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### 1. Introduction

This Fourteenth Edition of the MIPF Annual Newsletter gives the Fund's stakeholders an update on the Fund's performance and other latest developments.

### 2. Actuarial Valuation Results for 2022

Since the implementation of the currency reforms in 2019, it had become a regulatory requirement for pension funds to conduct two actuarial valuations as at 30 June and 31 December each year. However, in August 2022, the Pensions Regulator waived the requirement for pension funds to carry out the June actuarial valuation meaning that pension funds are now required to carry out one statutory actuarial valuation in each year.

The regulations also require pension funds to separate and ring fence assets and liabilities into sub accounts namely, Sub Account 1 in respect of Zimbabwe Dollar (ZWL\$) contributions made up to 31 December 2018, Sub Account 2 for the ZWL\$ Contributions made effective from



## Mining Industry Pension Fund

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January 2019 onwards, and Sub Account 3 in respect of USD Contributions made from January 2020 onwards.

Notwithstanding the regulatory waiver to carry out the June actuarial valuation, MIPF continues to carry out at least two actuarial valuations per year in line with the Fund's 2019 Board resolution to review pension benefits on a regular basis so as to cushion pensioners against the continuous erosion of pension values given the obtaining hyperinflationary environment and the need to distribute fair value gains to members more frequently. Therefore, in 2022, the Fund carried out three Actuarial Valuations as at 31 March, 30 June and 31 December 2022, respectively.

By 31 December 2022, the market value of the Fund's assets had grown to ZWL\$150.715 billion from ZWL\$39.033 billion as at 31 December 2021, while the Fund's liabilities had increased to ZWL\$112.050 billion from ZWL\$21.342 billion in 2021. Resultantly, the Fund recorded a surplus of ZWL\$38.665 billion as at 31 December 2022. This translated to a funding level of 135% before declaration of bonuses.

Given that there were three (3)

Actuarial Valuations during 2022, below are the cumulative bonuses and pension increases that were awarded by the Fund;

#### (i) Cumulative Bonuses for 2022

Sub Account 1	-	300.52%
Sub Account 2	-	135.29%
Sub Account 3	-	7.54%

#### (ii) Cumulative Pension Increases for 2022

Sub Account 1	-	293.58%
Sub Account 2	-	232.47%
Sub Account 3	-	0%

#### (iii) Additional Death Benefit Increases for 2022

Cumulatively, the Additional Death Benefit (ADB) for Sub Account 1 increased by 300.52% from ZWL\$53,022.36 as at 31 December 2021 to ZWL\$212,363.46 as at 31 December 2022, while the Sub Account 2 ADB increased by 135.29% from ZWL\$20,265.91 in 2021 to ZWL\$47,684.27 as at 31 December 2022.

Resultantly, the total ADB payable from both Sub Accounts 1 and 2 in respect of members that joined the Fund prior to 31 December 2018 and continued as Active Members after 1 January 2019 increased from ZWL\$73,288.27 as at 31 December 2021 to ZWL\$260,047.73 as at 31 December 2022.

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### 3. Update to Members on Latest Developments

#### (i) New Pensions Act (Chapter 24:32)

The Pension & Provident Funds Act [Chapter 24:09] that was in force since 1972 was replaced by the New Pension and Provident Funds Act [Chapter 24:32] effective from 2 September 2022. The new Act has added more powers to the Pensions Regulator to ensure that pension fund members and pensioners' interests are protected. For instance, the Insurance and Pensions Commission, in its capacity of Pensions Regulator, now has garnishing powers against employers that deduct but do not remit pension contributions to the pension funds. In addition, the Regulator is now empowered to take legal action against directors and, or management of companies that deduct but do not remit pension contributions to pension funds.

#### (ii) Review of Pension Commutation and Preservation Limits

In September 2022, the Insurance and Pensions Commission (IPEC) reviewed the maximum pension commutation limits from ZWL\$36,000 per annum to USD40 or equivalent in ZWL\$ per month. This means that retiring members whose pension fall below USD\$40 or ZWL\$ equivalent per month, based on the prevailing

interbank foreign currency exchange rate, are allowed to commute their pension as a lump sum. This limit also applies to payment of the employer contribution in respect of members who withdraw from the Fund due to resignation or dismissal before attaining the stipulated retirement ages.

In the event that the employer contribution is above the prescribed limit, it will be retained in the Fund until the member attains the prescribed early retirement age of 55 years or death, whichever occurs earlier.

#### **4. Advice to Members and Pensioners**

##### **(i) Updating of Member Records**

The Fund is currently updating all membership records in an effort to maintain an accurate and up to date membership database which will help to accurately calculate their benefits and efficiently serve Members. Furthermore, Members are advised that it is a regulatory requirement for them to submit copies of their National Identification documents to the Fund. Members that have not yet updated their records are requested to ensure that they submit to the Fund, their permanent home addresses, telephone numbers, email addresses as well as their spouse and next of kin contact details. These details can be submitted to the Fund by WhatsApp or email.

##### **(ii) Pensioners' Certificates of Existence**

Pensioners are reminded to ensure that they complete, sign and return their Certificates of Existence by 30 November of each year in order to avoid having their pensions suspended and to always notify the Fund in the event of changes in their contact details so as to ensure that they are served efficiently.

##### **(iii) Self Service Portals Through MIPF Digital Platforms**

Members and Pensioners are advised that they can access their pension records by visiting the "Log In" screen on the Fund's website at [www.mipf.co.zw](http://www.mipf.co.zw). Alternatively, Members and Pensioners can access their pension records through their Android smart phones. The Application can be downloaded from Google Play Store. After downloading the Application, Members can register using a combination of their email address or Member Number, their National Identification Number and the key which is their member number prefixed by 005. Kindly note that the Application only works if your details with the Fund are correct. Therefore, Members are urged to provide the Fund with their up to date information.

#### **5. Principal Officer's Message**

##### **(i) Background**

The economy continued to deteriorate characterised by increasing inflation and loss of confidence in the use of the local currency. This posed challenges for the Fund in terms of meeting members' and pensioners' expectations. The poor performance of the economy, especially increasing inflation and depreciation of the local currency against the United States Dollar eroded the value of pension benefits, despite the Fund's efforts to preserve their value.

The challenges in the economy also negatively affected the Fund as both member mines and tenants struggled to meet their financial obligations resulting in increasing contributions debtors, and rental arrears and operating costs debtors. As a result, the Fund's cash flows available for investments were negatively impacted.

##### **(ii) Remittance of Contributions and Payment of Rentals in USD**

As the local currency continued to lose value, preference for the USD

increased. However, the Fund continued to receive most of its income in local currency thus making it difficult to pay USD benefits. For example, although the Fund's property rentals are pegged in USD, the law allows payment in local currency. As a result, a significant number of tenants, specifically 50% are still converting the USD rental amounts and paying in local currency.

Furthermore, contributing mines also have the option to remit contributions in local currency. As a result, in 2022 only 16% of the 160 member mines were remitting contributions in USD.

While the Fund cannot legally insist on collection of rentals and contributions in USD, Management is applying its best efforts to engage tenants as well as implore mines to pay in USD. This is important as it will enable the Fund to maintain value and pay meaningful benefits.

##### **(iii) Investments Strategy and Performance**

The Fund continued on the value preservation path anchored on investing in real assets that can withstand the vagaries of inflation, in order to preserve value for members while also taking advantage of growth opportunities. The USD inflows were invested in USD yielding investments such as stocks on the Victoria Falls Stock Exchange, thus safeguarding the USDs.

The focus for 2022 was on unlocking value from the land banks. This saw the development of 220 medium and low density stands at Impali Source Farm in Shurugwi which are now 95% complete, and commencement of construction of the Shurugwi Shopping Mall. The Fund's investment assets were estimated at ZWL\$145.908 billion (excluding long outstanding debtors) as at 31 December 2022 compared to ZWL\$37.896 billion in the previous year. As at 31 December 2022, the

Fund's real estate portfolio was valued at ZWL\$82.520 billion while quoted equities were valued at ZWL\$47.725 billion. These constituted 56.55% and 32.70% of the total investment assets, respectively. The Fund was also invested in unlisted equities (ZWL\$2.890 billion), money market (ZWL\$1.613 billion), Prescribed Assets (ZWL\$6.434 billion), and the Old Mutual Guaranteed Fund (ZWL\$864 million).

The Fund earned a gross return of 255% in 2022 compared to 196.4% in 2021, driven by the positive returns posted by listed equities, unquoted equities and real estate due to fair value gains. This was the basis for the pension increases and bonuses declared after the Actuarial Valuations.

##### **(iv) Enhancement of Communication with Stakeholders**

The Fund implemented a new automated Complaints Handling System to improve communication with its stakeholders. The system integrates the Fund's website, WhatsApp (0772 147 606) and email platforms. This means that all the queries submitted to MIPF through these platforms will be managed through this new system. The system can also be accessed directly by completing the form which is available on the following link; [www.complaints.mipf.co.zw](http://www.complaints.mipf.co.zw).

##### **(v) Conclusion**

The Fund appreciates all the member mines and members, and expresses its gratitude for their continued support. Employers who are paying salaries in USD but still remitting contributions in local currency are urged to consider USD remittances to help safeguard the value of their employees' pension benefits. The United States Dollar contributions made effective from 1 January 2021 now purchase USD pension benefits, over and above the ZWL\$ pensions.