator and request for a copy to be printed.

3. Do all Pensioner Members get a 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 have expired. That is the time frame of the guaranteed period should not have lapsed at the time of the members death.

4. 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. Pensioner members do not get benefit statements as they have used their accrued pension to purchase an annuity.

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

The Income Tax Act has been amended to state that Early retirement may be accessed as early as 45 years of age and normal retirement to effect from 55 years. Upon retrenchment, a member will have access up to 33.33% of one's fund credit, which will NOT be exempted from being taxed.

6. Where has the Fund invested our money?

Members' funds have been invested in different vehicles of investment. The Fund invest offshore and locally. For instance the Fund has money invested in the following instruments;

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

7. 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.

8. What is the disadvantage of taking early retirement?

At early retirement your pension would not have accumulated to its highest as compared to if a member could have waited for normal retirement. All benefits applicable to early retirement are the same as at normal retirement the only difference is the accrued amount a member would have managed to accumulate.

9. 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. Retirement planning is not something we only think of with five years left to retire.

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

The Fund through the appointed Administrator conducts pre-retirement counselling sessions at least twice year. An invitation email is sent out to all potential pre-retirees to invite them for the sessions. You may contact the Administrator's Member Relations Officer nearest to your location to find out more about planned sessions in your area.

11. 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.

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

Members have the opportunity to use the following platforms to communicate or share ideas with the Fund:

- **Email** – for any enquiries that the member may need answers on. Send enquiries and requests to info@mmila.co.bw
- **Social Media**
  Facebook: follow educational campaigns and enquire on any topic the member may need clarity on
  WhatsApp: put in their request and have information sent to them (members will need to prove that it is them that is requesting for that specific document)
- **Annual Satisfaction Surveys** – share feedback that will help both the Fund and Administrator to improve on service delivery and products on offer.
- **SMS line** – respond to

13. Why does the Fund disregard the distribution I have communicated in the Beneficiary Nomination Form I completed whilst still alive, there is often good reasons as to why I distributed the way I did?

Nomination of beneficiaries is using a Beneficiary Nomination Form is an important element 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 member's dependants and allocating the benefits to all the rightful dependants/beneficiaries even if it differs from what the member had stated/nominated.

DPF values all feedback given and will ensure at all times that Member enquiries are attended to.

German State Pension on 'verge of collapse'

Retirement age needs to rise in line with growing life expectancy, trade body warns The German state pension system will collapse unless the retirement age is raised in line with a rapidly rising life expectancy, the head of an influential trade body has warned. Germany, which has one of the oldest populations in Europe, is expected to age rapidly over the next few decades. This means that its state pension system will be under strain from both weaker funding from a smaller workforce and higher demand for payouts from a growing number of retirees. Under Germany's current system, the state pension guarantees retirees at least 48pc of the average wage until 2025.

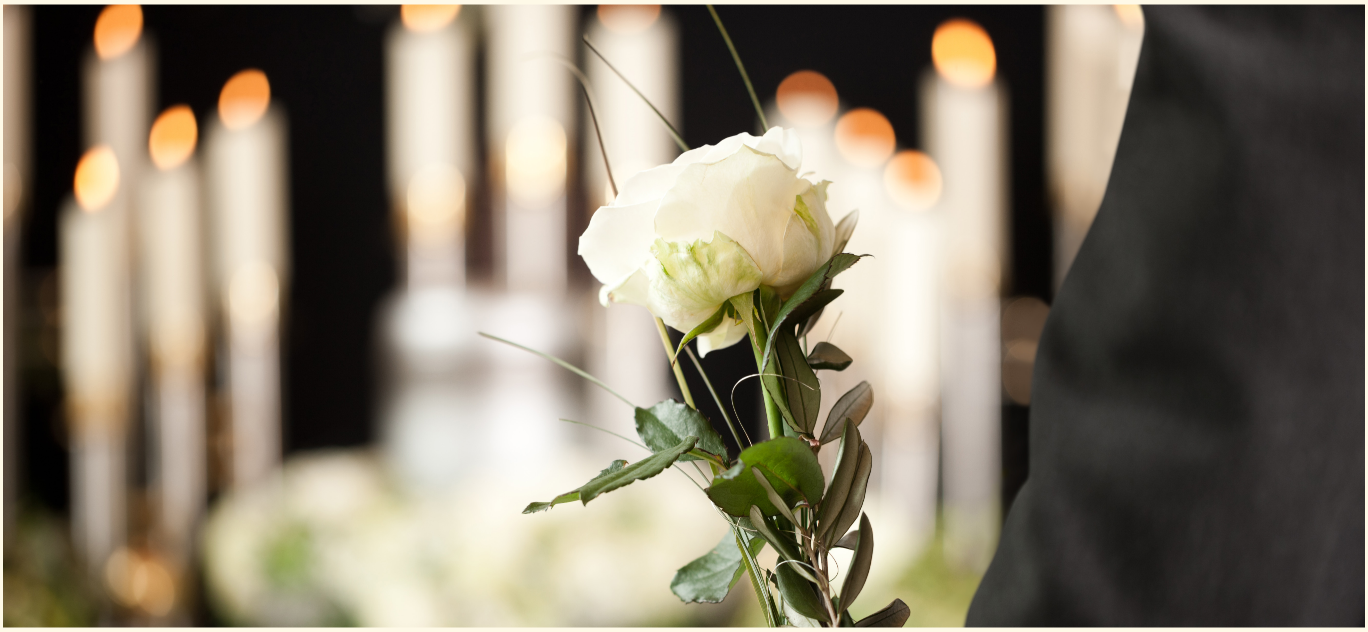
The current state pension age is 65, but is in the process of gradually rising to 67. Rainer Dulger, president of the Confederation of German Employers' Association, told the Bild am Sonntag newspaper that the system would break down within five years without intervention. He said: "For every 100 contributors, there are currently about 50 pensioners; in 15 years, there will be 100 contributors for every 70 pensioners. This means that the financing of our pension system is on the verge of collapse.

"The retirement age should be linked to the increase in life expectancy. It must not be the case that the further increase in life expectancy leads to an ever longer retirement." Mr Dulger added that the system would create a generational gap. "The citizen's income threatens to divide our society. It can't be right that some people who go to work in the morning have only a little more money available than someone who doesn't go to work in the morning. That's unfair and sets the wrong incentives." In Britain, the Government's "triple lock" on the state pension hangs in the balance. The policy, which was a Conservative manifesto promise, pledges to increase the benefit in line with the highest of the previous September's inflation, wage growth of 2.5pc.

Full Article:

https://www.telegraph.co.uk/pensions-retirement/news/german-state-pensionvergecollapse/#:~:text=The%20German%20state%20pension%20system,over%20the%20 next%20few%20decades.

What happens to your Retirement Annuity when you die?



It is important to understand the implications on your estate plan should you pass away before formal/normal retirement.

A retirement annuity (RA) is a voluntary pension plan in which individuals can contribute in a tax-efficient manner to provide for their retirement years. Unlike Pension and Provident funds which are occupational in nature, RAs are private and, as such, an employee/employer relationship is not necessary for membership. Subject to a few exceptions, the earliest a member can retire from an RA is age 55, with no upper age limit for retirement, at which point they are required to use at least 50% of the fund to purchase an annuity income. But what happens if the member dies before retiring from the RA? How are the funds distributed and to whom?

When a member of a RA dies before retiring from the fund, the total fund value of the RA becomes payable as a 'death benefit'. Retirement Funds Act and the Income Tax Act, the death benefit does not form part of the member's deceased estate as it is distributed directly to the member's financial dependants and/or nominees. Importantly, the distribution of these benefits is strictly governed by Section 52 of the Retirement Funds Act and Regulation 29 of the Retirement Funds Regulations which place an onerous duty on Pension Fund Board of Trustees to ensure the appropriate allocation of the death benefit. While freedom of testation remains a fundamental principle of our law of succession, Regulation 29 is a notable exception when it comes to the distribution of pension fund death benefits.

It is also important to note that Section 52 and Regulation 29 overrides any other laws which stand in contradiction to it. All pre-retirement products – including Pension, Provident, Preservation and Retirement annuity funds – are regulated by the Retirement Funds Act, which includes the provisions of Section 52 and Regulation 29. The main purpose of this section is to ensure that those who were financially dependent on the deceased member are provided for financially, regardless of whether a legal duty of support existed or not.

This section places a duty on the Pension Fund Board of Trustees to ensure that the member's death benefits are distributed fairly and equitably amongst their financial dependants and/or nominees, meaning that a member's nominated beneficiaries may not necessarily receive a portion of the death benefit. This is because a member's death benefits must be used to provide for the member's surviving spouse, children, and other financial dependants in the event of their death. The rationale behind this is that legislature has granted the member significant tax concessions in contributing to the retirement annuity and, as such, the benefits should be used to provide for their financial dependants, thereby alleviating the burden on the government. Upon the death of the pension fund's member, the Pension Fund Board of Trustees are required to undertake an investigation to identify the dependants and nominees of the deceased, decide on an equitable distribution amongst those identified, and determine how the benefits should be distributed. Note that a 'dependant' can be anyone who was legally or factually dependent on the deceased – and it is important to remember that being identified as a dependant merely means that the trustees are required to consider that person when making a determination, keeping in mind that there are different types of dependants. A legal dependant, being someone whom the member had a legal obligation to maintain, could include a minor child, parent, grandparent, or adult child who was still financially dependent at the time of the member's death.

Spouses, cohabiting life partners, civil union partners and customary marriage partners also qualify as dependants. On the other hand, a factual dependant would include anyone that was in fact financially dependent on the member, wholly or in part, even though no legal duty of support existed. Certain dependants, such as an unborn child or fiancé, can be deemed future dependants and should also be taken into consideration by the fund trustees. A nominee is anyone nominated in writing by a member of the RA to receive benefits in the event of death, although keep in mind that this nomination is merely a guideline to be used by the trustees when making a determination. If a nominee was financially dependent on the member, then that person should be treated as a dependant and not as a nominee.

A nominee's right to a share of the death benefit is not automatic and depends on several factors such as whether there are dependants and whether the member's estate is solvent, amongst other things. The trustees of the RA are required to take proactive steps to trace and identify the member's dependants, meaning that it is not sufficient for them to merely wait for dependants to come forward. Once the trustees have identified all dependants and/or nominees, they will need to apply their minds to ensure that an equitable decision is made in accordance with the provisions of the Act. Where the member leaves behind dependants only (whether factual or legal) the fund trustees will need to determine how the funds should be distributed amongst them.

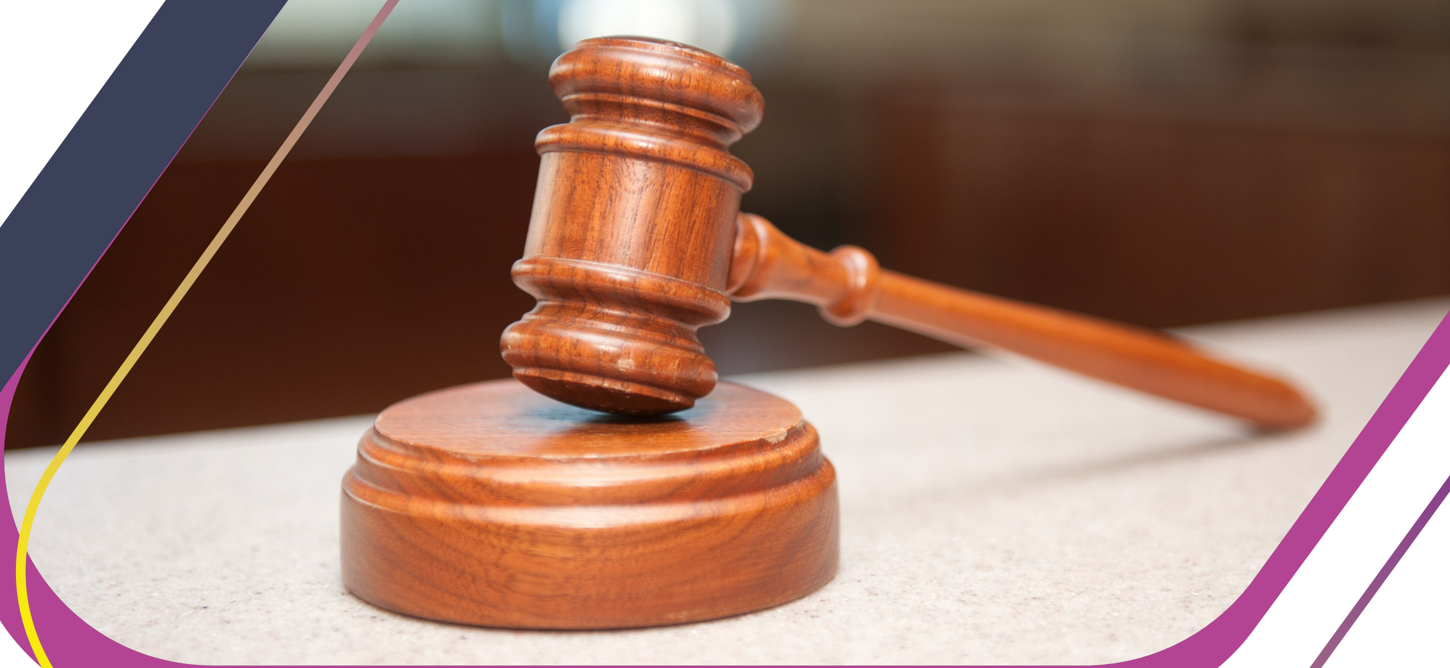
Where the member leaves only nominees (i.e. no factual or legal dependants), the trustees are required to wait for a period of 12 months to ensure that no dependants are identified during this period, following which they may distribute in accordance with the member's nomination. That said, if there is any shortfall in the member's estate, the trustees are required to settle the shortfall before distributing the balance of the proceeds to the nominees. Where the member leaves behind dependants and nominees, the fund trustees will need to consider the matter carefully. Remember, the nominee does not need to prove dependency and the fact that they were nominated by the member means that they should be considered by the trustees. When considering the apportionment of the death benefit amongst the identified dependants, the board is required to consider a broad range of factors including, but not limited to, the age of the dependants, to what extent they were dependent on the member, their relationship to the deceased, their current financial positions, their future earning potential, and the amount available for distribution. If the member leaves behind no nominees or dependants, the death benefit will be paid to the member's estate provided that it is solvent, although the trustees are required to wait for a period of 12 months to ensure that no dependants are identified during that period. In the case of a minor beneficiary, it is generally accepted that the trustees can make the payment to the child's legal guardian, whereas if the beneficiary is age 18 or over the benefit can be paid directly to him/her.

The beneficiary can take a cash lump sum which is subject to tax as per the retirement tax table and in accordance with the deceased member's withdrawal history. Alternatively, the beneficiary can use the capital to purchase a life or living annuity and, while no tax will be paid when purchasing the policy, the annuity income will be taxed in the hands of the beneficiary. Lastly, the beneficiary can choose to implement a combination of the above. As is evident from the above, while RAs provide certain tax and estate planning advantages, it is important to understand the implications on your estate plan should you pass away before formal retirement.

REFERENCES

Moneyweb 2nd November 2022
IRFA Dispatch, Friday 4th November 2022. The Retirement Industry Newsletter

Author: Kennedy Pheko
Legal and Compliance Manager - Mmila Fund Admistrators



ESTATE PLANNING SERVICES

Mmila Fund Administrators has partnered with **Thanke and Associates** for the provision of Estate Planning Services to Mmila members. This solution entails the setting up of Trusts and drawing up of Wills, their registration, custody and safe-keeping.

WHAT IS AN ESTATE?

An Estate, in common law, is the net worth of a person at any point in time alive or dead. It is the sum of a person's assets – legal rights, interests and entitlements to property of any kind – less all liabilities at that time.

WHAT IS A WILL?

A Will is a legal document by which a person, the testator, expresses their wishes as to how their property is to be distributed at death, and sometimes appoints guardians for minor children of the deceased. It nominates one or more persons as beneficiaries, and the executor, to manage the estate until its final distribution.

WHAT IS A TRUST?

One may choose to have a “Living Trust” or a “Testamentary Trust”. A Living Trust is meant to benefit the chosen beneficiaries during the lifetime of the Founder / Settlor. A Testamentary Trust on the other hand is meant to start operation at the time of death of the Founder / Settlor upon the terms stipulated by the former.

WHY PLAN YOUR ESTATE?

1. Minimize disputes at the time of death
2. Manage your assets: Beneficiaries, Property Division and Control on use of property
3. Appointment of guardians of minor children
4. Setting funeral arrangements
5. Tax reduction
6. Setting of power of attorney and functions of appointed person(s)
7. You can change the contents anytime and as many times as you wish whilst alive.

SERVICE FEE

Will drafting and registration is at once off fee of **P2,100.00** for Active & Deferred Members, and **P1,875.00** for Pensioner members. Trusts are **P4,375.00**. Pensioners have an option of three-part payment through deduction from source.

THANKE & ASSOCIATES
Attorneys, Notaries & Conveyancers

Mmila Fund Administrators
Service Excellence Assured

CONTACTS

(Gaborone) **311 4092 / 74 799 375**
(Francistown) **241 6598 / 74 790 741**

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Kenyan court quashes law allowing home buying with Pension savings

The Kenyan government's plan to accelerate its affordable housing agenda has suffered a setback in court after a judge quashed a law that allows members of retirement schemes to use a portion of their savings to purchase residential houses. The court also stopped the implementation or enforcement of the amendments introduced to the Retirement Benefits Act No. 3 of 1997, which allowed the retirement benefits industry to help fill the housing gap. Justice Anthony Ndung'u found that the amendment to the law was achieved through an irregular and flawed parliamentary process because MPs failed to allow public participation in the enactment process. The amendment was introduced through the Tax Laws Amendment Act 13 2020, which came into effect on April 25, 2020, and the objective was to cure the large housing gap.

Boost home ownership

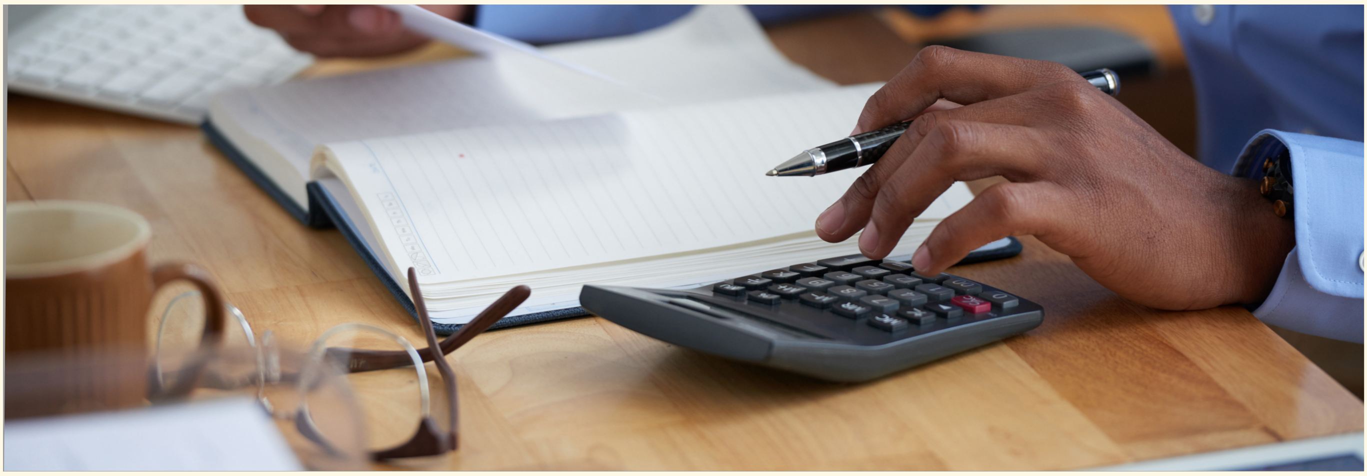
The Kenyan government's aim in amending the law was to boost home ownership and lift the sluggish property market by enabling members of retirement schemes to purchase and own homes using their savings. Changes to pension laws were also meant to make it easier for individuals to buy their first homes given that most Kenyan households are unable to raise the minimum house purchase deposit or afford the typical monthly mortgage payments. To bring the amended law into force, former Treasury Cabinet Secretary Ukur Yatani published the Retirement Benefits (Mortgage Loans) (Amendment) Regulations, 2020 showing the rules and limits for accessing pension savings for home purchase. The regulations were published on September 14, 2020.

Pensioners were allowed to use up to Sh7 million ($57,000) or a maximum of 40 percent of their retirement savings to buy a home from an institution or real estate investors. An institution was defined in the regulations to include banks, mortgage or financial institutions, building societies, microfinance institutions, the National Housing Corporation, institutions approved by the Retirement Benefits Authority or any other entity offering a residential house for sale.

The Citizen | 26 November 2022
IRFA Dispatch, Friday 2nd December 2022. The Retirement Industry Newsletter

Bokamoso Vol. 2 | December 2022

Why now is the perfect time for a financial check-in



With Christmas decorations popping all over malls and shopping centres across the country, we're all realising the year is quickly coming to an end. You might not have made progress on your 2022 New Year's Resolutions, but fear not, you can still have an excellent financial start to your 2023. Because the year is coming to an end, now is the perfect time to evaluate how you're tracking on your financial goals. Bertie Nel Head of Financial Planning and Advice at Momentum, says an annual talk with your financial adviser is of paramount importance and sets the tone for the year ahead, which should be on top of your holiday season to-do list.

Furthermore, Bertie explains that an annual financial review with your financial adviser is essential to help bring the following aspects into perspective:

- Savings goals
- Healthy credit accumulation.
- Expenditure readjustments.

The above sounds good and well once you have a well-established relationship with your adviser. But, for the individual or couple who recently got in touch with a financial adviser, some blind spots need to be checked, and blurred lines need to be clearly defined before continuing to trust their advice. Bertie shares the four most important questions when reviewing your finances with the help of your financial adviser.

1. **Am I adequately covered?** In the same way, we insure everything from cars to phones. We also need to cover and safeguard our income as well as our life to ensure that those we leave behind will be taken care off in the instance of our passing. Your financial adviser can help you set up a personal insurance policy to protect you against loss of income or life. The yields can be used to replace your income or take care of your loved ones when you are no longer here or are unable to provide for them. "Your financial advisor will also be able to advise you if you are over-insured and on different premiums," he says.

2. **Which fees am I paying?** From your monthly account fee or issuing statement fees, numerous fees are attached to your financial decisions, especially when it comes to investments. Selling and buying shares and reinvesting dividends all come at a cost. "When you go for your financial check-in, it is vital to ask your financial adviser about these fees and evaluate whether they are above the average effective annual cost. The effective annual cost shows the total cost of managing your investment," Bertie advises.

3. **Am I on track with my investment and/or savings goals?** Asking yourself whether you are adequately meeting your investment and savings helps you gauge how you're doing in terms of the goals you set at the start of the year. While you can lie to an adviser, you cannot really lie to yourself, so honesty will keep your finances in check. With that reality check in mind, this is also an excellent time to evaluate whether your goals are realistic and aligned with your life goals. "A financial adviser will help you come to terms with the realities and put you the proper path to reaching your goals," says Bertie.

4. **Can I trust them? Trust is one of the pillars of any healthy and solid relationship;** therefore, Bertie says ensuring a relationship with your advisor is essential. This might seem like a simple question, but it is not only polite but also a way to make you feel more comfortable with your adviser and build a trusting relationship. Your financial adviser cannot make you a millionaire overnight or make your debt disappear overnight. However, they can help you make better financial decisions and assist you on your journey to success.

FA News | 1 December 2022
IRFA Dispatch, Friday 2nd December 2022. The Retirement Industry Newsletter

Passing from this world is inevitable,

and it's important that you plan accordingly for when you do. Through estate planning and creating a will, you can ensure your assets are distributed the way you want, and your family and loved ones are provided for.

At Peo Legal, we can help you navigate and understand Estate planning. To help you plan your legacy, Mmila Fund Administrators has partnered with Peo Legal to provide members of the Debswana Pension Fund with estate planning services at a subsidized rate. These services include the drafting of a will and/or trust and are available to pension, active and deferred members.

Estate planning will allow members to:

» set out how they want their assets distributed when they pass away or while they are alive; and
» include directives as to health, burial, and financial decisions.
» ensure their loved ones are properly provided for.

Did you know:

» Nearly 70% of people around the world pass away without a without a valid or up to date will. Which often has devastating consequences for their family and loved ones.
» Drafting your will need not be a difficult process. Our team is easily reachable.
» Your will is not valid and enforceable unless it is properly signed and witnessed by independent parties.
» A person who signs as witness on a will cannot benefit/inherit in terms of the will.
» Every person 16 years and older can make a will.
» Estates of persons who die without a will are administered in accordance with intestate or customary.
» Under customary law, a child born out of wedlock is not entitled to inherit from their father.

Our dedicated estate planning team at are available Monday – Friday to provide you with expert legal advice. Please contact us at +267 397 5779 or reach out via WhatsApp at +267 71 737 196.

PEOLEGAL Mmila Fund Administrators

*Contact us for an obligation free quote.

Member Portal

When last did you access your Pension Fund record using the Member Portal?

Did you know that you may access the Member Portal through:

Mobile App
- Android phones – download from Play Store
- IOS Phones – download from App Store

Computer
- Link https://portal.mmila.co.bw

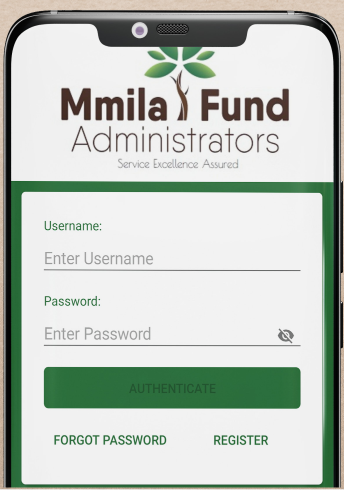
Functions available on the Member portal are but limited to:

- Membership Record – be able to view your current membership record and update your contact details from time to time.
- Fund Balance – view your fund balance and Pension contribution history as received from your employer or stop order instruction from members' banking account (deferred members making individual contributions)
- Membership certificate – view and print membership certificate if you need one
- Benefit Statement – view and print current year rolling benefit statement
- Pensioner Pay Slip – view and print Pensioner Pay Slip

For your username and password send a request to **portal_quiries@mmila.co.bw**

To find out more on Member Portal accessibility contact Member Relations Officer in your area:

- Gaborone – **267 3735267** **bmosimanyane@mmila.co.bw**
- Orapa Constituency – **267 2902323** **lmosigi@mmila,co.bw**
- Jwaneng Constituency – **267 5884849** **mthamage@mmila.co.bw**



Office Closure

We hope we served you well throughout the year! Your Retirement Planning is our number one priority. Always remember that you cannot drop the ball at any given moment on your financial plans, it is a 365days commitment.

Our Offices will be closed during the upcoming Festive holidays as follows:

Debswana Pension Fund
Closing : 22nd Dec 2022
Opening: 4th January 2023

Mmila Fund Administrators
Closing: 23rd Dec 2022
Opening: 4th January 2023

Funeral advance emergencies contact **267 73 512 021**

Member Satisfaction Surveys

Please complete the 2022 Member Satisfaction Survey and give us feedback on how we serviced you and let us know what we need to improve on.

In order to improve on our service, we would appreciate your valuable feedback.

Note below 2022 Member Satisfaction Survey Links

- Active Members - https://www.surveymonkey.com/r/2022Active
- Deferred Members - https://www.surveymonkey.com/r/2022 Deferred
- Pensioner Members - https://www.surveymonkey.com/r/2022Pensioner

We would like to hear from you.

DPF Christmas Message

DPF Board of Trustees, Management and Staff wish you a joyous festive season and a Happy new year!

We look forward to continue serving you in 2023 and beyond…

Merry Christmas and Happy New Year!!!