



Mining Industry Pension Fund
"Cares for your future"

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CIRCULAR TO PENSIONERS

Number 1 of 2021

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Subject: Update on Pension Increases Awarded by the Fund Effective from July 2019, as well as the Review of the Chamber of Mines Pension Enhancement Fund and the Additional Death Benefit Payments

This Circular serves to provide pensioners of the Mining Industry Pension Fund with an update on the review of pension payments effective from July 2019, as well as an update on the review of the Chamber of Mines Pension Enhancement Fund (COMPEF) and the Additional Death Benefit (ADB) payments.

1. MIPF's Responsiveness to Inflation and the Plight of Pensioners

The Mining Industry Pension Fund continues to apply its best efforts to address the economic plight of its pensioners. In this regard, the Fund has continued doing frequent actuarial valuations as a basis to review pension benefits more frequently in order to minimise the effects of inflation on pensions.

2. Update on the Review of Pension Payments

(a) 2019 Pension Increases

In September 2020, the Fund awarded a pension increase of 1.72% back dated to January 2020. This was in addition to the two interim pension increases of 50% paid in September 2019, backdated to July 2019 and 90% paid in July 2020, backdated to January 2020. The increases were based on the Fund's Actuarial Valuation as at 31st December 2019. Therefore, the cumulative pension increase for the year 2019 was 192.9%.

(b) 2020 Interim Pension Increases

Following completion of the Fund's interim Actuarial Valuation as at 30th June 2020, two pension increases of 56.9% and 61.8% were awarded by the Fund in December 2020 and in January 2021, respectively. Both pension increases were back dated to July 2020 and were over and above an interim increase of 30% that was awarded by the Fund effective from April 2020. Therefore, the cumulative pension increase for the period January to June 2020 was 230%. It is important to note that these increases were applied only to pensions purchased up to 31st December 2018. For those pensioners that retired after 31st December 2018, their portion of pension that was purchased from contributions received after 1st January 2019 was awarded a 197% pension increase, backdated to July 2020. Therefore, this means that those pensioners that joined the Fund prior to but retired after 31st December 2018, benefited from both pension increases.

The pension increases were in line with a directive that was issued by the Insurance and Pensions Commission (IPEC), the body that regulates pension funds. IPEC directed pension funds to ensure that all

assets purchased before 1st January 2019 be separated so that they benefit only those who contributed to the pension fund up to 31st December 2018. This is fair to the older pensioners and members because the wealth created from their contributions will not be shared with the younger generation of members who contributed to the Fund from January 2019 going forward. The 31st December 2018 and 1st January 2019 cut-off dates are important because after the re-introduction of the local currency in February 2019, inflation began to increase. As a result, the contributions received from February 2019 going forward have less value than those received between 2009 and 2018. The separation will ensure that the generation of younger members do not enjoy the benefits from assets that were bought using the older members' contributions as such contributions had more value and therefore purchased more assets.

(c) Final Actuarial Valuation for 2020

The Fund is working on its final Actuarial Valuation for the year ended 31st December 2020. Pensioners will be updated of the outcome once the valuation is complete.

3. Review of the Chamber of Mines Pension Enhancement Fund (COMPEF) Payment

In addition to the review of pension payments, the Fund has also reviewed the amount payable from the Chamber of Mines Pension Enhancement Fund from \$177.79 to \$458.97 effective from January 2021. This amount is funded by the Chamber of Mines of Zimbabwe and is paid over and above your pension. It is meant to improve your pension. COMPEF payments are distributed equally amongst all the Fund's pensioners.

4. Review of the Additional Death Benefit (ADB) Payment

As you are aware, the Fund pays out a funeral assistance (Additional Death Benefit) upon death of a pensioner. The ADB is payable to the deceased pensioner's beneficiaries to assist with funeral expenses. The amount of the ADB depends on when the pensioner joined the Fund. For pensioners that joined the Fund prior to 31st December 2018, the Additional Death Benefit was increased by 230% from \$2,929.00 to \$9,665.70 effective from July 2020. The Additional Death Benefit in respect of pensioners that joined the Fund after 31st December 2018 was increased by 197% from \$1,500.00 to \$4,455.00 effective from July 2020.

For more information on your pension increase as well as the back pay, please refer to your attached Pay Slip for January 2021.

Given the challenges brought by the need to control the spread of the Corona Virus, you are encouraged to communicate with the Fund using e-mails, WhatsApp messaging and telephones. You can reach the Fund on the following contact details:

1. Email: (pr@mipf.co.zw) - can also be used for emailing completed Certificates of Existence and general communication
2. MIPF website (www.mipf.co.zw) - can also be used for downloading Certificates of Existence
3. WhatsApp (0772 147 606) - for general communication.
4. Telephone: (0242) 793821-5

Yours sincerely



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