



"Retirement Security. Today and Tomorrow"

Member's Information Book

Zimbabwe Electricity Supply Authority Staff Pension Fund

4th Floor, Megawatt House, 44 Samora Machel Avenue, Harare

Phone: +263242252736/7/8 or +263242252764 or

+263242252979

WhatsApp: 0777 953 777

Email: info@zesapf.co.zw

2019 edition

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

Member's Information Booklet

Further information can be obtained from:

The Principal Officer,

Zimbabwe Electricity Industry Pension Fund,

4th Floor, Megawatt House, 44 Samora Machel Avenue, Harare

Phone: +263242252736/7/8 or +263242252764 or

+263242252979

WhatsApp: 0777 953 777

Email: info@zeipf.co.zw

Or / Respective HR Departments.

All complaints should be addressed to the Compliance Officer on the

WhatsApp above or email complaints@zesapf.co.zw

TABLE OF CONTENTS

	page
Introduction.....	3
Definitions.....	4
Background.....	6
Eligibility and joining the fund.....	9
Benefit on retirement.....	12
Benefit on death.....	14
Benefit on resignation or dismissal.....	15
Benefit on ill health.....	16
Benefit on retrenchment.....	17
Tax on benefits.....	18
Documents required when joining the fund.....	20
Documents required when claiming pension benefits.....	21

1. INTRODUCTION

This booklet is a brief summary of how the **Zimbabwe Electricity Industry Pension Fund "the Fund"** is managed and the benefits it offers.

Note that this is not a complete legal document of the Fund Rules. Some of the information would be dispatched to members through outreach programs. Please study the booklet so that you understand the benefits you are entitled to.

2. DEFINITIONS

"Accumulated Credit" The sum of your own contributions and the Employer's contributions plus investment return or annual bonuses.

"Act" means the Pension and Provident Funds Act, [Chapter 24:09] as amended.

"Actuary" means a member of the Actuarial Society of Zimbabwe who is a fellow of the Institute and Faculty of Actuaries or a fellow of the Actuarial Society of South Africa or of any other actuarial body approved by the Commissioner.

"Additional Voluntary Contributions" (AVCs)
These are contributions over and above the minimum employee contribution of 6.25%.

"Benefit Statement" shows your total contributions and those made by the employer on your behalf together with Bonus/Investment return.

"Bonus" a return awarded to your accumulated credit/pot annually by the Board recommended by the Actuary.

"Board" means the Board of Trustees of the Fund.

"Commutation" is defined as giving up part or all of the pension payable from retirement in exchange for an immediate lump sum.

"Contributions" means the amounts paid or payable by the member and the employer exclusive of interest and accrued income.

"Defined contribution" (DC) is a funding arrangement where the retirement benefit is determined from the employee contribution, employer contribution plus investment return or annual bonuses.

"Expenses" means costs of administering the Fund which shall also include the cost of audit, actuarial investigations and other professional fees which shall be borne by the Fund. These shall exclude costs relating to risks benefits which are paid by the Employers outside the Fund. These also exclude all investment related expenses.

"Fund" means the Zimbabwe Electricity Industry Pension Fund.

"Investment Return" a return awarded annually to members or pensioners by the Board recommended by the Actuary.

"Member" means an eligible employee who has joined the Fund.

"Pension" means a monthly amount payable to a retired member during his lifetime or to his surviving spouse during her lifetime or to his dependent child.

"Pensioner" means a retired member in receipt of a pension.

"Self-Administered Fund" means a Fund which is not an insurance company scheme, i.e. a Fund which invests its assets directly in the open market not through an insurance company.

"Spouse" means:

- a) Widow of a deceased member /deferred pensioner/pensioner, including polygamous person;
- b) The widower of a deceased female member/deferred pensioner/pensioner of the Fund.

3. BACKGROUND

The Zimbabwe Electricity Industry Pension Fund ("the Fund") is a Self-Administered Pension Fund as defined in the Pension and Provident Funds Act, (Chapter 24:09) ("the Act") and is registered by the Insurance & Pensions Commission (IPEC). The Fund was established in January 2004. The registered office of the Fund shall be at Megawatt House, 4th Floor, 44 Samora Machel Avenue, Harare.

The Fund is a Defined Contribution Pension Plan, whose principal objective is to provide benefits for members on their retirement through old age, ill-health and for their dependants when they die.

Under a Defined Contribution Pension Plan all benefits are paid from the members' accumulated credit (Pension Account), which at a particular date is the total of the Member's own contribution, Employer's contribution and the investment return earned to that date.

In terms of the Act, the Fund is controlled and managed by **nine (9) Trustees** ("the Board"). Of the nine Trustees, **four (4)** are appointed by the **Employers, five (5)** are elected by members with **four (4)** of the elected trustees coming from active members and one (1) from pensioners.

The Employers who are the main sponsors of the Fund are:

- a) ZESA Holdings Limited;
- b) PowerTel Communications (Private) Limited;
- c) ZESA Enterprises (Private) Limited;
- d) Zimbabwe Electricity Transmission and Distribution Company (Private) Limited;
- e) Zimbabwe Power Company (Private) Limited;
- f) Rural Electrification Agency (Private) Limited;

g) And any other company or organisation in the Electricity Industry which has agreed to the terms and conditions set out in the Rules of the Fund and whose membership has been approved by the Trustees.

3.1 How are the Member Trustees Elected?

- i. All Fund Members who are in active service shall qualify to vote and nominate or be nominated for Trusteeship.
- ii. The elections are conducted by the Pensions office through a ballot vote and all active members are allowed to participate in the election.
- iii. The counting of votes is done in the presence of the, contestants or their representatives and four members with the highest votes would become the Trustees of the Fund.

3.2 Term of office

The Trustees shall hold office for a period of 3 years and shall be eligible for re-election or appointment for another 3 years. No Trustee shall hold office for more than 2 consecutive terms.

3.3 Termination of office of a Trustee

A Trustee shall cease to hold office if:

- (i) He/she is removed or resigns in accordance with the Rules of the Fund or
- (ii) He/she becomes insane or incapable of acting; or
- (iii) His/her estate is sequestrated, surrendered, assigned for the benefit of his/her creditors; or

- (iv) He/she is removed by a court of law on account of misconduct from any office or trust; or
- (v) He/she is convicted of any offence and sentenced to imprisonment without the option of a fine; or
- (vi) He/she is convicted of theft, fraud, forgery or perjury; or
- (vii) He/she is dismissed or resigns from the Company.

4. ELIGIBILITY AND JOINING THE FUND

i. Who joins the Fund?

All permanent employees of the Employers under the age of 60 years and employed in the Electricity Industry.

ii. How do I join?

Once you become a permanent employee, your Employer will provide you with a MIO1 form (Details of member joining the Pension Fund) to complete. This form would be forwarded to the Pension Fund by your Employer. The Pension Fund would add you as a new member in the month you joined.

iii. How do I update my details?

You are required to complete the member update form (MU01) if there are any changes to personal and beneficiaries' details.

iv. When do I cease to be a member?

Membership of the Fund ceases when you leave employment through resignation or dismissal and opt to transfer or be paid total benefits from the Fund.

Note that if you stop being an employee and do not transfer to another Fund or claim your benefits, your benefits will be kept in the Fund until you reach retirement age.

5. CONTRIBUTIONS

5.1 How much do I contribute?

You are required to contribute a minimum of 6.25% of your monthly basic salary to the Pension Fund.

5.2 Can I contribute more than 6.25%?

Yes, you can choose to make Additional Voluntary Contributions, but subject to a limit for tax purposes.

5.3 Does my Employer make any contributions?

Yes, the Employer contributes 21.25% of your basic salary to the Fund which is split as follows;

- 19.25% towards your retirement benefits, and;
- 2% towards the Fund's expenses

5.4 How are the Contributions Invested?

Contributions are invested with reputable institutions in the following assets

- (i) Listed companies or Shares
- (ii) Money market
- (iii) Property market
- (iv) Bond market
- (v) Mortgage loans
- (vi) Any other investments approved by the Trustees

5.5 How do I know the amount I have contributed?

At the end of every year you will be given a Benefit Statement or you may request for a quotation at any given time during the year.

The Benefit Statement or quotation shows all details of your Pension Account, i.e. Member's contribution, Employer contribution, Additional Voluntary Contributions (if applicable) and the investment return.

5.6 Do I get any investment return on my pension contributions?

At the end of every year the Fund's Actuary calculates return earned from investments/assets of the Fund and recommends to the Board a bonus/interest which may be awarded to the members.

6. BENEFITS ON RETIREMENT

6.1 When can I retire?

You may retire;

- At 60 years of age (normal retirement) or
- At 55 years to less than 60 years (early retirement) or
- At any age due to ill-health or
- At any time between the age of 60 and 70 years (late retirement) subject to approval by your Employer.

6.2 Which benefits will I be entitled to?

At retirement your Accumulated Credit will be used to buy a pension, which would be paid out to you monthly for the rest of your life

OR

You may opt to be paid one third of your Accumulated Credit as a Lump sum and the two thirds will purchase monthly pension.

6.3 What is a Guarantee Period?

This is the period where pension is certain to be paid irrespective of whether the pensioner is alive or dead, hence if a pensioner dies within a guarantee period his/her dependent will be entitled to the outstanding pension for the remaining guarantee period.

Members can choose between 0, 5, 10 and 15 years guarantee periods. Note that the longer the guarantee period the lesser the monthly payment you will get but the more protection there is for your dependants. You will be given the guarantee periods options at retirement.

6.4 What if I die just after retirement? Does my pension cease?

If you had opted for a guarantee period e.g. 10 years and you die before the guarantee period has expired, your pension will continue to be paid to your spouse or dependent children for the rest of the guarantee period. Thereafter it ceases.

If you die after the expiry of the guarantee period, your pension ceases and your dependants cannot inherit it. Before you choose a guarantee period at retirement, consult the Pension Office or HR Department.

6.5 As a pensioner will my pension increase?

At the end of every year the Fund's Actuary calculates a return earned from investments/assets of the Fund and recommends to the Board a pension increase which may be awarded to the pensioners upon approval by Insurance and Pensions Commission (IPEC).

7. BENEFITS ON DEATH

What will my dependents get when I die in service?

Your Spouse(s) shall be entitled to 50% and dependent children 50% of your Accumulated Credit.

Where there is a spouse only, he/she shall be entitled to 100% of the Accumulated Credit.

Where there are dependent children only, they shall be entitled to 100% of the Accumulated Credit.

8. BENEFITS ON RESIGNATION OR DISMISSAL

If I resign or get dismissed from employment before retirement age, what will I be entitled to?

You may opt to:-

- a) Be paid Employee contribution plus interest and preserve Employer contribution plus interest within the Fund.
- b) Be paid Employee contributions plus interest and transfer Employer contribution plus interest to another Pension Fund or retirement annuity.
- c) Preserve both Employee contribution plus interest and Employer contribution plus interest within the Fund.
- d) Transfer both Employee contribution plus interest and Employer contribution plus interest to another Pension Fund or retirement annuity.

9. BENEFITS ON ILL HEALTH

If you are discharged on account of continued ill health or physical unfitness or incapacitation, you shall, on production of a medical certificate from the Sponsoring Employer Medical Board showing that you are permanently incapable of performing normal duties or any other tasks, you shall be deemed to have retired at that age. Your pension would be calculated as indicated in (6.2) above.

10. BENEFITS ON RETRENCHMENT

If you are retrenched from employment you are deemed to have retired. Your pension would be calculated as indicated in (6.2) above.

11. TAX ON BENEFITS

(a) Is my retirement benefit taxable?

Under the current legislation one third (1/3) of your capital value may be taken as a lump sum and this amount will NOT be subject to PAYE but is taxable if you retire in the year that you turn 55 years of age.

However, the monthly pension is subject to PAYE/ income tax if the amount falls within the taxable bracket if you are below 56 years of age.

(b) Is my ill health benefit taxable?

If you retire on medical grounds (ill-health) your one third (1/3) commutation and monthly pension would be taxed if you are below the age of 56 years.

(c) Is my benefit on Resignation/Dismissal taxable?

If you opt to transfer to a registered Pension Fund or Retirement Annuity the transfer value is not taxed.

You can defer the Employer portion in the Fund and commute your own contributions and these would be subject to tax when you are below 56 years. Kindly note that you cannot commute the employer's portion when you are below the age of 55 years.

You also have an option to defer both employer and employee contributions in the Fund up to 55 years or normal retirement age. If you take your deferred pension in the year that you turn 55 years of age you would be taxed.

(d) Is death benefit taxable?

The beneficiaries' monthly pension is taxable if it is within the taxable bracket.

The lump sum which is either the greater of 1/3 of the Accumulated credit or twice the deceased member's pensionable salary in the preceding 12 months is subject to tax.

(e) Is retrenchment benefit taxable?

In terms of the Rules of the Fund all retrenchments are being treated as retirements. Your pension would be calculated as indicated in (6.2) above. The pension is taxable when you retire below the age of 56 years.

12. DOCUMENTS REQUIRED WHEN JOINING THE PENSION FUND

- The member should complete the Member joining Fund form (MI01). This form captures the detailed information about the member and his/her beneficiaries.
- The member must attach a copy of his identification document (ID), marriage certificate and birth certificates for children.

13. DOCUMENTS REQUIRED WHEN CLAIMING PENSION BENEFITS

13.1 Early, Normal and Late Retirement

- Certified copy of Identity Card, valid Passport or Drivers' License.
- Spouse's certified copy of Identity document (I.D.)
- Proof of marriage (i.e. certified copies of marriage certificate, confirmation of customary marriage form from the civil or magistrate court or an affidavit).
- Form ME01 (Member Exit Form) from the Employer.
- Employer Benefit Form for other benefits (EB).
- Banking details
- Medical aid application form.
- Letter to confirm if the member wants to continue with Group Life Assurance.

13.2 Medical/Ill-health Retirement

- Medical certificate from the Medical Board.
- Certified copy of Identity Card (ID), valid Passport or Drivers' License.
- Spouse's certified copy of I.D.
- Proof of marriage (i.e. certified copy of marriage certificate, confirmation of customary marriage form from magistrate court or an affidavit).
- Member Exit Form (ME01) from the employer.
- Employer Benefit Form for other benefits (EB).
- Medical Aid application form.
- Banking details.

13.3 Death (with spouse and children)

- Certified copy of death certificate.
- Certified copy of marriage certificate; confirmation of customary law marriage from the courts; three affidavits

filled and signed by close relatives to the deceased with same surname (excluding children and grandchildren).

- Certified copy of birth certificates for children below 18 years of age or above 18 years but below 23 years provided they are undergoing full time education.
 - Stamped and signed school confirmation letter on school letterhead (In case of students).
 - For Students going to private colleges there is need for Certificate of registration with the Ministry of Education.
 - Certified copy of I.D for the spouse
 - Member Exit Form (ME01).
- In the event there is no spouse or children**
- Letter of administration from the Master of High Court.
 - Banking details of the Executor.

13.4 Resignations or Dismissals

- Certified copy of I.D.
- Banking details.
- Member Exit Form (ME01)
- Member's option letter.
- Last payslip

13.5 Life Certificates

- All pensioners are required to complete a life certificate every year between 01 January and 28 February. This certificate shows that you are still alive.
- If you fail to complete the life certificate the pension would be suspended.
- The monthly pension would be reinstated and backdated when you complete the life certificate.

13.6 Change of details

Kindly ensure that you notify the Pensions Office or HR Department on the change of your personal details such as bank account, contact number, address and any other key information. You need to complete the details update form.