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**TREASURY SOLUTIONS**  
( P t y ) L i m i t e d

**INTEGRATED PERFORMANCE MEASUREMENT FRAMEWORK FOR PENSION FUNDS**

**IN NAMIBIA**

**RFIN ANNUAL CONFERENCE 2015**

**Martin Mwinga**

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**Knowledge. Creativity. Solutions**

**1**

# Justification for Integrated Performance Measurement (BSC) in Namibian Pension Fund Industry

- 1) **Retirees Allegations/Claims:** Inadequate provision of Income to Retirees.
- 2) **GRN Statistics:** Retirees/Pensioners the most poorest. 49.6% of retirees are poor and 28.4% are severely poor.
- 3) **Retirees Allegations/Claims:** The only savings majority Namibians accumulate over their working lives is pension savings.
- 4) **Retirees Allegations/Claims:** Pension Fund Management and Boards are focused and pre-occupied with measuring financial (investment) returns.
- 5) **Retirees Claim/Allegations:** High investment income generated – not translated into increased payout for retirees.
- 6) This calls for an integrated performance measurement system (BSC) for pension funds to determine whether they are delivering on their mission.

**Are claims above supported?  
Pension Income Adequacy – Retirees Survey Response**

	<i>n</i>	<i>%</i>
<b>Monthly pension cover expenses</b>	<b>54</b>	<b>27.1</b>
<b>Monthly pension does not cover living expenses</b>	<b>145</b>	<b>72.9</b>
<b>Total</b>	<b>199</b>	<b>100%</b>

# Retiree Survey Results: How Namibian Retirees Spend their Lump Sum

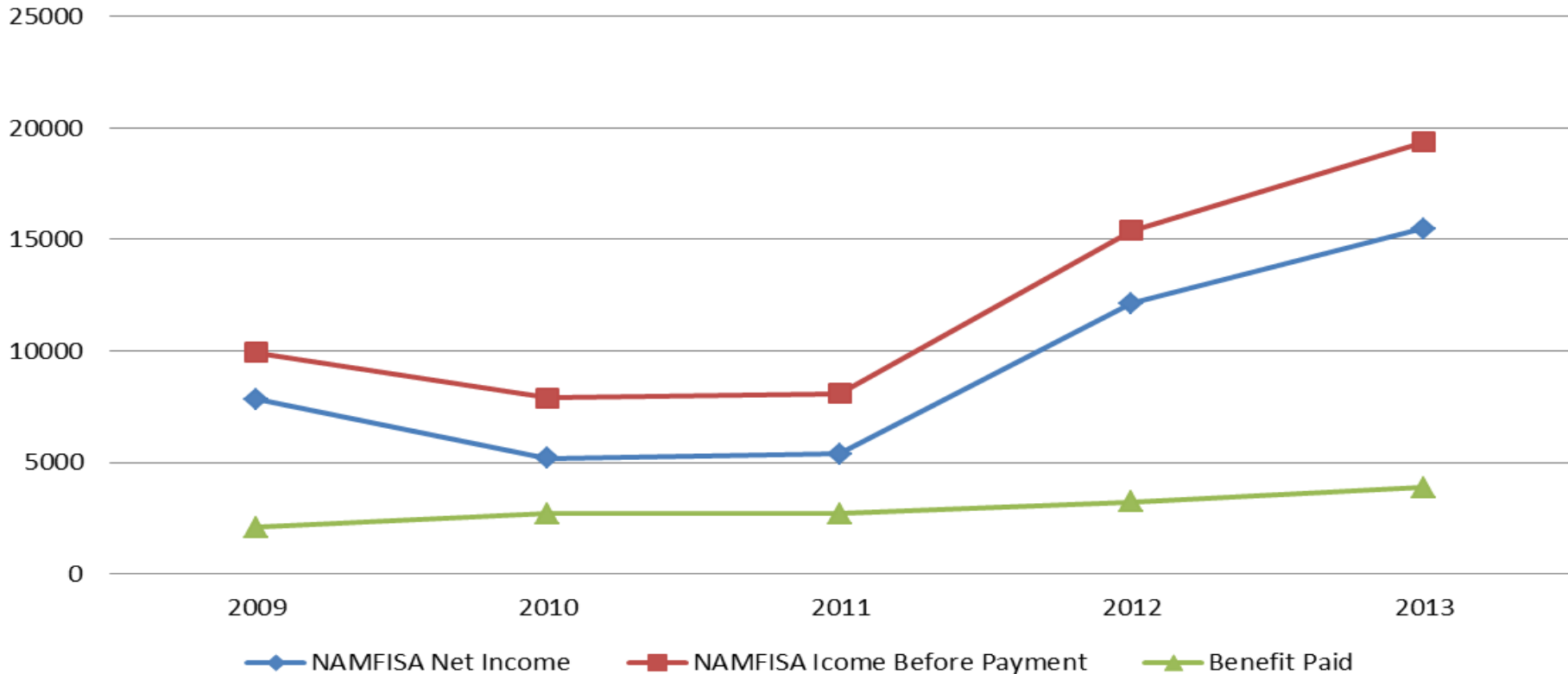
	<i>n</i>	<i>%</i>
<b>Paid off personal loans and expenses</b>	<b>87</b>	<b>43.7</b>
Paid medical and hospital expenses	5	2.5
<b>Completed mortgage (home loan)</b>	<b>57</b>	<b>28.6</b>
Invested in shares or unit trusts	13	6.5
Started a business/invested in existing business	7	3.5
<b>Bought a house</b>	<b>27</b>	<b>13.6</b>
Other	3	1.5

## Retiree Survey Results: Namibia Retirees Income Brackets Prior to Retirement

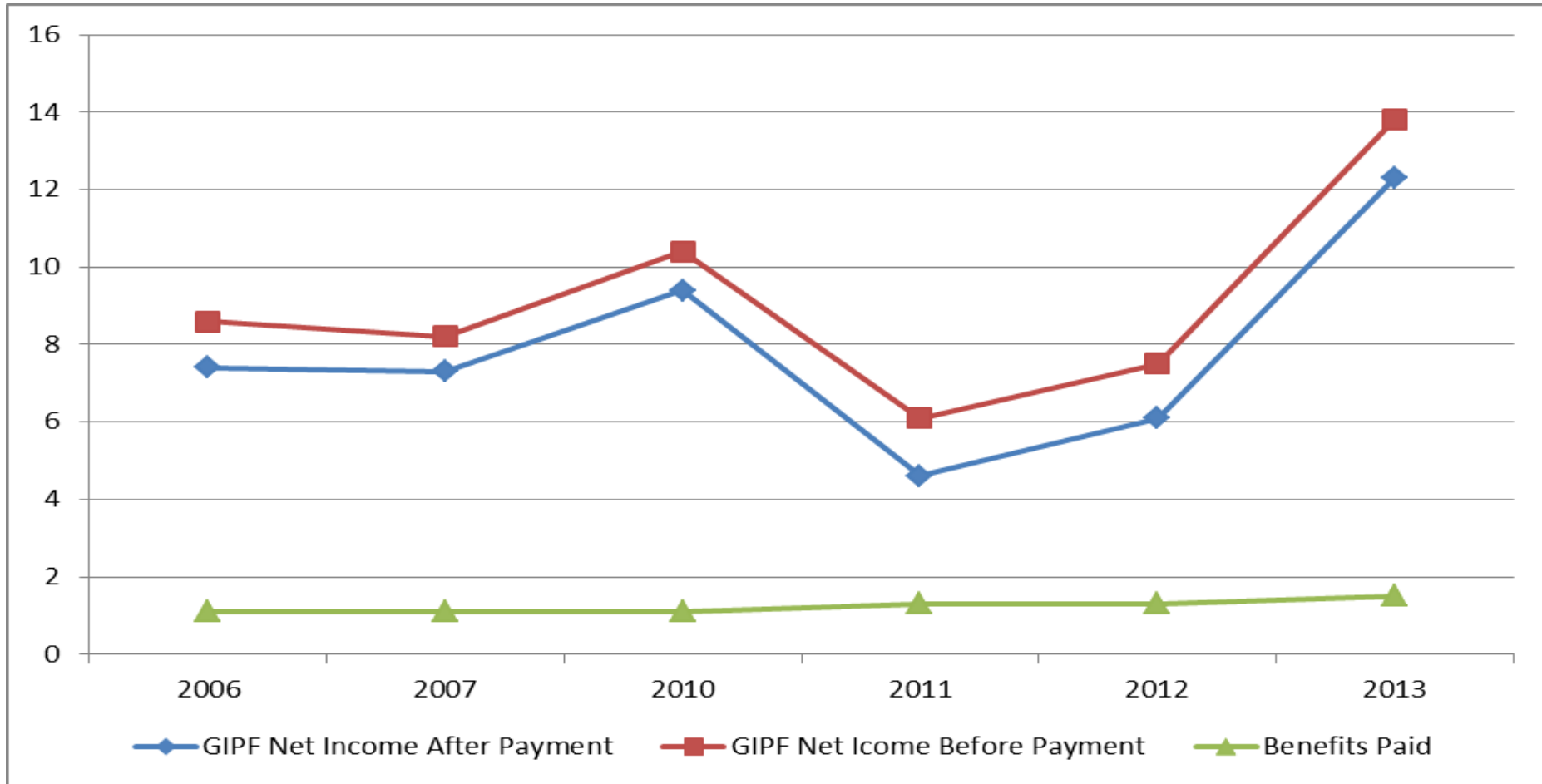
	<i>n</i>	<i>%</i>
Less than N\$5,000	81	40.7
N\$5,001–N\$10,000	94	47.2
N\$10,001–N\$20,000	21	10.6
N\$20,001–N\$50,000	3	1.5

# Are Retirees Claims True: Benefit/Income Paid to Retirees (Industry)

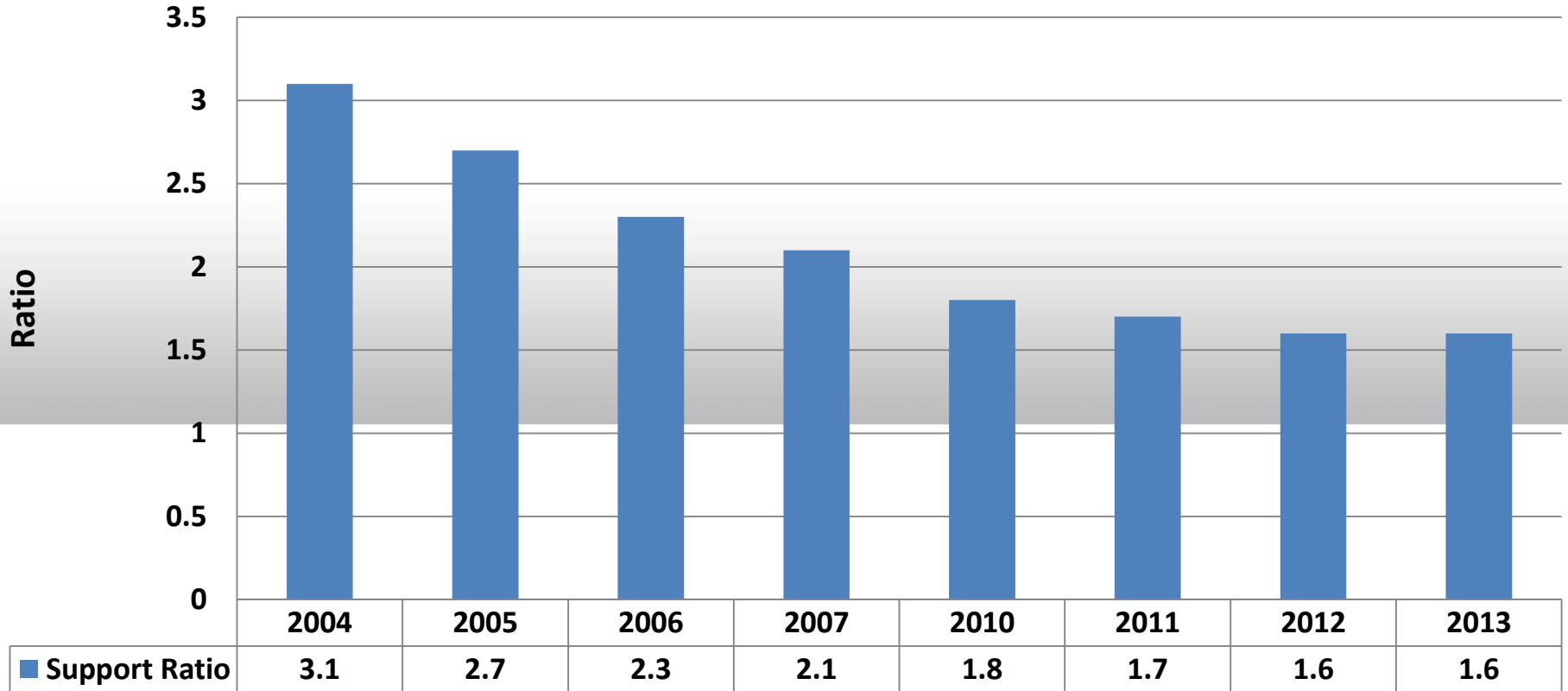
## Pension Income Adequacy



# Are Retirees Claims True: Benefit/Income Paid to Retirees (GIPF)

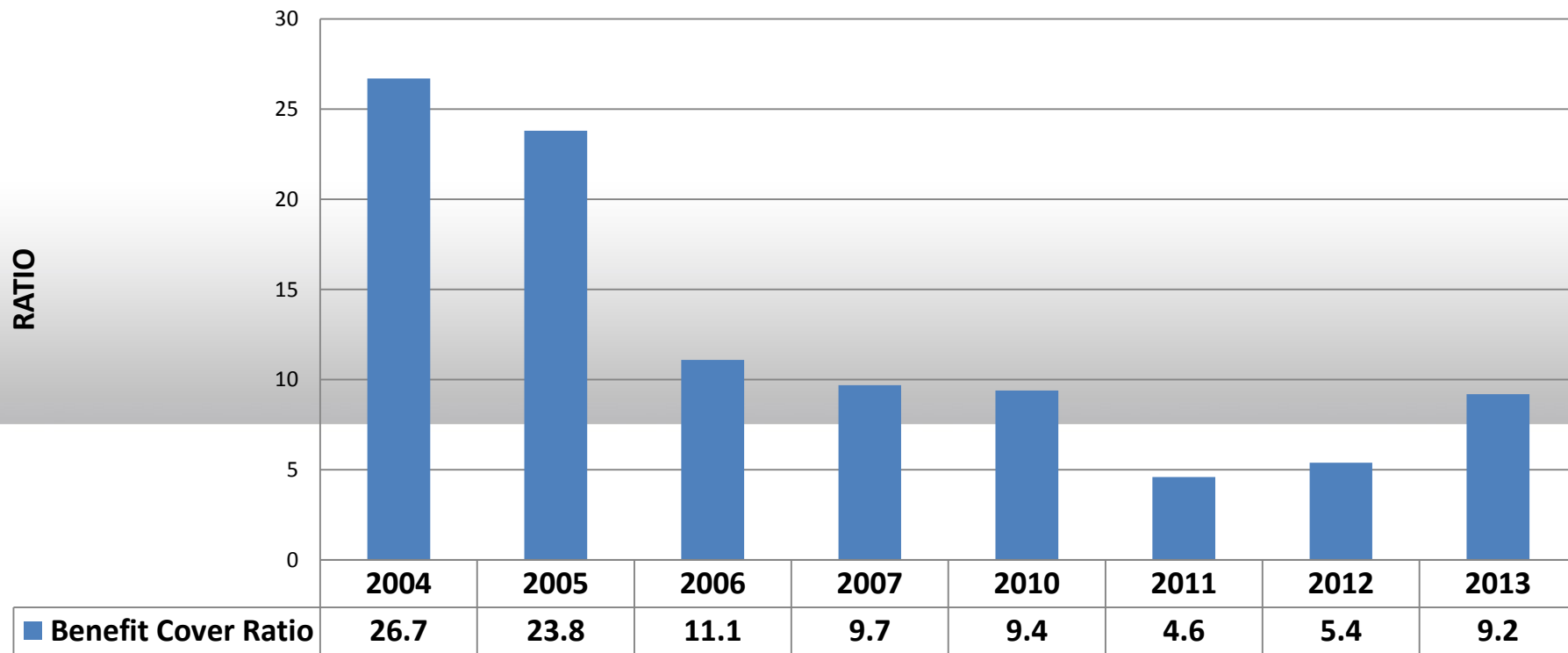


# PENSION FUND SUPPORT RATIO (ACTIVE MEMBERS TO RETIREES)



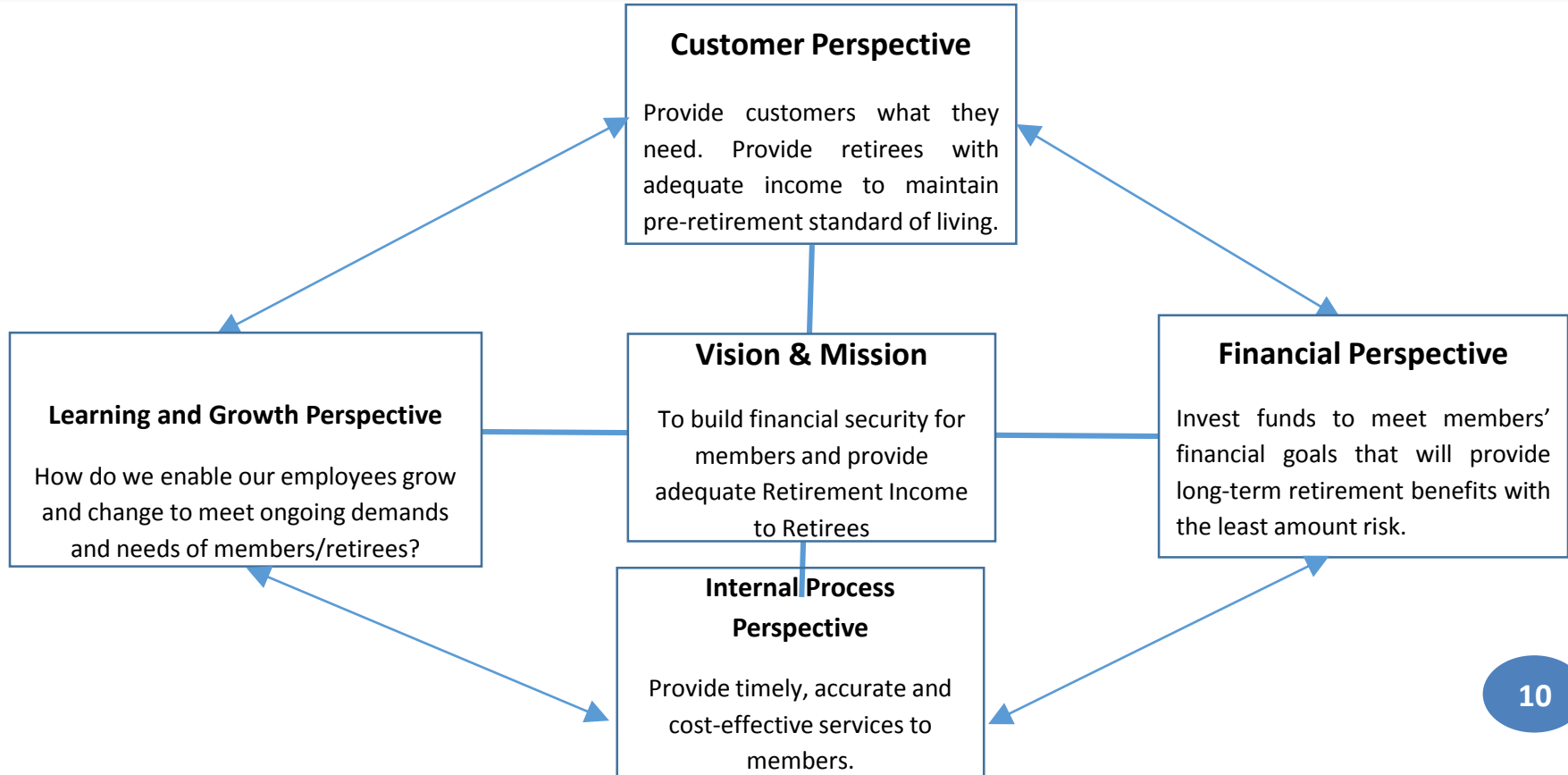


# PENSION BENEFIT COVERAGE RATIO – Net Income to Benefits paid

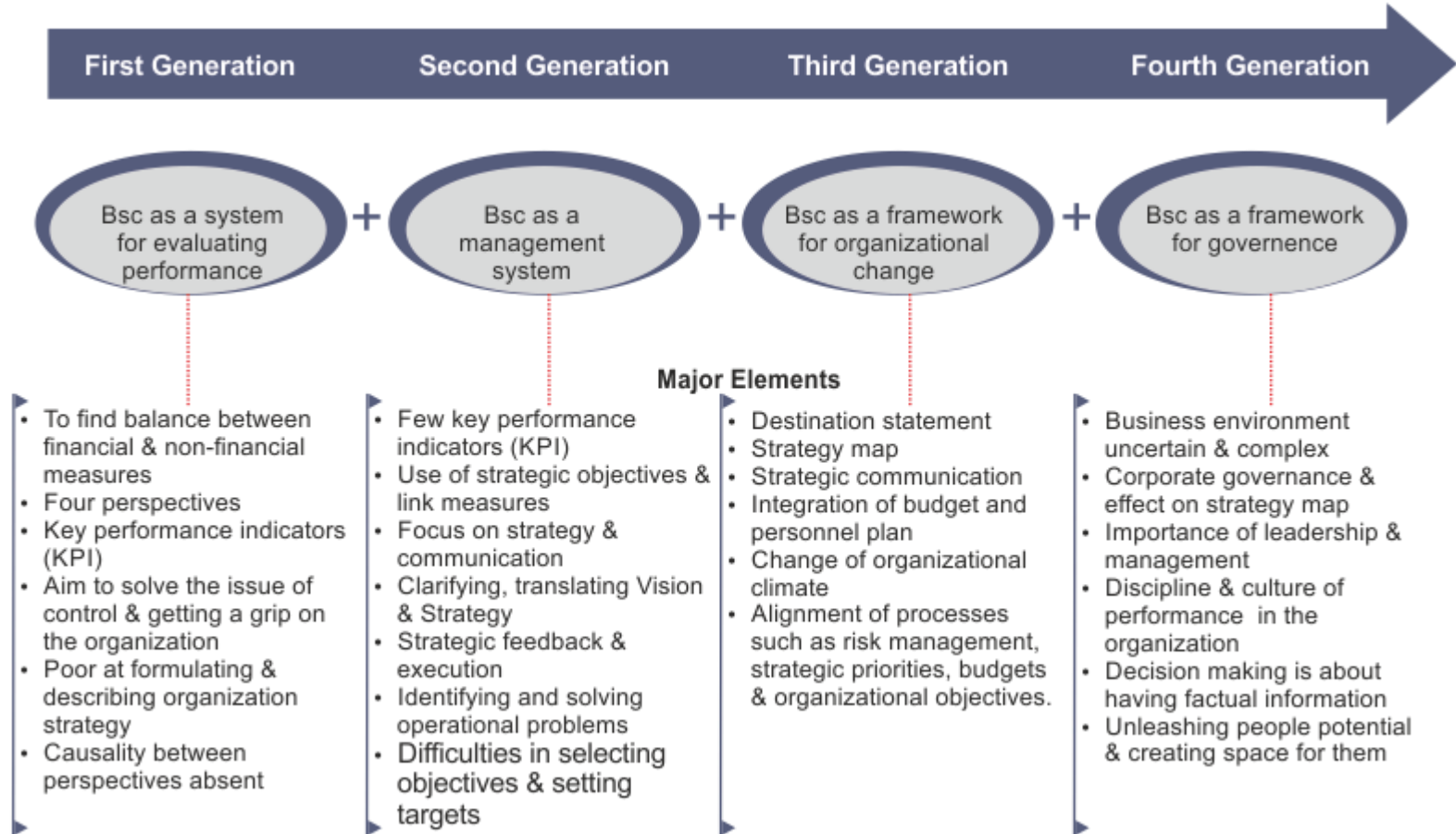


# HELPING PENSION FUNDS DELIVER ON THEIR MISSION

## INTEGRATED PERFORMANCE MEASUREMENT – BALANCED SCORECARD

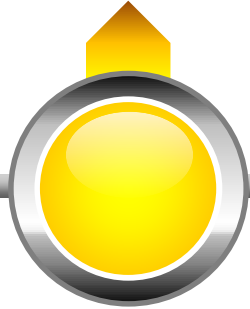


# Balanced Scorecard Evolution

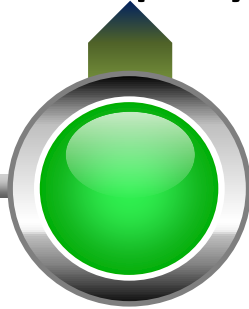


# REMMENDATION/CONCLUSION

Use Balanced Scorecard



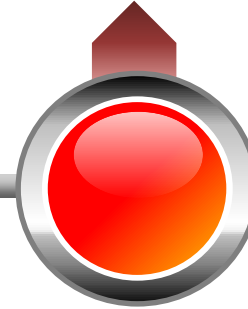
Income Adequacy



Retirement Surveys



Active Members



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**Mission** – Focus on customers. Avoid focusing on investment performance only

**Replacement Ratio** – What is your current income replacement ratio. Aim to increase the ratio.

**Data on Retirees:** Conduct annual surveys to collect data on your retirees for better decision making

**Net Worth:** Introduce benefits schemes for active members to enable them get out of debt, help them acquire assets & build wealth while still working.