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Board of Trustees

Mr JP Maposa	-Chairman and Chamber Representative
Mr C Mugwambi	- Chamber Representative
Mr P Dell	- Chamber Representative
Mr J Chikomboro	- Chamber Representative
Mr T Ruzive	-Union Representative
Mr J Midzi	- Union Representative
Mr P Ncube	- Union Representative
Mrs V Mlandeli	- Union Representative

Executive Management

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

Introduction

This third edition of the annual newsletter which coincides with the Fund's commemoration of its 60th anniversary, seeks to provide members with updates on the activities and performance in the year 2011 as well as give advice on key issues.



New Board Appointments

Messrs C Mugwambi, J Chikomboro and Mrs V Mlandeli were appointed to the Board effective from January 2012 following the departure of Mr M Tapera, Dr C Hokonya and Ms Shava.

Membership

In 2011, the Fund intensified efforts to recruit new member mines by visiting new mines. In all, the Fund recruited (17) new mines with (699) employees in the year 2011.

In addition, existing mines added a total (2,003) new members during the year. Although offset by withdrawals, the number of active members increased by 10.1% from the previous 27,424 at the end of 2010 to 30,168 in 2011. As at 31 December 2011, the Fund's membership profile was as follows:

Active members	-	30,168
Deferred members	-	39,528
Pensioners	-	7,437

Financial Performance in 2011

During the year 2011, the accumulated Fund increased as follows:

Opening balance	US\$
at beginning of 2011	64.7 million
Increase in	10.0 million
Accumulated Fund	-----
Balance at end of the year	74.7 million

Investment Performance

The Fund earned a gross return of 6.18% for the year ended 31 December 2011 against year on year inflation of 4.9%. This compares favourably to the negative return of (8.46%) in 2010. Though still depressed, the Fund's immovable property portfolio value increased by 16% from \$ 72 652 400 in 2010 to \$ 84 410 000 in 2011.

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Actuarial Valuation Results

The Actuarial valuation of the Fund as at 31 December 2011 revealed that on a going concern basis, the Fund was not in a financially sound position with a funding level of 96 % before the declaration of the bonus.

The total liabilities were \$132,949 925 against total assets of \$127 566 391. This resulted in a 4% deficit of \$ 5 383 543. As the Fund, previously in 2010, had a deficit of \$ 15 628 560 which represented a funding level of 87%, this was an improvement from the 2010 position.

On the assumption, that the Fund continues to operate in the long-term, the assets of the Fund were not sufficient to meet the accrued liabilities in respect of service up to the valuation date.

However, on a minimum funding basis, assuming no further benefit accrual or increases, the Fund was solvent with a surplus of \$67 368 363 which translated to a funding level of 212%.

The improved performance was attributed to positive returns from investments of 6.18% as well as the 16% increase in immovable property values. The performance of the Fund is expected to improve going forward as the depressed property values are expected to correct in the long term.

Bonus Declaration

In line with the recommendations of the Actuary, the Board of Trustees awarded a 5% bonus across the board to all categories of members including pensioners effective from 1 January 2012.

After the increase, the minimum pension payable to retirees with a minimum pensionable service of ten (10) years increased to \$55.12.

Additional Death Benefit (ADB)

The Board of Trustees also approved an increase in the Additional Death Benefit from \$500 to \$1000. The increase was effective from 1 July 2012.

This benefit is only payable to members who die while still in employment and to member pensioners.

Funding Level after Bonus

After the declaration of the 5% bonus, the funding level reduced to 91%, a level still above the minimum funding level of 75% recommended by the Commissioner of Pensions & Insurance, in terms of best practice.

Benefit Statements

The members' benefit statements for the year ended 31 December 2011 were only sent to mines whose contributions were up to date as at 31 December 2011.

This is because the Fund's information system which produces the Benefit Statements accrues contributions, thus records expected contributions rather than actual amounts received. In order not to mislead members, only those members whose contributions were up to date at the end of the year were sent statements.

The Fund is working on upgrading its information systems to ensure that the information on all Benefit Statements reflects actual amounts received whether a mine is up to date or not with contribution payments.

The members are urged to check and ensure that information reflected on the Benefit Statements as at 31 December 2011 is accurate and up to date.

Mine Visits

Mine visits are of strategic importance as they provide an opportunity to address various issues that are key to the operations of the Fund. Given the importance of mine visits, the Fund strives to visit every member mine at least once a year.

During these visits, various issues are dealt with, such as addressing queries from both the employers and employees as well as providing retirement counseling and advice about retirement planning.

Apart from the above, Fund Rules, and benefits are explained. Updates on the Fund's activities and latest developments are included.

By the end of 2011, the Fund's Public Relations team had visited 108 mines with a total membership of 29,936 members out of 116 member mines. Eight (8) mines could not be visited as it was not convenient for the mines at the time.

Suspended Pensioners

During mine visits, Fund officers also seek to obtain information from previous employers on the whereabouts of pensioners with whom contact has been lost. This is done on the assumption that friends or family members of former employees may be able to provide contact details.

During 2011, mine visits were also done to fifteen (15) closed mines and information on 101 suspended pensioners was obtained. In addition to the above efforts, the Fund also placed adverts in four (4) major newspapers. The sum results of these efforts was the reduction in the number of suspended pensioners by 21% from 3,489 as at 31 December 2010 to 2,760 as at 31 December 2011.

Mine Administrators' Seminars

The Fund holds seminars for mine administrators in order to enable them to deal effectively with MIPF issues at their work places. In 2011, the Fund conducted such a seminar in November 2011, in Harare. This seminar covered mines in the northern region of the country. In 2012, two (2) seminars will be conducted for mine administrators in the midlands and southern regions of the country.

MIPF's 60th Anniversary

The 1st of July 2012 marks the 60th anniversary of the formation of MIPF. The commemoration of the 60th anniversary is of special importance given that the Fund has continued to grow despite various challenges over the years. In particular, the Fund emerged from the hyperinflationary period with satisfactory stability and is counted amongst the three (3) biggest self-administered funds in the country. The Fund is expected to grow bigger and stronger as the economy stabilises.

Advice to Members

Retirement Planning

The Fund takes this opportunity to encourage members to start planning for their retirement while they are still employed. While the Fund does not seek to be absolved of its mandate to pay retirement income, members are rem-

inded that pension income alone will not be sufficient to cater for their needs in retirement.

Adequate retirement planning therefore plays a critical role in this regard. Retirement planning embraces three pillars, which are Occupational Pension, in this instance MIPF, State Pension in this case NSSA, as well as a Personal Pension (Private Savings). It is therefore important for members to understand that one does not simply save because they have plenty. A culture of saving and investing from an early age should be embedded within our lifestyles.

Savings and investments need not be sophisticated. It is important to think about, for example, building a retirement home in the rural village as well as buying livestock. This is because it is still good to retire to the village. However, it is important to prepare for it adequately and not leave it until one retires.

Principal Officer's Message

Though the end of the hyperinflation and the introduction of the multicurrency economy brought in stability, the challenges facing the Mining Industry Pension Fund have remained basically unchanged.

This is because the fortunes of the MIPF are closely linked to those of the mining sector and the economy as a whole. Constrained liquidity, lack of funding, policies that discourage investors, international mineral prices, just to mention a few translate to member mines' inability to remit contributions on time as well as restricted industry expansion which in turn restricts the potential to grow the Fund through recruitment of new members and the current membership's ability to contribute more to the Fund through additional voluntary contributions.

In the obtaining economic environment, it is not surprising that the collection of outstanding contributions has remained the biggest challenge for the Fund. At the end of 2011, outstanding contributions were in excess of \$ 16 million. More than 80% of the arrears were attributable to four (4) big mining houses.

As required by the law, the Fund applied its best efforts to collect, including legal action. It is important to highlight that, most of the defaulters responded positively to Final Letters of Demand and entered into

payment plans with the Fund which they are honouring. It is important to take this opportunity to underscore the importance of remitting contributions on time as failure to do so does not only prejudice the employees who end up being denied adequate benefits. It is also a criminal offence to deduct and not remit contributions as it constitutes fraud on the employees.

Apart from the challenge of non-payment of contributions by some mines, there are some mines that remit contributions and do not submit schedules that show the breakdown of the amounts paid to facilitate allocations to individual members. This again, prejudices the members as they might not get allocated their correct dues. The Fund religiously follows up on outstanding schedules and also collects some schedules during mine visits. We take this opportunity to implore mines to always submit schedules with payments. Even where mines are unable to remit contributions, it is important to submit schedules as these provide the accurate data for invoicing and thus maintain correct data of amounts due.

Though the question of low pensions was alluded to in the previous Newsletter, given its seriousness, debate around the subject should be kept alive.

Satellite Offices

Zvishavane

In March 2011, the Fund opened a satellite office in Zvishavane at No.1 Maglas Township. The office was opened to improve service to the Fund's members in the Zvishavane area. It operates on the 1st Tuesday of every month from 9.30am to 2.30pm.

Masvingo

The Fund will open another satellite office in Masvingo at Metro Peech (formerly Jaggers) which is located at the corner of Welby and Allan Wilson Roads in Masvingo town. This is in order to improve service to members and pensioners in the Masvingo province.

The office will be opened on 2 October 2012 and will only operate on the 1st Tuesday of every month, from 8.00am to 4.30pm.

Granted, the level of a pension is a function of the contributions made, the length of pensionable service as well as the investment returns. Given that, the contributions levels at 7.5% apiece are still the lowest compared to other Funds. Long term, there is a case for relooking at the contribution rate as one way of improving the final benefits payable. It is acknowledged that the mining industry took a giant step in moving from the 5% apiece to the 7.5% in 2010.

As alluded to previously, the Fund continues to seek to achieve investments returns that are commensurate with its investments strategy and other strategic objectives that aim to deliver adequate benefits to its members.

Generally, the Fund's Board of Trustees as well as Management remain committed to managing the Fund with a view to achieving long term financial sustainability. The crucial part played by the Fund's key stakeholders such as the members, the Chamber of Mines of Zimbabwe, the Associated Mine Workers Union of Zimbabwe, and others in the achievement of this long term goal is acknowledged.