



**ZIMBABWE ELECTRICITY
SUPPLY AUTHORITY
STAFF PENSION FUND**

"Retirement Security. Today and Tomorrow"

Member's Information Booklet

Zimbabwe Electricity Supply Authority Staff Pension Fund

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1. INTRODUCTION

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

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

Further information can be obtained from:

The Principal Officer,

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Or Respective HR Departments.

All complaints should be addressed to the Compliance Officer on the WhatsApp above or email complaints@zesapf.co.zw

2. DEFINITIONS

This booklet uses certain words that may require further explanation. The definitions below will help you understand any technical terms that you may not be familiar with.

"Accrual Rate" the proportion of your final salary that you get monthly/annually as pension when you are a member of the Fund.

"Act" means the Pension and Provident Funds Act, (Chapter 24:09).

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

"Additional Voluntary Contribution" otherwise known as (AVC) means the top up contributions you make to build up an additional pension.

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

"Commissioner" shall mean the Commissioner of Insurance and Pensions Commission (IPEC) appointed under the Insurance and Pensions Commission Act (Chapter 24:21).

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

"Company" means Zimbabwe Electricity Supply Authority or any associated company/employer that offers you membership of the Fund through your contract of employment.

"Deferred Pension" refers to benefits retained within the Fund which would be payable in the future usually at normal retirement age and to which the employee has ceased to contribute as he/she has either opted out of the scheme or left the service of the Employer.

"Defined Benefit Scheme" pension plan where the Fund promises specified pension payment on retirement that is predetermined by formula in the Rules of the Fund based on the Employees' final salary pensionable service and accrual rate.

"Dependent child" means an unmarried child of a Member or Deferred Pensioner or Pensioner (including posthumous child, legally adopt child) under the age of 18 years or is undergoing full time education and under the age of 23 years.

"Employer Benefits (EB) Form" this is the Form that would be completed by the employer for benefits such as medical aid, staff special fuel electricity allowance, fuel and death levy scheme.

"Exit age" the age when you leave the service of the Employer, whether resigning, retiring, dying or being discharged. If you retire between the age of 55 and 59 your pension benefit is reduced by a certain percentage (%).

"Final salary" the salary you earned as at the date of exit.

"Frozen Active Member" members who have not yet retired but are no longer contributing to the Fund. All active members became frozen services members when they joined the Zimbabwe Electricity Industry Pension Fund (ZEIPF).

"Fund" means the Zimbabwe Electricity Supply Authority Staff Pension Fund.

"Life Certificate" this is a form that must be completed annually to show that you are alive.

"Member" means an eligible employee who has been admitted to the membership of the Fund.

"MIO1 Form" this is the form that would be completed by the Human Resources Department when the employee joins the Fund.

"MU01 Form" this is the Form that would be completed when there are any changes to your records.

"ME01 Form" this is the Form that would be completed by the HR department when the employee exits the Employer through old age, ill health, resignation or retrenchment.

"Normal Retirement Date" the age at which you are expected to retire from active service and it is 60 years.

"Pension" means an annual sum payable to a retired member during his life time or to his surviving spouse during her life time or to his dependent child in terms of the Rules of the Fund.

"Pensionable service" means years and months of continuous service of a Member from the date of joining the Fund up to the member's date of exit or his date of joining the new Fund whichever is the earliest, plus any other years and months of service carried over from his previous scheme.

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

"Previous Scheme" means any registered pension scheme to which a member was participating prior to joining the Fund and which is approved by IPEC.

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

"Spouse" means:

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

"Trustee" means a trustee by whom the Fund is administered and controlled or an alternate when acting as a trustee.

3. BACKGROUND

The Zimbabwe Electricity Supply Authority Staff Pension Fund ("the Fund") is a Self-Administered Pension Fund as defined in the Pension Act, (Chapter 24:09) ("the Act") and is registered by the Insurance and Pension Commission (IPEC). The Fund was established 1985 and was closed to new entrants in January 2004.

All serving members who contributed to this Fund and are still in active employment are referred to as Frozen Active Members. The Pensionable Service in this Fund is up to the time the member joined the Zimbabwe Electricity Industry Pension Fund (ZEIPF) at its inception in 2004 or at other date up to December 2011 when all members were moved to ZEIPF.

There are no contributions from members since it is a closed Fund. The liability of the Fund is funded by the Employer.

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

Under a Defined Benefit Pension Plan all the benefits are prescribed in the Rules of the Fund. The benefits are guaranteed and do not depend on how much the member and the employer contributed. A member who retires in terms of the employment regulations on attaining the pensionable age prior to 1st September 1988 shall be entitled to a pension equal to on six-hundred and sixtieth of his final pensionable emoluments for each completed month of his pensionable service.

In terms of the Rules, the Fund is controlled and managed by a **nine (9)** member Board of Trustees. Of these nine Trustees, **four (4)** are appointed by the **Employers** and **five (5)** are elected by members with **three (3)** of them elected trustees coming from Frozen Active Members and **two (2)** from pensioners.

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

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

3.1 How are the Member Trustees Elected?

Members who have Frozen Service in the Fund shall qualify to vote and nominate or be nominated for Trusteeship.

The elections are conducted by the Pensions office through a ballot vote and only Frozen Active Members are allowed to participate in the election.

The counting of votes is done in the presence of the, contestants or their representatives and three members with the highest votes would become the Trustees of the Fund.

3.2 Term of office

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

3.3 Termination of office of a Trustee

A Trustee shall cease to hold office if:

- (i) He/she is removed or resigns in accordance with the Rule of the Fund or
- (ii) He/she becomes insane or incapable of acting; or
- (iii) His/her estate is sequestrated, surrendered, assigned for the benefit of his/her creditors; or
- (iv) He/she is removed by a court of law on account of misconduct from any office or trust; or
- (v) He/she is convicted of any offence and sentenced to imprisonment without the option of a fine; or
- (vi) He/she is convicted of theft, fraud, forgery or perjury; or
- (vii) He/she is dismissed or resigns from the Company.

4. ELIGIBILITY AND JOINING THE FUND

a) Who joins the Fund?

Members who participated in the ZESA Staff Pension Fund before the Fund was closed to new entrants on the 1st of January 2004 and did not transfer their benefits to other Funds are eligible. It is specifically provided that some members continued to contribute up to 31st December 2011. The Fund is closed to new members.

b) When do I cease to be a member?

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

A member shall not be permitted to withdraw from membership of the fund while he remains in the permanent service of the employer.

c) How do I update my details?

You are required to complete the Member Update Form (MU01) if there are any changes to your records. The forms are available from your Human Resources Offices nationwide.

5. BENEFITS ON RETIREMENT

5.1 When can I retire?

You may retire;

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

5.2 How are my benefits determined?

The value of the retirement benefit is based on:

- (i) the pensionable service (months)
- (ii) final salary (annual basic salary) and
- (iii) Accrual rate.

$$\text{Pension} = \frac{\text{Pensionable Service} \times \text{Final Salary}}{616(\text{accrual rate})}$$

5.3 When does my pensionable service start?

From the day you start paying your monthly pension contributions.

5.4 Which benefits will I get on retirement?

- Monthly pension

OR

- An optional lump sum, up to a maximum of 1/3 of the total annual pension available on retirement.
The 2/3 would be paid as monthly pension.

5.5 For how long will my pension be paid?

The pension is paid for the rest of your life after retirement.

5.6 What if I die just after retirement; does my pension cease?

If you die before the guarantee period of five years has expired, your pension will continue to be paid to your spouse or dependent children for the rest of the guarantee period). Thereafter such spouse shall be entitled to a pension equal to sixty five per cent (65%) of the pension which the member would be entitled before commutation. Children's pension will be paid up to a maximum of 4 children at 25% of the spouse's pension per child. The total pension in each case shall not exceed the amount which would have been payable to the member on the date of death.

5.7 As a pensioner will my pension increase?

On a regular basis the Fund Actuary calculates the funding level of the Fund and recommends to the Board of Trustees for a pension increase which may be awarded to the pensioners upon approval by the Insurance and Pensions Commission (IPEC).

6. BENEFITS ON DEATH

What will my dependants get when I die in service?

If you die before your retirement date and in service the following benefits will be payable:

- (i) Spouse's pension
65% of the pension you were entitled to at the date of death.
- (ii) Children's pension
 - a) Pension will be paid up to a maximum of 4 children at 25% of the spouse's pension per child.
 - b) If there is no Spouse each child would get 50% of the pension that would have been payable to the spouse. If they are more than 2, they would get 100% of the pension you were entitled to at the date of death and it would be divided equally amongst them.

The total pension in each case shall not exceed the amount which would have been payable to the member on the date of death.

7. BENEFITS ON RESIGNATION OR DISMISSAL

If I leave employment before retirement age what will I get?

You will be entitled to one of the following options:-

- (i) A Deferred Pension;
- (ii) A transfer value – member's share of the Fund to be transferred to another Fund.
- (iii) Refund of own contributions plus Fund interest subject to taxation and transfer employer's option to another Fund.
- (iv) Refund of own contributions plus Fund interest subject to taxation and defer the employers portion.

Employer's portion is based on the continuous pensionable service completed.

Continuous Pensionable Service	Percentage (%)of his/her contribution
5years	25
10years	50
15years or more	100

(a) Payment of Your Deferred Pension

Your deferred pension will become payable at your Normal Retirement date. However you may opt to be paid early:

- (i) From age 55;
- OR
- (ii) On the grounds of ill-health subject to appropriate medical evidence.

(b) Transfer of Benefits

The transfer value is the share of the Fund due to the member exiting the Fund determined by the Actuary if the member is below the early retirement age of 55 years. The amount is only transferred to a Retirement Annuities or Pension Fund.

8. BENEFITS ON ILL HEALTH

If you are discharged on account of continued ill health or physical unfitness or incapacitation, you shall, on production of a medical certificate from the Board showing that you are permanently incapable of performing normal duties or any other tasks for which you are reasonably suited by education, training and experience you would be deemed to have reached normal retirement. The formula shown on (5.2) above applies when calculating your pension entitlement.

9. BENEFITS ON RETRENCHMENT

When you are retrenched you are deemed to have retired. You immediately become a pensioner and the formulae in (5.2) above would be used to calculate the pension.

10. TAX ON BENEFITS

(a) Is my retirement benefit taxable?

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

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

(b) Is my Ill health benefit taxable?

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

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

If you opt to transfer to a registered Pension Fund or Retirement Annuity the transfer value is not taxed, otherwise if you decide to be paid the refund it becomes taxable.

(d) Is death benefit taxable?

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

(e) Is retrenchment benefit taxable?

In terms of the Rules of the Fund all retrenchments are being treated as retirements. Your pension would be calculated as indicated in (5.2) above. The pension is taxable when you retire

11. DOCUMENTS REQUIRED WHEN CLAIMING PENSION BENEFITS

11.1 Early, Normal and Late Retirement

- Certified copy of Identity card, valid passport or drivers' license.
- Spouse's certified copy of I.D.
- Proof of marriage (i.e. certified copies of marriage certificate, confirmation of customary marriage form from the magistrate court or an affidavit).
- Form MEO1 (Member Exit Form) from the Employer.
- EB (Employer Benefits) Form for other benefits from the Employer.
- Banking details
- Completed medical aid application form.

11.2 Medical/Ill-health Retirement

- Medical certificate from medical board.
- Certified copy of Identity card, valid passport or drivers' license.
- Spouse's certified copy of I.D.
- Proof of marriage (i.e. certified copy of marriage certificate, confirmation of customary marriage form from magistrate court or an affidavit).
- Form MEO1 (Member Exit Form) from the employer.
- EB (Employer Benefits) Form for employer benefits.
- Completed medical aid application form.
- Banking details.

11.3 Death

- Certified copy of death certificate.
- Certified copy of marriage certificate; confirmation of customary law marriage from the courts; three affidavits filled and signed by close relatives to the deceased with

same surname (excluding children and grandchildren).

- Certified copy of birth certificates for children below 18 years of age or above 18 years but below 23 years provided they are undergoing full time education.
- Stamped and signed school confirmation letter on school letterhead in case of students).
- Certificate of registration from the Ministry of Education
- Certified copy of I. D for the spouse
- ME01 – Member Exit Form.

In the event there is no spouse or children

- Death (with no spouse or children)
- Letter of administration from the Master of High Court.
- Certified copy of I. D. for the appointed Executor.
- Banking details of the Executor of the Estate.

11.5 Withdrawals (Resignations and Dismissals)

- Certified copy of I. D.
- Banking details.
- ME01 (Member Exit Form).

11.6 Life Certificates

- All pensioners are required to complete a life certificate every year to show that you are still alive
- If you fail to complete the life certificate the pension would be suspended.
- The pension would be uplifted and back dated when you complete the life certificate.

11.7 Change of details

- Kindly ensure that you complete the Member Update Form (MU01) when you change your personal details such as bank account, contact number, address and any other key information.