DPF
DEBSWANA · PENSION · FUND

Pensioner Guide

A guide for DPF pensioners and their dependants.

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1. Using Your Guide

This guide is designed for Debswana Pension Fund (DPF) members who have retired and are currently receiving their pension salary.

The purpose of this guide is to help you understand:

i. how your pension is disbursed upon retirement
ii. the relevant rules and regulations governing your pension and
iii. to provide additional information to support you during your retirement years.

While this guide offers general information and outlines the benefits payable upon your passing, it does not encompass the full scope of rules and regulations governing the Fund. We encourage you to share and inform your dependents about this guide, keeping it in a secure location where they can access it should the need arise in the event of your passing.

Important Note

The guidelines outlined in this guide adhere to the approved rules of the Fund, which determine the benefits provided, unless superseded by legislation. The Fund operates under the regulation of the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). The Rules and regulations can be accessed on the Fund's website at www.dpf.co.bw or upon request to the Fund Offices.

2. The Fund in Brief

Debswana Pension Fund acknowledges the significance of providing robust pension benefits to its members. Contributing to the Fund throughout your active employment years was designed to offer financial stability and security during retirement. It is our ongoing commitment to uphold our mission and ensure the sustainability of the DPF. Your pension benefits are guaranteed for life and the retirement annuity options you choose also provide benefits for your dependants within the eligibility period (i.e., guarantee period).

Fund Governance

The Board of Trustees (the Trustees) of DPF is responsible for managing the Fund. Trustees, in a legal context, hold property on behalf of beneficiaries, which in this case includes you and all Fund members. Trustees are nominated by participating employers and elected by members. They have a legal duty to safeguard members' interests and must demonstrate adequate knowledge and training to fulfil their responsibilities, which include:

i. Administering the Fund in compliance with its Rules and regulations.
ii. Supervising Fund administration to ensure accurate calculation and disbursement of member benefits to beneficiaries.
iii. Investing Fund assets to achieve optimal long-term returns without exposing the Fund to undue risk.

Day-to-day Fund Administration functions are carried out by Mmila Fund Administrators. For queries regarding your personal pension benefits, please contact Mmila Fund Administrators. For inquiries related to the DPF Secretariat, please reach out to the Fund.

Contact details can be found on the back cover.

DPF Vision

To ensure superior investment returns and an informed comfortable and sustainable retirement for our members.

DPF Mission

We will provide members with competitive and sustainable retirement benefits through good governance, visionary leadership and innovation.

DPF Values

- Member Centric
- Credibility
- Accountability
- Agility
- Self-Driven & Motivated
- Innovation

3. How To Prepare Yourself For Retirement During Your Final Work Year

DPF provides members with essential information and education to facilitate a seamless transition into pensioner membership. However, your active participation is crucial to equip yourself with the tools needed for this transition. Here are key considerations during your final work year:

Attend DPF Member Education Workshops

The Fund conducts regular member education workshops across various employer group venues and platforms. Employees can also request presentations through their HR Representatives at any time during the year. Pre-retirement education is provided for pre-retirees (Members aged 49-59 years). If you are unsure of the scheduled meetings in your area, contact or visit the Member Relations Office in your constituency.

Individual Consultations

Mmila Fund Administrators offers individual consultations to members. It is important to understand the available pension/annuity options and administrative requirements during your pension life.

4. Obtaining A Pension Quotation - How Your Pension Amount Is Determined

When approaching the end of your final work year (ideally not earlier than three months before retirement), you can contact the Administrator to request a pension salary quotation. This quotation will help you decide which of the available retirement options is best for you.

How Your Pension Benefit Is Calculated

The pension salary is calculated using actuarial methods that consider various factors such as your age, life expectancy, your beneficiaries' life expectancies, any lump sum withdrawals you have made and more. The goal is to determine a payment that will sustain you throughout your life. Additionally, the size of your accumulated fund credit significantly influences your pension salary. To maximise your pension, it is crucial to optimise your pension savings during your active employment and avoid frequent withdrawals when transitioning between jobs.

5. Enrolling For Your Monthly Pension

Active Member's Route

Active members retire through their employer when the time for retirement arrives.

The employer exit notification must be accompanied by a DPF Benefit Claim Form signed by the member. This form includes a section where the member instructs the Fund to enrol them onto pension. It is crucial for members, particularly those seeking early retirement between ages 50 and 59, to fill out this section. Without this instruction, members may be deferred until they reach the normal retirement age of 60, as their wish to retire would be unknown.

In addition to the exit form, members must provide additional details such as updated contact information, beneficiary nominations, identity cards, marriage certificates, birth certificates, etc., for themselves and their nominated beneficiaries.

Deferred Member's Route

Deferred members may contact the Fund directly to enrol in their pension upon reaching retirement age. Similar to active members, the enrolment process is the same. It is important for deferred members to maintain up-to-date contact records to stay informed about fund developments that may affect their retirement.

6. Your Tax Free Benefit Withdrawal At Retirement

A retiring member has the option of withdrawing up to 50% of their accumulated fund credit. From the withdrawal, 33.3% will be tax free whilst the remaining 16.7% will be taxed. The remaining 50% of your fund will be used to purchase a monthly salary/annuity that a retiree will receive for life. Notwithstanding the superior performance of the Debswana Pension Fund, and the competitive annuity offering, it is important for a retiring member to shop around for comparison with other market players using qualified financial advisors for guidance prior to purchasing an annuity product.

It is important to understand the impact of a lumpsum cash withdrawal at retirement prior to purchasing an annuity. By choosing to make a cash withdrawal at retirement, you will reduce the potential value of your purchased annuity. Simply put, instead of buying a pension with 100% of your money, you will be buying it with only 50% (assuming a 50% lumpsum commutation), resulting in a smaller monthly pension.

7. Pension/Annuity Options

Members who apply for retirement are given the following options from which their pension salaries are determined:

Joint Life With Spouse

You will receive your pension for life. To qualify for this option, you need to be married with a living spouse. When you pass on, your nominated spouse will continue to earn up to 50% of what your pension salary was at the time of your death. Your nominated dependants aged below 25 years will also continue to earn a share of it, up to 25%, until they reach age 25, after which the salary will cease. The aggregate payout to the surviving dependants will in all instances not exceed the original pension salary amount you earned before your death.

Life With Nominated Dependant

You will receive a pension for life. This option is similar to the Joint Life option but without the married spouse. Instead, you will nominate a primary dependant and upon your death, the primary dependant shall receive up to 50% of the pension salary while the remaining underage dependants will receive up to 25% each. Any of them reaching 25 years will cease to receive the salary. Alternatively, you may choose to distribute the pension between the dependants as preferred.

Life With 5 Years Guaranteed

You will receive a pension for life. Benefits are guaranteed to your beneficiaries only for the first 5 years of your enrolment as a pensioner. Should you die before the guaranteed period expires, benefits are calculated as the total pension salary you would have earned for the remainder of the guaranteed 5-year period. If death occurs after the 5 years, no benefits are paid to beneficiaries.

Life With 10 Years Guaranteed

You will receive a pension for life. Benefits are guaranteed to your beneficiaries only for the first 10 years of your enrolment as a pensioner. Should you die before the guaranteed period expires, benefits are calculated as the total pension salary you would have earned for the remainder of the guaranteed 10-year period. If death occurs after 10 years, no benefits are paid to beneficiaries.

Life With 15 Years Guaranteed

You will receive a pension for life. Benefits are guaranteed to your beneficiaries only for the first 15 years of your enrolment as a pensioner. Should you die before the guaranteed period expires, benefits are calculated as the total pension salary you would have earned for the remainder of the guaranteed 15-year period. If death occurs after 15 years, no benefits are paid to beneficiaries.

Life With 20 Years Guaranteed

You will receive a pension for life. Benefits are guaranteed to your beneficiaries only for the first 20 years of your enrolment as a pensioner. Should you die before the guaranteed period expires, benefits are calculated as the total pension salary you would have earned for the remainder of the guaranteed 20-year period. If death occurs after 20 years, no benefits are paid to beneficiaries.

How To Select Your Retirement Option

The Fund cannot prescribe which retirement option you should choose. Members should evaluate their economic and social situations to determine which benefits will best serve them and their dependants

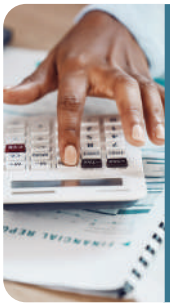
Important note

For the joint life options,the nominated dependents you choose cannot be changed after you begin receiving your pension. This means that if any of the nominated dependants die before you, or if you divorce and remarry, no benefits will accrue to any new dependants not nominated initially. This is because your pension is calculated based on specific individual profiles, including ages and genders, among other variables. These factors are integral to determining the annuity you purchased with your fund credit.

Similarly, for all pensioners, the retirement option chosen cannot be changed once you start receiving your pension.

8. How Your Pension Is Paid

Pension salaries are paid directly into members' nominated bank accounts as provided to the administrator. The monthly salary dates are determined annually and communicated to the pensioners through mailed published calendars.



Salary Deductions

Currently, apart from tax deductions (where applicable), medical aid contributions are allowed as deductions on DPF pension salaries. The Fund, through its administration, forwards contributions on behalf of pensioners to their respective medical aid providers. Other salary deductions will be reviewed upon request, but approval will be subject to a compatibility assessment by the Fund.

When you receive your first pension payment, we will send you a payslip showing your gross and net pay. After this, we will send payslips annually at the beginning of the tax year to reflect the annual salary adjustments made.

9. Expense Deduction At Pension Inception

Fund expenses, such as administration, audit, actuarial, legal, and asset management, are met by way of a monthly expense provision as decided by the Trustees. This provision is expressed as a Pula amount per month in respect of each pension in payment and each active and deferred member. Both this expense provision and the investment manager fees are deducted monthly from the Fund investment returns to cover the ongoing expenses of the Fund.

Pensioner Expense Deduction

For pensioners, the total projected long-term cost of managing your pension is calculated and deducted from your fund credit at the start of your pension salary. This expense deduction is a one-time deduction and represents the projected cost of administering your pension for the rest of your life. This calculation is part of the formula that determines your monthly pension salary.

10. Annual Pension Increases

Subject to affordability, the Trustees may grant an increase to pensions in payment from the Fund on the 1st of July each year. It is not always guaranteed that pensioners will receive increments annually. Pensioner increases are determined by a number of variables which include investment performance, funding levels, historical increases, future investment outlook, etc., and will vary from year to year. The Board of Trustees decides after every financial review in consultation with the Actuary, whether there is any potential for an increase and then decides accordingly. Pensioner members will be informed of this decision after the annual Fund audits, Fund valuations, and financial statements have been concluded and approved by the Trustees. The annual increase (typically on the 1st of July) is targeted but not guaranteed to be equal to the year-on-year increase in the Consumer Price Index/Inflation (as published by Statistics Botswana) up to the preceding 31st December.

Dependants' Pension Increases

If you have chosen the joint life retirement options, your pension is transferable to your nominated dependant, who will continue to receive it for life. Deceased pensioner beneficiaries are afforded the same recognition as other pensioners. Pensions payable to your spouse, adult dependant and eligible children will also be credited with pension increases in the same way as your pension was before your death.

Important Note:

For pensioners who have relocated to other countries, your pension will be paid into your overseas bank account. Note, however, that the pension you receive will remain the Pula currency equivalent of the current value of your approved pension at retirement. Normally, if you are living abroad, you will be taxed according to the tax laws of the country you are living in. To be sure about your tax liability in Botswana and the terms and conditions applicable, you should check with Botswana Unified Revenue Services (BURS). It is also advisable for you to understand the tax laws of the country you are living in. More information can be found at **www.burs.org.bw.**

11. Annual Pension Renewal - Certificate Of Existence (COE)

Once you have been enrolled as a pensioner, it is mandatory to notify or confirm your existence to the Fund annually through a signed Certificate of Existence (COE), witnessed and endorsed by a recognised authority under the laws of the country. Currently, tribal administrators, district commissioners, law enforcement (police), and other related bodies are accepted as witnesses for COEs.

Pensioners are given a deadline by which to submit their COEs. Failure to submit by this deadline will result in the suspension of their salary until proof of existence is provided. This procedure is crucial to safeguard your benefits against unauthorized access and to ensure they are paid to your rightful dependants in the event of your death, especially if the Fund is not promptly notified by the family.

12. Beneficiary Nomination Updates

The Fund requires you to update your nominated dependents at least every two years to ensure an up-to-date record. However, it is crucial to understand that your nomination form serves as a guide and not as a will. The Board of Trustees hold the ultimate responsibility for distributing your benefits in the best interest of all surviving dependents. With authority granted by the Retirement Funds Act of Botswana (2022) and the DPF Rules and benefit policies, the Trustees will make the final determination regarding which of your beneficiaries are eligible to benefit.

Pensioners enrolled in the Joint Life option are not required to update their nominations.

13. Death Of A Beneficiary Or Dependant

If any of your nominated beneficiaries dies before you, it is necessary to update your nominations promptly.

Often, when members pass away, the Fund must conduct detailed death benefit investigations, especially when the deceased's nomination forms are outdated and the nominated dependents and beneficiaries have also passed away before the member's death.

To avoid conflicts over your death benefits, it is crucial to update your nomination immediately if your nominated beneficiaries pass away before you and regularly thereafter. By keeping your nomination form up to date, you will reduce the time and interventions needed to determine who should receive your benefits.

14. Death Of A Pensioner

Death Notification

The Fund relies on the family of the pensioner member to report their death promptly. Therefore, it is crucial for members to ensure that their family understands the required procedures after death to prevent delays in benefit payments. Once the Fund receives notification of the member's death, an assessment will be conducted to determine, based on the chosen retirement option, whether any benefits are due to the beneficiaries. Subsequently, the family will be informed accordingly (refer to DPF Retirement Options).

Beneficiaries' Claims Investigation Process

The Fund follows a comprehensive death benefits policy upon receiving death notifications from deceased members' families. This process specifically applies to lump sum benefits, such as those in the guarantee pension options. Joint Life benefits are disbursed according to the initial nominations made by the pensioner. For a detailed understanding of the death claims process, the Fund provides a published death benefits claims Guide available for download on the website.

Payment of Benefits to Beneficiaries

Members nominate their beneficiaries and the Fund always considers the Member's wishes as per their nominations. However, under the Fund's rules and relevant statutes, the Board of Trustees bears the responsibility to ensure funds are distributed appropriately. To achieve this, thorough investigation of benefit claims is conducted. If legal dependents are found eligible to benefit, the Board may use its discretion to accommodate them as beneficiaries (if they were initially excluded), while also considering the member's existing choice of beneficiaries.

Benefits Payable From The Fund On Death

The following can be paid out of a member available benefit:

Death benefits are paid out according to your chosen retirement option as defined above.

In the event of death, the next of kin must write a letter to Debswana Pension Fund through the Fund Administrator requesting a funeral advance against an available benefit. The next of kin will be required to submit some documents that include by not limited to death certificate, affidavit, or a signed letter from the Chief or District Commissioner indicating that the family has agreed that an advance be given to a nominated family representative. This affidavit or document should reflect the nominated family representative's full names as per national identification documents.

Upon verification, payment shall be made to the nominated person. The Fund credit of the deceased will be reduced by the amount advanced to the family for burial and the remaining fund credit shall be paid in accordance with Fund Rules.

Important Note

The benefit is paid only before the burial of the deceased member, and if all the required documents are provided, payments can be disbursed in less than 24 hours.

It is not compulsory for family members to claim this advance, especially if funeral insurance was already sought elsewhere. The advance is deductible from the death benefit, so if it is not claimed, it will later be distributed to the beneficiaries.

15. Keeping In Touch

DPF Communication

The Fund aims to optimise communication with members and stakeholders by utilizing multiple platforms, blending both traditional and new media for maximum effectiveness. We highly encourage our members to make use of the member portal to access their fund related information, including viewing of the pay slips and ensuring that your contact details are updated at all time.

Should you not receive a communique from the Fund, please contact the Fund or the Administrator to update your information.

The portal can be accessed through the DPF website or directly at **https://portal.mmila.co.bw/.**

Pensioners Association Membership

Pensioners are encouraged to join established Pensioner Associations to stay in touch with other pensioners and remain active after retirement. These associations provide opportunities to participate in various social activities. Currently, the Badiri Ba Meepo Pensioners Association (BBMPA) is available for DPF pensioners, with active branches across the country led by a National Executive Committee elected from time to time.

If you wish to join the association, you can request the contact details of the current leadership through the Fund offices.

Tips For Pensioners

Manage Your Money In Retirement

Your financial situation will almost certainly change when you retire. Your income is likely to fall and spending patterns often change as we get older – for example, because mortgages and other loans may have been paid off. Here are a few useful tips on managing the financial changes retirement can bring.

Draw Up a Budget for Your Retirement

Do not wait until after you have retired to address changes to your financial circumstances. Many of these changes can be estimated and prepared for in advance. By drawing up a budget for your expected income and spending as early as possible, you will have a greater sense of control over your situation. You can always revise your budget later to reflect any discrepancies.

If your budget reveals a gap between your spending and your income, you need to look for ways to increase your income, cut your spending, or both.

Identify Possible Cuts in Your Spending

Your budget may reveal areas where you are spending more than expected and where you could easily cut back. It is important to live within your means to avoid unnecessary financial pressure. This may require deliberate lifestyle sacrifices.

Look for Ways to Increase Your Income

Boost Your Pension if You Still Have Time

If you have not retired yet, you may still have time to boost your pension income by increasing your contributions as much as you can afford in the final years before retirement. Another option may be to defer the date on which you start taking your pension income – this can increase your income because your savings have longer to grow and your pension salary potential may increase.

If you have already retired, look for alternative income sources in areas of interest that can generate additional income while keeping you mentally and physically engaged without compromising your well-being.

Review the Performance of Your Savings and Investments

Keep some savings in an easy-access account for emergencies. Three months' worth of spending money is often recommended, but smaller amounts can also provide a valuable cushion. Review additional savings or investments regularly to ensure your money is earning good returns.

Consider Whether Your Home Might Be a Source of Income

If you own your home, it may represent a large proportion of your wealth. You could access additional income by renting it out if you can move into a smaller apartment or live with relatives.

Work During Your Retirement

There is no requirement to stop working just because you have begun taking a pension. Continuing to work, perhaps part-time, is one of the most effective ways to boost your income. It may not be your first option if you have been looking forward to relaxation, but it can be financially beneficial.

Manage Your Health

Given that health often declines with age, having a fitness program is essential in retirement. You do not need to spend money on a gym membership; eating healthy, taking daily walks, and other forms of moderate exercise can increase your chances of a longer, healthier life. Staying active during retirement is important for both mental and physical health.

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For inquiries about the Fund and its services email **ndpf@debswana.bw**
More information is available on the website **www.dpf.co.bw.**

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