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Board of Trustees

Mr JP Maposa - Chairman & Chamber Representative
Mr M Tapera - Chamber Representative
Mr P Dell - Chamber Representative
Dr C Hokonya - Chamber Representative
Mr T Ruzive - Union Representative
Mr J Midzi - Union Representative
Mr P Ncube - Union Representative
Ms S Shava - Union Representative

Executive Management

Mr T Kanjanda - Principal Officer & Chief Executive Officer
Ms K G Ndlovu - Deputy Principal Officer (Legal & Operations)
Mr K Mukushi - Deputy Principal Officer (Finance & Investments)

Challenges in 2009

Although the economic environment improved, the Fund still faced the following challenges:

Collection of Contributions

A number of mines remained shut while other mines delayed resumption of operations. This affected collection of contributions. Non-payment of contributions affects the Fund's investment



Introduction

As part of efforts to improve communication with the Fund's stakeholders, the Mining Industry Pension Fund has introduced an Annual Newsletter. The timing of the publication coincides with the completion of the year-end audit and actuarial valuation. This enables an update on the financial performance as well as on the results of the actuarial valuation.

This inaugural publication starts with an update on executive appointments, covers the 2009 highlights, challenges, financial performance, actuarial valuation results as well as a few pointers to facilitate ease of administration of the Fund. It concludes with a message from the Principal Officer.

New Appointments

Edwin TZ Chidzonga retired on 1 January 2009 after serving as Principal Officer for 8 years.

Tendayi Kanjanda was appointed as the new Principal Officer effective 1 April 2009.

Tendayi is a holder of an MBA degree from the University of Zimbabwe and a BSC honours degree from the Oxford

strategy and delays the payment of benefits.

Member data

A number of mines did not submit pension schedules or submitted them late. This poses a challenge as the Fund is unable to allocate contributions received to individual member records. The Fund has targeted compliance by mines as a priority in 2010.

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Brookes University in the UK, and is an Associate member of the Chartered Institute of Management Accountants (CIMA), the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Secretaries and Administrators (ICSA). He has more than 20 years experience in pensions administration, accounting, investment and management gained with different organizations that include Old Mutual, Fidelity Life, Local Authorities Pension Fund (LAPF) and Motor Industry Pension Fund.

Bothwell Fundira who was the Deputy Principal Officer (Finance and Investments) resigned at the end of March 2009.

Kudakwashe Mukushi was appointed as the new Deputy Principal Officer (Finance and Investments) effective 1 August 2009. Kudakwashe holds a BBA Accounting degree from Solusi University, is a Certified Public Accountant and a Fellow of the Association of Chartered Certified Accountants (ACCA) and has completed his MBA examinations with the University of

Zimbabwe and is currently working on his dissertation. He has vast experience gained from work in Stock Broking, Asset Management, Reinsurance, Retail, Transport and Fuel Industries.

2009 Highlights

The year 2009 ushered in a more stable economic environment as the country changed over to the multi-currency system in February 2009. As a result, the Fund made notable progress in the following areas:

Monthly Pensions

The Actuary completed the conversion of pensions in payment on 30 June 2009. As a result, the Fund resumed payment of monthly pensions from July 2009. The July 2009 pensions were backdated to 1 April 2009. Earlier in May 2009, the Fund had paid an interim pension of US\$90 across the board covering the period January 2009 to March 2009.

Additional Death Benefit

The payment of the Additional Death Benefit resumed in July 2009. The benefit was pegged at US\$250. Until 30 June 2010, the benefit was payable to beneficiaries of members who die in service, but now includes pensioners.

Low pensions

Although the pensions payable by the Fund are industry competitive, they remain low. As the pension amount is determined by a combination of service, investment returns and contribution levels, the increase in contributions to 7.5% piece will partly address the low pensions.

Commutations and Refunds

The Actuary completed the conversion of active members (members still contributing) and deferred members (members who have left employment but have not been paid their benefits) in October 2009.

The Fund resumed payment of commutations and refunds in February 2010. As the Fund temporarily stopped paying claims in July 2008 because of hyperinflation, there was a backlog of claims which took a long time to clear.

Mine Visits

As part of the drive to inform and educate members, the Fund resumed mine visits in October 2009 which had been suspended in May 2008.

By the end of 2009, Fund officers had visited 22 mines that represented a total 13 044 members.

Strategic Plan 2010–2014

The Fund's management in consultation with the Board of Trustees crafted a five year strategic plan. The strategic plan embraces a new Vision, Mission Statement, Core Values and set strategic objectives for the next 5 years. The Vision, Mission Statement and Core Values are as follows:

Vision

To be the flagship in the provision of retirement income, globally.

Mission Statement

To create value to all stakeholders of MIPF by effectively and efficiently paying enhanced pension benefits.

Core Values

- Professionalism
- Transparency
- Teamwork
- Mutual Respect
- Innovation

Financial Performance in 2009

The Fund grew over the last eleven months of 2009 as shown below:

Opening balance at	US\$
Conversion to US\$	50,976,911
Net increase in Fund	5,527,627
Accumulated Fund	
at end of the year	<u>56,504,539</u>

Actuarial Valuation

The Actuary completed the valuation of the Fund and determined that the Fund was in a sound financial position. Effective 1 January 2010, the Board of Trustees in consultation with the Actuary approved a monthly pension in-

crease that resulted in a minimum monthly pension of \$50. In recognition of the fact that a meaningful pension is a function of service and other factors, the minimum is payable to pensioners with a pensionable service of at least ten years.

In addition, the Board of Trustees awarded a 5% bonus to active and deferred members as at 31 December 2009. The Trustees also increased the Additional Death Benefit to US\$500 effective 1 July 2010. The Additional Death Benefit was extended to pensioners as from 1 July 2010.

Investment Performance

Over the nine months period to 31 December 2009, the Fund earned a gross return of 6.67% as assets grew from

US\$88 million to US\$109 million.

Benefit Statements

Benefit statements for 2009 will be sent out to respective members in July 2010. Full explanatory details are included on the statements.

Advice to Members

The Fund would like to advise members on what to do in the following cases:

Termination of Employment

On leaving employment, members must ensure that they complete a Notice of Withdrawal form for the Fund to;

- Process retirement benefits if you have retired.
- Process your refund of contributions if you are leaving the industry and have not yet reached retirement age.

▪ Defer your benefits until you reach the retirement age of 55 years

▪ Transfer your contributions to another registered pension fund if you are leaving the mining industry

NB: Please note that, should you change employment to another employer in the mining industry, your benefits will be carried over to the new employer.

Communication with the Fund

When calling or writing to the Fund, please always quote your Record of Service (R/S) number.

Principal Officer's Message

The year 2009 will be remembered as a milestone year in the country's economic history as it witnessed the overnight disappearance of record-breaking hyperinflation estimated at 500 billion percent as at the end of 2008 by the IMF.

The unprecedented dramatic change from a hyperinflationary economy to a deflationary economy was largely attributed to the adoption of the multicurrency system and the formation of the inclusive government in February 2009 followed by the demonetization of the Zimbabwean Dollar (ZWD) in March 2009.

However, the effects of hyperinflation were most evident on money savings and particularly most pronounced on pension savings. The Fund emerged from the hyperinflation hurricane in a relatively sound financial position thanks to its investments in real assets such as properties and listed stock, through which it managed to salvage value.

The biggest challenge to the pensions industry in general and the MIPF in particular going forward is the restora-

tion of credibility in pension schemes as reliable vehicles for the provision of secure and reasonable retirement income in the future following what happened with hyperinflation.

To this end, the Fund has developed a Five-Year Strategic Plan whose strategic objective is to improve the level of pension benefits paid to its members.

The support and cooperation of all the Fund's stakeholders is a pre-requisite and is key to the achievement of this strategic objective and in view of this, I take this opportunity to appeal to all the employer members of the Fund to ensure that they remit pension contributions to the Fund with the supporting schedules within the legally stipulated timeframe of the 14th day of the following month to which the contributions relate. To the employees, I urge them to check and ensure that their personal and financial details shown in the Benefit Statements to be sent out in July 2010 are accurate and correct and should they have any queries, to immediately contact our offices to have them corrected.

I would also like to take this opportunity to remind members that it is very important to plan for retirement so as to ensure that when one eventually retires from employment they continue receiving income to cater for their basic needs. In light of this, members are advised to make additional personal savings over and above their current retirement savings to the National Social Security Authority (NSSA) and MIPF to ensure retirement financial security.

Finally, I would like to express my sincere gratitude and appreciation to the Chairman and members of the Board of Trustees for their guidance and wise counsel during an extraordinary and unprecedented year in the economic history of the country. I would also like to thank management and staff for their commitment and hard work and lastly but not least, I thank all the key stakeholders of the Fund and in particular the members, both employees and employers, for their support as we work together towards making MIPF the **flagship in the provision of retirement income globally.**