



# Bokamoso



**DPF**  
DEBSWANA · PENSION · FUND

## How To Plan For Early Retirement

Save, Plan, Invest, Avoid Debt And Spend Cautiously

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Some people, whether for financial reasons or out of the sheer love of work, want to work for as long as possible. Others instead strive to reach retirement as quickly as possible. Although it is often advised that people stay on their jobs for as long as possible, we are still happy to shed light on the possibility of retiring into a comfortable life at an early age.

If you are one of those people who wish to fulfill two dreams in one lifetime, you need to make sure you have reviewed your lifestyle before you send that resignation letter to your boss. These are several things to help ensure you have covered all of your bases;

### 1. START SAVING

You might think you're too young to worry about saving for retirement. That's not true, and it's especially untrue if you want to retire early. If you are not saving, it's time to get started. Start small if you have to and try to increase the amount you save each month. Take advantage of Additional Voluntary Contribution to supplement your main superannuation scheme. If once in a while you make extra cash from your overtime and bonus, don't be too excited to blow it yet, transfer that extra cash into your AVC account.

*continues on page 4...*



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## Editor's Note:



Wangu Mmereki

### Welcome...

Welcome to the second 2015 edition of BOKAMOSO where we continue to give you the latest scoop on the proceedings of the Fund and how these activities may affect your Pension.

In our previous edition, we announced the launch of Project Anchor, the implementation of our new administration system. We are pleased to inform you that the Project Anchor has now reached its key milestone and has since gone live on 3rd August 2015. Read about the latest in our update article on page 3.

We also bring in this edition insight on how to plan for early retirement so that if you heed advice you can have the opportunity to live your early retirement fantasies of travelling the world, visiting those hard-to-pronounce countries you've always talked about while you are in the prime of your lives.

We have also seen the formation of Goodhope Pensioners Association Branch which is evidence that the BBMPA continues to grow both in breadth and depth. Pensioners need to have a voice in future Fund developments which could affect the pensions they have worked so hard and paid for. The more members they have, the louder their voices will be.

We hope you enjoy reading this latest edition of Bokamoso and as always, we would welcome your views. Please also contact us if you have any questions about your Pension. We will always be happy to help.



*"Project Anchor went live on 3rd August..."*

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## ANNOUNCEMENTS:

### Staff Movements:



Cynthia Matsete joined us on May 4th 2015 on a short term contract as the Personal Assistant to the PEO. Cynthia previously worked for BPC in the same role.



We bid farewell to Bandile Mooka on 10th April 2015 who had been with Fund since 23 October 2013. Her contribution to the fund is highly appreciated and we wish her the best in her endeavors.

### Board Changes:



1

2

3

Lebogang Sebopelo (1), Kitlanang Phuthago (2) and Tefo Setlhare (3) are new company appointed Trustees. They have all undergone the mandatory regulatory vetting process applicable to all persons elected to hold any leadership position in the pension fund before fully qualifying as Trustees. They have since been successfully cleared for their Trustee Duties.

### SUMMARY OF BOARD CHANGES:

Withdrawn	Resignation Date	Replacement	Appointment Date
Richard Moroka (DTCB)	30/04/2015	Lebogang Sebopelo (DTCB)	17/06/2015
Vuyisile Garekwe (DTCB)	30/04/2015	Phuthago Kitlanang (DTCB)	29/05/2015
Ian Modubele (Debswana)	30/04/2015	Tefo Setlhare (Debswana)	04/06/2015

## Project Anchor Update



The new Everest system went live on 03rd August reaching a major milestone for Project Anchor.

It was a 'photo finish' as a race would go, and all milestones were achieved including restructuring, business process reengineering, user acceptance testing (UAT) and functional training which staff went through.

The operational team were keen to get their hands "dirty" at go-live, and a team from our Partners at EBSPHERE were on hand to take them through their paces and process live transactions. It was clear that without the proper training and employee commitment, the implementation would have taken longer; adaptation to the new system would have been more problematic, and frustration would have been much higher as DPF employees seamlessly adjusted to the new system; it was ultimately business as usual the week of go-live.

With unscheduled and erratic power cuts the week of go-live during both days and evenings, it was a pleasure to have our newly installed 60Kva generator working silently in the background as the project team was required to work within and after hours.

Business owners were engaged from as early as the selection process and the project manager said it was the business owners' proven knowledge, the sponsors' key support, as well as a guiding steering committee that made the project team extremely confident in the implementation of Everest; I cannot share the success we have enjoyed so far without acknowledging them.

The project team has accessed the web portal, but it will only be delivered after further customization to the participating employers at the end of October after training and to the greater membership community by December.

The old system will be decommissioned in August, and the project expects to formally closeout the project by 31st August 2015.

*By Project Manager Melvyn Pensee-Arnold*



Melvyn Pensee-Arnold and Partners from EBSPHERE

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continues from page 1



Tracking your savings should be easy because you can review your personal pension account information through the Fund Member Relation Desk or lodge an enquiry through your HR Partners as and when you wish. A statement is also issued to you annually.

## 2. KNOW YOUR RETIREMENT NEEDS

It is critically important to know how much you will need to maintain your desired lifestyle in retirement over the long term. Retirement is expensive. Experts estimate that you will need at least 70 percent of your pre-retirement income to maintain your standard of living when you retire. If 70% is far-fetched for you, you need to have Multiple Streams of Income to close the gap. Other sources of income will help lessen the pressure on salary income maintaining your lifestyle. Review your life now and see if you can take charge of your financial future because if you don't plan for the life you want to lead, you might find that you haven't saved nearly enough to retire early.

## 3. INVESTING IN UNIT TRUSTS

A Unit Trust is one of the simplest ways to invest in your future. It is a collective investment scheme, meaning that a number of people pool their money in a fund, that then buys and sells shares, cash or bonds on their behalf. Your investment will be actively managed by a professional, also giving you the flexibility to access it at any time.

Botswana Insurance Fund Management Unit Trust (BIFM) Head of Retail, Setshwano Ngope has also in the past urged Botswana to diversify their egg nests by investing in Unit Trusts. She told this to the Voice Money, a section on the Voice Newspaper where she said, "Through unit trusts, individuals are able to invest in different asset classes such as shares, bonds, property and cash. There are different types of funds available, with each fund investing according to its risk profile." For early retirees, this is an effective investment vehicle than saving money in a bank as the interest rates are very significant. AVC is only permitted through payroll deductions. A DPF member is allowed to make lump sum contributions as long as the source of the funds (overtime, bonus) is your employer. In those regards, if you have other sources of income other than that of the employer, instead of saving that money in a bank, you can invest it in a Unit Trust where it will grow significantly as if it were sitting in a pension fund. Some of the Unit Trusts available in Botswana are African Alliance, Allan Gray, Investec Asset Management, Botswana Insurance Holdings Limited, Afena Capital Botswana and Botswana Insurance Fund Management.

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## 4. INVEST IN A HOUSE

You might enjoy renting an apartment but if you want to retire early, doing so might scuttle your plans. If you are considering retiring in 10-15 years then you should find a house that you can afford with a 10-15 year mortgage. The interest rate will be lower provided you can swing the payments in the beginning. The hard part is to find an affordable home with those higher monthly payments. If you decide to buy, you should adjust your mortgage size and term to coincide with the date of retirement. Buying a home builds equity and that house might make you profit when it's time to sell.



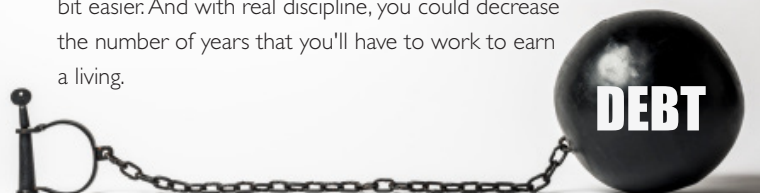
## 5. SPEND CAUTIOUSLY

If you are planning on early retirement, there should be less money leaving your account than money coming in. This is where a budget comes in handy. You need to make sure that you draft a budget and stick to it. Cap your spending at conservative percentages so that you stay within your limits. It might be necessary for you to take your family and friends on board about your budget if you really wish to retire early because they can be your down-fall. The best way to retire early is to save as much as you can, if you spend everything you make, you won't be able to stow away enough for a happy retirement, let alone an early one. Spending cautiously will also help you easily contribute to AVC or invest in Trust Funds.

## 6. GET OUT OF DEBT

The less debt you have at retirement, the less money you'll need to have the lifestyle you want. Getting out of debt doesn't just mean paying off credit cards, either -- your home might be the biggest debt you've got. Examine your current budget, and refocus it a bit, if necessary, to paying off debt as quickly as you can. For every payment you don't make to someone else, you have more money to add to retirement savings.

If getting out of debt and saving for retirement at the same time make it seem like early retirement is an unattainable goal, you've discovered why so many people don't do it. Without a generous income, it's a real challenge. But every step you take toward eliminating debt makes retirement a little bit easier. And with real discipline, you could decrease the number of years that you'll have to work to earn a living.



## Your Membership After Retirement:

### FAQ's:

**Q** *Am I entitled to annual salary increases on my pension?*

It is not always guaranteed that pensioners will receive increments annually. Pensioner increases are determined by investment performance and the overall financial position of the Fund hence it will vary from year to year. The Board of Trustees decides after every financial review whether there is any potential for an increase and then decides accordingly. Pensioner members will be informed of this decision by the end of every second quarter.

**Q:** *What is a Certificate of Existence (COE) and why is it important for a Pensioner member?*

It is a requirement that once a member has enrolled on pension, they must notify or confirm their existence to the Fund on an annual basis through a signed certificate of existence, witnessed and endorsed by a recognised legal authority under the laws of the country. Currently, tribal administrators, district commissioners, law enforcement (police) and other related bodies are accepted as witnesses for COE's. Alternatively, Officers of the Fund can assist where members bring the form directly in person (not through a delegate).

Members are given a deadline by which to respond, failing which their salary may be suspended until proof of existence is provided. This procedure is important in order to safe guard member benefits against proliferation by underserving persons and to ensure that they are eventually paid to their rightful owners in the event that a member dies unbeknown to the Fund.

**Q:** *In the event of my death during retirement, can my family or dependents claim my pension?*

The Fund relies on the family of the pensioner member to report their death as soon as it occurs. It is therefore important that members ensure whilst alive that their family is familiarised with the required death benefit claims procedures in order to avoid delays in benefits payments.



Once the Fund has been notified of the pensioner's death, an evaluation will be made to determine, based on the retirement option chosen by the deceased, whether there are any benefits due to the beneficiaries, and thereafter advise the family accordingly. Factors include whether the retirement option allows for a benefit to be paid and in what manners. Refer to the DPF member guide for more details on retirement benefit options.

**Q:** *What criteria does the Fund use when paying out my pension benefits to beneficiaries*

The Fund uses a member's nomination form as a guide to pay out benefits along with the information gathered through a death benefits investigation process, however under the rules of the Fund and relevant statutes, the Board of Trustees has a responsibility to ensure that funds are disbursed in the most appropriate manner amongst beneficiaries. To determine this, the fund always ensures thorough investigation of benefit claims to ensure equitable and fair distribution of the benefit.

**Q:** *If a nominated dependent dies before me as a member what needs to be done?*

If any of the nominated beneficiaries dies before the member does, an update is required on the nominations to avoid the need for a detailed investigation at the time of the member's own death. This also minimises the amount of time required for Board deliberations during disbursement of the benefit.

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**Q: Is it possible to change my retirement option after retirement?**

No it is not. Once a member is enrolled on pension, there cannot be any further changes on the type of retirement option regardless of any change in their status such as marriage, divorce, death of beneficiaries, etc. The retirement option forms the basis for calculating a member's pension salary hence it becomes permanent once the member starts to receive his/her salary.

**Q: Are there forums and activities through which the Fund engages with pensioners on an on-going basis?**

Pensioner members are encouraged to promote their interests in whatever form they find suitable such as formation of pensioner associations, as well as participate in Fund initiatives and activities. However such entities, activities and any others similar are not legally binding on the part of the Fund and its obligations to the membership. The Fund will from time to time exercise its discretion in supporting such initiatives through its stakeholder engagement plans.

Currently, the **Badiri Ba Meepo Pensioners Association** exists for DPF pensioners to join and network with their fellow pensioners. Interested members can liaise with the Interim Committee Chairperson Bashi Sengwaketse on **+267-73970282**.



*Retire knowing that you  
have invested wisely...*

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## Itse Bajaboswa Ba Nnete

Go botlhokwa fela thata gore lo nne le moriti ya melawana ya tsamaiso ya letlole gore go nne motlhofo go tshloganya gore ke eng fa ditshwetso tse dingwe di tsewa ka mokgwa oo rileng eseng kafa o eleditseng ka teng. Mo kgatisong ya gompiano re buisana ka kgang ya bajaboswa re itebagantse le bana ba ba tsholwelang kwa ntle ga lenyalo.

Dintlha tsa botlhokwa tse motho a tshwanelwang ke go di itse ke gore fa go tla kwa ditshwanelong tsa bana le ba lelwapa tsa phenshene, ga gona kgetlhololo mo baneng/ bajaboswa.

Fa o bula bukana ya melawana ya letlole ka bajaboswa, e go fa ditlhaloso tse mmalwanyana mme dia amogelesega, kgang ya konokono eo tshwanetseng wa e tlhwaela tsebe ke gore, mojaboswa ke motho kgotsa batho ba tlhokomelo ya botshelo jwa bone e ikaegileng ka leloko

### Mojaboswa wa leloko la phenshene ke;

1. ngwana / bana ba leloko
2. mohumagadi wa leloko yoo o tserweng ka fa molaong wa Setswana wa lekgotla kgotsa wa molaodi, le wa moruti kwa kerekeng.
3. motho kgotsa batho ba eleng gore fa leloko le ne lesa tlhokafala one a ya go nna motlamedi wa botshelo jwa bone – sekai ngwana yo o tsholwang a fitlhela motsadi wa gagwe Rragwe a satswa go tlhokafala.
4. e ka nna gape motho kgotsa batho ba eleng gore ga ba akareidiwe mo go ba ba nankotsweng fa godimo , ese mohumagadi ,ese se wa losika ,ese ngwana kgotsa motsadi mme ele fela gore goya ka ditshekatsheko le mabaka , mekwalo ya bajaboswa ee lebilweng ke bagogi go lebege fa motho kgotsa batho bao bane ba ikaegile ka leloko le le tlhokafatseng fela thata mo eleng gore go fulareng ga leloko go tile go ama fela matshelo a bone, sekai; dingwe tse di atleng di bake ketsaetsego le go simolola tlhoko kutlwisanano fa gare ga malapa mo go fulareng ga letlole. Otlaa fitlhela rre / leloko a na le lelwapa le le kafa molaong a nyetse a na le mohumagadi le bana ba a ba godisetsang mo lelwapeng. Ka fa thoko ana le lelwapa le lengwe gape le bana mme a sa nyala mmagwe bana ba ka fa molaong mme ele bana ba gagwe ba a ba tshotseng sentle go sena pelaelo epe mo go ene le mo ope. Dilo tsa go nna jaana e are morago di bake ketsaetsego.



### Ka fa mola o wa phenshene wa bajaboswa o buang ka teng.

- bana botlhe ba ba tshotsweng ke loloko ba tshwanela gore ba akareidiwe mo bosweng –ba ba leng mo nyalong gammoro le baba tsholwetsweng kwa ntle ga nyalo. Batla abelwa seabe sa bone go lebilwe fomo ya bajaboswa le kafa bana ba ikaegileng ka ene.
- Mohumagadi wa leloko yo o nywetsweng ka fa molaong le ene o na le tshwanelo ya go akareidiwa mo bosweng jwa monna wa gagwe - le ene go tla lebiwa mabaka a le mmalwanyana.
- Mmagwe bana ba lelwapa le le sa nyalwang le ene o na le gore o ka akareidiwa fa ditshekatsheko di ka supa gore one a ikaegile fela thata ka leloko mo eleng gore gongwe oka se kgone go itshetsa , le ene otlala sekasekelwa sengwenyana mo bosweng joo jwa rre wa tsala ya gagwe - kgotsa rraagwe bana ba gagwe. Se se dirwa fela fa go na le bosupi jo bo tletseng gore o ne a ikaegile ka moswi.
- Batsadi rurifatsang gore bo rraabana ba nna le seabe le karolo mo go tlhokomeleng le go godisa bana bana ba ba tshotsweng go sa kgathalesege gore a rre yoo o go nyetse kgotsa kgotsa gaa go nyala , a le a utlwana kgotsa ga le sa tlhole le utlwana. A go nne le mokwalo oo ka supang fa pele ga lekgotla ele bosupi jwa gore go na le tlhokomelo kgotsa botsadi.
- Bo rre , tswee- tswee a ere fa o na le bana mme o le bete se molangwana gore e katswa ele ba gago kgotsana o a ba patelediwa , o dire dipatlisiso tsa maranyane a rurifatsang botsadi jwa gago mo baneng e sere morago o huletse boswa jwa bana jwa gago jwa jewa ke batho basele.

Are rurifatseng gore fomo ya rona ya bajaboswa e nna e ntshafagadiwa kgapetsa kgapetsa fa gona le phetogo mo lwapeng kgotsale fa ele kwantle go itsa ketsa etsego ee ka nnang teng fa go nna le loso.

Mme a ere fa o nyalwa ka bana o rurifatse, o bo o dumalana le batsaakarolo botlhe gore a o nyalwa le bana gore o rurifatse gore thulaganyo eo ea dirwa ka fa molaong go fitlhelala e wela.

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## Pictures & Events:

### 2015 BUSINESS UPDATE TOUR:

Jwaneng Mine



Morupule Coal Mine



Orapa Mine's



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## GOODHOPE PENSIONERS MEETING



## INTERIM NATIONAL MANAGEMENT COMMITTEE MEETING



## PALAPYE PENSIONERS MEETING



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## NEWS:

### Goodhope Pensioners' Association Branch Formation Meeting

In their continuous efforts to providing pensioners with security and stability during their old age, the BBMPA launched a new branch in Goodhope on July 8th, 2015 at the Goodhope Kgotla, making it the 19th Pensioners' Association Branch across the country. Pensioners from Goodhope and surrounding areas graced the event to participate and witness the formation of their branch. Also present at the event, the two guest speakers, DPF Communication Officer Israel Kgosidiile and BBMPA Gaborone Branch Interim Chairperson Mr Bashi Sengwaketse to lay the foundation for the new branch and advice on the way forward to sustaining the Goodhope branch.

In her welcome remarks, the interim chairperson for Goodhope, Mrs Mercy Mogotsi expressed their need for direction on the orders of a branch in order to exercise due diligence. She then paved way to Mr Sengwaketse to shed light as a member of the BBMPA interim Committee.

In his words of encouragement, Mr Sengwaketse applauded his fellow pensioners for making the Branch a reality, stating that the Pensioners' Association came to exist in order to promote the prosperity and welfare of its members by protecting their rights and interests, safeguarding their pension levels and accordingly their standard of living. He advised them to constantly find ways to sustain the branch and its members in various ways as this will also assist its members in solving problems collectively. Citing one of the developments that have been achieved by the BBMPA, he joyfully announced the approved Constitution which he advised to be read and applied in the new Branch. He highlighted that forming this association will enable them to elect two members to be part of the DPF Board of Trustees as one of the goals of the Association.

For his part, Mr Kgosidiile enlightened the pensioners on the expected benefits of forming a branch and sustaining it. In his presentation, he also gave them the general update on the fund performance, announcing the 7.8% pensioner salary increase. At the end of his speech, he gave them assurance that Debswana Pension Fund remains committed in enhancing and promoting the welfare of their pensioners.

The newly formed Goodhope Branch invited all the pensioners from surrounding areas to attend the next meeting which was scheduled for (August 12th 2015).

### BBMPA Palapye Branch Meeting



Palapye Pensioners During The Meeting.

The Palapye Branch Pensioners gathered at the Palapye main Kgotla on May 20 2015 to participate in a one-day conference about issues affecting their branch. The meeting was very beneficial for everyone involved and it created an open forum for an exchange of ideas, and for pensioners to receive updates on relevant issues. A wide range of topics were discussed, including the formation and importance of an association, the role of an association, long-term goals of the association, membership fees and the general welfare of pensioners. The DPF Communication department staff was invited to the meeting where Ms Agatha Sejoe was the guest speaker.

The interim chairperson of Palapye Branch, Mr Modikwe expressed their role and goals as an association. He further encouraged members to continue paying affiliation fees and become dedicated members of the association as the number of the association members is important in obtaining services such as medical aid and funeral cover issues.

When addressing their burning issues, Ms. Sejoe advised the pensioners that a most effective pensioners association needs to be independent and this means that it must not depend on the DPF support for its survival. She also reminded them that a pensioners association will provide the means of safeguarding the interests of their fellow pensioners by monitoring the operation of the Pension Fund as a check that the Trustees are carrying out their duties.

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## NEWS:

### Progress Report On Badiri Ba Meepe Pensioners Association



Bashi Sengwaketse Interim National Chairperson Of BBMPA.

**APPROVED CONSTITUTION:** - On April 23rd 2015, the Director of Civil and National Registration approved the amendments to the Constitution for Badiri Ba Meepe Pensioners Association. The name of the Association shall be Badiri Ba Meepe Pensioners Association which its objectives are to enhance and promote the sense of continuing membership for retiring and deferred Debswana Pension Fund Members. The Association will also share with its members, information regarding its activities and about pension matters generally, and seek their viewpoints.

The Interim National Chairperson of BBMPA, Mr Bashi Sengwaketse has given a progress report from the Interim Committee to keep the pensioners updated about their association.

#### BADIRI BA MEEPE PENSIONERS ASSOCIATION PROGRESS REPORT

Since the DPF Pensioners Pitso/ Conference which was held in September 2014 in Gaborone, members of Badiri Ba Meepe Pensioners Association had an opportunity to elect an interim National Management Committee, which comprised of the following members:-

- 1) Bashi Sengwaketse – National Chairperson
- 2) Edward Moganana – Deputy National Chairperson
- 3) Blacky Mompe – Secretary General
- 4) Maria Matenge – Deputy Secretary General
- 5) Gasenna Mfosi – National Treasurer
- 6) Teedzani Machacha – Publicity Secretary
- 7) Ookame Modikwa – Additional Member
- 8) Ikanyeng Marata – Additional Member
- 9) Mavis Letshabo – Additional Member
- 10) Tebogo Mokwena – Additional Member



BBMPA Interim National Management Committee.

*The conference gave the Interim National Management Committee the following objectives:-*

- a) To ensure that the BBMPA Constitution amendments are done to show the Association's national footprint.
- b) To register those amendments with the registrar of societies.
- c) To come up with a plan of action to re- establish branches where they don't exist.
- d) To look at ways which will benefit the members of the Association. After long hours of hard work, the constitution has eventually been registered as a legal document of our Association.
- e) To prepare for the election of a substantive National Executive Committee

Due to the delay in finalising the registration of the constitution, the first BBMPA Interim NMC meeting was held on May 15th 2015. A lot of work has been done since the first meeting and I would like to congratulate the committee for their hard work so far.

*The following projects are being investigated:-*

- a) A Group Medical Aid Scheme for pensioners
- b) A Group Funeral Scheme for pensioners
- c) A Cooperative Society for our members

We believe that all the above projects will benefit our members in the long run. A full report will be done and presented to the members at our next Pitso/Conference in September on a date to be announced.

We plead with the members of our Association to work hard at their branches in recruiting more members to participate in the Association in order to build a strong pensioners Association.

*For any queries, please contact the Interim Secretary General on 73031667 and the Interim Public Relations Officer on 71681746.*

*By: Bashi Sengwaketse*

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# PENSION NEWS



## Are South African pension funds missing an opportunity?



Infrastructure and private equity could offer return premium - Old Mutual Investments.

JOHANNESBURG – South African pension funds should consider allocating more funds to alternative asset classes like infrastructure and private equity, an analyst argues. Paul Boynton, head of Old Mutual Alternative Investments, says although these investments are illiquid, it offers a potential return premium of around 3% to 4% and can have a positive economic impact.

Boynton says a report by professional services firm Towers Watson on the 16 largest pension fund markets globally suggests that on average across the universe just under 25% of assets are committed to so-called alternative assets. This includes assets other than stocks, bonds and cash. (The percentage also includes real estate). He says the sense is that around 5% to 7% of developed market pension funds are allocated to private equity and between 2% and 3% to infrastructure.

"Infrastructure is the fastest-growing alternative asset class globally so one would imagine that would increase over time." Pension funds in Australia, which are at the forefront of the trend, on average have 7% allocated to infrastructure. Boynton says South African institutions are, on average, lacking significant commitment to alternative assets and private equity investments. The Public Investment Corporation (PIC) through the Government Employees Pension Fund (GEPF) and some other parastatal pension funds have made allocations to these asset classes, but substantively on the whole, a lot of pension funds have no exposure to these assets.

He says once a pension fund has committed to a private equity fund or an infrastructure fund it is locked in for the horizon of the fund, which could be anything from ten to 15 years. "It is a serious commitment that you make." Risk will also be a consideration but each fund has a different risk profile, which can vary widely depending on the specific project involved. "Is the South African institutional market assessing this asset class opportunity correctly? In our experience we've definitely had a positive impact on our funds from having been involved."

Looking at the African situation as a whole, the World Bank estimates that Africa needs \$95 billion a year in infrastructure investments over the next ten years. Boynton says governments and bilateral and multilateral aid will probably contribute more than half the amount leaving a deficit of roughly \$40 billion. One potential funder could be the long-term savings industry.

Sources: MoneyWeb, Ingé Lamprecht

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## Retirement isn't all about the money...



Financial security is vital in retirement, but having enough money does not in itself guarantee that you will be content.

At this year's Alexander Forbes/Personal Finance Ready Set Retire conference, John Anderson, the head of research and product development at Alexander Forbes, discussed the relationship between money and happiness.

Having enough money is not the only factor that will determine whether you are fulfilled during retirement, John Anderson says. In addition to being financially secure, contentment in retirement will depend on your lifestyle, how well you prepare emotionally for the changes that retirement will bring and what you do with your time.

Anderson says it is important that you have a fulfilling retirement, not just lots of money. "A lot of people put too much emphasis on the financial aspects of retirement," he says. "Everyone's needs in retirement are different; your needs are specific to you. You need to decide on all your needs and objectives for retirement before you actually retire.

The hierarchy of needs is often portrayed in the shape of a pyramid with the largest, most fundamental levels of needs at the bottom and the need for self-actualization (the need to be good, to be fully alive and to find meaning in life) at the top. In designing your budget, you need to start at the lowest tier of the pyramid and work your way up.

### Anderson says the five tiers of the pyramid are:

- 1. Physical Needs:** Your first priority is to have food, accommodation and access to basic health care.
- 2. Safety:** You must be able to protect yourself, your assets and your income.
- 3. Belonging:** We have a need to belong to a social group, such as a family or a community that shares our beliefs or interests.
- 4. Esteem:** We want to be valued by others. This may involve spending on things that make you feel good about yourself, such as hobbies and sport.
- 5. Self-actualization:** This may require spending on philanthropic causes, to help those in need.

Anderson says many people do not live according to this hierarchy, because living in an unequal society has a psychological impact on spending habits. For example, retirees may not eat nutritious food, but they avidly watch television or spend money on things that satisfy higher-level needs.

"Having more money does not mean you will have a happier retirement. You can be happier with less," he says.

Source: Bruce Cameron, Personal Finance

## Role of Pension Funds in Job Creation



For a country where one out of every four people actively seeking employment, is still unemployed, job creation is undoubtedly one of the most critical socio-economic challenges facing Botswana. Academics, market analysts, policymakers and even data sources may differ on the exact degree of this challenge for the future prosperity of the country but there is universal consensus that the problem needs to be addressed, and soon.

An important subject often overlooked in the debate on job creation and economic development is the role of pension funds. Few people realise the extent of the vast untapped economic resource which our local pension funds represent. As a nation, Botswana has instituted an impressive drive to develop an institutional savings industry for its estimated workforce of 400 000 people. In the last decade alone, the retirement fund industry has witnessed tremendous development and growth with total assets increasing from P16 billion in 2004 to over P60 billion at the end of 2014.

Admittedly, the above-mentioned figures are trivial compared to estimates of global pension assets of P250 trillion or P2 trillion for neighbouring South Africa (Source: Towers Watson). That said, a ten year compound annual growth rate just shy of 15 percent for Botswana and total pension assets relative to GDP of over 50 percent is impressive on any basis.

To start, pension funds serve as vehicles for capital formation and, thus, as potential sources of economic development by pooling domestic resources that can be mobilized for long-term investment. They have played a very important role in the development of the country's capital market through their substituting and complementary roles with other financial institutions. The allocation of their assets on the Botswana Stock Exchange is testament to this. A large portion of their assets have been invested in financial instruments issued by the Government, banks and other corporates.

There are several success stories of pension fund assets fuelling the growth of local companies by financing local and regional expansion projects, recapitalisations, and take-overs. The most well-known are Letshego, Choppies, and Sefalana Holdings. All of which have created jobs.

Similarly, the development of the corporate bond market in Botswana would have been unimaginable without the growth of pension funds. They have also acted as a catalyst for the modernisation of the securities market, the development of efficient trading and settlement systems and the promotion of information disclosure.

The growth of the listed equity market and bond market has unfortunately not paralleled the rapid growth of institutional savings. This slow development and deepening of the domestic capital market for traditional asset classes is well documented. Generally, the resolution to this problem was an allocation to traditional offshore assets by most asset managers and other service providers. This has generally worked well, although it has over-exposed Botswana savings to undue risks especially in periods of global market volatility particularly when one considers the objective of pension funds which is to provide long-term inflation beating returns.

For some quick background, the pension fund industry in Botswana is quite unique in this respect relative to global and regional markets in that with the abolishment of exchange controls in 1999 the Registrar of Pensions instituted a statutory offshore investment limit of 70%. This prudential limit is considerably higher than most countries. Comparatively, South Africa has a cumulative regulatory limit of 25% for foreign allocation and Kenya allows up to 15% into a fairly restrictive range of international instruments including bank deposits, government securities, quoted equity and rated corporate bonds.

As at the end of December 2014, offshore investments represented 60% of total pension fund assets. Logically, the focus on developing local investment opportunities is the preferred route for increasing domestic allocation. Understandably this process has been slowed mainly by a chronically delayed privatisation program and the Treasury's aversion to borrowing more from the local market. That said, there is an opportunity here for development and job creation that is evident in the pipeline of viable funding opportunities that we see as market practitioners evaluating potential investments.

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Pension savers have a clear interest in stable and sustainable economic growth. The health of the economy has a double impact on savers' prospects of a decent and secure retirement, affecting both long-term investment returns and their general quality of life as jobholders and taxpayers. It seems likely that many pension savers would like to see more of their money invested in kick-starting the local economy and creating jobs.

Fiscal policy and spending rules are beyond the scope of this discussion, however medium-term fiscal sustainability is another very topical issue given the considerable uncertainties about the long-term prospects of diamonds and the future of the SACU revenue sharing agreement. Botswana is approaching a period of transition and structural changes. So the challenge for pension funds, regulators, service providers such as asset managers, and Government is to reassess how to best achieve the investment objectives of retirement fund long-term savings with a consideration for the long-term development objectives of the country.

Yes, pension funds are already being used in Botswana to finance infrastructure projects, real estate development and other forms of private equity. Yet, the average asset allocation to these alternative asset classes is still relatively low for most pension funds at below 2% so there is definitely scope for more "new investments" to be designed to create long term, sustainable opportunities.

In the near term these investments should be made in tangible assets: affordable housing and power generation for instance. Long-term savings accumulated under retirement funds could also be borrowed by Government at the current record low interest rates for the extensive large scale development projects required to address infrastructure constraints. The most recent Government Budget indicated several large scale priority projects such as North-South Water Carrier II at P500 million; Kanye and Molepolole connection to the North-South Water Carrier at P150 million; and Construction of Kazungula, Thamalakane and Molembo bridges at P280 million.

Another potential area of opportunity is Public Private Partnerships (PPPs). This refers to a broad range of deal structures and asset types where the public sector and private sector (pension assets) agree to share some portion of the risks and rewards inherent in an infrastructure project. There are already successful cases of this strategy being implemented locally; however the momentum for new projects has unfortunately dissipated in recent years.

Infrastructure projects such as water plants, mass transit, critical road development, private prisons, medical centres, new and refurbished schools, leisure and tourism, and land servicing need attention are all labour intensive. That means potential jobs and income.

The direct employment beneficiary of the local pension fund industry development has been the broader domestic financial services sector. Although employment levels within this sector are far below satisfactory levels at less than 2% of total employment (Source: Statistics Botswana), there has been a significant modernisation of Botswana's financial infrastructure. While this growth could have taken place independently of the retirement fund industry, the sheer size of the pension fund industry provided the political justification for these developments. By providing additional and alternative financial services, pension funds improve general system-wide access to finance. They also help to facilitate longer term investments and financing, which is often a challenge in the early stages of financial sector development.

The broadening of the sector has included employment opportunities in areas such as custodial services, asset management, venture capital, stock broking, life insurance businesses, leasing, factoring and collective investment businesses. This sector can now boast several locally owned businesses managed by local professionals. Efforts to further localise these services could provide further growth opportunities for job creation.

The difference between economic winners and losers in the world market lies essentially in making a clear national commitment to growth and competitiveness. The winners are those whose national policies emphasize savings, investment, technology, competitiveness, and work, to support growth. The losers are those who turn to Government intervention and control as substitutes for market forces (Ruben F. Mettler 2002). Unfortunately, slowly but surely in the recent years the economic realities of Botswana suggest that we have been moving to the side that is losing.

Government alone cannot carry the burden of economic development. Pension funds have accumulated vast amounts of long-term financial resources and have the potential to fund some of the targeted development projects. In line with the economy-wide shift towards longer-term development agendas, strengthening pension funds is now an urgent policy imperative so that Botswana can mobilize these long-term domestic resources to finance productive investments for job creation.



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## 5 Tips: For Healthy Eating At The Office

Many people will agree that one of the most challenging things for them, when they are trying to eat healthy or lose weight, is eating away from home. For most of us, we leave home several days in the week to go to work, and we spend a good part of our day there. If you find that eating away from home is going to be a major hindering factor to the success of your health goals, here are a few ways you can start eating healthy at work;

### 1. Get a Good Night's Sleep

This may seem a bit out of place in an article about healthy eating, but I assure you it isn't. Being well rested is one of the first steps to eating well and feeling at your best. When you are overtired you will more than likely find yourself reaching for food and copious amounts of coffee, as a way to keep your energy levels up.

### 2. Eat Some Breakfast

*Don't let the familiarity of this advice make you skip over this tip.*

People who eat breakfast are more likely to eat better throughout the rest of the day. And, if you want to be on top of your game, go for a higher protein choice, like eggs, rather than loading up on the normal carb-heavy breakfast cereals. Protein will help you feel more satisfied, and fewer cravings later in the day will mean you'll be less likely to be tempted by unhealthy, high sugar snacks, or overeat at mealtimes. If you're in a rush, go for a healthy smoothie made with one scoop of whey protein powder; a frozen banana, one cup of milk or water; a big handful of spinach, and a handful of fruit.

### 3. Take Food With You

I don't need to tell you that homemade trumps store-bought lunch in terms of cost, ingredients, and even taste. I know it is difficult to find the time for making your own lunch, but you just have to make the time. Your lunch doesn't have to be complicated — just throw some items into a lunchbox (lettuce, tomato, etc., a boiled egg/a tin of tuna/other lean meat).

Then, all you have to do is chop it up at lunchtime. Pair that with a piece of fruit, some natural yogurt, and/or some unsalted nuts, and you're sorted for lunch and snacks throughout the whole day... easy!

### 4. Remember, Drinks Count

I find that if people associate drinking tea or coffee with eating cookies or cake, etc. the best solution is to cut back on their tea and coffee consumption. It's all about cutting the unhealthy diet associations. Also, don't forget that drinks count towards your daily caloric intake. Some count in a huge way, too. Soft drinks are a no-go area, as is creamy coffees, and fruit juice. Instead, stick with unsweetened tea, coffee and other hot drinks, like green tea.

But remember, if you associate a hot drink with eating unhealthy snacks, think about avoiding them completely, or at least cutting back your hot beverage consumption, and going for water instead.

### 5. Don't Be Easily Led

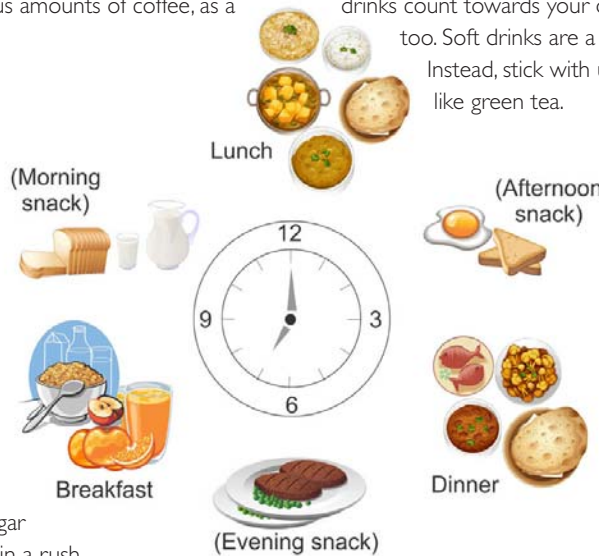
You just know you'll want those donuts that are being passed around the office! But, if you're committed to your diet plan, and you've planned ahead with your own healthy snack, you can say NO! to the unhealthy food.

If you're trying to cut back on sugary junk food, the simplest way to do this is to avoid buying it. If it isn't sitting on your desk staring you in the face, it will be a lot easier to avoid eating.

If your work involves frequent meetings where there will be lots of cake and other high-calorie goodies, I challenge you to stand out from the crowd by bringing your own healthy snacks to the meeting with you. Chances are you'll inspire others to do the same through time.

All you need are some fruit or nuts and a bottle of water — it's very easy really. And, it's so much easier to say no to the goodies being passed around when you have your own snack right there in front of you.

Source: dietrebel @ dietrebel.com





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