



## ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

# Actuarial Valuation as at 31 December 2025

---

Prepared By

**David Mureriwa FASSA, FFA**

*(In my capacity as Fund Actuary)*

For and on behalf of



19 February 2026

Strictly Confidential

---

## Table of contents

<b>1. EXECUTIVE SUMMARY .....</b>	<b>4</b>
<b>2. INTRODUCTION .....</b>	<b>23</b>
<b>3. MARKET OVERVIEW.....</b>	<b>25</b>
<b>4. REVIEW OF THE PREVIOUS VALUATION.....</b>	<b>29</b>
<b>5. RELIANCES AND LIMITATIONS.....</b>	<b>32</b>
<b>6. SUMMARY OF MEMBERSHIP DATA.....</b>	<b>33</b>
<b>7. CONTRIBUTIONS .....</b>	<b>34</b>
<b>8. ASSETS AND RETURN OF THE FUND.....</b>	<b>36</b>
<b>9. VALUATION OF LIABILITIES.....</b>	<b>42</b>
<b>10. FINANCIAL POSITION .....</b>	<b>46</b>
<b>11. RISK ASSESSEMENT .....</b>	<b>52</b>
<b>12. CONCLUSION AND RECOMMENDATIONS.....</b>	<b>59</b>
<b>APPENDIX I: CONSOLIDATED REVENUE ACCOUNT AND BUILD-UPS .....</b>	<b>61</b>
<b>APPENDIX II: SUMMARY OF RECOMMENDATIONS .....</b>	<b>65</b>
<b>APPENDIX III: DATA CHECKS AND MEMBERSHIP RECONCILIATIONS.....</b>	<b>67</b>
<b>APPENDIX IV: COMPENSATION FRAMEWORK.....</b>	<b>68</b>
<b>APPENDIX V: SUPPORTING REPORTS .....</b>	<b>69</b>

## List of tables

Table 1: Recommended bonuses as at 31 Dec 2024 .....	4
Table 2: Return as at 31 December 2025 .....	8
Table 3: Pension increases .....	8
Table 4: Financial position before bonus as at 31 December 2025 .....	9
Table 5: Recommended bonus as at 31 December 2025 .....	10
Table 6: Financial position after bonus as at 31 December 2025.....	11
Table 7: Pensioners' financial position -Zim tables .....	14
Table 8: Pensioners' financial position –ZEIPF Tables .....	15
Table 9: Pensioners' financial position – ZEIPF and ZESA Staff PF merged.....	17
Table 10: Pensioners' financial position – ZEIPF, ZESA Staff PF and Zimbabwe Mortality tables .....	18
Table 11: Total prejudice as at 31 Dec 2025.....	19
Table 12: Financing the prejudice. ....	19
Table 13: Financial Position before bonus as at 31 December 2025 .....	20
Table 14: Recommended bonus as at 31 December 2025 .....	21
Table 15: Financial position after bonus as at 31 December 2025.....	21
Table 16: Recommended bonus as at 31 December 2025 .....	22
Table 17: IPEC Circulars.....	28
Table 18: Financial position after bonus as at 31 December 2024.....	29
Table 19: Recommended bonus as at 31 December 2024 .....	30
Table 20: Recommended bonus as at 31 December 2024 .....	30
Table 21: Financial Position after bonus as at 31 December 2024 .....	31
Table 22: Membership summary as at 31 December 2025.....	33
Table 23: Pensioners membership summary as at 31 December 2025.....	33
Table 24: Contributions as per Fund Rules.....	34
Table 25: Stabilization Build Up .....	34
Table 26: IPEC Caps on max funds towards administration expenses .....	35
Table 27: Proportion of expense to contributions .....	35
Table 28: Asset mix as at 31 December 2025 .....	36
Table 29: Asset mix as at 31 December 2025 .....	37
Table 30: Return as at 31 December 2025 .....	38
Table 31: Asset mix as at 31 December 2025 .....	39
Table 32: Recommended asset mix as at 31 December 2025.....	40
Table 33: Recommended mix vs Current asset mix as at 31 December 2025.....	40
Table 34: Pensioners' valuation basis.....	42
Table 35: Pensioners' valuation basis.....	43
Table 36: ZEIPF Pensioners' valuation basis.....	43
Table 37: ZESA Pensioners' valuation basis .....	43
Table 38: Recommended pricing, commutation & valuation Pensioner's basis.....	44
Table 39: Liabilities before bonus as at 31 December 2025 .....	45
Table 40: Financial position before bonus recommendations as at 31 December 2025 .....	46
Table 41: Recommended bonus as at 31 December 2025 .....	47
Table 42: Financial position after bonus as at 31 December 2025.....	48
Table 43: Analysis of surplus .....	49
Table 44: Financial position before bonus as at 31 December 2025.....	50
Table 45: Recommended bonus as at 31 December 2025 .....	51
Table 46: Financial position after bonus as at 31 December 2025.....	51
Table 47: Other recommended risk mitigation measures.....	58
Table 48: Recommended bonus as at 31 December 2025 .....	59
Table 49: Assets build up for Sub Fund A and B.....	62
Table 50: Analysis of surplus .....	63
Table 51: Stabilization account build up.....	63
Table 52: Contributing members liability build up.....	64
Table 53: NGS liability build up .....	64
Table 54: Summary of recommendations .....	66
Table 55: Total prejudice as at 31 Dec 2025.....	68
Table 56: Financing the prejudice .....	68

# 1. EXECUTIVE SUMMARY

## Background

- 1.1. We have carried out an **Actuarial Valuation of the Zimbabwe Electricity Industry Pension Fund ('the Fund')** as at **31 December 2025** in line with your instructions.

## Year-end Actuarial Valuation 31 December 2024

- 1.2. The results of the exercise revealed that the Fund was financially sound with a surplus of ZWG 1 289 040 454 in Sub Fund A and US\$1 112 659 in Sub Fund B before recommendations, due to positive returns earned on assets held.
- 1.3. We recommended that Board Members award the following bonuses to maintain financial soundness at the review date.

Sub Fund A	Bonus	Comments
Sub Fund 1	169.0%	Cumulative
Sub Fund 2		
<i>31 December 2023 to 05 April 2024</i>	56.1%	Extra bonus
<i>06 April 2024 to 31 December 2024</i>	91.4%	Cumulative
Total	198.78%	Cumulative
Preserved	169.0%	Cumulative
<b>Pension increase</b>	15.0%	Additional

Table 1: Recommended bonuses as at 31 Dec 2024

- 1.4. We have been advised that these bonuses were adopted and implemented by the Board Members.

## The Economy

- 1.5. In 2025, Zimbabwe's economy showed signs of recovery and stabilization, with GDP growth projected at around 6.6%, driven mainly by strong performance in agriculture, mining, and the services sector. Improved agricultural output supported food security and modest poverty reduction, while mining and remittances boosted foreign currency inflows. Tight monetary and fiscal policies helped stabilize the ZWG currency and contain inflation, contributing to improved macroeconomic confidence.
- 1.6. Despite these gains, the economy continued to face significant challenges, including a large informal sector, infrastructure gaps, and weak formal job creation, underscoring the need for sustained reforms to support inclusive and long-term growth.
- 1.7. The exchange rate increased from USD: ZWG 25.82 on the 2<sup>nd</sup> of January 2025 to ZWG 25.98 on the 31<sup>st</sup> of December 2025, thus the ZWG weakened slightly over the year, indicating a marginal depreciation of 0.62%.
- 1.8. The Year-on-year inflation averaged 15.00% during 2025.
- 1.9. The All-Share Index increased by 27.43% from 217.58 points on the 1<sup>st</sup> of January 2025, to 277.26 points registered on the 31<sup>st</sup> of December 2025.
- 1.10. The Victoria Falls All Share Index (VFEX - ASI) delivered a strong performance in 2025, rising from 104.29 points on the 1<sup>st</sup> of January to close of the year at 177.12 points on the 31<sup>st</sup> of December 2025, an overall gain of 69.83%. This growth was supported by improved market sentiment, with market capitalisation reaching a record US\$1.85 billion in the third quarter, reflecting heightened investor confidence and stronger equity valuations.
- 1.11. This means that the equities market outperformed both the depreciation of the local currency and inflation, demonstrating some strong real market performance.
- 1.12. According to Property.co.zw. (2025), the property market experienced steady growth over the review period, resulting in an overall return of 12.00%.

- 1.13. This means that the property market under-performed inflation of 15.00%, resulting in a negative real return. However, returns exceeded the 0.62% depreciation of the local currency, indicating that property broadly preserved value in foreign-currency terms but did not fully hedge against inflation.
- 1.14. With reference to RBZ interest rates, Cash and Money Market Investments earned an average return of 35.00% over the year. This means that the Cash and Money Market outperformed both the depreciation of the local currency and inflation, demonstrating some strong real market performance.
- 1.15. The Prescribed assets market experienced steady growth over the review period, resulting in an overall average return of 35.00% according to the RBZ Interest rates.
- 1.16. This means that the Prescribed assets market outperformed the 15% inflation rate whilst it outperformed the depreciation of the local currency meaning there was preservation of capital in foreign-currency terms.
- 1.17. Alternative investments market experienced steady growth over the review period, resulting in an overall average return of 10.00%.
- 1.18. Alternative investments market underperformed the 15% inflation rate eroding purchasing power whilst it outperformed the depreciation of the local currency meaning there was preservation of capital in foreign-currency terms.
- 1.19. Over the same period, the Fund earned an overall return of **21.09%** per annum for Sub Fund A, split **31.56%** in Sub Fund 1 and **15.12%** in Sub Fund 2.
- 1.20. Please note that our recommended asset benchmark for the Fund is **35%** in Property, **25%** in Equities, **10%** in Bonds, **10%** in Prescribed assets and **10%** in Cash and money markets and **10%** in Alternative investments.
- 1.21. Had the Fund been invested in line with the recommended benchmark it would have earned a return of **19.06%**.
- 1.22. Accordingly, the Fund marginally outperformed the recommended benchmark, largely driven by strong equity market performance and returns that exceeded both inflation and currency depreciation across key asset classes.

- 1.23. The Fund's return of **31.56%** in Sub Fund 1 and **15.12%** in Sub Fund 2 were above inflation resulting in a positive real return.
- 1.24. The Fund's performance marginally exceeded the benchmarks; however, sustained attention will be necessary to ensure continued strong performance.
- 1.25. Accordingly, we recommend that the Board continues to focus on sustaining and further enhancing the Fund's performance relative to the established benchmarks.

## Summary of results

### Sub Fund A (ZWG)

- 1.26. The review period is from 01 January 2025 to 31 December 2025.
- 1.27. Sub Fund A consist of Sub Fund 1 which relates to contributions made pre 2019 and Sub Fund 2 which relates to contributions made post 2019 in local currency.
- 1.28. **Note that we have maintained the split of Sub Fund A into Sub Fund 1 and 2 given the high exposure to cross-subsidy risk due to non-payment of contributions.**
- 1.29. **In December 2025, the Employer, ZESA Holdings agreed and signed a resolution to index the outstanding contribution arrears in USD thus the financial review has been conducted on this basis.**

### ZWG Assets

- 1.30. The total ZWG assets of the Fund as per the Financial Statements provided amounted to **ZWG 3 127 901 806** as at 31 December 2025.
- 1.31. The net assets backing liabilities after deducting non-pension related liabilities are **ZWG 3 113 065 208** in Sub Fund A.

1.32. Based on the average assets held over the period from 01 January 2025 to 31 December 2025 and the total net investment income of the Fund, the return earned on the ZWG assets amounted to an average of **21.09%**.

	Return
Sub Fund 1	31.56%
Sub Fund 2	15.12%
Sub Fund A	<b>21.09%</b>

Table 2: Return as at 31 December 2025

#### Interim Bonus declarations

1.33. The table below summarises the pension increases granted to pensioners, effective 01 July 2025.

Effective date	Pension Inc awarded
01 July 2025	10.0%

Table 3: Pension increases

1.34. In addition, Pensioners also received monthly lump sums as follows,

- a. ZWG Lump sum equivalent to September 2024 pensions were paid monthly,
- b. US\$ Lump sum equivalent to the ZWG monthly pension and rounded up to the nearest multiple of US\$10 guaranteed, subject to the following minimums:
  - i. US\$ 30 for principal Pensioners,
  - ii. US\$ 20 for spouse beneficiaries, and
  - iii. US\$ 10 for child beneficiaries.

Financial Position as at 31 December 2025 before bonus

1.35. The financial position of the Fund before bonus recommendations as at 31 December 2025 is as shown below:

Before bonus	Actives		Pensioners	Preserved	ZEIPF	Stabilization Account	Grand Total
	Sub Fund 1	Sub Fund 2	Sub Fund 1	Sub Fund 1	Sub Fund A		
<b>Assets</b>	990 316 428	1 977 736 290	94 021 100	27 853 852	3 089 927 670	23 137 539	3 113 065 208
<b>Liabilities</b>	780 496 664	1 749 881 291	81 296 458	22 018 855	2 633 693 269	23 137 539	2 656 830 807
<b>Actives Account</b>							-
Contributing	712 154 080	1 740 496 102			2 452 650 182		2 452 650 182
Exit top ups	24 008 054	9 385 189			33 393 243		33 393 243
NGS Credits	1 044 998				1 044 998		1 044 998
Stabilization Account					-	23 137 539	23 137 539
2018 Surplus + Data reserve	43 289 532				43 289 532		43 289 532
Preserved	-			22 018 855	22 018 855		22 018 855
Pensioners			74 559 924		74 559 924		74 559 924
Pensioner's reserve			6 736 534		6 736 534		6 736 534
<b>Surplus</b>	209 819 763	227 854 999	12 724 642	5 834 997	456 234 401	-	456 234 401
<b>Funding Level</b>	<b>127%</b>	<b>113%</b>	<b>116%</b>	<b>127%</b>	<b>117%</b>	<b>100%</b>	<b>117%</b>

Table 4: Financial position before bonus as at 31 December 2025

- 1.36. The total liabilities before bonus allocation as at this review date amounts to **ZWG 2 656 830 807** split **ZWG 883 811 978** in Sub Fund 1, **ZWG 1 749 881 291** in Sub Fund 2 and **ZWG 23 137 539** in the Stabilization Account.
- 1.37. The results show an excess of assets over liabilities of **ZWG 456 234 401**. This surplus translates to a Funding Level (Assets over Liabilities) of **117%**.
- 1.38. This Funding Level shows that the Fund is financially sound as at 31 December 2025.

Bonus declarations

- 1.39. The Fund is Defined Contributions where at any given point the assets of the Fund must determine the liabilities of the Fund. This means the disclosed surplus must be distributed to Members of the Fund in the form of a bonus.
- 1.40. Based on the investment returns earned, the pension increases already credited, and considerations stated on **paragraph 1.50 & 1.51**, we recommend that Board Members award the following bonuses over the review period;

Sub Fund A	Bonus	Comments
Sub Fund 1	26.00%	Cumulative
Sub Fund 2	15.12%	Cumulative
Pension increase	14.55%	Additional
Preserved	26.00%	Cumulative

**Table 5: Recommended bonus as at 31 December 2025**

- 1.41. Please note, we could only declare a bonus of **26.00%** in Sub Fund 1 which is consistent with the growth in assets of **26.6%** over the review period.
- 1.42. In line with the Board Members` instruction, we have distributed the maximum bonus which can be afforded, leaving the barest surplus with the Fund.

Financial Position as at 31 December 2025 after bonus

1.43. Should the bonus recommendations be adopted and implemented by the Board members, this will leave the Fund with a surplus of **ZWG 6 508 169**, thus leaving the Fund in a sound financial position.

1.44. Our bonus recommendations are therefore affordable. However, care must be taken to protect the Fund against future adverse market movements.

1.45. The financial position of the Fund would be as shown below:

After bonus	Actives		Pensioners	Preserved	ZEIPF		Grand Total
	Sub Fund 1	Sub Fund 2	Sub Fund 1	Sub Fund 1	Sub Fund A	Stabilization Account	
<b>Assets</b>	990 426 522	1 977 736 290	94 021 100	27 743 757	3 089 927 670	23 137 539	3 113 065 208
<b>Liabilities</b>	985 733 689	1 976 049 017	93 893 037	27 743 757	3 083 419 500	23 137 539	3 106 557 039
<b>Actives Account</b>							-
<i>Contributing</i>	899 622 033	1 965 244 882			2 864 866 915		2 864 866 915
<i>Exit top ups</i>	30 250 148	10 804 135			41 054 283		41 054 283
NGS Credits	1 316 697				1 316 697		1 316 697
Stabilization Account	-				-	23 137 539	23 137 539
2018 Surplus + Data reserve	54 544 810				54 544 810		54 544 810
Preserved				27 743 757	27 743 757		27 743 757
Pensioners			85 405 004		85 405 004		85 405 004
Pensioner`s reserve			8 488 033		8 488 033		8 488 033
<b>Surplus</b>	<b>4 692 833</b>	<b>1 687 273</b>	<b>128 063</b>	<b>-</b>	<b>6 508 169</b>	<b>-</b>	<b>6 508 169</b>
<b>Funding Level</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Table 6: Financial position after bonus as at 31 December 2025

1.46. In addition, the following are recommended.

- Monthly returns be calculated for paying exits as well as for basing pension increases on earned and realised returns.
- The Board to formally consider discontinuing the payment of the discretionary pensions in **paragraph 1.34** given the improved stability observed in the market over the review period, as outlined in **Section 3** of this report as well our findings in the **Appendices**.

1.47. In our view, the Fund will be financially sound at the next review date at 31 December 2026 should our recommendations be adopted and implemented by Board Members.

#### Other requests

1.48. The Fund has further requested that we carry out the following exercises whose full reports are in **Appendix V**.

- a) Assess if there was cross-subsidization within the Fund.
- b) Assess the impact of distributing the Stabilization Account to enhance Member and Pensioner benefits.
- c) Estimate the cost of augmenting pensions, specifically funding the discretionary pensions in **paragraph 1.34**.
- d) Assess the impact of carrying out the valuation of pensioners using the Zim Mortality Tables and ZEIPF Mortality Tables.
- e) Assess the impact of merging ZEIPF and ZESA Staff Pension Fund Pensioners.
- f) The updated outstanding Compensation results are also discussed.

1.49. These issues are discussed in the paragraphs below with further details in the **Appendices**.

## Assessing Cross-Subsidization within the Fund

- 1.50. This assessment was carried out over the five-year period from 2021 - 2025.
- 1.51. Our assessment was in accordance with **Rule 36(iii)**, and we have found no evidence of cross-subsidisation between member groups. However, higher than expected cash outflows in the Pensioners' account stifled the growth of pensioners assets.
- 1.52. We therefore recommend that the Board to formally consider discontinuing the payment of the discretionary pensions in **paragraph 1.34** given the improved stability observed in the market over the review period
- 1.53. **Kindly refer to the Appendix V for finer details regarding this.**

## Impact of Distributing the Sub Fund A's Stabilization Account

- 1.54. As at the review date, the Fund's Stabilization Account balance is **ZWG 23 137 539**.
- 1.55. In terms of Rule 16, the Stabilization Account can be used to award bonuses to Members at the Board Members discretion however it must be distributed equitably.
- 1.56. An equitable distribution of the Stabilization Account would result in a transfer of **ZWG 704 035** to the Pensioners' account which may be used to finance the cost of adopting Zimbabwe Mortality tables by 2030.
- 1.57. **Please refer to the Appendix V for the finer details regarding this.**

## Cost of Pension Augmentation

- 1.58. We have been requested to assess if the Fund can afford to increase the monthly pensions to the minimum thresholds in **paragraph 1.34**.
- 1.59. The cost of increasing the monthly pension is **ZWG 58 217 243**. However, the Fund has insufficient resources to fully implement the required funding and may create an unsustainable expectation within the Fund.

## Implementation of the Zimbabwe Mortality Table (Circular 1 of 2026)

- 1.60. We have assessed the impact of the Zimbabwe Mortality Tables on the Zimbabwe Electricity Industry Pension Fund Pensioners.
- 1.61. Our assessment shows that the Zimbabwe mortality is lower than the current mortality being used hence results in a stronger basis.
- 1.62. Since the Zimbabwe mortality is lower than the current basis PA (90) this means that on the average our Pensioners are living longer than what is being assumed, hence, to continue paying the same pension this means we need to set aside more monies (reserves) to pay the pension for the now longer life.
- 1.63. This is illustrated in the Pensioners' financial position below.

	Before Increase Current Valuation Basis PA (90)	Before Increase Proposed Basis Zim mortality tables	After affordable increase
	31-Dec-25	31-Dec-25	31-Dec-25
<b>Assets</b>	94 021 100	94 021 100	94 021 100
<b>Liabilities</b>	81 296 458	86 077 530	94 021 100
Pensioners	74 559 924	79 340 996	86 662 892
Pensioner's reserve	6 736 534	6 736 534	7 358 208
<b>Surplus</b>	12 724 642	7 943 570	-
<b>Funding level</b>	116%	109%	100%

Table 7: Pensioners' financial position -Zim tables

- 1.64. As the Zimbabwe mortality is lower, we cannot afford a **14.55%** increase as this will put the Fund into deficit. Thus, if we are to move to Zimbabwe Mortality Tables then the Fund can only afford to award an additional pension increase of **9.20%**.
- 1.65. **Please refer to the Appendix V for further details regarding our findings.**
- 1.66. We carried out a mortality investigation of the Fund and have also assessed the impact of the ZEIPF Mortality Tables on the Pensioners as at 31 December 2025.

## Implementation of the ZEIPF Mortality

- 1.67. The ZEIPF Mortality Tables are like the Zimbabwe Mortality Tables as both show that Pensioners are living longer than assumed under the current (PA90) basis.
- 1.68. As a result, both bases increase liabilities and reduce the Fund's funding level, meaning they are not affordable to use at this stage without putting the Fund at financial risk.
- 1.69. Since the ZEIPF Mortality is lower than the current basis (PA 90) this means that on average our Pensioners are living longer than what is being assumed, hence, to continue paying the same pension this means we need to set aside more monies (reserves) to pay the pension for the now longer life.
- 1.70. This is illustrated in the Pensioners' financial position below.

31 December 2025	Before Increase Current Valuation Basis PA (90)	Before Increase ZEIPF mortality tables Basis
	31-Dec-25	31-Dec-25
<b>Assets</b>	94 021 100	94 021 100
<b>Liabilities</b>	81 296 458	95 988 343
Pensioners	74 559 924	89 251 809
Pensioner's reserve	6 736 534	6 736 534
<b>Surplus</b>	12 724 642	- 1 967 243
<b>Funding Level</b>	116%	98%

Table 8: Pensioners' financial position –ZEIPF Tables

- 1.71. We cannot therefore use the ZEIPF Mortality Tables now, however, the results show that if average annual returns of at least 0.5% per annum can be achieved then we should be able to move to ZEIPF Mortality Tables by year 2030.
- 1.72. **Please refer to the Appendix V for further details regarding our findings.**

## Impact of Merging ZEIPF and ZESA Staff Pension Fund Pensioners

- 1.73. We have been requested to assess the proposed consolidation of ZEIPF Pensioners and the Zimbabwe Electricity Supply Authority (ZESA) Staff Pension Fund as part of the Fund's response to IPEC's request for the Fund to provide a scheme to restore the financial soundness of the ZESA Staff Pension Fund.
- 1.74. Currently, the valuation of Pensioners is based on the PA (90) mortality tables under ZEIPF, and a (55) Ultimate under ZESA Staff Pension Fund as adopted for the Funds' actuarial valuations.
- 1.75. Below is a summary of findings and recommendations.

### **ZEIPF and ZESA Staff PF**

- 1.76. The results show that the mortality rate under ZESA Staff Pension Fund results in shorter life expectancy for the Pensioners which leads to a lower reserve requirement. Thus, ZEIPF provides a stronger basis compared to ZESA.
- 1.77. Since ZEIPF provides a stronger basis compared to ZESA, we therefore recommend that ZESA Staff PF moves to ZEIPF basis.
- 1.78. In addition, ZESA Staff Pension Fund Pensioners do not have a dedicated Pensioners' Reserve, hence we recommend they set up Pensioner's Reserve Account which is 10% of the Pensioners liability and which is also consistent with ZEIPF.
- 1.79. Therefore, if the Pensioners from ZESA are to be merged with ZEIPF Pensioners, we recommend that the ZESA Staff PF Pensioners would need to be granted a one-time pension increase of 5.4%.

1.80. The resulting financial position will be as follows.

	<b>ZEIPF</b>	<b>ZESA Staff PF</b>	<b>Consolidated position</b>
	Before bonus	Before bonus	Before bonus
<b>Assets</b>	<b>94 021 100</b>	<b>1 995 636 277</b>	<b>2 089 657 377</b>
<b>Liabilities</b>	<b>81 296 458</b>	<b>2 513 865 837</b>	<b>2 546 906 099</b>
<b>Pensioners</b>	74 559 924	2 314 302 209	2 540 169 565
<b>Pensioner`s reserve</b>	6 736 534	199 563 628	206 300 162
<b>Surplus</b>	<b>12 724 642</b>	<b>- 518 229 560</b>	<b>-656 812 350</b>
<b>Funding Level</b>	<b>116%</b>	<b>79%</b>	<b>82%</b>

Table 9: Pensioners' financial position – ZEIPF and ZESA Staff PF merged

1.81. Note that the consolidation will be undertaken using the same valuation basis, reserving basis, and funding level.

1.82. Therefore, consolidation cannot be done if either Fund is in deficit, we recommend that the ZESA Staff Pension Fund find means to align with the ZEIPF basis.

**ZEIPF, ZESA Staff PF and Zimbabwe Mortality tables,**

- 1.83. Alternatively, in view of Circular 1 of 2026, we recommend that on the proposed consolidation of ZEIPF and ZESA Staff Pension Fund, the Fund adopts Zimbabwe mortality tables to meet the regulatory requirement for full adoption by 2030.
- 1.84. Our assessment shows that the Zimbabwe mortality is lower than the current basis used under both Funds that is PA (90) and a (55) Ultimate.
- 1.85. Thus, they provide a stronger basis compared to ZESA Staff Pension Fund and ZEIPF, therefore, to adopt the Zimbabwe mortality tables.
- 1.86. The resulting financial position will be as follows.

	ZEIPF	ZESA Staff PF	Consolidated position
	Before bonus	Before bonus	Before bonus
<b>Assets</b>	94 021 100	1 995 636 277	2 089 657 377
<b>Liabilities</b>	86 077 530	2 460 828 569	2 546 906 099
Pensioners	79 340 996	2 460 828 569	2 540 169 565
Pensioner`s reserve	6 736 534	199 563 628	206 300 162
<b>Surplus</b>	7 943 570	- 664 755 920	- 656 812 350
<b>Funding Level</b>	109%	75%	82%

Table 10: Pensioners' financial position – ZEIPF, ZESA Staff PF and Zimbabwe Mortality tables

- 1.87. Therefore, if the Pensioners from ZESA are to be merged with ZEIPF Pensioners under the Zimbabwe mortality tables basis, both Funds will need a reserve to fund the deficits to protect future payments and manage risks and ensure compliance by 2030.
- 1.88. The reserve will be funded from the emerging investment returns therefore this entails awarding a lower pension increase than the return earned over the next periods.
- 1.89. Note that the consolidation will be undertaken using a common valuation basis, reserving basis, and funding level. Therefore, the consolidation will not proceed if either Fund is in deficit
- 1.90. Overall, while a merger is possible, it must be approached cautiously, especially given the deficit under the ZESA Staff PF.
- 1.91. **Kindly refer to the Appendix V for further information regarding our findings.**

## ZEIPF Compensation Framework

1.92. In line with the Statutory Instrument 162 of 2023 Pensions and Provident Funds (2009 Compensation) Regulations 2023 from IPEC we have quantified the compensation of the Fund.

1.93. The table below shows the total prejudice for the Fund.

	Total prejudice
31-Dec-2014	US\$2 696 462
31-Dec-2024	US\$ 3 623 820
31-Dec-2025	US\$ 3 732 535
Total	ZWG 96 973 866

**Table 11: Total prejudice as at 31 Dec 2025**

1.94. Members of the Fund during the period 1 January 2004 to 28 February 2009 are entitled to a compensation of **US\$2 696 462** as at 31 December 2014 for the loss on their fund credits during the hyperinflation period between 2004 and 2008 which has been adjusted for time value of money to **ZWG 96 973 866** as at 31 December 2025.

1.95. The table below shows our proposed financing of the Compensation.

	31-Dec-2024 (US\$)	31-Dec-2024 (ZWG)	31-Dec-2025 (ZWG)
Fund Portion (outstanding benefits)	114 596	2 955 424	72 016 961
Employer portion (Outstanding contributions)	818 020	21 096 731	21 890 309
Compensation Fund	2 691 205	69 406 167	3 066 596
	<b>3 623 820</b>	<b>93 458 322</b>	<b>96 973 866</b>

**Table 12: Financing the prejudice.**

1.96. After financing the prejudice from the Employer and the Fund, we recommend that the Fund set up a **Compensation Fund** amounting to ZWG 96 million to be financed by one per centum annual levy on the total value of the Fund assets as per **Section 9** of the Statutory Instrument 162 of 2023.

1.97. We understand that the Board Members are waiting for regulatory approvals of the Fund's Compensation Scheme, please refer to the Compensation Scheme of the Fund for further details.

Sub Fund B (US\$)

1.98. The review period is from 01 January 2025 to 31 December 2025.

1.99. The total US\$ assets of the Fund as per the Financial Statements provided amounted to **US\$28 617 443** as at 31 December 2025.

1.100. The net assets backing liabilities after deducting non-pension related liabilities are **US\$28 601 493** split **US\$27 562 688** in Sub Fund B and **US\$1 038 805** in the Stabilization Account.

1.101. Based on the average assets held over the period from 01 January 2025 to 31 December 2025, and the total net investment income of the Fund, the return earned on the assets amounted to an average of **11.13%**.

1.102. Note the return is largely driven by the unsecured bank overdraft rate charge (15% per annum). There is a huge concentration of outstanding contributions (82% of the total USD assets), we therefore recommend that a plan be established on how these arrears be collected.

1.103. **This technically means that on a funded basis the Fund has a very small US\$ account of US\$5 036 719 which Members need to note.**

1.104. The total liabilities before bonus allocation as at this review date amounts to **US\$26 432 392** split **US\$25 393 587** in Sub Fund B and **US\$1 038 805** in the Stabilization Account.

Before bonus	ZEIPF			
	Sub Fund B	Stabilization account	Total USD	Total ZWG
<b>Assets</b>	27 562 688	1 038 805	28 601 493	743 066 787
<b>Liabilities</b>	25 393 587	1 038 805	26 432 371	686 712 999
Actives Account	25 393 587		25 393 587	659 724 850
Stabilization account		1 038 805	1 038 805	26 988 148
<b>Surplus</b>	2 169 122	-	2 169 122	56 353 788
<b>Funding Level</b>	109%	100%	108%	108%

Table 13: Financial Position before bonus as at 31 December 2025

1.105. The results show an excess of assets over liabilities of **US\$2 169 122**. This surplus translates to a Funding Level (Assets over Liabilities) of **108%**.

1.106. This Funding Level shows that the Fund is financially sound as at 31 December 2025.

1.107. Based on the investment returns earned, and considerations stated above, we recommend that Board Members award the following cumulative bonus over the review period 01 January 2025 to 31 December 2025:

	Bonus	Comment
Sub Fund B	11.13%	Cumulative

Table 14: Recommended bonus as at 31 December 2025

1.108. Our bonus recommendations are therefore affordable. However, care must be taken to protect the Fund against future adverse market movements.

1.109. Should our recommendations be adopted by the Fund Board members, then the financial position of the Fund would be as shown below:

After bonus	ZEIPF			
	Sub Fund B	Stabilization account	Total USD	Total ZWG
<b>Assets</b>	27 562 688	1 038 805	28 601 493	743 066 787
<b>Liabilities</b>	27 426 074	1 038 805	28 464 879	739 517 556
Actives Account	27 426 074		27 426 074	712 529 408
Stabilization account		1 038 805	1 038 805	26 988 148
<b>Surplus</b>	<b>136 614</b>	-	<b>136 614</b>	<b>3 549 231</b>
<b>Funding Level</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Table 15: Financial position after bonus as at 31 December 2025

1.110. Should the bonus recommendations be adopted and implemented by the Board Members, this will leave the Fund with a surplus of **US\$136 614**, thus leaving the Fund in a sound financial position.

## Conclusion

1.111. We have carried out an Actuarial Valuation of the Zimbabwe Electricity Industry Pension Fund ('the Fund') as at 31 December 2025.

## Final Bonus

1.112. The final bonus recommendations as at 31 December 2025 are shown in the table below:

	Bonus	Comments
Sub Fund A		
Sub Fund 1	26.00%	Cumulative
Sub Fund 2	15.12%	Cumulative
Pension increase	14.55%	Additional
Preserved	26.00%	Cumulative
Sub Fund B	11.13%	Cumulative

Table 16: Recommended bonus as at 31 December 2025

1.113. In addition, the following are recommended.

- Monthly returns be calculated for paying exits as well as for basing pension increases on earned and realised returns.
- The Board to formally consider discontinuing the payment of pension lump-sum benefits and discretionary pension increases.
- Our recommendations regarding other issues are in **paragraphs 1.57, 1.62, 1.70** and Appendices.

1.114. In our view, the Fund will be financially sound at the next review date should our recommendations be adopted and implemented by Board Members.

1.115. We will be happy to discuss all the issues raised in this report.

For and on behalf of **MAOS**



David T. Mureriwa

**Fellow of the Actuarial Society of South Africa**

**Fellow of the Faculty of Actuaries (UK)**

*(In my capacity as the Fund Actuary)*

**19 February 2026**

## 2. INTRODUCTION

- 2.1. **David Mureriwa**, “DT Mureriwa,” as **Fund Actuary** and on behalf of Mureriwa Actuarial Outsourcing Services (Pvt) Ltd, “MAOS” has been requested to carry out an Actuarial Valuation of the **Zimbabwe Electricity Industry Pension Fund** (“the Fund”), to recommend a final bonus rate to be applied to Members as at 31 December 2025.
- 2.2. The Fund is a Self-Administered Defined Contribution arrangement which seeks to provide Pensions and other benefits to Eligible Employees and Spouses as well as their dependants/beneficiaries.
- 2.3. The benefit on exit is based on the Member’s Accumulated Credit. This is composed of the aggregate Contributions made by and in respect of the Member increased by the bonus rate declared as earned by the Fund’s Assets and any other proportionate allocations from the Stabilisation Account as agreed by the Board Members from time to time.
- 2.4. The investment return is the rate generally reflecting the return earned on the assets of the Fund less investment related expenses, as determined by the Board Members after consultation with the Actuary. We have also taken the depreciation of property and equipment (*other than that of motor vehicles*) to be an investment expense.
- 2.5. The bonuses declared therefore have a direct impact on the benefits payable. In considering the bonus rate to declare, the Board Members should consider the net investment return earned by the Fund compared to the interim interest rate allocated, as well as the financial position of the Fund and the degree of smoothing of returns.
- 2.6. The investigation (valuation) period is 01 January 2025 to 31 December 2025.

2.7. The **purpose of this Actuarial Valuation** is.

- a) To determine the re-valuation gains arising from the conversion of assets from US\$ to ZWG.
- b) To equitably distribute the revaluation gains to all members of the Fund as at the valuation date,
- c) Assess the financial position of the Fund by comparing the level of Assets to its Liabilities,
- d) Recommend a final bonus rate for the financial year ending 31 December 2025,
- e) Comment on the Asset Mix of the Fund and comment whether it is a suitable match to the Liability Profile of the Fund,
- f) Review the expense charge levied to the stabilization account when carrying out member exit calculations in line with inflation,
- g) Comment on the impact of IPEC Regulations on the Fund,
- h) To meet statutory requirements as per IPEC Guidelines; and,
- i) Comment on any other issues, peculiar to the Fund.

2.8. This report was prepared with reference to the professional guidance notes **SAP201** of South Africa and to Guidance Notes issued by the Institute and Faculty of Actuaries (UK) and the Technical Actuarial Standards set by the Financial Reporting Council in all respect, except those sections specific to United Kingdom or South Africa have been ignored.

## 3. MARKET OVERVIEW

3.1. This section provides a market overview of the economy and the pensions industry.

### The Economy

- 3.2. In 2025, Zimbabwe's economy showed signs of recovery and stabilization, with GDP growth projected at around 6.6%, driven mainly by strong performance in agriculture, mining, and the services sector. Improved agricultural output supported food security and modest poverty reduction, while mining and remittances boosted foreign currency inflows. Tight monetary and fiscal policies helped stabilize the ZWG currency and contain inflation, contributing to improved macroeconomic confidence.
- 3.3. Despite these gains, the economy continued to face significant challenges, including a large informal sector, infrastructure gaps, and weak formal job creation, underscoring the need for sustained reforms to support inclusive and long-term growth.
- 3.4. The exchange rate increased from USD: ZWG 25.82 on the 2<sup>nd</sup> of January 2025 to ZWG 25.98 on the 31<sup>st</sup> of December 2025, thus the ZWG weakened slightly over the year, indicating a marginal depreciation of 0.62%.
- 3.5. The Year-on-year inflation averaged 15.00% during 2025.
- 3.6. The All-Share Index increased by 27.43% from 217.58 points on the 1<sup>st</sup> of January 2025, to 277.26 points registered on the 31<sup>st</sup> of December 2025.
- 3.7. The Victoria Falls All Share Index (VFEX - ASI) delivered a strong performance in 2025, rising from 104.29 points on the 1<sup>st</sup> of January to close of the year at 177.12 points on the 31<sup>st</sup> of December 2025, an overall gain of 69.83%. This growth was supported by improved market sentiment, with market capitalisation reaching a record US\$1.85 billion in the third quarter, reflecting heightened investor confidence and stronger equity valuations.
- 3.8. This means that the equities market outperformed both the depreciation of the local currency and inflation, demonstrating some strong real market performance.
- 3.9. According to Property.co.zw. (2025), the property market experienced steady growth over the review period, resulting in an overall return of 12.00%.

- 3.10. This means that the property market under-performed inflation of 15.00%, resulting in a negative real return. However, returns exceeded the 0.62% depreciation of the local currency, indicating that property broadly preserved value in foreign-currency terms but did not fully hedge against inflation.
- 3.11. With reference to RBZ interest rates, Cash and Money Market Investments earned an average return of 35.00% over the year. This means that the Cash and Money Market outperformed both the depreciation of the local currency and inflation, demonstrating some strong real market performance.
- 3.12. The Prescribed assets market experienced steady growth over the review period, resulting in an overall average return of 35.00% according to the RBZ Interest rates.
- 3.13. This means that the Prescribed assets market outperformed the 15% inflation rate whilst it outperformed the depreciation of the local currency meaning there was preservation of capital in foreign-currency terms.
- 3.14. Alternative investments market experienced steady growth over the review period, resulting in an overall average return of 10.00%.
- 3.15. Alternative investments market underperformed the 15% inflation rate eroding purchasing power whilst it outperformed the depreciation of the local currency meaning there was preservation of capital in foreign-currency terms.
- 3.16. Over the same period, the Fund earned an overall return of 21.09% per annum for Sub Fund A, split 12.96% in Sub Fund 1 and 23.41% in Sub Fund 2.
- 3.17. Please note that our recommended asset benchmark for the Fund is 35% in Property, 25% in Equities, 10% in Bonds, 10% in Prescribed assets and 10% in Cash and money markets and 10% in Alternative investments.
- 3.18. Had the Fund been invested in line with the recommended benchmark it would have earned a return of 19.06%.
- 3.19. Accordingly, the Fund marginally outperformed the recommended benchmark, largely driven by strong equity market performance and returns that exceeded both inflation and currency depreciation across key asset classes.

- 3.20. The Fund's return of **31.56%** in Sub Fund 1 and **15.12%** in Sub Fund 2 were above inflation resulting in a positive real return.
- 3.21. The Fund's performance marginally exceeded the benchmarks; however, sustained attention will be necessary to ensure continued strong performance.
- 3.22. Accordingly, we recommend that the Board continues to focus on sustaining and further enhancing the Fund's performance relative to the established benchmarks

### The Pension Industry

- 3.23. According to the IPEC Q3 2025 report, the pensions industry operated within a comparatively more stable macroeconomic environment, which supported moderate asset growth and improved valuation outcomes, particularly across property and equity portfolios.
- 3.24. Total sector assets increased to approximately US\$2.77 billion, driven largely by fair value adjustments rather than strong organic contribution growth, while the industry remained structurally dominated by defined contribution schemes.
- 3.25. Membership levels rose sharply, mainly reflecting data clean-up exercises and the reclassification of dormant members into unclaimed benefits, rather than sustained formal employment growth.
- 3.26. Asset allocation remained highly concentrated in property and equities, exposing funds to valuation and liquidity risks, while compliance with prescribed asset requirements continued to lag the statutory minimum despite incremental increases in absolute investments.
- 3.27. Financial performance was underpinned by investment income, with membership activities generating a surplus, although administrative activities remained cost-inefficient and loss-making.
- 3.28. Contribution arrears declined marginally but remained a persistent risk, highlighting ongoing employer compliance challenges.
- 3.29. Overall, the sector showed balance-sheet resilience and improved stability, but continued to face structural inefficiencies, governance pressures, and sustainability risks that require ongoing regulatory oversight and strategic reform.
- 3.30. The following circulars were issued by IPEC during the valuation period;

Circular	Issue date	Content
Circular 1 of 2025	02-Jan-25	Pension Funds Reporting Requirements.
Circular 2 of 2025	15-Feb-25	Submission of Quarterly Levy Computations and Due Dates.
Circular 4 of 2025	07-Feb-25	2025 IPEC AML/CFT/CPF Industry Training Calendar.
Circular 6 of 2025	24-Feb-25	Engagement with the Consultant on Financial Sector Development Policy.
Circular 7 of 2025	07-Mar-25	Invitation to Participate in Digital Transformation Assessment.
Circular 8 of 2025	27-Mar-25	2024 Financial Reporting.
Circular 9 of 2025	28-Mar-25	Directive on Revised Statutory Reporting Deadlines.
Circular 10 of 2025	28-Mar-25	Market Conduct Framework for The Insurance and Pensions Industry.
Circular 19 of 2025	27-Aug-25	Revised Quarterly Return for Pension and Provident Funds
Circular 20 of 2025	15-Aug-25	Registration of Financial Statements Preparers with Public Accountants and Auditors Board
Circular 21 of 2025	15-Aug-25	Urgent Request for Comprehensive Annuitants Data
Circular 22 of 2025	04-Sept-25	Guideline on Administrative Framework for Offshore Investments
Circular 23 of 2025	10-Sept-25	Request for Comments and Input into the Guideline on Preservation Funds
Circular 24 of 2025	10-Sept-25	Guideline on Revised Reporting Requirements for Pension Funds
Circular 25 of 2025	16-Sept-25	Board of Fund Members (Trustee) Toolkit
Circular 26 of 2025	15-Sept-25	Guideline on Self-insurance and Underwriting of Annuities by DC Funds

Table 17: IPEC Circulars

3.31. Note that these market conditions shape some of our recommendations.

## 4. REVIEW OF THE PREVIOUS VALUATION

Sub Fund A (ZWG)

4.1. The previous Financial Review was carried out as at 31 December 2024 by MAOS. The results of this exercise are summarised below:

After bonus	Actives		Pensioners	Preserved		ZEIPF	Grand Total
	Sub Fund 1	Sub Fund 2	Sub Fund 1	Sub Fund 1	Sub Fund A	Stabilization account	
Assets	785 894 459	1 259 796 734	72 235 536	22 052 240	2 139 978 970	8 526 020	2 148 504 990
Liabilities	785 595 859	1 259 218 879	72 165 563	22 018 855	2 138 999 156	8 526 020	2 147 525 176
Actives Account							-
<i>Contributing</i>	717 253 275	1 249 833 691			1 967 086 966		1 967 086 966
<i>Exit top ups</i>	22 732 865	9 385 189			32 118 053		32 118 053
Unclaimed benefits	1 275 189				1 275 189		1 275 189
NGS Credits	1 044 998				1 044 998		1 044 998
Stabilization	-				-	8 526 020	8 526 020
2018 Surplus + Data reserve	43 289 532				43 289 532		43 289 532
Preserved				22 018 855	22 018 855		22 018 855
Pensioners			65 429 029		65 429 029		65 429 029
Pensioner`s reserve			6 736 534		6 736 534		6 736 534
Surplus	298 600	577 855	69 973	33 385	979 813	-	979 813
Funding Level	100%	100%	100%	100%	100%	100%	100%

Table 18: Financial position after bonus as at 31 December 2024

4.2. Based on the investment returns earned and the bonuses already credited, we recommended that Board Members award the following additional bonuses over the review period 06 April to 31 December 2024.

Sub Fund A	Bonus	Comments
Sub Fund 1	169.0%	Cumulative
Sub Fund 2		
31 December 2023 to 05 April 2024	56.1%	Extra bonus
06 April 2024 to 31 December 2024	91.4%	Cumulative
Total	198.78%	Cumulative
Preserved	169.0%	Cumulative
Pension increase	15.0%	Additional

Table 19: Recommended bonus as at 31 December 2024

4.3. In line with the Board Members` instruction, we distributed the maximum bonus which could be afforded, leaving the barest surplus with the Fund.

4.4. Should the bonus recommendations have been adopted and implemented by the Board members, this would leave the Fund with a surplus of ZWG 979 813 thus, leaving the Fund in a sound financial position. Our bonus recommendations were therefore affordable.

#### Sub Fund B (US\$)

4.5. Based on the investment returns earned and the bonuses already credited, we recommended that Board members award the following cumulative bonus over the review period 1 January 2024 to 31 December 2024:

	Bonus	Comment
Sub Fund B	9.3%	Cumulative

Table 20: Recommended bonus as at 31 December 2024

4.6. Note the return was largely driven by the unsecured bank overdraft rate charge (10% per annum). There was a huge concentration in outstanding contributions (91% of the total USD assets), we therefore recommended that a plan should be established on how these arrears may be collected.

4.7. This technically meant that on a funded basis the Fund had a very small US\$ account of US\$1 385 726 which Members needed to note.

4.8. After awarding the bonus, the financial position of the Fund was:

<b>ZEIPF</b>				
	<b>Sub Fund B</b>	<b>Stabilization account</b>	<b>Total USD</b>	<b>Total ZWG</b>
<b>Assets</b>	<b>14 105 074</b>	<b>787 907</b>	<b>14 892 981</b>	<b>384 216 544</b>
<b>Liabilities</b>	<b>14 090 275</b>	<b>787 907</b>	<b>14 878 182</b>	<b>383 834 758</b>
Actives Account	14 090 275		14 090 275	363 507 936
Stabilization account		787 907	787 907	20 326 822
<b>Surplus</b>	<b>14 799</b>	<b>-</b>	<b>14 799</b>	<b>381 785</b>
<b>Funding Level</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Table 21: Financial Position after bonus as at 31 December 2024

4.9. Our bonus recommendations were therefore affordable.

4.10. We also recommended that monthly returns be calculated for paying exits.

4.11. In our view, the Fund was financially sound at the next review date, given the recommendations were adopted and implemented by Board Members.

## 5. RELIANCES AND LIMITATIONS

5.1. The results and opinions contained in this report are subject (but not exclusively to) the following reliance and limitations.

### Reliance

5.2. In developing this report, we have relied extensively on the data supplied by Fund Management.

5.3. Reliance was placed on, but not limited to, the accuracy of the following:

- a) Actuarial Valuation Report as at 31 December 2024,
- b) Monthly Pension Increases and Bonus Recommendations Reports,
- c) ZEIPF Pensioners' data as at 31 December 2025,
- d) ZESA Staff Pensioners' data as at 31 December 2025,
- e) Membership schedule of Actives and Exit top ups as of 31 December 2025,
- f) Financial statements as of 31 December 2025,
- g) Communications with Fund Management.
- h) IPEC Circular 3 of 2024 and 1 of 2026.
- i) Assessing Cross-Subsidization within the Fund.
- j) Impact of Distributing Sub Fund A's Stabilization Account.
- k) Cost of Pension Augmentation.
- l) Zimbabwe Mortality Tables Assessment.
- m) ZEIPF Mortality Assessment.
- n) Impact of Merging ZEIPF and ZESA Staff Pension Fund Pensioners.

### Limitations

5.4. The accuracy of any values quoted in this report and the conclusions reached are limited to the accuracy of the underlying data and information (listed above) on which this report is based. Should this data be any different from that representing the membership of the Fund, this review will need to be redone.

## 6. SUMMARY OF MEMBERSHIP DATA

6.1. The Financial Review as at 31 December 2025 is based on the membership as shown below:

Membership Summary	31 December 2025	
	ZWG	US\$
<b>Contributing members</b>		
Number	6 741	
Salary weighted average age	54	54
Opening Accumulated Credit	1 967 086 966	14 090 275
Contributions	503 603 238	11 616 706
<b>Prior / Current Year Exits</b>		
Number	1 311	
Salary weighted average age	49	
Accumulated Credit	33 393 243	
Contributions		
Benefit paid	25 456 176	
<b>NGS Credits</b>		
Number	45	
Accumulated Credit	1 044 998	

Table 22: Membership summary as at 31 December 2025

6.2. Pensioners' membership summary is as below:

Pensioners Summary	31 December 2025	
	ZWG	
<b>Principal Pensioner</b>		
Number	780	
Average monthly pension	606.39	
Pensioner weighted average age	63	
<b>Widow</b>		
Number	394	
Average monthly pension	383.58	
Pensioner weighted average age	47	
<b>Children</b>		
Number	226	
Average monthly pension	354.03	
Pensioner weighted average age	13	

Table 23: Pensioners membership summary as at 31 December 2025

6.3. We have relied extensively on the data supplied by Fund Management. The accuracy of the results of this report and the conclusions reached are limited to the accuracy of the information available. Should this data be any different from that representing the membership of the Fund, this review will need to be redone.

## 7. CONTRIBUTIONS

7.1. The expenses of the Fund are currently met by the Employer through a contribution of 2% of Salary bill to the Stabilisation Account. The Contribution rates can be summarised below.

Contributions	% of salary
Employer Contribution	21.25%
Less: Contribution towards Fund expenses	2.00%
Net Employer contributions towards retirement benefits	19.25%
Employee Contributions towards Retirement	6.25%
<b>Total Contribution towards retirement</b>	<b>25.50%</b>

Table 24: Contributions as per Fund Rules

7.2. The Board Members of the Fund should consider whether the contributions towards retirement are sufficient to provide a reasonable benefit on retirement. In doing this the Board Members may also need to consider the desired Replacement Ratios of the Members in relation with the actual Replacement Ratios.

### Stabilisation Reserve Account

7.3. According to the Fund Rules, the Stabilisation Account is meant to cater for all Fund expenses.

7.4. The build-up of the Stabilization Reserve Account over the valuation period is as shown in the table below:

Stabilization account	ZWG	US\$
Opening	8 526 020	787 907
Contributions	35 693 734	824 113
Staff costs	-8 172 950	-453 520
Administration expenses	-8 430 944	-226 760
Actuarial fees	-1 092 511	0
Audit fees	-353 574	0
IPEC Levies	-1 950 627	0
Bank Charges	-2 145 475	0
Bank charges + 2% IMMT TAX	-2 146 859	-31 390
Closing before distributions	19 926 815	900 350
Return earned	3 210 724	138 455
<b>Closing after distributions</b>	<b>23 137 539</b>	<b>1 038 805</b>

Table 25: Stabilization Build Up

- 7.5. The Board Members must always monitor expenses to ensure they are within the set budgets, i.e., each year expenses must not exceed the 2% of pensionable salary available allocation.
- 7.6. In addition, it is also recommended that when costs are related to investment decisions, these costs be levied on the investment income rather than the administration charge of 2%, for example, when Board Members meet to decide on investment matters, then the costs must be met from the investment income.

### Impact of Circular 41 of 2021

- 7.7. IPEC issued out a guideline to prescribe the thresholds that be by the pensions industry in defining the rate and basis for charging expenses. We have assessed the impact over the review period.
- 7.8. ZEIPF is stand-alone Fund thus the applicable maximum caps are as below:

Type of fees	Fees on Contributions	Fees on Assets
Administration expense	15.0%	Not allowed
Board costs	0.5%	Not allowed

Table 26: IPEC Caps on max funds towards administration expenses

- 7.9. The expenses of the Fund are currently met by the Employer through a contribution of 2% of Salary bill to the Stabilisation Account i.e., *10.4% of the Employer contributions or 7.84% of Total Contributions.*
- 7.10. The Management has been able to manage the expense of the Fund. The proportion of expense were as below:

	% of Contributions	
	ZWG	US\$
Administration expenses	2.2%	2.6%
Board expenses	0.5%	0.0%

Table 27: Proportion of expense to contributions

- 7.11. The current available expenses of the Fund are therefore within the IPEC Expense Guidelines. This is not surprising given the high contribution rates of the Fund.
- 7.12. We have been advised that a review of the Fund's rules to accommodate the caps in the Expense Guidelines was done in 2023 and the Fund is waiting for IPEC's registration.

## 8. ASSETS AND RETURN OF THE FUND

8.1. In this section we review the assets of the Fund. The assets of the Zimbabwe Electricity Industry Pension Fund are managed by the Fund.

8.2. We have been provided with the financial statements of the Fund for the period ending 31 December 2025, breakdown is as follows:

Assets	Sub Fund A	Sub Fund B	Grand Total	Prop
	ZWG	US\$	ZWG	
Motor vehicles	5 815 522		5 815 522	0.15%
Furniture and equipment	220 055		220 055	0.01%
Computer systems and hardware	986 774		986 774	0.03%
Investment property	1 709 569 509	2 625 393	1 791 266 820	46.11%
Equities		-	-	0.00%
<i>quoted:</i>	377 314 368	227 926	383 236 037	9.86%
<i>unquoted</i>	136 516 284	-	136 516 284	3.51%
Prescribed Assets		-	-	0.00%
Fixed Instruments		683 900	17 768 204	0.46%
Bonds	28 880 948	-	28 880 948	0.74%
Loans and mortgages on property		-	-	0.00%
Staff loans and mortgages	1 836 328	-	1 836 328	0.05%
other prescribed assets	1 082 900	-	1 082 900	0.03%
Staff loans and mortgages	6 235 368	57 739	7 735 470	0.20%
Money market investments	33 131 496	1 218 672	64 793 457	1.67%
Cash on hand and at bank	802 234 510	23 580 723	1 414 878 208	36.42%
Contribution arrears	1 145 868	-	1 145 868	0.03%
Rental arrears	63 763	61 324		
Value Added Tax	12 991 660	161 765	17 194 433	0.44%
Other debtors	9 876 453		9 876 453	0.25%
<b>Total Assets</b>	<b>3 127 901 806</b>	<b>28 617 443</b>	<b>3 884 890 771</b>	<b>100.00%</b>

Table 28: Asset mix as at 31 December 2025

8.3. The total assets of the Fund amounted to **ZWG 3 884 890 771** split **ZWG 3 127 901 806** in Sub Fund A and **US\$28 617 443** in Sub Fund B as at 31 December 2025.

### Sub Fund A (ZWG) Assets

8.4. The total ZWG assets of the Fund as per the Financial Statements provided amounted to **ZWG 3 127 901 806** as at 31 December 2025. The breakdown is as follows.

	Sub Fund 1	Sub Fund 2	Sub Fund A	Prop
Assets	ZWG	ZWG	ZWG	
Motor vehicles	498 416	5 317 106	5 815 522	0.19%
Furniture and equipment	-	220 055	220 055	0.01%
Computer systems and hardware	-	986 774	986 774	0.03%
Investment property	876 544 196	833 025 313	1 709 569 509	54.66%
Equities	-	-	-	0.00%
quoted:	231 481 196	145 833 173	377 314 368	12.06%
unquoted	-	136 516 284	136 516 284	4.36%
Prescribed assets	-	-	-	0.00%
Fixed Instruments	-	-	-	0.00%
Loans and mortgages on property	10 288	28 870 660	28 880 948	0.92%
Staff loans and mortgages	-	-	-	0.00%
other prescribed assets	-	1 836 328	1 836 328	0.06%
Staff loans and mortgages	-	1 082 900	1 082 900	0.03%
Money market investments	3 990 636	2 244 732	6 235 368	0.20%
Cash on hand and at bank	2 066 573	31 064 923	33 131 496	1.06%
Contribution arrears	-	802 234 510	802 234 510	25.65%
Rental arrears	1 145 868	-	1 145 868	0.04%
Interest receivable	-	63 763	63 763	0.00%
Value Added Tax	-	12 991 660	12 991 660	0.42%
Other debtors	-	9 876 453	9 876 453	0.32%
<b>Total Assets</b>	<b>1 115 737 172</b>	<b>2 012 164 634</b>	<b>3 127 901 806</b>	<b>100.00%</b>

Table 29: Asset mix as at 31 December 2025

8.5. The net assets backing liabilities after deducting non-pension related liabilities are **ZWG 3 113 065 208** split **ZWG 1 113 838 641** in Sub Fund 1 and **ZWG 1 999 226 567** in the Sub Fund 2.

8.6. Based on the average assets held over the period from 01 January 2025 to 31 December 2025, and the total net investment income of the Fund the return earned on the ZWG assets amounted to an average of **21.09%** as shown below.

	Return
Sub Fund 1	31.56%
Sub Fund 2	15.12%
Sub Fund A	<b>21.09%</b>

Table 30: Return as at 31 December 2025

8.7. Please note that our recommended asset benchmark for the Fund is **35%** in Property, **25%** in Equities, **10%** in Bonds, **10%** in Prescribed assets and **10%** in Cash and money markets and **10%** in Alternative investments.

8.8. Had the Fund been invested in line with the recommended benchmark it would have earned a return of **19.06%**.

8.9. Accordingly, the Fund marginally outperformed the recommended benchmark, largely driven by strong equity market performance and returns that exceeded both inflation and currency depreciation across key asset classes.

8.10. The Fund's return of **31.56%** in Sub Fund 1 and **15.12%** in Sub Fund 2 were above inflation resulting in a positive real return.

8.11. The Fund's performance marginally exceeded the benchmarks; however, sustained attention will be necessary to ensure continued strong performance.

8.12. Accordingly, we recommend that the Board continues to focus on sustaining and further enhancing the Fund's performance relative to the established benchmarks.

## Sub Fund B (US\$) Assets

8.13. The total US\$ assets of the Fund as per the Financial Statements provided amounted to **US\$28 617 443** as at 31 December 2025. The breakdown is as follows.

Assets	Sub Fund B	Sub Fund B	Prop
	ZWG	US\$	
Investment property	81 697 311	2 625 393	9.2%
Equities	-	-	0.0%
<i>quoted:</i>	5 921 669	227 926	0.8%
<i>unquoted</i>	-	-	0.0%
Prescribed Assets	-	-	0.0%
Fixed Instruments	17 768 204	683 900	2.4%
Bonds	-	-	0.0%
Loans and mortgages on property	-	-	0.0%
Long term deposits	-	-	0.0%
Other prescribed assets	-	-	0.0%
Staff loans and mortgages	1 500 102	57 739	0.2%
Money market investments	31 661 961	1 218 672	4.3%
Cash on hand and at bank	612 643 698	23 580 723	82.4%
Contribution arrears	-	-	0.0%
Rental arrears	1 593 247	61 324	0.2%
Value Added Tax	4 202 773	161 765	0.6%
Other debtors			0.0%
<b>Total Assets</b>	<b>756 988 965</b>	<b>28 617 443</b>	<b>100.00%</b>

Table 31: Asset mix as at 31 December 2025

8.14. The net assets backing liabilities after deducting non-pension related liabilities are **US\$28 601 493** split **US\$27 562 688** in Sub Fund B and **US\$1 038 805** in the Stabilization Account.

8.15. Based on the average assets held over the period from 01 January 2025 to 31 December 2025, and the total net investment income of the Fund the return earned on the assets amounted to an average of **11.13%**.

8.16. Note the return is largely driven by the unsecured bank overdraft rate charge (15% per annum). There is a huge concentration in outstanding contributions (82% of the total USD assets), we therefore recommend that a plan be established on how these arrears may be collected.

8.17. This technically means that on a funded basis the Fund has a very small US\$ account of **US\$5 036 719** which Members need to note.

8.18. We recommend that the Investment Strategy of the Fund be continuously monitored to ensure an optimal performance of the Fund.

## Appropriateness of Assets

8.19. The Assets of the Fund can be grouped into three major divisions.

- i) Property (Direct property investments or indirectly through property pooled Funds)
- ii) Near-Bond Assets (Bonds, Debentures, prescribed assets)
- iii) Equity (Investments in local companies listed on the ZSE and VFEX)
- iv) Money Market investments (Deposits and balances in current and savings accounts with banks and includes money market investments)

## Asset Allocations

8.20. In terms of the Investment Policy the recommended asset-mix for the Fund is as follows.

Asset Class	Recommended Mix	Acceptable Range	IPEC Upper limit
Property	35%	30% to 40%	50%
Equity	25%	15% to 25%	50%
Bonds	10%	5% to 15%	45%
Prescribed Assets	10%	5% to 20%	40%
Cash and Other	10%	5% to 15%	10%
Alternative Investments	10%	5% to 15%	10%
<b>Total</b>	<b>100%</b>		

Table 32: Recommended asset mix as at 31 December 2025

8.21. The comparison of the current mix and the recommend mix is as follows:

Asset class	Current Mix (ZWG)	Current Mix (US\$)	Recommended mix
Property	37.73%	7.60%	35%
Equity	12.18%	0.82%	25%
Prescribed assets	21.43%	0.00%	10%
Bonds		-	10%
Cash & money market	0.65%	4.57%	10%
Other assets	28.01%	87.01%	10%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100%</b>

Table 33: Recommended mix vs Current asset mix as at 31 December 2025

8.22. There is need to consider the local economic environment bearing in mind the following:

- i. Fixed interest investments (Bonds) and Cash in Zimbabwe are currently exposed to currency and inflation risk.
- ii. The investment markets in Zimbabwe are not developed hence appropriate assets that match the liability profile may not be available.

8.23. Overall, we recommend that the Investment Strategy of the Fund be continuously monitored to ensure an optimal performance of the Fund.

8.24. We further recommend that moving from the current asset allocation to the recommended strategic asset allocation be done in a smooth manner (for example over 2 to 3 years). This will mitigate the risk of compromising the market values of the Fund's assets.

## 9. VALUATION OF LIABILITIES

- 9.1. In this section we look at how the Fund liabilities have been valued.
- 9.2. The liabilities of the Fund are represented by the Active Members' Accumulated Credits, Exit top ups, NSG Credits, Deferred/Preserved, Pensioners' liability and the Stabilisation Account and Data reserves as at 31 December 2025.
- 9.3. The Fund is a Defined Contribution Fund where the benefit on exit is based on the Member's Accumulated Credit. This is composed of Member and Employer contributions to withdrawal, with amounts transferred into the Fund in respect of the Member, plus any bonuses (interim and final) credited to the Member's account. The bonuses therefore have a direct impact on the benefit payable.
- 9.4. The liabilities of the Fund at the review date are made up of the following:

### Active Accumulated Credits:

- 9.5. These are made up of contributions made by and in respect of Members, accumulated with the bonus rate declared on the Fund from time to time.
- 9.6. The liability is therefore the Member's Accumulated Credit. We have verified this to be accurate.

### Pensioner's Liability and Pensioner's Reserve

- 9.7. These Pensioners liabilities have been set as the present value of future pensions assuming the future life expectancy of Pensioners as well as future likely investment returns, Pensioners' Reserve is a notional amount within the Pensioner's account which acts as capital against future volatilities within the Pensioner's Account.
- 9.8. The following table shows the assumptions we used in valuing the Pensioners of the Fund:

Assumption	Valuation Basis
Long Term Inflation	7.5%
Investment Return	11%
Pension Increase Rate	6.04%
Male Mortality	PA (90)
Female Mortality	PA (90) (-3)
Guarantee period	10 years
Spouse Proportion (after commutation)	50%
Children's Maximum Age	23

Table 34: Pensioners' valuation basis

## Implementation of the Zimbabwe Mortality Table (Circular 23 of 2024)

9.9. The following table shows the assumptions we used in valuing the Pensioners:

Assumption	Valuation Basis
Long Term Inflation	7.5%
Investment Return	11%
Pension Increase Rate	6.04%
Male Mortality	Zim mortality tables
Female Mortality	Zim mortality tables (-3)
Guarantee period	10 years
Spouse Proportion (after commutation)	50%
Children's Maximum Age	23

Table 35: Pensioners' valuation basis

## Implementation of the ZEIPF Crude Mortality Table

9.10. The following table shows the assumptions we used in valuing the Pensioners.

Assumption	Valuation Basis
Long Term Inflation	7.5%
Investment Return	11%
Pension Increase Rate	6.04%
Male Mortality	ZEIPF Crude mortality tables
Female Mortality	ZEIPF Crude mortality tables (-3)
Guarantee period	10 years
Spouse Proportion (after commutation)	50%
Children's Maximum Age	23

Table 36: ZEIPF Pensioners' valuation basis

## Impact of Merging ZEIPF Pensioners and ZESA Staff

9.11. The following table shows the assumption used to value the ZESA Staff Pensioners.

Assumptions	Valuation Basis
Long-term inflation	Not given
Valuation Rate of Interest	7%
Pension Increase	1%
Post-Retirement Discount Rate	5.9%
Mortality	a(55) Ultimate
Guarantee Period	7 Years
Spouse Proportion after commutation	65%
Spouse Age difference	3 years
Children's Maximum Age	23 years
Pensioners' Reserve	None

Table 37: ZESA Pensioners' valuation basis

9.12. For the period ending 31 December 2025, we recommend that the following basis be adopted:

Assumption	Valuation Basis	Pricing Basis	Commutation basis
Long Term Inflation	7.5%	7.5%	7.5%
Investment Return	11.04%	11.04%	11.04%
Pension Increase Rate	6.04%	5.279%	5.45%
Male Mortality	PA (90)	PA (90)	PA (90)
Female Mortality	PA (90) (-3)	PA (90) (-3)	PA (90) (-3)
Guarantee period (default)	10 years	10 years	10 years
Spouse Proportion (before commutation)	50%	50%	65%
Children's Maximum Age	23	23	23

Table 38: Recommended pricing, commutation & valuation Pensioner's basis

### Preserved Benefits

9.13. These are benefits due to Members who exit service and opt to preserve their pension savings in the Fund until they attain retirement age.

9.14. The liability is therefore the Member's Accumulated Credit.

### Stabilisation Reserve account.

9.15. This serves to meet all Fund operating expenses in line with Fund Rules. The balance of this reserve account can be used to award bonuses to Members at the Board Members discretion.

### 2018 Surplus & Data Reserve

9.16. This reserve was set up to meet the Liability arising due to Members, who may have been omitted from the valuation data schedules. Though we are happy with the quality of the data we have maintained the data reserve at previous year's level, but we are recommending that this be distributed before the proposed consolidation.

9.17. **Note that the build-ups of each of the above liabilities is in Appendix I.**

9.18. In considering the bonus rate to declare, the net investment return earned by the Fund should be compared to the interim interest rate allocated. The financial position of the Fund after any bonus is declared also needs to be taken into consideration in the derivation of this rate, as well as an allowance for the smoothing of returns and a margin against adverse contingencies.

Liabilities of the Fund as at 31 December 2024 and 31 December 2025

	31 December 2024	31 December 2025
Actives Account		-
<i>Contributing</i>	751 251 717	2 452 650 182
<i>Exit top ups</i>	11 556 885	33 393 243
NGS Credits	947 250	1 044 998
Stabilization Account	8 526 020	23 137 539
2018 Surplus + Data reserve	16 092 763	43 289 532
Preserved	8 185 448	22 018 855
Pensioners	57 109 245	74 559 924
Pensioner's reserve	5 879 934	6 736 534
<b>Total Liabilities</b>	<b>859 464 536</b>	<b>2 656 830 807</b>

Table 39: Liabilities before bonus as at 31 December 2025

9.19. The liabilities before bonus are **ZWG 2 656 830 807** compared with **ZWG 859 464 536** at 31 December 2025.

# 10. FINANCIAL POSITION

Sub Fund A (ZWG)

10.1. The financial position of the Fund due to the Members before bonus recommendations as at 31 December 2025 is as shown below:

Before bonus	Actives		Pensioners	Preserved	ZEIPF	Grand Total	
	Sub Fund 1	Sub Fund 2	Sub Fund 1	Sub Fund 1	Sub Fund A	Stabilization Account	
<b>Assets</b>	990 316 428	1 977 736 290	94 021 100	27 853 852	3 089 927 670	23 137 539	3 113 065 208
<b>Liabilities</b>	780 496 664	1 749 881 291	81 296 458	22 018 855	2 633 693 269	23 137 539	2 656 830 807
<b>Actives Account</b>							-
Contributing	712 154 080	1 740 496 102			2 452 650 182		2 452 650 182
Exit top ups	24 008 054	9 385 189			33 393 243		33 393 243
NGS Credits	1 044 998				1 044 998		1 044 998
Stabilization Account					-	23 137 539	23 137 539
2018 Surplus + Data reserve	43 289 532				43 289 532		43 289 532
Preserved	-			22 018 855	22 018 855		22 018 855
Pensioners			74 559 924		74 559 924		74 559 924
Pensioner`s reserve			6 736 534		6 736 534		6 736 534
<b>Surplus</b>	209 819 763	227 854 999	12 724 642	5 834 997	456 234 401	-	456 234 401
<b>Funding Level</b>	<b>127%</b>	<b>113%</b>	<b>116%</b>	<b>127%</b>	<b>117%</b>	<b>100%</b>	<b>117%</b>

Table 40: Financial position before bonus recommendations as at 31 December 2025

10.2. The total liabilities before bonus allocation as at this review date amounts to **ZWG 2 656 830 807** split ZWG 884 899 043 in Sub Fund 1, ZWG 1 749 881 291 in Sub Fund 2 and ZWG 23 137 539 in the Stabilization Account.

10.3. The results show an excess of assets over liabilities of **ZWG 456 234 401**. This surplus translates to a Funding Level (Assets over Liabilities) of **116%**.

10.4. This funding Level shows that the Fund is financially sound as at 31 December 2025.

#### Bonus declarations

10.5. The Fund is Defined Contributions where at any given point the assets of the Fund must determine the liabilities of the Fund. This means the disclosed surplus must be distributed to Members of the Fund in the form of a bonus.

10.6. Based on the investment returns earned and the pension increases already credited, and considerations stated in **paragraph 1.50 & 1.51**, we recommend that Board Members award the following bonuses over the review period.

Sub Fund A	Bonus	Comments
Sub Fund 1	26.00%	Cumulative
Sub Fund 2	15.12%	Cumulative
Pension increase	14.55%	Additional
Preserved	26.00%	Cumulative

**Table 41: Recommended bonus as at 31 December 2025**

10.7. In line with the Board Members` instruction, we have distributed the maximum bonus which can be afforded, leaving the barest surplus with the Fund.

10.8. Should the bonus recommendations be adopted and implemented by the Board Members, this will leave the Fund with a surplus of **ZWG 6 508 169** thus leaving the Fund in a sound financial position. Our bonus recommendations are therefore affordable.

10.9. Should our recommendations be adopted by the Fund Board members, then the financial position of the Fund would be as shown below:

After bonus	Actives		Pensioners	Preserved	ZEIPF		Grand Total
	Sub Fund 1	Sub Fund 2	Sub Fund 1	Sub Fund 1	Sub Fund A	Stabilization Account	
<b>Assets</b>	990 426 522	1 977 736 290	94 021 100	27 743 757	3 089 927 670	23 137 539	3 113 065 208
<b>Liabilities</b>	985 733 689	1 976 049 017	93 893 037	27 743 757	3 083 419 500	23 137 539	3 106 557 039
<b>Actives Account</b>							-
<i>Contributing</i>	899 622 033	1 965 244 882			2 864 866 915		2 864 866 915
<i>Exit top ups</i>	30 250 148	10 804 135			41 054 283		41 054 283
NGS Credits	1 316 697				1 316 697		1 316 697
Stabilization Account	-				-	23 137 539	23 137 539
2018 Surplus + Data reserve	54 544 810				54 544 810		54 544 810
Preserved				27 743 757	27 743 757		27 743 757
Pensioners			85 405 004		85 405 004		85 405 004
Pensioner`s reserve			8 488 033		8 488 033		8 488 033
<b>Surplus</b>	<b>4 692 833</b>	<b>1 687 273</b>	<b>128 063</b>	<b>-</b>	<b>6 508 169</b>	<b>-</b>	<b>6 508 169</b>
<b>Funding Level</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Table 42: Financial position after bonus as at 31 December 2025

10.10. The Table below shows our analysis of the surplus over the review period.

Analysis of surplus	Sub Fund A	Sub Fund B
Opening	979 813	14 799
Investment income	501 744 241	2 292 778
Expenses	-24 292 940	-711 669
Cost of Bonus	-471 922 944	-1 459 293
Closing After	6 508 169	136 614

Table 43: Analysis of surplus

10.11. We recommend the following;

- Monthly returns be calculated for paying exits as well as for basing pension increases on earned and realised returns.
- The Board to formally consider discontinuing the payment of the discretionary pensions in **paragraph 1.34** given the improved stability observed in the market over the review period, as outlined in Section 3 of this report as well our findings in the **Appendices**.

10.12. In our view, the Fund will be financially sound at the next review date at 31 December 2026 should our recommendations be adopted and implemented by Board Members.

Sub Fund B (US\$)

- 10.13. The total US\$ assets of the Fund as per the Financial Statements provided amounted to **US\$28 617 443** as at 31 December 2025.
- 10.14. The net assets backing liabilities after deducting non-pension related liabilities are **US\$28 601 493** split **US\$27 562 688** in Sub Fund B and **US\$1 038 805** in the Stabilization Account.
- 10.15. Based on the average assets held over the period from 1 January 2025 to 31 December 2025, and the total net investment income of the Fund the return earned on the assets amounted to an average of **11.13%**.
- 10.16. Note the return is largely driven by the unsecured bank overdraft rate charge (15% per annum). There is a huge concentration of outstanding contributions (82% of the total USD assets), we therefore recommend that a plan be established on how these arrears be collected.
- 10.17. **This technically means that on a funded basis the Fund has a very small US\$ account of US\$ 5 036 719 which Members need to note.**
- 10.18. The total liabilities before bonus allocation as at this review date amounts to **US\$26 432 392** split **US\$25 393 587** in Sub Fund B and **US\$1 038 805** in the Stabilization Account.

Before Bonus	ZEIPF			
	Sub Fund B	Stabilization account	Total USD	Total ZWG
<b>Assets</b>	27 562 688	1 038 805	28 601 493	743 066 787
<b>Liabilities</b>	25 393 566	1 038 805	26 432 371	686 712 999
Actives Account	25 393 566		25 393 566	659 724 850
Stabilization account		1 038 805	1 038 805	26 988 148
<b>Surplus</b>	2 169 122	-	2 169 122	56 353 788
<b>Funding Level</b>	109%	100%	108%	108%

Table 44: Financial position before bonus as at 31 December 2025

- 10.19. The results show an excess of assets over liabilities of **US\$2 169 122**. This surplus translates to a Funding Level (Assets over Liabilities) of **108%**.
- 10.20. This Funding Level shows that the Fund is financially sound as at 31 December 2025.

10.21. Based on the investment returns earned and the bonuses already credited, and considerations stated above, we recommend that Board members award the following cumulative bonuses over the review period 01 January 2025 to 31 December 2025:

	Bonus	Comment
Sub Fund B	11.13%.	Cumulative

Table 45: Recommended bonus as at 31 December 2025

10.22. Our bonus recommendations are therefore affordable. However, care must be taken to protect the Fund against future adverse market movements.

10.23. Should our recommendations be adopted by the Fund Board members, then the financial position of the Fund would be as shown below:

After bonus	ZEIPF			
	Sub Fund B	Stabilization account	Total USD	Total ZWG
Assets	27 562 688	1 038 805	28 601 493	743 066 787
Liabilities	27 426 074	1 038 805	28 464 879	739 517 556
Actives Account	27 426 074		27 426 074	712 529 408
Stabilization account		1 038 805	1 038 805	26 988 148
Surplus	136 614	-	136 614	3 549 231
Funding Level	101%	100%	100%	100%

Table 46: Financial position after bonus as at 31 December 2025

10.24. Should the bonus recommendations be adopted and implemented by the Board members, this will leave the Fund with a surplus of **US\$136 614**, thus leaving the Fund in a sound financial position.

## 11. RISK ASSESSEMENT

- 11.1. Board Members need to be aware of the risks the Fund is undertaking and take steps to control them. This section considers the risks which the Fund faces and appropriate ways to address these.
- 11.2. The Board Members must ensure, with the help of its auditors and actuaries, that all the necessary procedures and checking processes are in place to ensure that as much risk to the Fund as possible is mitigated.
- 11.3. This section can be used as one possible checklist for risk management.

### Currency Risk

- 11.4. In line with NDS 2 and the proposed transition to a mono-currency system, the Fund faces increased currency risk, particularly due to its high exposure to arrear contributions. Converting outstanding arrears into a new currency framework may result in value erosion and exchange rate losses.
- 11.5. To mitigate this risk, the Fund should adopt appropriate strategies such as diversification and prudent asset-liability management, while prioritising the timely recovery of arrears to protect members' benefits during the transition.

### Data Risk

- 11.6. The main risk here is that the data on which the Fund bases its valuation (and other exercises) is not an accurate reflection of the actual underlying data on which risks are being underwritten.
- 11.7. The Fund needs to ensure that it has sufficient controls to ensure data integrity and detail.

### Expense risk

- 11.8. Expenses form a key part of the Fund's cash flows, with a significant impact on its ability to provide good returns to its members. Higher expenses than those allowed for will compromise member's benefits. The Fund needs to maintain strong control on its expenses, so that the Reserve Fund is always positive.
- 11.9. Over the review period the Reserve Fund had a positive balance, hence Board Members are commended for keeping expenses within desired targets.

## Investment risk

- 11.10. Investment risk essentially relates to the underlying investments behaving in a different manner to that expected when the original investment was made.
- 11.11. Investment risk could relate to several factors such as:
- Investment income being lower than expected.
  - Investment returns being reinvested under terms worse than initial conditions.
  - Capital growth being lower than expected.
- 11.12. In addition to the above, a further element of investment risk relates to the need to realise investments at inopportune times (i.e. at times when markets are generally low).
- 11.13. Associated with the above point would be lack of liquidity of some types of investments which would increase the investment risk of these assets when markets are down.
- 11.14. The recommended investment portfolio is used to check the performance of the Fund's investments.
- 11.15. Over the review period the Fund's performance was higher than the expected performance, hence we commend the Board Members for the good investment performance.

## Inflation Risk

- 11.16. This is the risk that nominal returns fall below inflation, resulting in a decline in the real value of assets. Although recent measures have contributed to improved market stability, inflation risk remains relevant. The Fund can mitigate this risk by maintaining appropriate exposure to real assets such as equities and property, which tend to provide inflation protection over the long term.
- 11.17. While inflationary pressures have moderated compared to prior periods of volatility, delays in remitting contributions still expose the Fund to inflation risk, as funds not received and invested timeously may lose real value.
- 11.18. Notwithstanding the improved stability of the local currency, residual depreciation and inflation risks remain. Assets earning fixed returns, such as bonds, cash holdings, and outstanding contributions denominated in local currency, may still experience real value erosion if inflation exceeds nominal returns (refer to paragraph 3.16).

11.19. Accordingly, delayed remittance of contributions can result in a loss of value to members, as funds are not invested promptly in assets capable of preserving real value. This risk may be mitigated through prudent investment strategy, timely remittance enforcement, and, where appropriate and compliant with regulations, indexing outstanding contributions to a stable benchmark to protect members' benefits

### **Legal Risks**

11.20. Some of the risks that the Fund faces include:

- Legislative risks
- Litigation risks

11.21. The Fund must make sure it keeps in line with the country's legal frameworks and IPEC Regulations in order to mitigate some of these risks and strive to treat members fairly.

### **Default Risk**

11.22. The risk of default on assets is greater where there is a concentration of investments with an Investment Manager or in an Asset. The Fund will therefore strive to arrange proper protection of Assets by segregating Investment Managers (where possible). Further protection will be achieved by requiring the vehicles in which Assets are held to be financially sound and compliant with all relevant regulatory and solvency requirements as stipulated by the Commissioner.

11.23. Board Members must also ensure that contributions are remitted timeously to the Fund. Considering NDS 2 and the proposed mono-currency transition, timely remittance of contributions is essential. The Fund's high exposure to arrear contributions increases currency risk, as delays may result in value loss upon conversion, potentially affecting members' benefits.

### **Credit risk/Counterparty Risk**

11.24. The risk of loss due to the inability or unwillingness of a counterparty to meet their obligations as and when they fall due. The Board Members believe this to be an important risk and will require disclosure of limits in terms of credit exposure applied by all the Fund's asset managers.

### **Lower Replacement Ratios than expected**

- 11.25. The Board Members of the Fund should consider whether the contributions towards retirement are sufficient to provide a reasonable benefit on retirement. In doing this the Board Members may also need to consider the desired Replacement Ratios of the Members in relation with the actual Replacement Ratios.

### **Asset Valuation Risk**

- 11.26. We are of the view that the Property Investments could be undervalued in ZWG, given the huge discount of the official and parallel market rate. Board Members need to note this, especially when commuting Pensioners and paying Exits as potentially commuting Members or Exits are leaving value within the Fund. This poses a great to paying lower than actual values to these members. We recommend that the commuting basis addresses this.

### **Consolidation Risk**

- 11.27. Notwithstanding the noted exchange rate stability, the Fund should continue to ensure that the assets and liabilities of the consolidated fund are clearly separated and accounted for over a minimum period of five years, in line with the Consolidation Framework. While currency volatility has moderated, consolidation risks remain, and maintaining a structured separation will allow the Fund sufficient time to monitor, assess, and fully manage these risks before complete integration.

### **Cross Subsidisation Risk**

- 11.28. Cross-subsidisation risk arises where the financial experience of one membership group (for example, Active Members) directly or indirectly benefits or disadvantages another group (for example, Pensioners), in a manner that is not explicitly intended under the Fund Rules. The consolidation framework recommends the segregation of ZEIPF and ZESA STAFF assets in perpetuity.
- 11.29. In a defined contribution environment, such risk most commonly emerges where assets are pooled operationally but liabilities are ring-fenced notionally.

## Sources of Cross-Subsidisation Risk

### Pensioner Benefit Increases and Augmentations

11.30. Ad hoc or discretionary pension increases granted to pensioners without explicit funding sources may be financed from general fund assets, thereby reducing assets available for active members' accrued benefits.

### Inflation and Indexation Risk

11.31. If pension benefits are indexed or increased to partially match inflation without explicit hedging or reserves, the cost may be met from assets intended for active members' benefits

### Underfunded pensioner liabilities

11.32. Where pensioner liabilities are **underfunded**, the deficit is often met through higher employer/active contributions instead of reducing pensions (which may be legally or politically difficult). That's a direct subsidy from actives to pensioners.

### Pooled Asset Management Structure

11.33. While the Fund maintains a notional allocation of assets between Actives and Pensioners, the underlying assets are pooled operationally. This creates a risk that:

- cash flows relating to one group (e.g. pension payments) may be temporarily met using assets attributable to another group; and
- investment timing effects may advantage or disadvantage particular sub-accounts.

### Shared assets and expenses

11.34. If assets are **not ring-fenced** by member category, investment returns and expenses are pooled. Pensioners typically have shorter durations and lower risk tolerance but may still benefit from higher-risk strategies driven by the needs of actives.

### Expense Allocation

11.35. Administrative, investment management, and governance expenses may be pooled and charged uniformly, even though pensioners often generate lower costs than active members. This can result in active members subsidising pensioner expenses, or vice versa.

## Existing Risk Mitigation Measures in Place

11.36. The Fund has already implemented several important controls which materially mitigate cross-subsidisation risk.

## Notional Split of Assets

### **Separation of Sub Fund 1 and Sub Fund 2**

11.37. The Fund has maintained a notional allocation of assets between:

11.38. Sub Fund A consist of Sub Fund 1 which relates to contributions made pre 2019 and Sub Fund 2 which relates to contributions made post 2019 in local currency.

11.39. Sub Fund 1 is further split amongst Active Members, Pensioners and Preserved Members.

11.40. The segregation of Sub Fund 1 (pre-2019 contributions) and Sub Fund 2 (post-2019 contributions) provides protection against:

- inter-generational transfers arising from contribution timing; and
- currency-related distortions in benefit outcomes.

### **Separation of Sub Fund A and Sub Fund B**

11.41. Sub Fund A consist of contributions in local currency (ZWG) and Sub Fund B consist of contributions in foreign currency (USD).

11.42. The continued use of Sub Fund A and B enables the Fund to avoid intergenerational transfer of returns.

11.43. This framework ensures that investment performance, contributions, benefit payments and expenses are appropriately attributed to each cohort.

## Actuarial Monitoring and Funding Level Assessment

11.44. **In terms of Rule 36 (iii), it is stated that the actuarial valuation shall ensure that there is no cross-subsidization amongst the funds, namely Pensioners’ Account, Stabilisation Account and the Members’ Accumulated Credits.**

11.45. Regular actuarial valuations reviews have been carried out to evaluate the extent to which the Fund’s asset allocation and surplus distribution mechanics may have resulted in one-member cohort receiving returns/benefits that were effectively funded by another cohort (**i.e., intergenerational transfer**)

11.46. The reviews confirm that:

- both the Actives’ and Pensioners’ accounts remain adequately funded on a post-bonus basis; and
- benefit payments and bonus declarations have been met from each account’s own assets and experience, except for unfunded discretionary pension increases.

## Other Recommended Risk Mitigation measures

Measures	Key Actions
<b>Funding of Ad hoc or discretionary increases with an Account</b>	The Fund should undertake an affordability assessment prior to awarding any cushioning benefits, to determine whether such benefits can be sustainably funded from earned returns
<b>Physical Asset Separation</b>	Physical separation of assets by membership group aimed at preventing cross-subsidisation between groups, ensuring that the contributions and investment return attributable to one group are not used to finance the benefits or deficits of another.
<b>Risk-Based Investment Strategy</b>	Consider section-specific investment strategies if risk profiles differ significantly.  Alternatively, use pooled investments but apply notional unitization so each section bears its own investment outcomes.

Table 47: Other recommended risk mitigation measures

11.47. **Accordingly, we recommend the Fund to put measures to consider physically splitting the Assets between various membership or unitise the Fund.**

## 12. CONCLUSION AND RECOMMENDATIONS

12.1. We have carried out a Financial Review of the **Zimbabwe Electricity Industry Pension Fund** as at 31 December 2025.

### Final Bonus

12.2. The final bonus recommendations as at 31 December 2025 are shown in the table below:

	Bonus	Comments
Sub Fund A		
Sub Fund 1	26.00%	Cumulative
Sub Fund 2	15.12%	Cumulative
Pension increase	14.55%	Additional
Preserved	26.00%	Cumulative
Sub Fund B	11.13%	Cumulative

**Table 48: Recommended bonus as at 31 December 2025**

12.3. Our bonus recommendations are therefore affordable.

12.4. In addition, the following are recommended:

- Monthly returns be calculated for paying exits as well as for basing pension increases on earned and realised returns.
- The Board to formally consider discontinuing the payment of the discretionary pensions given the improved stability observed in the market over the review period.
- A Summary of our recommendations is in **Appendix II**.

12.5. In our view, the Fund will be financially sound at the next review date (31 December 2026) should our recommendations be adopted and implemented by Board Members.

12.6. We will be happy to discuss all the issues raised in this report.

**For and on behalf of MAOS**

*In my capacity as Fund Actuary*



David T. Mureriwa

**Fellow of the Actuarial Society of South Africa**

**Fellow of the Faculty of Actuaries (UK)**

*My Primary Regulator is the Actuarial Society of South Africa*

**19 February 2026**



## APPENDIX I: CONSOLIDATED REVENUE ACCOUNT AND BUILD-UPS

A.1.1. The change in the value of the Fund's assets over the period under review is shown by the following Revenue Account:

December 2025	Sub Fund A			Sub Fund B	
Revenue Account	ZWG			US\$	ZWG
	Sub Fund 1	Sub Fund 2	Total	Total	Total
Opening balance	879 867 488	1 268 637 502	2 148 504 990	14 892 981	386 919 646
<i>Adjustments</i>	-1	-1 060 650	-1 060 650		0
<b>Opening</b>	<b>879 867 489</b>	<b>1 267 576 852</b>	<b>2 147 444 340</b>	<b>14 892 981</b>	<b>386 919 646</b>
					0
<b>Income</b>					
Member contributions		160 051 044	160 051 044	3 780 065	98 206 100
Employer contributions		379 245 929	379 245 929	8 756 196	227 485 976
Interest on contribution arrears		10 929 117	10 929 117	2 167 637	56 315 221
<b>Income from investments</b>				-	
Interest	593 820	3 117 555	3 711 376	64 735	1 681 827
Dividends	12 630 833	4 911 991	17 542 824	1 948	50 597
Rentals	39 365 454	7 498 182	46 863 635	-	
Unrealised fair value gains/ (losses) on financial assets	96 459 052	49 553 640	146 012 692	65 749	1 708 151
Realised fair value gains/ (losses) on financial assets	3 783 298	1 471 283	5 254 581	-	
Revaluation gains/ (losses) on property	127 079 395	155 319 260	282 398 655	-	
Profit on disposal		1 457 918	1 457 918	-	
Other Income		-3 214 894	-3 214 894	-	
Exchange gains	40 038	40 038	80 075	-	
<b>Benefits</b>	-			-	



Pension - members	-	17 833 786		-17 833 786	-	
					-	
spouse	-	5 009 029		-5 009 029	-	
children	-	3 330 153		-3 330 153	-	
Deaths		-			-	
Lumpsum- Retirements	-	6 846 165	-7 416 679	-14 262 844	-	
Refunds- Resignations	-	5 099 195	-5 524 128	-10 623 322	-408 837	-10 621 579
<b>Expenditure</b>		-			-	-189 436
Asset management fees	-	1 185 366	-225 784	-1 411 151	-7 292	
Custodial fees	-	364 013	-69 336	-433 349	-	
Property management fees	-	4 406 018	-839 242	-5 245 260	-	
Property maintainace costs	-	1 849 662	-352 317	-2 201 979	-	
Provision for bad debts	-	57 349	-10 924	-68 273	-	
Staff costs		-	-8 172 950	-8 172 950	-453 520	-11 782 439
Administration fees		-	-8 430 944	-8 430 944	-226 760	-5 891 219
Actuarial fees		-	-1 092 511	-1 092 511	-	
Audit fees		-	-353 574	-353 574	-	
Board expenses		-	-1 950 627	-1 950 627	-	
IPEC levies		-	-2 145 475	-2 145 475	-	
Bank charges + 2% IMMT TAX		-	-2 146 859	-2 146 859	-31 390	-815 512
Add benefits payable			0	0		
Miscellaneous		0	1	1	-21	-546
<b>Closing Net Assets</b>		<b>1 113 838 641</b>	<b>1 999 226 567</b>	<b>3 113 065 208</b>	<b>28 601 493</b>	<b>743 066 787</b>

Table 49: Assets build up for Sub Fund A and B

## Surplus Movement

A.1.2. The table below summarises the movement of surplus over the period:

Analysis of surplus		
	Sub Fund A	Sub Fund B
<b>Opening</b>	979 813	14 799
Investment income	501 744 241	2 292 778
Expenditure	-24 292 940	-711 669
Cost of Bonus	-471 922 944	-1 459 293
<b>Closing</b>	<b>6 508 169</b>	<b>136 614</b>

Table 50: Analysis of surplus

A.1.3. The change in the balance of the Stabilisation Account over the period under review is shown in the following build-up:

Stabilization account	ZWG	US\$
<b>Opening</b>	8 526 020	787 907
Contributions	35 693 734	824 113
Staff costs	-8 172 950	-453 520
Administration expenses	-8 430 944	-226 760
Actuarial fees	-1 092 511	0
Audit fees	-353 574	0
IPEC Levies	-1 950 627	0
Bank Charges	-2 145 475	0
Bank charges + 2% IMMT TAX	-2 146 859	-31 390
Closing before distributions	19 926 815	900 350
Return earned	3 210 724	138 455
<b>Closing after distributions</b>	<b>23 137 539</b>	<b>1 038 805</b>

Table 51: Stabilization account build up.

## Liability build ups

Contributing members	Sub Fund 1	Sub Fund 2	Sub Fund B
	ZWG	ZWG	US\$
Opening accumulated credit	717 253 275	1 249 833 691	14 090 275
Contributions	0	503 603 238	11 712 149
Data corrections (Adjustments)			0
Transfer to exits			
Benefit paid	-5 099 195	-12 940 807	-408 837
Transfer from non-contributing			
Miscellaneous		-21	0
Closing before bonus	712 154 080	1 740 496 102	25 393 566
Bonus awarded	187 467 953	224 748 780	2 031 508
Closing after bonus	899 622 033	1 965 244 882	27 425 074

Table 52: Contributing members liability build up

Sub Fund A	NGS Credits
Opening	1 044 998
Adjustments	
Contributions	
Benefits paid	
Miscellaneous	
Closing before bonus	1 044 998
Bonus awarded	271 699
Closing after bonus	1 316 697

Table 53: NGS liability build up

## APPENDIX II: SUMMARY OF RECOMMENDATIONS

A2.1 We have tabulated below a summary of all the recommendations we have done in this report:

Recommendations	Why	By whom	When
Bonuses as per <b>paragraph 12.2</b>	To enhance Members' benefits in line with the Fund's performance.	Board Members	31 December 2025
Carry out monthly returns	To ensure exits are paid full benefits and to ensure that Pension increases are on earned and realised returns.	Board Members	January - December 2026
Ensure that the new system is efficiently used.	To reduce costs of administration	Board Members and Fund Management	Continuous.
Take measures to ensure that outstanding contributions are remitted and report the level of outstanding contributions to the IPEC. Encourage Employer to remit outstanding contributions.	To ensure that assets backing up Members' liabilities are made available to the Fund. The levels of outstanding contributions are now very high, for example 83% of Sub Fund B is in outstanding contributions. Members are losing value because of the delays in remitting contributions, refer to <b>paragraphs 11.19</b> .	Board Members	Continuous
Consider financial reporting at market values	To ensure Member's benefits are consistent with prevailing economic environment. To ensure consistency with best practice and peers in the market.	Board Members	Continuous.
Ensure investment related costs are met from investment income esp. Board meeting relating to investment decisions. Keep investment related expenses to 10% of realised investment income.	To avoid compromising administration charges with investment costs and ensure correct matching of expenses. To enhance investment returns accruing to Members.	Board Members and Fund Management	Continuous
Ensure that Fund is compliant with prescribed assets ratios	To ensure optimal returns for Members	Board Members	Continuous.
Monitor Investments Performance	To ensure optimal returns for Members	Board Members	Continuous.

moving from the current asset allocation to the recommended strategic asset allocation be done in a smooth manner (for example over 2 to 3 years).	This will mitigate the risk of compromising the market values of the Fund's assets.	Board Members and Fund Management	Continuous
Familiarise with the Pensions market & Circulars	To ensure the Fund's decisions are always up-to-date and in line with the Regulator's requirements	Board Members and Fund Management	Continuous
Ensure that membership data shows the outstanding contributions per each member	To enable an accurate computation of the Funded Position	Fund Management	Continuous
Encourage members with monthly pensions below US\$40 and US\$20 (beneficiaries) to commute	Compliance with the current legislation	Board Members	Continuous
Update Rules to accommodate the IPEC Guideline on Expense Framework and align Rules to new Act	Comply with regulations and the new Act	Board Members	Continuous
Review commutation basis	Avoid members being underpaid, since property is not being appropriately valued.	Actuaries & Management	Continuous
Implement a Fund specific Risk Management Framework as recommended in <b>Section 11</b> .	In line with good financial and prudential management.	Board Members	Continuous
Do away with discretionary benefits	In line with good financial and prudential management given the obtaining economic stability	Board Members	31 December 2025
Distribution of Stabilization Account	To fund Pensioners & Actives Accounts	Board Members	31 December 2025
Distribution of 2018 surplus and Data Reserve	To fund Pensioners & Actives Accounts	Board Members	31 December 2025

**Table 54: Summary of recommendations**

## APPENDIX III: DATA CHECKS AND MEMBERSHIP RECONCILIATIONS

- A3.1. The data checks that were performed as at the valuation date are reflected below.
- A3.2. For each Member in the data received we checked for missing dates of birth, consistency of dates of birth, dates of joining, reference numbers and salary against the December 2024 data.
- A3.3. The data was generally consistent from last valuation. We are happy that data was reasonably clean.
- A3.4. The following membership statistics were calculated and checked for reasonability:
- Salary-weighted average age.
  - Average age.
  - Total Annual Pension.
- A3.5. These statistics checked are generally in line with those reported in the previous valuation as well as the cleaned data.
- A3.6. It should be noted that the accuracy of our checks is limited to the accuracy of the data we were supplied with and the ultimate responsibility of the accuracy of the Financial Statements and data lies with the Board Members and the Fund Management of the Fund.

## APPENDIX IV: COMPENSATION FRAMEWORK

A4.1. In line with the Statutory Instrument 162 of 2023 Pensions and Provident Funds (2009 Compensation) Regulations 2023 from IPEC we have quantified the compensation of the Fund. Please refer to the Compensation Scheme of the Fund for further details.

A4.2. The table below shows the total prejudice for the Fund.

	Total prejudice
31-Dec-2014	US\$2 696 462
31-Dec-2024	US\$ 3 623 820
31-Dec-2025	US\$ 3 732 535
Total	ZWG 96 973 866

Table 55: Total prejudice as at 31 Dec 2025

A4.3. Members of the Fund during the period 1 January 2004 to 28 February 2009 are entitled to a compensation of **US\$2 696 462** as at 31 December 2014 for the loss on their fund credits during the hyperinflation period between 2004 and 2008 which has been adjusted for time value of money to ZWG 96 973 866 as at 31 December 2025.

A4.4. The table below shows our proposed financing of the Compensation.

	31-Dec-2024 (US\$)	31-Dec-2024 (ZWG)	31-Dec-2025 (ZWG)
Fund Portion (outstanding benefits)	114 596	2 955 424	72 016 961
Employer portion (Outstanding contributions)	818 020	21 096 731	21 890 309
Compensation Fund	2 691 205	69 406 167	3 066 596
	<b>3 623 820</b>	<b>93 458 322</b>	<b>96 973 866</b>

Table 56: Financing the prejudice

A4.5. After financing the prejudice from the Employer and the Fund, we recommend that the Fund set up a **Compensation Fund** amounting to ZWG 96 million (US\$2 696 462) to be financed by one per centum annual levy on the total value of the Fund assets as per **Section 9** of the Statutory Instrument 162 of 2023.

## APPENDIX V: SUPPORTING REPORTS

Please click on the links below to access the full report.

1. [Assessing if there was a cross-subsidization within the Fund.](#)
2. [Assessing the impact of distributing the Stabilization Account to enhance Member and Pensioner benefits.](#)
3. [Estimating the cost of augmenting pensions.](#)
4. [Assessing the impact of carrying out the valuation of pensioners using the Zimbabwe Mortality Tables.](#)
5. [Assessing the impact of carrying out the valuation of pensioners using the ZEIPF Mortality Tables.](#)
6. [Assessing the impact of merging ZEIPF and ZESA Staff Pension Fund Pensioners.](#)