



RFIN REVIEW

ISSUE 1, 2023

Retirement Funds Institute of Namibia



OUR RETIREMENT
RESPONSIBILITY



www.rfin.com.na



IN THIS EDITION

- ED's corner
- Thought Leadership: Boost your Pension and Education savings with the Taxman's help
- Feedback from NAMFISA Industry Session
- Submissions to the Parliamentary Standing Committees
- Strategy & Purpose by Desmond Nikanor
- RFIN Board of Directors
- Trustee Training Report - March 2023
- Trustee Training Calendar - 2023
- Advertise with us
- Our Contact



ED's Corner

ALLOWABLE DEDUCTIONS UPON THE DEATH OF A PENSION OR PROVIDENT FUND MEMBER:

Sydwill Scholtz
RFIN Acting Managing Director

Many people may think that various deductions may be made from their accrued benefit in the fund, but the fact of the matter is that the current Pension Funds Act 24 of 1956 allows for only very specific deductions to be made from the pension or provident benefit of a member.

Looking at it more closely and in more detail, members of a pension or provident fund actually do not have money in a fund they are in, in fact the members of a fund enjoy a benefit in their respective funds and depending on the type of fund they are a member of the formula for calculation of the monetary value of the benefit is determinable at any given point in time.

In the event of a defined benefit fund, when certain information such as the final salary and years of active service of a member is known, such member can identify the monetary benefit at the age of retirement well in advance of their date of actual retirement. However, members who exit the defined benefit fund before retirement will in many instances only be entitled to a taxable withdrawal from the defined benefit fund equal to an amount which the member paid into the fund as contributions. By withdrawing from the fund, the member will therefore forfeit their Employer portion of the contribution should they withdraw from the fund.

To avoid such instances, whenever a member of a defined benefit fund whose rules contains these provisions, withdraw from a fund and have their benefit transferred to another fund, the full benefit becomes transferrable and not only the portion of the Employee contributions made over the years of active service.

This is a means for the funds to try and ensure the continuous savings of members during their economically active years and this in turns ensures that the standard of living of the members in retirement are profoundly better than someone who merely retires and lives off the state grant.

In these circumstances the Regulator, known as the Namibia Financial Institutions Supervisor Authority who is entrusted with the responsibility for regulating the non-banking financial service sector, would not deem this as a reduction in benefit, because the portion of the Employer contribution would not form part of the benefit calculation formula, the idea under these funds is to allow members to stay in the same fund for as long as possible and thereafter retire with decent replacement of their final financial position as they have enjoyed before such retirement.

Looking at the more common defined contribution funds which we have come to be more accustomed to and which is easier to understand, the member's benefit is calculated based on the level of contributions put in to the fund on the behest of the Employer, PLUS the contributions of the fund paid on behalf of the Member, LESS any associated costs such as investments and administration and the allowed risk products as stipulated in the Rules of the fund is what the member would be able to claim under in the event of a specific life event, this forms as the level of benefit of a member at the end the day.

First and probably the most contentious matter for members of a fund might be the fact that despite anything else, the Revenue Authority will non-the less have the right to attach a portion of your benefit payout and the Fund would be duty bound to firstly pay over the funds in order to obtain a clear tax directive to enable further processing. Be that as it may, if the member of the fund has made use of pension backed housing loans, this too may be deducted on the date of exit of the member from the fund provided that the requirements for such payments to be made paid out in the Section 19 of the Pension Funds Act are met in its entirety.

Furthermore, and maybe just as contentious as the other forms of deductions, the Employee may have caused financial damage to the Employer as a result of fraud or any other dishonesty related offences. In such instances, the Employers may instruct the Administrator of the fund to hold back on the payment of the benefit while the case is still underway provided that within a reasonable period the civil matter regarding the attachment of the portion of the benefit coupled with a court order for the Administrator of that specific fund is issued under a civil court of competent jurisdiction, and not mere institution of criminal proceedings

What we need to keep in mind is that the Administrator and the Funds would not be allowed to unreasonably withhold payment of the benefit a member who has exited for whatever reason as recognized in law apart from the instruction of a civil court ordering damages to be deducted and a period to the fund from the member benefit portion. The CR number in the criminal case in fact cannot serve as sufficient grounds for the deduction instruction from the Court in a criminal matter.

As we know civil and criminal matters work differently in as far the burden of proof to discharge is concerned.

RFIN would advise that the members approach their brokers when considering terminating their fund membership for their individual full portfolio to be considered and proper financial advice to be provided to enable members to make informed decisions. In the same vein, the companies are advised to consult their funds when it comes to matters of retaining benefits for payment of damages due to dishonesty related offenses.

THOUGHT LEADERSHIP ARTICLE: BOOST YOUR PENSION AND EDUCATION SAVINGS WITH THE TAXMAN'S HELP



Warren Kozonguizi
Head: Sales, Distribution & Marketing
Liberty Life Namibia

The year 2023 has started with some good news for Namibians. Granted we did have to search for it a bit, in between all the negative reports on the economy, lack of growth and of course the 'Januworry Blues.' The good news concerns the tax deductibility limits on our Retirement Annuities, Pension Fund and Study Policies. This gives Namibians the chance to build a nest egg on top of their existing pension. Or for those that want to pursue education, they can invest in their future through academic development and increasing their employment prospects.

This amendment to the Income Tax Act was gazetted on the 29th of December 2022. It allows for the increased deduction limit from N\$40,000 to N\$150,000 per annum on your salary, applied retrospectively for the tax years commencing 1 March 2022. The Tax Amendment allows for a greater Contributions Allowance, thereby encouraging Namibians to invest more in long-term investments such as Retirement Annuities, Pension Funds, and educational policies.

The practical and positive implications for Namibians are as follows:

Contributions to the retirement and study policy can be deducted from an individual's income, meaning that at the end of the month (or year), they will pay less tax every month or year. Simply put – they benefit by being able to put those savings into their retirement, pension or study fund instead of handing it to the tax man. To put it into monetary value terms; before the amendment whilst saving and investing into a retirement annuity or educational policy your tax saving was a maximum of approximately N\$3,300 per month and you could only invest a maximum of N\$40,000 per annum. With the amendment in place from this year, the saving on the investment increases to more than N\$6,000 per month and the threshold has been increased to N\$150,000 per annum. This new tax saving means investing in your retirement and educational policies really becomes worth it.

This new tax amendment will have a positive impact on educational investment as well. As we know, pursuing education, especially tertiary education is often prohibitively expensive. With the increasing of the taxable threshold more money can go towards accessing and paying for academic development. The impact of this cannot be underestimated, it will open up avenues of education that have been closed to many Namibians due to lack of resources.

A whole new generation of doctors, lawyers, academics, and potential university graduates will benefit. Which in turn will directly impact Namibia and lead to future growth of our economy and development of our society. Education remains key to our socio-economic development as a nation. The impact of the change of policy for our country cannot be underestimated and our Ministry of Finance must be commended for championing this amendment. It all starts with having, upgrading, reviewing, or investing in a pension policy, retirement annuity or education plan for present and future endeavours.

Getting your finances in order and making your money work for you, should be a priority. It's a form of minding your money and this should be everybody's mantra in 2023, and beyond. With the right advice and right retirement annuities and educational policies in place, Namibians can make the new tax amendment work to their advantage.

FEEDBACK FROM NAMFISA INDUSTRY SESSION

NAMFISA hosted their quarterly industry meeting which saw for a positive outcome and representation of the industry.

Following the presentations conducted by the Retirement Funds Institute of Namibia who tabled the clarity request on how the increased tax deductibility increase to N\$150'000 from the previous N\$ 40'000 limit would be treated by NAMFISA in the event of additional voluntary contribution and the consensus in the room was that this matter should be discussed with the Namibia Revenue Authority as the overseer of the income tax legislative provisions.

Be that as it may, further feedback was provided that emanated that another round for input on all standards and regulations published to date will have to be retabled for commentary after the implementation date for FIMA is known.

Against this backdrop, RFIN hereby requests that any input that might not already be contained on the NAMFISA input table as circulated to the members before such Standards may be implemented to be shared with the RFIN office for inclusion and final discussion when the final round of consultations are arranged.

The fact of the matter is that FIMA, which grants the regulator the right to pass such Standards provided that they follow the process of granting 30 days for public commentary is not in force yet and at least most of the work on the Standards' glitched has been addressed or considered, RFIN will once again bring the industry to together to obtain further input when the time is right and we are also aware of the reasons why some of the comments or concerns might have been declined, the industry will have another opportunity to reconsider their inputs.

RFIN remains committed to the members in advocating for our member's rights and shall therefore once again take the lead in preparing and facilitating these sessions when the time is ripe.

FLI PUBLIC TALK ON RETIREMENT FUNDS AND PENSION FUNDS

The Retirement Funds Institute of Namibia (RFIN) Training and Marketing Officer Uejaa Kazondunge got to talk and engage with the public on Retirement Funds and Pension Funds in collaboration with the Financial Literacy Initiative Namibia.



SUBMISSION TO THE PARLIAMENTARY STANDING COMMITTEES ON ECONOMICS AND PUBLIC ADMINISTRATION AND HUMAN RESOURCES AND COMMUNITY DEVELOPMENT

The Retirement Funds Institute of Namibia along with the Retirement Fund for Local Authorities and Utility Services in Namibia and a group of other interested parties formed a committee and made a formal submission to the Parliamentary Committee regarding the impact of the FIMA in its current form with Standards and Regulations.

Key concerns were highlighted which included the relevance of FIMA to Namibia especially against the backdrop that FIMA was result of consultations conducted with a Canadian consultant in collaboration with NAMFISA. We should keep in mind that Canada as a developed country has some social benefits that alleviate the poverty on their countries which we as Namibians do not enjoy at this point in time.

The Committee then tabled a high-level overview of the risks imposed by FIMA on the Employer groups and the Boards of trustees by pointing out that many employers are now considering closing down their funds and members losing the only form of savings that many of them might have throughout their lifetimes.

The penalties and fines and their excessive nature seemed to be punitive and not corrective as would have been the approach under a purely risk-based supervision approach. Amounts between N\$1 million and N\$10 million are being thrown around and this might just be the cue for many competent individuals to not serve as a result of the personal liability attached to Trusteeship under these circumstances. Yet, there are no repercussions mentioned of how the industry can keep NAMFISA accountable for the delivery of their own set time standards.

The contentious matter of risk benefits for which many members of such funds are the only form of risk cover they enjoy was also tabled as the guarantee of the funds would entail funds having to build of large levels of reserves, which would essentially have to be funded either by the Sponsor or the Fund, but ultimately the fund remains the accountable institution.

Having presented, the Committee seemed to understand the need to have FIMA relooked at and that for the future the Committee would revisit the positions under FIMA, but the interested parties still need the clarity to be provided. Be that as it may, RFIN will continue to keep the industry up to date of feedback which would then be shared on an ad hoc basis to ensure that everyone had a fair opportunity to properly securitize the document and hence remain up to date with the key developments pertaining to these matters.

TALK OF THE NATION APPEARANCE

The Retirement Funds Institute of Namibia (RFIN) Vice Chairperson Sabrina Jacobs and Acting Managing Director Sydwill Scholtz were featured on NBC's 'Talk of the Nation'.





STRATEGY & PURPOSE



Desmond Nikanor
Manager: Strategy & Projects GIPF

Everything has a purpose. Even the most random and inanimate of objects is made with a specific purpose in mind. Take a few minutes to consider your surroundings and identify the smallest or most random of items you can see, perhaps a pen or a paper clip. Now, consider the fact that that pen or paper clip is a result of hundreds of hours of design, thought, production and distribution. Its purpose is so automatically ingrained in its design and functionality that you are able to correctly use it without ever having taken thought that that paper clip is a deliberate outcome of a large organization that considered many factors and ultimately opted to use their time, money and efforts to create paper clips. That decision taken sums up the importance and necessity of having a strategy.

Developing a good strategy essentially means taking a set of deliberate decisions and choices in order to fulfill a specific purpose. With that in mind, consider the very areas of your life such as your work, business, life, family, relationships and career. All of these areas have a specific purpose you wish them to serve and therefore, all of these areas would benefit from a strategic approach to attain these purposes. Just to be clear – there is nothing, and no one, without a purpose. Strategy is intricately linked to purpose because the ultimate measure of how successful a strategy is, is to assess whether the intended purpose was attained. Therefore, this article will set forward a number of key principles to setting good a strategy.

1. Everybody is a strategist

There is an incorrect notion that strategy and strategic planning is reserved for large businesses and for highly trained professionals only. I wish to respectfully differ from this position and state that everybody is a strategist. The only difference is that some are aware of it and some are not. The reason why this assertion is true is because we all make use of the present time to achieve a certain outcome in the future. The only difference between a formal strategist is that he/she does so in a methodical and deliberate manner.

The other major difference is that some are able to use their present time to achieve an outcome in the near future (such as what to eat for dinner this evening) whereas some apportion some of their present time to make provision for the medium to long term future (such as starting a degree). The first principle is therefore to recognize the once you become aware of this, the usage of your present time and resources must be made to align with some of your larger and more long term goals.

2. Strategy is based on Purpose

There is a very clear principle in strategic management that is so simple that it is often overlooked. The principle is that: the clearer the purpose the easier it is to draft a strategy around it. In other words, the more a purpose is well understood and crystallized the easier it is to formulate a strategic plan to meet that purpose. For instance, if I am hungry and my goal is to satisfy my hunger with a meal I will enjoy, then the chances of meeting that goal are much higher if I am fully aware of what food I want and where I should get it. We have all experienced going into a mall with no particular purpose in mind yet leaving the mall after buying things we perhaps do not need. However, if you plan ahead on what you need and where to get it, your trip to the mall will prove to be more successful because you are able to ensure its success and you are able to plan your budget and time much more precisely. The same principle goes for larger strategic plans, if the purpose of an entity is not clearly understood or if the purpose is viewed differently by different people, then drafting a successful strategic plan becomes extremely challenging because the sole purpose and end goal varies.

3. Know your environment well – Inside and Out

The third principle is the need to know your environment and context very well. Once you have made clear what your purpose is, it only makes sense to consider the factors that may have a bearing on your ability to attain the purpose. These issues can either be external factors or internal factors. Moreover, they can also be factors that are within your control, or factors that are outside of your control. Nonetheless, it is very important to be fully aware of these factors so that you may devise responsive actions that can cater for these issues. Broadly, an issue can either be positive (a strength or opportunity) that you must take hold of, or negative (a weakness or threat that you must mitigate). The riskiest of these factors are factors that are external, negative and outside of your control. These have the ability to hinder the likelihood of meeting the strategic goals and therefore should be taken very seriously by means of risk management. On the other hand, the factors that are most convertible into competitive advantage are there internal, positive factors that are within your control primarily because you have the immediate ability to convert these into gains.

These three principles are the first and foremost steps that one should take when beginning to develop a strategy. It is highly advisable that these steps be taken with much consideration and time. In strategy, direction is more important than speed.

BOARD OF DIRECTORS

RFIN BOARD OF DIRECTORS



Yvette Mtolo-Phiri
CHAIRPERSON



Sabrina Jacobs
VICE-CHAIRPERSON



Saima Pokolo
DIRECTOR



Martino A Olivier
DIRECTOR



Beata M Muteka
DIRECTOR



Dugald O C Hammerslacht
DIRECTOR



Aino Shipiki
DIRECTOR



Train to Grow!

TRUSTEE TRAINING REPORT – MARCH 2023

RFIN remains stand-fast to its commitment of skills development within the industry and continues hosting its quarterly Trustee trainings. The 1st training for 2023 was hosted in person at the NUST Hotel School in Windhoek.

Topics that were covered during the March training were as follow:

27 March – Pension Fund Risk Register

28 March – Governance of Pension Funds: Trustee and PO roles and duties

29 March – Responsibilities, Obligations and Liabilities of Trustees and PO under FIMA

31 March – Pension Fund Investment Management - FIMA

Trainers were Mr. Neruth Xaweb from Namcor, Mr. Sydwill Scholtz from RFIN and Ms. Charmaine Burger from Old Mutual who conducted the trainings on the different days.

Feedback received on the content was relevant as some of the attendees used it as a refresher course and others as new learning in understanding their new roles and duties as Trustees. We encourage Trustees to exploit these opportunities and attend future training sessions planned for the rest of the year. Please see full training calendar schedule below.



RFIN TRUSTEE TRAINING

CALENDER

2023

RFIN - RUDIMENTS

Training on the fundamental elements that a trustee needs before taking on advanced training targets are new trustees, new PO's aspiring trustees, refreshers for long serving trustees in anticipation of FIMA, etc.

COURSE	MONTH	VENUE	TIME	PRICE (VAT INCLUSIVE)
Pension Fund Investment Management - FIMA	March, June, November	NUST -WHK, other TBC	8:30 -12:00	N\$1,847 members N\$2,479 non-members
Member Engagements and Communication	March, June, November	NUST -WHK, other TBC	8:30 -12:00	N\$1,847 members N\$2,479 non-members
Budgeting for Pension Funds	March, June, November	NUST -WHK, other TBC	8:30 -12:00	N\$1,847 members N\$2,479 non-members
Pension Fund Annual Report	March, June, November	NUST -WHK, other TBC	8:30 -12:00	N\$1,847 members N\$2,479 non-members
Governance of Pension Funds: Trustee and PO roles and duties	March, June, November	NUST -WHK, other TBC	8:30 -12:00	N\$1,847 members N\$2,479 non-members
ESG Investments (Basics)	March, June, November	NUST -WHK, other TBC	8:30 -12:00	N\$1,847 members N\$2,479 non-members
Pension Fund Risk Register	March, June, November	NUST -WHK, other TBC	8:30 -12:00	N\$1,847 members N\$2,479 non-members

For More Information Please Contact

www.rfin.com.na
marketing@rfin.com.na
 061 301 482

OUR RETIREMENT RESPONSIBILITY

RFIN - SUPREME

Equipping Trustees to handle FIMA (Formulated on Namfisa/FIMA: Requirements/Obligation/Guidelines)

Training on the In-Depth knowledge on the elements that a trustee needs in preparation for FIMA: targets are new and long serving trustees, new and long serving PO's, aspiring trustees etc. Follows on from **RFIN Rudiments** Training..

COURSE	MONTH	VENUE	TIME	PRICE (VAT INCLUSIVE)
Pension Fund Investment Management - FIMA	March, June, November	NUST -WHK, other TBC	8:30 -13:00 14:00-16:30	N\$2,648 members N\$3,997 non-members
Annual Reporting – regulatory under FIMA	March, June, November	NUST -WHK, other TBC	8:30 -13:00 14:00-16:30	N\$2,648 members N\$3,997 non-members
FIMA – Overview (changes to Pension Fund Act vs FIMA, Chapters & Regulations [Main Points], Legal requirements, Fund regulation)	March, November	NUST -WHK, other TBC	8:30 -13:00 14:00-16:30	N\$2,648 members N\$3,997 non-members
Responsibilities, Obligations and Liabilities of Trustees and PO under FIMA	March, June, November	NUST -WHK, other TBC	8:30 -13:00 14:00-16:30	N\$2,648 members N\$3,997 non-members

RFIN - BESPOKE TRAINING 2023

Fund specific training. The fund will indicate what their training needs are picking from the **RFIN Rudiments, Supreme or Tailored**.

Minimum 10 -20 maximum people per training, thus allowing for prospective trustees, company committee members and any others allowed by Board to also attend in aid of Retirement literacy.

COURSE	MONTH	VENUE	TIME	PRICE
RFIN Rudiments	On request	FUND premises/ organized	TBC	N\$10,000 members N\$15,000 non- members
RFIN SUPREME	On request	FUND premises/ organized	TBC	N\$10,000 members N\$15,000 non- members
RFIN TAILORED	On request	FUND premises/ organized	TBC	N\$15,000 members N\$20,000 non- members

For More Information Please Contact

▶ www.rfin.com.na
marketing@rfin.com.na
 061 301 482

OUR RETIREMENT
RESPONSIBILITY

HAVE A BLESSED AND SAFE

EASTER



OUR RETIREMENT
RESPONSIBILITY

www.rfin.com.na

Retirement Funds Institute of Namibia

Advertise
With US!!

Advertising spaces available in our
November Review Newsletter.



Special rates now available:

- **Banner/Strip ad**
- **Half Page ad**
- **Full Page ad**

Contact:



marketing@rfin.com.na
061301482



+264 61 301 482



info@rfin.com.na



Retirement Fund Institute of
Namibia



@rfin_nam



RFIN Nam



Seder Street,
No.8, Suiderhof
Windhoek,
Namibia