



**Mining Industry Pension Fund**  
*"Cares for your future"*

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## **THE MINING INDUSTRY PENSION FUND**

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Actuarial Valuation as at 31 December 2024

Prepared by  
Tigere Mutare, FIA  
March 2025

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# 1. EXECUTIVE SUMMARY

To the Trustees,

1.1 In accordance with your instructions, I have carried out an actuarial valuation of the Mining Industry Pension Fund (“the Fund”) as at 31 December 2024.

### Purpose of the current valuation

- 1.2 The objectives of the current actuarial valuation of the Fund are to;
- Determine and allocate surplus and currency Revaluation Gains over the period from 6 April 2024 to 31 December 2024 in accordance with the IPEC Revaluation Guideline.
  - Investigate and report on the financial position of the Fund on an ongoing basis in respect of the liabilities accrued prior to the Valuation Date.
  - Make recommendations as to the level of bonus and pension increases, if any, that can be afforded by the Fund, based on the financial position of the Fund as at 31 December 2024.

### Previous Statutory Valuation

1.3 The previous statutory Actuarial Valuation was carried out as at 5 April 2024. The value of the aggregate Fund liabilities as at 5 April 2024 was ZIG958 million compared with an asset value of ZIG2,572 million. This is equivalent to a surplus of ZIG1,614 million.

- The value of the Sub-account 1 accrued liabilities as at 5 April 2024 was ZIG449 million compared with an asset value of ZIG1,694 million. This is equivalent to a surplus of ZIG1,245 million.
- The value of the Sub-account 2 accrued liabilities as at 5 April 2024 was ZIG184 million compared with an asset value of ZIG532 million. This is equivalent to a surplus of ZIG347 million.
- The value of the Sub-account 3 accrued liabilities as at 5 April 2024 was USD26.9 million (ZIG325 million) compared with an asset value of USD28.2 million (ZIG346 million). This is equivalent to a surplus of USD1.3 million (ZIG21 million).The table below summarises the pension increases and bonuses awarded since the last statutory valuation as at 5 April 2024.

Issue	Membership Categories	SA 1	SA 2	SA 3	Comments
<b>Bonus</b>	Active, Deferred, Preserved Members  Outstanding benefits,  Suspended pension arrears	307%	305%	8.1%	For the period from 1 January 2024 to 5 April 2024  (pro-rated for exits before 5 April 2024)
<b>Pension Increase</b>	Current and Suspended Pensioners	60.8%	59.6%	6.6%	with effect from 5 April 2024 (pro-rated for pensions commencing after 1 January 2024)  <i>This increase supplements the interim pension increase of 150%</i>
<b>Legacy ADB</b>	Active & Pensioners	307%	305%	n/a	For the period from 1 January 2024 to 5 April 2024

## Membership as at 31 December 2024

1.4 The valuation of the Fund is based on the following membership numbers;

Category	5-Apr-24	31-Dec-24	Change
Active Members	26,592	27,356	764
Deferred Members	39,032	39,383	351
Preserved Members	7,088	6,986	-102
Unclaimed Benefits (over age 65)	4,372	4,912	540
Current Pensioners	9,087	8,808	-279
Suspended Pensioners	3,068	3,389	321
<b>Total</b>	<b>89,239</b>	<b>90,834</b>	<b>1,595</b>

## Contributions and expenses

- 1.5 Total contributions invoiced were ZIG565 million for the period from 6 April 2024 to 31 December 2024. Cumulatively, total unpaid contributions amounted to ZIG386 million excluding interest (ZIG425 million including interest).
- 1.6 An aggregate of ZIG392 million has been provisioned as bad and doubtful debts in respect of outstanding contributions with interest in the financial statements. However, the unpaid contributions and interest have been considered as part of the Fund's assets for the actuarial valuation as required by the IPEC Revaluation Guideline. I have also provided for a liability in respect of contribution arrears.
- 1.7 The table below summarises the amounts provided for the funding of Administration Expenses.

Sub Account	Administration Expenses Reserve			USD (millions)
	ZIG (millions)			
	SA1	SA2	Total	SA3
<b>Balance as at 5-Apr-24</b>	-	-	-	<b>0.5</b>
Employer Contributions	-	25.4	25.4	1.3
Administration Expenses Incurred	(9.6)	(46.2)	(55.7)	(1.6)
<b>Funding surplus/(strain)</b>	<b>(9.6)</b>	<b>(20.8)</b>	<b>(30.4)</b>	<b>(0.3)</b>
	-	-	-	-
<b>Balance as at 31-Dec-24</b>	<b>(9.6)</b>	<b>(20.8)</b>	<b>(30.4)</b>	<b>0.2</b>

- There is no direct funding of administration expenses for Sub-account 1, which effectively operates as a closed fund with no new contributions payable. The redrafted Rules require that the administration costs in respect of non-active members, who are not contributing to the Fund, shall not exceed 0.6% of the non-active members' share of the assets under management.
- The Sub-account 2 administration reserve account incurred a strain of ZIG20.8 million.
- The Sub-account 3 administration reserve account generated a surplus of USD0.3 million.

1.8 The table below summarises the amounts provided for the funding of the Additional Death Benefit.

Sub Account	ADB Reserve			USD
	ZIG (millions)			(millions)
	SA1	SA2	Total	SA3
<b>Balance as at 5-Apr-24</b>	<b>14.6</b>	<b>4.8</b>	<b>19.4</b>	<b>0.2</b>
Employer Contributions	-	2.7	2.7	0.1
Benefits paid	(0.4)	(0.0)	(0.5)	(0.0)
<b>Funding surplus/(strain)</b>	<b>(0.4)</b>	<b>2.7</b>	<b>2.2</b>	<b>0.1</b>
<b>Balance as at 31-Dec-24</b>	<b>14.2</b>	<b>7.4</b>	<b>21.6</b>	<b>0.3</b>

- There is no direct funding of ADB reserve for Sub-account 1, which effectively operates as a closed fund with no new contributions payable. The existing reserve is retained from the previous benefit structure of the Fund
- The Sub-account 2 ADB reserve account generated a surplus of ZIG2.7 million as funding exceeded the benefits paid.
- The Sub-account 3 ADB reserve account generated a surplus of USD0.1 million as funding exceeded the benefits paid.

#### Assets

1.9 The macroeconomic environment has remained volatile and highly uncertain. Inflationary pressures have continued to reduce real disposable income levels and economic productivity. The continued depreciation of the recently introduced ZIG exerts inflationary pressures as prices of goods and services in large sectors of the economy are indexed to the United State dollar.

1.10 I have noted the following market indicators;

- The ZIG, as determined by the "Interbank rate", depreciated against the United States Dollar from USD1: ZIG13.56 as at 8 April 2024 to USD1: ZIG25.80 as at 31 December 2024. This is equivalent to an increase of approximately 90% in ZIG prices that are indexed to the US dollar.
- The ZIG denominated ZSE all share index increased by 118% over the period from 8 April 2024 to 31 December 2024.

1.11 A summary of the Fund's assets is shown below.

Summary of assets since the previous statutory valuation

Assets	(ZIG 'millions)								USD (millions)	
	Valuation Date	05-Apr-24				31-Dec-24				05-Apr-24
Sub Account	SA1	SA2	SA3	Total	SA1	SA2	SA3	Total	SA3	SA3
Prescribed assets	20.8	80.5	70.9	<b>172.2</b>	142.7	152.5	550.6	<b>845.8</b>	7.8	8.0
Old Mutual Guaranteed Fund	8.7	-	-	<b>8.7</b>	32.7	-	-	<b>32.7</b>	-	-
Quoted Shares	415.4	309.2	26.4	<b>751.0</b>	842.0	657.3	50.2	<b>1,549.4</b>	1.9	1.9
Unquoted Shares	11.2	-	-	<b>11.2</b>	87.0	-	-	<b>87.0</b>	-	-
Fixed property In Zim	1,194.3	114.8	47.6	<b>1,356.7</b>	2,232.7	320.7	6.1	<b>2,559.4</b>	1.1	9.6
Fixed Income Investments	10.3	4.5	19.5	<b>34.3</b>	45.2	45.6	75.6	<b>166.3</b>	1.4	3.0
Money Market/Deposits	17.4	0.1	77.0	<b>94.5</b>	25.7	7.4	63.7	<b>96.8</b>	5.7	3.9
Net Current assets	17.8	0.4	22.2	<b>40.4</b>	15.6	(56.6)	62.1	<b>21.2</b>	2.0	3.3
<b>Net Assets as per Financial Statements</b>	<b>1,696.0</b>	<b>509.4</b>	<b>263.6</b>	<b>2,469.0</b>	<b>3,423.5</b>	<b>1,126.9</b>	<b>808.3</b>	<b>5,358.6</b>	<b>19.9</b>	<b>29.8</b>
Actuarial adjustments	0.4	22.4	82.6	<b>105.5</b>	20.0	152.4	262.7	<b>435.1</b>	8.3	11.7
<b>Adjusted Assets</b>	<b>1,696.4</b>	<b>531.8</b>	<b>346.3</b>	<b>2,574.5</b>	<b>3,443.5</b>	<b>1,279.3</b>	<b>1,070.9</b>	<b>5,793.7</b>	<b>28.2</b>	<b>41.5</b>

1.12 The market value of the Fund's assets as per the financial statements has increased from ZIG2,469 million as at 5 April 2024 to ZIG5,359 million as at 31 December 2024. The increase in the asset values was primarily driven by property revaluation gains and gains on the ZSE.

1.13 The Fund earned an aggregate investment return of approximately 120% over the period from 6 April 2024 to 31 December 2024. I have also estimated the return achieved on the assets of each sub-account as follows;

Investment returns					
Period	SA1	SA2	SA3 (USD)	Fund Aggregate	
1 January 2024 to 5 April 2024	309%	300%	6.5%	339%	
6 April 2024 to 31 December 2024	114%	100%	5.5%	120%	
1 January 2024 to 31 December 2024	775%	700%	12.3%	866%	

**Past Service Valuation results**

1.14 The table below shows the balance sheet as at 31 December 2024. The values include the bonuses and pension increases declared following the 5 April 2024 valuation.

## Summary of balance sheet since the previous statutory valuation

Balance Sheet		( ZIG 'millions)							USD (millions)	
Valuation Date	05-Apr-24				31-Dec-24				5-Apr-24	31-Dec-24
Sub Account	SA1	SA2	SA3	Total	SA1	SA2	SA3	Total	SA3	SA3
Member Fund Credits	1,122.2	413.0	188.8	<b>1,724.0</b>	1,089.3	505.4	544.2	<b>2,138.9</b>	14.1	21.1
Contribution arrears	0.0	48.7	138.0	<b>186.8</b>	0.0	181.4	447.6	<b>629.0</b>	11.2	17.3
Pensioners' Liability	217.4	6.8	1.2	<b>225.4</b>	218.5	10.3	3.3	<b>232.1</b>	0.0	0.1
Cash-in-lieu of pension increases	44.1	1.5	-	<b>45.6</b>	15.8	0.0	-	<b>15.8</b>	-	-
Suspended Pensioners' arrears	68.3	0.2	-	<b>68.5</b>	73.0	0.4	-	<b>73.5</b>	-	-
Administration Expenses Reserve	-	-	6.5	<b>6.5</b>	(9.6)	(20.8)	7.8	<b>(22.5)</b>	0.5	0.2
Additional Death Benefit Reserve	14.6	4.8	2.2	<b>21.6</b>	14.2	7.4	2.2	<b>23.8</b>	0.2	0.3
Data Reserve	22.3	26.4	6.3	<b>55.0</b>	21.3	25.0	10.9	<b>57.2</b>	0.5	0.4
Provision for exited members	37.3	3.8	3.3	<b>44.3</b>	51.6	9.3	7.5	<b>68.5</b>	0.3	0.3
Contingency Reserve	-	26.6	-	<b>26.6</b>	172.2	64.0	-	<b>236.1</b>	0.0	-
2009 Compensation Reserve	170.2	-	-	<b>170.2</b>	170.2	-	-	<b>170.2</b>	-	-
<b>Total Liability</b>	<b>1,696.4</b>	<b>531.8</b>	<b>346.3</b>	<b>2,574.5</b>	<b>1,816.6</b>	<b>782.5</b>	<b>1,023.5</b>	<b>3,622.6</b>	<b>26.9</b>	<b>39.8</b>
<b>Adjusted Assets</b>	<b>1,696.4</b>	<b>531.8</b>	<b>346.3</b>	<b>2,574.5</b>	<b>3,443.5</b>	<b>1,279.3</b>	<b>1,070.9</b>	<b>5,793.7</b>	<b>28.2</b>	<b>41.5</b>
Surplus/ (Deficit)	-	-	-	-	<b>1,626.9</b>	<b>496.8</b>	<b>47.4</b>	<b>2,171.1</b>	<b>1.3</b>	<b>1.7</b>
Funding Level	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>190%</b>	<b>163%</b>	<b>105%</b>	<b>160%</b>	<b>105%</b>	<b>104%</b>
Unfunded Compensation Scheme Liability – Option 1	804.9	-	-	<b>804.9</b>	1,924.9	-	-	<b>1,924.9</b>		
Unfunded Compensation Scheme Liability – Option 2	141.3	-	-	<b>141.3</b>	141.3	-	-	<b>141.3</b>		

1.15 The value of the aggregate Fund liabilities as at 31 December 2024 was ZIG3,623 million compared with an asset value of ZIG5,794 million. This is equivalent to a surplus of ZIG2,171 million.

- The value of the Sub-account 1 accrued liabilities as at 31 December 2024 was ZIG1,817 million compared with an asset value of ZIG3,444 million. This is equivalent to a surplus of ZIG1,627 million.
- The value of the Sub-account 2 accrued liabilities as at 31 December 2024 was ZIG782 million compared with an asset value of ZIG1,279 million. This is equivalent to a surplus of ZIG497 million.
- The value of the Sub-account 3 accrued liabilities as at 31 December 2024 was USD39.8 million (ZIG1,024 million) compared with an asset value of USD41.5 million (ZIG1,071 million). This is equivalent to a surplus of USD1.7 million (ZIG47 million).

### Analysis of Surplus

1.16 The principal factors that gave rise to the current financial position are summarised in the table below. Further details are provided from Section 8.26.

Analysis of surplus	(ZIG 'millions)				USD
	SA1	SA2	SA3	Total	(millions)
<b>Sub Account</b>					<b>SA3</b>
<b>Surplus/ (Deficit) as at 5-Apr-24</b>	-	-	-	-	-
Investment return (excl. prop revaluation)	996.3	338.3	32.9	<b>1,367.5</b>	1.3
Property Revaluation Gains	887.4	207.1	1.4	<b>1,095.8</b>	0.1
Increase in contingency reserve	(172.2)	(37.4)	-	<b>(209.5)</b>	-
Pensioners' cost of guarantee	(12.6)	(0.4)	-	<b>(13.0)</b>	-
Cash-in-lieu of pension increases	(33.0)	(0.9)	-	<b>(33.9)</b>	-
Administration expenditure	(10.0)	(18.1)	(4.2)	<b>(32.3)</b>	(0.2)
Increase in data reserve	-	-	-	-	-
2009 Compensation Reserve	-	-	-	-	-
Miscellaneous gains/ (strains)	(29.1)	8.2	17.4	<b>(3.4)</b>	0.5
<b>Surplus/ (Deficit) as at 31-Dec-2024</b>	<b>1,626.9</b>	<b>496.8</b>	<b>47.4</b>	<b>2,171.1</b>	<b>1.7</b>

### Allocation of Surplus

1.17 I have determined the allocation of the surplus as at 31 December 2024 in accordance with the requirements of the IPEC Revaluation Guideline.

1.18 I recommend the following bonus and pension increase rates

Issue	Membership Categories	SA 1	SA 2	SA 3	Comments
<b>Bonus</b>	Active, Deferred, Preserved Members  Outstanding benefits,  Suspended pension arrears	99.2%	85.4%	6.5%	For the period from 6 April 2024 to 31 December 2024 <i>(pro-rated for exits before 31 December 2024)</i>
<b>Pension Increase</b>	Current and Suspended Pensioners	90.8%	77.8%	5.0%	with effect from 1 January 2025 <i>(pro-rated for pensions commencing after 6 April 2024)</i>
<b>Legacy Additional Death Benefit</b>	Active & Pensioners	99.2%	85.4%	n/a	For the period from 6 April 2024 to 31 December 2024

### Cash in-lieu of pension increases

1.19 I understand that the Fund intends to pay a proportion of the cost of pension increases as a lump sum in lieu of pension increases, such that each pensioner would receive;

- (i) a USD cash lump sum in lieu of a part of the pension increases due, plus
- (ii) the residual pension increases which will be determined from the aggregate cost of pension increases less the value of the USD cash lump sum paid in (i).

1.20 The table below illustrates a few scenarios showing the cost of the USD lump sum payable (in ZIG and USD) and different options of lump sum payments and residual pension increases.

- For example, under sub account 1 (Scenario 5), the maximum pension increase is 90.8%. If the Fund paid the equivalent of 50.8% pension increases as a lump sum in lieu of pension increases, this would cost ZIG116.7 million (or USD 4.5 million) leaving a residual pension increase of 40% due to pensioners.
- Similarly, under sub account 2 (Scenario 5), the maximum pension increase is 77.8%. If the Fund paid the equivalent of 37.8% pension increases as a lump sum in lieu of pension increases, this would cost ZIG3.9 million (or USD0.2 million) leaving a residual pension increase of 40% due to pensioners.

Sub-account 1					
Scenario	Maximum Pension increases	(i)Lumpsum in lieu of pension increase	ii)Residual Pension Increase	Cost of lump sum (ZIG millions)	Cost of lump sum (USD millions)
1	90.8%	90.8%	0.0%	208.6	8.1
2	90.8%	80.8%	10.0%	185.6	7.2
3	90.8%	70.8%	20.0%	162.6	6.3
4	90.8%	60.8%	30.0%	139.7	5.4
5	90.8%	50.8%	40.0%	116.7	4.5
6	90.8%	40.8%	50.0%	93.7	3.6

Sub-account 2					
Scenario	Maximum Pension increases	(i)Lumpsum in lieu of pension increase	ii)Residual Pension Increase	Cost of lump sum (ZIG millions)	Cost of lump sum (USD millions)
1	77.8%	77.8%	0.0%	8.0	0.3
2	77.8%	67.8%	10.0%	7.0	0.3
3	77.8%	57.8%	20.0%	6.0	0.2
4	77.8%	47.8%	30.0%	4.9	0.2
5	77.8%	37.8%	40.0%	3.9	0.2
6	77.8%	27.8%	50.0%	2.9	0.1

- 1.21 The scenario selected should be determined by reference to the available and liquid USD denominated assets under each sub account at the valuation date.
- 1.22 It should also be noted, and communicated to members of the Fund, that whilst paying cash-lumpsum in-lieu of pension increases provides immediate value and relief to pensioners, the adverse impact of this approach is that the pension amounts will now increase at lower rate after cashing in the value of pension increases.

## 2. INTRODUCTION

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- 2.1 I have pleasure in presenting to the Board of Trustees of the Mining Industry Pension Fund ("the Fund") this report on the results of the actuarial valuation as at 31 December 2024 (the "Valuation Date") of the Fund. This valuation is required in terms of Sections 11.3 and 11.4 of the IPEC Revaluation Guideline and in terms of Rule 38 of the Rules of the Fund.
- 2.2 Details of the Fund benefits are outlined in Section 3 while a summary of the benefits considered for valuation purposes is set out in Appendix I. A summary of the Fund membership data is given in Section 5. The valuation method and valuation basis are discussed and described in Section 7.

### **The IPEC Revaluation Guideline**

- 2.3 The Government of Zimbabwe initiated currency reforms during October 2018 which continued during 2019. The Government discontinued the use of multicurrency system which had been in force and introduced the Zimbabwe dollar as the sole legal tender.
- 2.4 The currency reforms triggered a rise in the inflation rate and instability in the exchange rate that produced extraordinary gains in asset values, referred to as "Revaluation Gains," for most insurance companies and pension funds.
- 2.5 In response to the currency reforms, the Insurance and Pensions Commission (IPEC) issued a guideline framework in March 2020 on the determination and treatment of the Revaluation Gains.
- 2.6 The IPEC Revaluation Guideline provides the key principles to be adhered to by all insurance companies and pension funds when determining and allocating Revaluation Gains that arose as a result of the currency reforms.
- 2.7 The IPEC Revaluation Guideline also requires that;
- all assets and liabilities accrued to 31 December 2018 should be ring-fenced from assets and liabilities accrued effective from 1 January 2019. This is intended to ensure a separation of assets and liabilities that were previously denominated in USD from assets and liabilities denominated in ZIG.
  - the assets and liabilities considered for Revaluation Gains should include contribution arrears.
  - Revaluation Gains to be calculated and allocated at each Measurement Date

### **Purpose of the current valuation**

- 2.8 The objectives of the current actuarial valuation of the Fund are to;
- Determine and allocate surplus and currency Revaluation Gains over the period from 6 April 2024 to 31 December 2024 in accordance with the IPEC Revaluation Guideline.
  - Investigate and report on the financial position of the Fund on an ongoing basis in respect of the liabilities accrued prior to the Valuation Date.
  - Make recommendations as to the level of bonus and pension increases, if any, that can be afforded by the Fund, based on the financial position of the Fund as at 31 December 2024.

## Previous Valuation

2.9 The previous statutory Actuarial Valuation was carried out as at 5 April 2024. The value of the aggregate Fund liabilities as at 5 April 2024 was ZIG958 million compared with an asset value of ZIG2,572 million. This is equivalent to a surplus of ZIG1,614 million.

- The value of the Sub-account 1 accrued liabilities as at 5 April 2024 was ZIG449 million compared with an asset value of ZIG1,694 million. This is equivalent to a surplus of ZIG1,245 million.
- The value of the Sub-account 2 accrued liabilities as at 5 April 2024 was ZIG184 million compared with an asset value of ZIG532 million. This is equivalent to a surplus of ZIG347 million.
- The value of the Sub-account 3 accrued liabilities as at 5 April 2024 was USD26.9 million (ZIG325 million) compared with an asset value of USD28.2 million (ZIG346 million). This is equivalent to a surplus of USD1.3 million (ZIG21 million).

2.10 The table below summarises the pension increases awarded since the last statutory valuation as at 5 April 2024.

Issue	Membership Categories	SA 1	SA 2	SA 3	Comments
<b>Bonus</b>	Active, Deferred, Preserved Members  Outstanding benefits,  Suspended pension arrears	307%	305%	8.1%	For the period from 1 January 2024 to 5 April 2024  (pro-rated for exits before 5 April 2024)
<b>Pension Increase</b>	Current and Suspended Pensioners	60.8%	59.6%	6.6%	with effect from 5 April 2024 (pro-rated for pensions commencing after 1 January 2024)  <i>This increase supplements the interim pension increase of 150%</i>
<b>Legacy ADB</b>	Active & Pensioners	307%	305%	n/a	For the period from 1 January 2024 to 5 April 2024

## Professional Issues

2.11 The requirements of Technical Actuarial Standards, TAS 100 - Principles for technical actuarial work and TAS 300 - Pensions, have been considered in relation to this report and have been complied with where material and relevant.

2.12 The Technical Actuarial Standards are issued by the Financial Reporting Council (FRC) which sets technical standards for actuarial work in the UK. As the Fund does not fall under the geographic scope of the FRC, certain aspects have no relevance in this case.

2.13 The report was reviewed internally by Stalwart Actuaries and Consultants.

## Reporting Currency

2.14 Please note that all monetary amounts in this report are denominated in ZIG unless specified otherwise.

### **Reliance and Limitations**

- 2.15 This report, its opinions and conclusions are for the use of the Trustees of the Fund. The report should not be regarded as suitable for use by any other persons or for any other purpose not specified. It may be submitted to the relevant stakeholders of the Fund with the approval of the Trustees. No reliance should be placed on this report by any third party, and we accept no responsibility or liability to any third party in respect of this report.

### 3. KEY FEATURES OF THE FUND

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- 3.1 The Mining Industry Pension Fund (“the Fund”) commenced on 1 July 1952. The Fund was established through a memorandum of agreement between the Chamber of Mines of Zimbabwe ("the Employers' organization"), and the Associated Mine Workers Union of Zimbabwe and the Mine Officials and Salaried Staff Association (" the trade unions").
- 3.2 Prior to 1 January 2021, aggregate employee and employer contributions were used to purchase deferred annuities, payable from Normal Retirement Date.
- The amounts of the deferred annuities purchased were determined by reference to a set of age and gender-dependent factors which were set out in the Rules of the Fund.
  - Once contributions had been applied to purchase deferred pensions the pensions so purchased became part of the accrued liabilities of the Fund.
  - At each valuation of the Fund bonuses were added to the existing accrued pensions and to pensions in payment, depending on the level of surplus available.
- 3.3 With effect from 1 January 2021, the Board of Trustees resolved to;
- cease the accrual of future service benefits under the prevailing benefit structure and pension purchase factors and;
  - introduce a Defined Contribution (“DC”) structure for future service pensions.
  - convert accrued Defined Benefit (“DB”) pensions for non-pensions from DB to DC
  - retain existing benefit structure for all pensions in payment (including suspended pensioners)

#### **Contributions to the Fund**

- 3.4 Each employee member shall contribute 7.5% of basic wages or salaries which is credited to Members’ Accumulated Credits
- 3.5 Each employer member shall contribute, in respect of the employee members, the following;
- 5.0% of employee members’ basic wages or salaries, which is credited to the employee member’s Accumulated Credit; and
  - 2.25% employee members’ basic wages or salaries, which is credited to the Expense Reserve Account to provide for administrative costs; and
  - 0.25% of such employee members’ basic wages or salaries, to provide for the cost of the Additional Death Benefit

#### **Benefits purchased by contributions**

- 3.6 The normal retirement age is 60 years. The accrued benefits of a Defined Contributions (DC) Scheme in respect of active, deferred, and preserved members of the Fund will be the aggregate of;
- The opening liability in the DC Fund as at 1 January 2021 (set equal to the actuarial value of the benefits accrued under the previous benefits structure up to 31 December 2020, including all bonuses declared to 31 December 2020) plus;
  - Member contributions paid from 1 January 2021 to the valuation date plus;

- Employer contributions paid from 1 January 2021 to the valuation date less;
- Benefits paid from 1 January 2021 to the valuation date plus;
- any Fund interest declared from 1 January 2021 up to the valuation date

#### **Risk Benefits**

3.7 The Fund has retained some benefits of a Defined Benefit nature. In particular, the Fund provides the following benefits:

- Pension payments, once set, are guaranteed by default, and met directly from the Fund.
- The Rules of the Fund provide for the payment, on death of an Active member or a Pensioner, of an Additional Death Benefit to cover funeral costs. The Board of Trustees shall determine the amount of the benefit.

## 4. RISKS OF THE FUND

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### **Nature of benefits – before retirement**

- 4.1 The Fund is a defined contribution pension fund. In a purely defined contribution fund, the members are expected to bear the investment and experience risks of the Fund.
- 4.2 Members of the Fund are therefore exposed to the following risks

### **Investment risk**

- 4.3 Accumulated Credits will fluctuate with investment market conditions and there is a risk that the Fund could suffer significant falls in value under adverse investment market conditions.
- 4.4 This risk is mitigated through holding a diversified investment portfolio which aims to reduce the risk of loss from a single asset or asset class.

### **Inflation risk**

- 4.5 There is a risk of reduced purchasing power due to investment returns failing to keep up with inflation.
- 4.6 This risk is mitigated by investing in real assets such as equities and property which are expected to provide real returns over the long term.

### **Expense risk**

- 4.7 The cost of administration is met from the assets of the Fund for Sub-account 1 and funded by Employer contributions for Sub-account 2 and Sub-account 3 . There is a risk that the level of expenses becomes too high, and/or inadequate contributions paid, leading to high charges on members' accounts.
- 4.8 The administration expenses are regularly monitored to ensure that aggregate expenses do not exceed the amounts paid to meet the cost of administration.

### **Nature of benefits – after retirement**

- 4.9 The Fund also pays pensions directly from the Fund. Therefore, the benefit at retirement switches to defined benefit with all the associated risks.
- 4.10 In a defined benefit scheme, the benefits are normally guaranteed by the sponsor who bears the investment and experience risks of the Fund. It is, however, noted that there is no provision within the Rules of the Fund to demand additional contributions from the sponsoring employers in the event of an actuarial deficit emerging in the Fund.
- 4.11 In the absence of additional contributions by the sponsors of the Fund, pensioners of the Fund are therefore exposed to the following risks.

### **Investment risk and negative bonuses**

- 4.12 The amount of pension which can be purchased will depend on the cost of purchasing a pension. Pension payments, once set, are payable for life in terms of the Rules of the Fund and met directly from the Fund.

- 4.13 There is a risk of deficits emerging if actual experience (e.g., mortality and investments) is worse than assumed in pension purchase factors.
- 4.14 Pensioners face the risk of a reduction in pensions if the deficits are not reduced either through additional Employer funding or improved investment returns.
- 4.15 Investment risk is mitigated through holding a diversified investment portfolio which aims to reduce the risk of loss from a single asset or asset class.
- 4.16 Pensioner mortality experience is analysed every five years. The valuation mortality basis and the cost of purchasing pensions will be adjusted, if required, to reflect the observed mortality experience.

## 5. MEMBERSHIP DATA

- 5.1 The data required for the valuation has been obtained from records which are maintained by the Fund. The data was subjected to various checks for reasonability and consistency; I am satisfied with the accuracy and completeness of the data for the purposes of this Valuation. In cases where data was not available but was of no material consequence to the financial position of the Fund, I have made necessary assumptions.
- 5.2 While data checks are performed for the valuation, the final accountability for the accuracy of the Fund's data, however, resides with the Trustees and their appointed Administrators.
- 5.3 A summary of the active membership data on which the valuation has been based, together with statistics derived from this data, is set out below. Additional membership data statistics are in Appendix III of the report.

### Key membership statistics

The following summarizes the membership data provided as at the current valuation date and the previous valuation date. Further data summaries split by sub-account are provided in Appendix II.

Active members	5-Apr-24	31-Dec-24	Change
Number	26,592	27,356	764
Average Age	46.6	46.9	0.3
Sub-account 1 Fund Credit (ZIG)	681,053,156	644,671,615	(36,381,541)
Sub-account 2 Fund Credit (ZIG)	357,809,443	442,198,615	84,389,172
<b>Total Fund Credit (ZIG)</b>	<b>1,038,862,599</b>	<b>1,086,870,229</b>	<b>48,007,630</b>
<b>Sub-account 3 Fund Credit (USD)</b>	<b>14,128,230</b>	<b>19,547,144</b>	<b>5,418,914</b>

Deferred Pensioners	5-Apr-24	31-Dec-24	Change
Number	39,032	39,383	351
Average Age	47.8	48.2	0.4
Sub-account 1 Fund Credit (ZIG)	343,573,297	345,131,976	1,558,679
Sub-account 2 Fund Credit (ZIG)	46,745,215	52,917,174	6,171,959
<b>Total Fund Credit (ZIG)</b>	<b>93,490,430</b>	<b>105,834,348</b>	<b>12,343,918</b>
<b>Sub-account 3 Fund Credit (USD)</b>	<b>1,067,165</b>	<b>1,298,250</b>	<b>231,085</b>

Preserved Pensioners	5-Apr-24	31-Dec-24	Change
Number	7,088	6,986	-102
Average Age	45.9	46.2	0.4
Sub-account 1 Fund Credit (ZIG)	80,584,653	82,529,172	1,944,519
Sub-account 2 Fund Credit (ZIG)	7,497,088	9,382,360	1,885,272
<b>Total Fund Credit (ZIG)</b>	<b>88,081,741</b>	<b>91,911,532</b>	<b>3,829,791</b>
<b>Sub-account 3 Fund Credit (USD)</b>	<b>164,852</b>	<b>224,989</b>	<b>60,137</b>

Unclaimed (over age 65)	5-Apr-24	31-Dec-24	Change
Number	4,372	4,912	540
Average Age	67.7	68.1	0.4
Sub-account 1 Fund Credit (ZIG)	16,942,481	16,919,443	(23,038)
Sub-account 2 Fund Credit (ZIG)	978,725	924,902	(53,823)
<b>Total Fund Credit (ZIG)</b>	<b>17,921,206</b>	<b>17,844,345</b>	<b>(76,861)</b>
<b>Sub-account 3 Fund Credit (USD)</b>	<b>19,030</b>	<b>23,972</b>	<b>4,942</b>

Current Pensioners	5-Apr-24	31-Dec-24	Change
<b>Former Members</b>			
Number	8,001	7,778	-223
Pension Weighted Average Age	68.3	68.3	0.0
Sub-account 1 Pension (ZIG)	18,135,509	18,143,810	8,301

Sub-account 2 Pension (ZIG )	557,677	872,638	314,961
<b>Total Annual Pension (ZIG )</b>	<b>18,693,186</b>	<b>19,016,448</b>	<b>323,262</b>
<b>Sub-account3AnnualPension(USD'000)</b>	<b>7,611</b>	<b>10,562</b>	<b>2,950.9</b>
<b>Spouses</b>			
Number	1,086	1,030	-56
Pension Weighted Average Age	63.9	64.1	0.2
Sub-account 1 Pension (ZIG )	2,597,358	2,490,768	(106,589)
Sub-account 2 Pension (ZIG )	30,251	25,324	(4,927)
<b>Total Annual Pension (ZIG )</b>	<b>2,627,608</b>	<b>2,516,092</b>	<b>(111,516)</b>
<b>Sub-account3AnnualPension(USD'000)</b>	<b>489</b>	<b>522</b>	<b>32</b>
<b>Suspended Pensioners</b>			
	<b>5-Apr-24</b>	<b>31-Dec-24</b>	<b>Change</b>
<b>Former Members</b>			
Number	2,658	2,944	286
Pension Weighted Average Age	82.9	82.8	(0)
Sub-account 1 Pension (ZIG )	5,706,507	6,228,109	521,602
Sub-account 2 Pension (ZIG )	7,102	13,876	6,774
<b>Total Annual Pension (ZIG )</b>	<b>5,713,608</b>	<b>6,241,984</b>	<b>528,376</b>
<b>Spouses</b>			
Number	410	445	35
Pension Weighted Average Age	81.2	81.3	0
Sub-account 1 Pension (ZIG )	943,342	1,017,331	73,988
Sub-account 2 Pension (ZIG )	-	34	34
<b>Total Annual Pension (ZIG )</b>	<b>943,342</b>	<b>1,017,365</b>	<b>74,023</b>

## 6. ASSETS

- 6.1 The objective of the valuation of a pension scheme's assets for comparison with the Fund's accrued liabilities is to place a value on the assets which represents an assessment of the underlying long-term value of assets that is consistent with the principles used in placing a value on the Fund's liabilities.
- 6.2 The macroeconomic environment has remained volatile and highly uncertain. Inflationary pressures have continued to reduce real disposable income levels and economic productivity. The continued depreciation of the recently introduced ZIG exerts inflationary pressures as prices of goods and services in large sectors of the economy are indexed to the United State dollar.
- 6.3 I have noted the following market indicators;
- The ZIG, as determined by the "Interbank rate", depreciated against the United States Dollar from USD1: ZIG13.56 as at 8 April 2024 to USD1: ZIG25.80 as at 31 December 2024. This is equivalent to an increase of approximately 90% in ZIG that are indexed to the US dollar.
  - The ZIG denominated ZSE all share index increased by 118% over the period from 8 April 2024 to 31 December 2024.
- 6.4 I have taken the assets at their stated market values for purposes of this exercise. The assets of the Fund, based on financial statements, were as follows:

### Summary of assets since the previous statutory valuation

Assets	( ZIG 'millions)								USD (millions)	
	05-Apr-24				31-Dec-24				05- Apr- 24	31- Dec- 24
Valuation Date	SA1	SA2	SA3	Total	SA1	SA2	SA3	Total	SA3	SA3
Prescribed assets	20.8	80.5	70.9	<b>172.2</b>	142.7	327.7	550.6	<b>1,020.9</b>	7.8	8.0
Old Mutual Guaranteed Fund	8.7	-	-	<b>8.7</b>	32.7	-	-	<b>32.7</b>	-	-
Quoted Shares	415.4	309.2	26.4	<b>751.0</b>	842.0	657.3	50.2	<b>1,549.4</b>	1.9	1.9
Unquoted Shares	11.2	-	-	<b>11.2</b>	87.0	-	-	<b>87.0</b>	-	-
Fixed property	1,194.3	114.8	47.6	<b>1,356.7</b>	2,232.7	145.5	6.1	<b>2,384.3</b>	1.1	9.6
Fixed Income Investments	10.3	4.5	19.5	<b>34.3</b>	45.2	45.6	75.6	<b>166.3</b>	1.4	3.0
Money Market/Deposits	17.4	0.1	77.0	<b>94.5</b>	25.7	7.4	63.7	<b>96.8</b>	5.7	3.9
Net Current assets	17.8	0.4	22.2	<b>40.4</b>	15.6	(56.6)	62.1	<b>21.2</b>	2.0	3.3
<b>Net Assets as per Financial Statements</b>	<b>1,696.0</b>	<b>509.4</b>	<b>263.6</b>	<b>2,469.0</b>	<b>3,423.5</b>	<b>1,126.9</b>	<b>808.3</b>	<b>5,358.6</b>	<b>19.9</b>	<b>29.8</b>
Provision for contribution arrears and interest	0.0	23.6	62.2	<b>85.8</b>	0.0	120.5	271.5	<b>392.1</b>	7.7	11.2
Benefits provisions allowed for in Actuarial Reserves	-	-	-	-	5.3	27.2	0.3	<b>32.8</b>	-	0.0
Admin and ADB Reserve allowed for in Actuarial Reserves	0.4	(1.2)	1.1	<b>0.3</b>	14.6	4.8	8.7	<b>28.1</b>	0.6	0.4
Exchange rate adjustments	-	-	19.4	<b>19.4</b>	-	-	(17.9)	<b>(17.9)</b>	-	-
<b>Adjusted Assets</b>	<b>1,696.4</b>	<b>531.8</b>	<b>346.3</b>	<b>2,574.5</b>	<b>3,443.5</b>	<b>1,279.3</b>	<b>1,070.9</b>	<b>5,793.7</b>	<b>28.2</b>	<b>41.5</b>

- 6.5 Appendix I of this report shows a summary of the Revenue Statement of the Fund over the inter-valuation period.

- 6.6 The market value of the Fund's assets as per the financial statements has increased from ZIG2,469 million as at 5 April 2024 to ZIG5,359 million as at 31 December 2024. The increase in the asset values was primarily driven by property revaluation gains and gains on the ZSE.
- 6.7 The Fund earned an aggregate investment return of approximately 120% over the period from 6 April 2024 to 31 December 2024. I have also estimated the return achieved on the assets of each sub-account as follows;

Investment returns					
Period	SA1	SA2	SA3 (USD)	Fund Aggregate	
1 January 2024 to 5 April 2024	309%	300%	6.5%	339%	
6 April 2024 to 31 December 2024	114%	100%	5.5%	120%	
1 January 2024 to 31 December 2024	775%	700%	12.3%	866%	

### Property Market values

- 6.8 The IPEC Revaluation Guideline requires that the assets on the balance sheet are held at fair value. The property market values used in this valuation are fair values as determined by professional property valuers for the purposes of financial reporting.
- 6.9 Properties market values, as determined by professional property valuers, have increased from ZIG1,356 million as at 5 April 2024 to ZIG2,854 million as at 31 December 2024.
- 6.10 Property market values have been determined in USD by the property valuers. Therefore, any depreciation of the ZIG relative to the USD will result in gains in ZIG property market values.
- 6.11 It should be noted that the real value of property to a long-term institutional investor is the value derived from net rental income which would be used to meet benefit obligations. In a stable environment, the value of long-term rental income should converge to the market value of property.
- 6.12 Section 12.8 of the IPEC Revaluation Guideline recognises the difficulty in determining objective fair values under the current economic environment and permits the allocation of Revaluation Gains to smoothing funds.

### Outstanding contributions

- 6.13 Total contributions invoiced were ZIG565 million for the period from 6 April 2024 to 31 December 2024. Cumulatively, total unpaid contributions amounted to ZIG386 million excluding interest (ZIG425 million including interest).
- 6.14 An aggregate of ZIG392 million has been provisioned as bad and doubtful debts in respect of outstanding contributions with interest in the financial statements. However, the unpaid contributions and interest have been considered as part of the Fund's assets for the actuarial valuation as required by the IPEC Revaluation Guideline. I have also provided for a liability in respect of contribution arrears.
- 6.15 Section 27 of the revised IPEC Revaluation Guideline requires contribution arrears to be included as part of the assets of the Fund. I have therefore added back to the net assets the amounts in respect of contribution arrears and interest provisioned as doubtful debts in the Fund's financial statements.
- 6.16 The revised IPEC Revaluation Guideline now requires that the interest rate to be applied on outstanding contributions effective 1 January 2020 shall be the unsecured overdraft lending rate applied by the affected pension fund's bank.

6.17 I have allowed for the liability in respect of such outstanding contributions with interest to ensure that the asset values from contribution arrears were not allocated before the amounts due have been recovered from Employers.

#### **Comment on investment strategy**

6.18 In analysing the Fund's investment strategy, it is important to consider the current economic environment.

6.19 The pensioners' liabilities should normally be matched by long-term bonds, while non-pensioner liabilities can be matched by real assets (i.e. assets with returns that can be expected to be positively correlated with inflation in the long term) to provide some protection against the effects of inflation, provided that a sufficient reserve is maintained to ensure the Fund remains able to provide the guaranteed level of accrued pensions.

6.20 The Fund is heavily invested in real assets with approximately 50% of the market value of the assets invested in property and approximately 30% in equities. These assets may exhibit short term volatility but can be expected to be positively correlated to inflation in the medium to long term.

6.21 I am satisfied that the current investments of the Fund are appropriate having regard to the form and incidence of the liabilities of the Fund and the current economic environment.

6.22 The Fund's prescribed asset ratio was 19% as at 31 December 2024 compared to the minimum of 20% required.

#### **Sub-account 3 contributions debtors**

6.23 I note that contributions debtors for sub account 3 amount to USD11.9 million which is approximately 30% of the value of sub account assets. The outstanding amounts will not earn Fund bonuses and hence the members affected stand to be disadvantaged. The Fund should engage the relevant Employers to recover the outstanding amount together with late payment interest which should then be credited to member accounts.

## 7. VALUATION METHOD AND ASSUMPTIONS

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### Valuation Method

#### Liability prior to retirement

- 7.1 The accrued liabilities in respect of active, deferred, unclaimed and preserved members of the Fund were calculated as the aggregate of;
- The opening liability in the DC fund as at 1 January 2021 (set equal to the actuarial value of the benefits accrued under the previous benefits structure up to 31 December 2020, including all bonuses declared to 31 December 2020) plus;
  - Member contributions paid from 1 January 2021 to the valuation date plus;
  - Employer contributions paid from 1 January 2021 to the valuation date less;
  - Benefits paid from 1 January 2021 to the valuation date plus;
  - any Fund interest declared from 1 January 2021 up to the valuation date

#### Provision for liability in respect of contribution arrears

- 7.2 The membership data provides members' accrued benefits based on contributions received by the Fund only. i.e., the membership data provided does not include members' accrued deferred pensions based on contributions invoiced but not received by the Fund.
- 7.3 The IPEC Revaluation Guideline requires contribution arrears to be included as part of the assets of the Fund. To ensure consistency between assets and liabilities I have therefore estimated the actuarial liability in respect of contribution arrears from the contribution debtors' age analysis provided by the administrators of the Fund.

#### Pensioners' liability

- 7.4 The liability for pensions in payment is determined, using actuarial assumptions, by projecting pensions in payments over the expected future lifetimes of the pensioners and contingent beneficiaries, and discounting the projected payments back to the present.

#### Pensioners' post-retirement valuation assumptions

- 7.5 The most significant elements of the pensioners' valuation basis are the rate of return earned on the assets, the assumed rate of growth in accrued pensions and the mortality assumption.
- 7.6 The relative level of these assumptions with regard to each other is more important than the absolute levels. The absolute levels are chosen with regard to the long-term nature of the Fund. The valuation results are particularly sensitive to the difference between the valuation rate of interest and the assumed rate of pension and deferred pension inflation.

#### Interest rate

- 7.7 The net rate of return assumptions reflects the time value of money and the estimated timing of benefit payments - normally determined by reference to the expected long-term investment return from the Fund's assets. However, the current adverse and volatile investment climate and lack of long-term bonds makes it difficult to determine an objective long-term expected return.
- 7.8 For the current valuation, I have retained the net discount rate assumption of 5.69% per annum adopted at the previous valuation with no explicit allowance for pension increases.

7.9 In the absence of reliable long-term market indicators, a prudent assumption relative to actual returns will reduce the risk of underfunding whilst allowing for pensioners to benefit from pension increases in line with actual returns achieved by the Fund

### **Mortality**

- 7.10 The post-retirement mortality rates will provide an estimate of the expected future lifetimes of the pensioners and contingent beneficiaries.
- 7.11 It should also be noted that significant mortality improvements have been observed internationally – increasing the cost of funding defined benefits. These improvements are largely a result of the advances of science and medicine. Whilst there is little evidence to predict when these changes will apply to Zimbabwe, it may soon be appropriate to include an explicit allowance for mortality improvement in future valuations.
- 7.12 I have assumed that the post-retirement mortality experience of the Fund will be in line with 85% of the a(55) Ultimate mortality tables.
- 7.13 This assumption was initially informed by a pensioner mortality experience of the Fund, over the 5-year period from 2013 to 2017. This analysis showed that the actual number of pensioners deaths reported for the pensioner lives under investigation was approximately 90% of the expected deaths in accordance with 100% of the a(55) Ultimate mortality tables.
- 7.14 I have conducted an updated mortality experience analysis of Fund covering experience of the 5-year period from 2017 to 2021. This analysis showed that the actual number of pensioners deaths reported for the pensioner lives under investigation was approximately 70% of the expected deaths in accordance with 100% of the a(55) Ultimate mortality tables.
- 7.15 However, due the impact of a significant proportion of suspended pensioners, the analysis will have understated the actual mortality experience of the Fund as deaths from the suspended pensioner will not have been reported to the Fund. I therefore expect that the true mortality experience will be higher than what has been reported and have decided to retain the current mortality assumption.
- 7.16 Future life expectancy in accordance with 85% of the a(55) mortality table is as follows;
- A male pensioner aged 60 years will be expected live to age 78.6
  - A female pensioner aged 60 years will be expected live to age 82.5

### **Other Demographic assumptions**

7.17 For the purpose of valuing Spouse's benefits after retirement, I have assumed that all males are married with wives 5 years younger than themselves at retirement and all females are married with husbands 5 years older than themselves at retirement. This assumption is unchanged from the previous valuation.

### **Expenses assumptions**

- 7.18 It was assumed that administrative expenses for Sub-account 1 would be paid from the Fund. This assumption is unchanged from the previous valuation.
- 7.19 However, administrative expenses in respect of Sub-account 2 and Sub-account 3 are now funded from Employer contributions. This is a change from the previous valuation where it was assumed that all administrative expenses would be paid from the Fund.

### **Suspended pensioners' valuation**

- 7.20 The liability for suspended pensioners allows for the probability that suspended pensioners may have died since the date of suspension.
- The Fund had 3,389 suspended pensioners as at the valuation date. This included 2,140 pensioners who have had their pension payments suspended for over 5 years.
  - If all these suspended pensioners were still alive at the valuation date their current liability would be ZIG40.0 million at the valuation date. However, I believe that this value would overstate the liability as it includes a large number of unreported deaths.
  - The liability in respect of future pension payments to suspended pensioners is therefore calculated as the projected future pension payments multiplied by the probability that each suspended pensioner has survived between the suspension date and the valuation date.
  - This gives a liability in respect of suspended pensioners of ZIG28.8 million (72% of the unadjusted liability).
- 7.21 The liability for suspended pension arrears has been taken at 100% of pension arrears. I have also allowed for interest on suspended pension arrears equivalent to the bonus declared for active members.

## 8. VALUATION RESULTS PAST SERVICE

### Ongoing Valuation

8.1 The valuation balance sheet as at the previous and the current valuation is set out below. The funding level is determined by expressing the assets as a percentage of the past service liabilities.

### Past Service Valuation results

8.2 The table below shows the balance sheet as at 31 December 2024. The values include the bonuses and pension increases declared following the 5 April 2024 valuation.

#### Summary of balance sheet since the previous statutory valuation

Balance Sheet Valuation Date Sub Account	(ZIG 'millions)								USD (millions)	
	05-Apr-24				31-Dec-24				5-Apr-24	31-Dec-24
	SA1	SA2	SA3	Total	SA1	SA2	SA3	Total	SA3	SA3
Member Fund Credits	1,122.2	413.0	188.8	<b>1,724.0</b>	1,089.3	505.4	544.2	<b>2,138.9</b>	14.1	21.1
Contribution arrears	0.0	48.7	138.0	<b>186.8</b>	0.0	181.4	447.6	<b>629.0</b>	11.2	17.3
Pensioners' Liability	217.4	6.8	1.2	<b>225.4</b>	218.5	10.3	3.3	<b>232.1</b>	0.0	0.1
Cash-in-lieu of pension increases	44.1	1.5	-	<b>45.6</b>	15.8	0.0	-	<b>15.8</b>	-	-
Suspended Pensioners' arrears	68.3	0.2	-	<b>68.5</b>	73.0	0.4	-	<b>73.5</b>	-	-
Administration Expenses Reserve	-	-	6.5	<b>6.5</b>	(9.6)	(20.8)	7.8	<b>(22.5)</b>	0.5	0.2
Additional Death Benefit Reserve	14.6	4.8	2.2	<b>21.6</b>	14.2	7.4	2.2	<b>23.8</b>	0.2	0.3
Data Reserve	22.3	26.4	6.3	<b>55.0</b>	21.3	25.0	10.9	<b>57.2</b>	0.5	0.4
Provision for exited members	37.3	3.8	3.3	<b>44.3</b>	51.6	9.3	7.5	<b>68.5</b>	0.3	0.3
Contingency Reserve	-	26.6	-	<b>26.6</b>	172.2	64.0	-	<b>236.1</b>	0.0	-
2009 Compensation Reserve	170.2	-	-	<b>170.2</b>	170.2	-	-	<b>170.2</b>	-	-
<b>Total Liability</b>	<b>1,696.4</b>	<b>531.8</b>	<b>346.3</b>	<b>2,574.5</b>	<b>1,816.6</b>	<b>782.5</b>	<b>1,023.5</b>	<b>3,622.6</b>	<b>26.9</b>	<b>39.8</b>
<b>Adjusted Assets</b>	<b>1,696.4</b>	<b>531.8</b>	<b>346.3</b>	<b>2,574.5</b>	<b>3,443.5</b>	<b>1,279.3</b>	<b>1,070.9</b>	<b>5,793.7</b>	<b>28.2</b>	<b>41.5</b>
Surplus/ (Deficit)	-	-	-	-	<b>1,626.9</b>	<b>496.8</b>	<b>47.4</b>	<b>2,171.1</b>	<b>1.3</b>	<b>1.7</b>
Funding Level	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>190%</b>	<b>163%</b>	<b>105%</b>	<b>160%</b>	<b>105%</b>	<b>104%</b>
Unfunded Compensation Scheme Liability – Option 1	804.9	-	-	<b>804.9</b>	1,924.9	-	-	<b>1,924.9</b>		
Unfunded Compensation Scheme Liability – Option 2	141.3	-	-	<b>141.3</b>	141.3	-	-	<b>141.3</b>		

8.3 The value of the aggregate Fund liabilities as at 31 December 2024 was ZIG3,623 million compared with an asset value of ZIG5,794 million. This is equivalent to a surplus of ZIG2,171 million.

- The value of the Sub-account 1 accrued liabilities as at 31 December 2024 was ZIG1,817 million compared with an asset value of ZIG3,444 million. This is equivalent to a surplus of ZIG1,627 million.
- The value of the Sub-account 2 accrued liabilities as at 31 December 2024 was ZIG782 million compared with an asset value of ZIG1,279 million. This is equivalent to a surplus of ZIG497 million.
- The value of the Sub-account 3 accrued liabilities as at 31 December 2024 was USD39.8 million (ZIG1,024 million) compared with an asset value of USD41.5 million (ZIG1,071 million). This is equivalent to a surplus of USD1.7 million (ZIG47 million).

## Proposed Compensation Scheme

- 8.4 In line with the Compensation Regulations, I determined the prejudice caused to members to be USD60.4 million as at 31 December 2014.
- 8.5 This amount will need to be updated with interest from 31 December 2014 to the date of payment. I considered two approaches to update the prejudice amounts;
- Option 1 – In line with ASZ Guidance, the prejudice is maintained in USD and accumulated at a rate of 3% per annum, or Fund USD returns if higher, until the payment date. Under this option, the value of the prejudice increases to USD81.2 million as at 31 December 2024 (equivalent to ZIG 2,095 million).
  - Option 2 - There is no external funding to meet the cost of the prejudice determined and the prejudice will be funded from the assets of the Fund. I therefore considered an alternative approach that would be more affordable, sustainable, and equitable across the membership. This would be to accumulate the 2014 prejudice in line with the actual bonuses credited to members' accounts over the period from 2014 to the date of payment. Under this option, the value of the prejudice is ZIG311 million as at 31 December 2024 (equivalent to USD12.1 million) before the recommended 31 December 2024 bonus, and ZIG620 million as at 31 December 2024 (equivalent to USD24.1 million) after the recommended bonus.
- 8.6 I further recommended that the prejudice amounts can be funded from the aggregate of;
- **Compensation Reserve:** As at 31 December 2024, the date the Fund had reserves of ZIG170.2 million (equivalent USD6.6) million for Compensation before the recommended 31 December 2024 bonus. This includes the value of the contingency reserve transferred to the Compensation Reserve following the valuation as at 5 April 2024.
  - **1% Levy:** The Compensation Regulations state that if the existing Reserves are not adequate to make good the prejudice, then Funds shall apply a 1% annual levy on the on the value of the fund assets, which levy shall continue to be applied until the liability arising from the requirement to compensate the prejudice to its members is extinguished.

- 8.7 The proposed Compensation Scheme and options have been submitted to IPEC for consideration, and the Fund is awaiting feedback and/or approval.
- 8.8 The table below shows the proposed MIPF Compensation Scheme liability under the options considered in both USD and ZIG.

Proposed MIPF Compensation Scheme Liability				
	Option 1 (Prejudice maintained as USD and accumulated at 3% p.a.)		Option 2 (Prejudice maintained in local currency and accumulated with Fund bonuses)	
Date	(USD millions)	(ZIG equivalent 'millions)	(ZIG 'millions)	(USD equivalent 'millions)
<b>31 December 2014</b>	60.4	n/a	n/a	60.4
<b>5 April 2024</b>				
Accumulated prejudice	79.4	975.1	311.5	25.4
Funded by Compensation reserve	(13.9)	(170.2)	(170.2)	(13.9)
<b>Unfunded Liability</b>	<b>65.6</b>	<b>804.9</b>	<b>141.3</b>	<b>11.5</b>
<b>31 December 2024 (before proposed bonus)</b>				
Accumulated prejudice	81.2	2,095.1	311.5	12.1
Funded by Compensation reserve	(6.6)	(170.2)	(0.1)	(0.0)
<b>Unfunded Liability</b>	<b>74.6</b>	<b>1,924.9</b>	<b>311.4</b>	<b>12.1</b>
<b>31 December 2024 (after proposed bonus)</b>				
Accumulated prejudice	81.2	2,095.1	620.6	24.1
Funded by Compensation reserve	(13.1)	(339.0)	(339.0)	(13.1)
<b>Unfunded Liability</b>	<b>68.1</b>	<b>1,756.0</b>	<b>281.6</b>	<b>10.9</b>

#### Provision for liability in respect of contribution arrears

- 8.9 The membership data provides members' accrued benefits based on contributions received by the Fund only. i.e., the membership data provided does not include members' accrued deferred pensions based on contributions invoiced but not received by the Fund.
- 8.10 The IPEC Revaluation Guideline requires contribution arrears to be included as part of the assets of the Fund. To ensure consistency between assets and liabilities I have therefore estimated the actuarial liability in respect of contribution arrears from the contribution debtors' age analysis provided by the administrators of the Fund.
- 8.11 The provision also includes an allowance for contributions that have been received by the Fund but have not yet been credited to members' accounts. The breakdown of the amounts provided are summarized below;

Liability for contribution arrears	(ZIG 'millions)				USD
	SA1	SA2	SA3	Total	(millions)
Sub Account					SA3
Contribution Debtors	0.0	105.1	306.9	412.0	11.9
Interest on contribution arrears Debtors	0.0	21.4	45.6	67.1	1.8
Unallocated contributions	-	7.2	11.5	18.7	0.4
Prior period contributions received not yet credited to member accounts	-	4.8	52.8	57.7	2.0
Current period contributions received not yet credited to member accounts	-	30.8	29.6	60.4	1.1
Interest on Contributions Received but not yet credited to member accounts	-	11.0	1.1	12.2	0.0
Residual Balance from reconciliation	-	0.9	-	0.9	-
<b>Total Liability for contribution arrears</b>	<b>0.0</b>	<b>181.4</b>	<b>447.6</b>	<b>629.0</b>	<b>17.3</b>

### Data reserve

- 8.12 At the previous valuation, I established a data reserve of 1% of liabilities to allow for the data issues. I have retained these reserves for the current valuation adjusted for data corrections and adjustments. This reserve will be increased with any bonuses declared as appropriate.
- 8.13 The sources of data issues I have identified include;
- Unknown dates of birth. This includes over 1,000 members with unknown dates of birth at conversion from DB to DC for whom the conversion values are subject to recalculation.
  - Variances in reconciling the debtors' balances and invoiced contributions to contributions credited to members' accounts.
  - Contributions received which have not been credited to members' accounts

### Reserve fund

- 8.14 The Rules of the Fund grant the Board of Trustees the discretion to create from surpluses a reserve fund, not exceeding 5% of the total value of the assets, to safeguard the solvency of the Fund against poor investment returns.
- 8.15 I have therefore established a contingency reserve for Sub-account 1 and Sub-account 2 equivalent to 5% of the net assets of the Fund in the financial statements of the assets.

### Administration expenses reserve

- 8.16 In order to comply with the regulatory requirements, the Fund drafted Rule amendments to provide for the Funding of administration expenses and risk benefits from Employer contributions effective from 1 January 2023.
- 8.17 Under the redrafted rules, members and employers will continue to contribute an aggregate contribution of 15% of basic wages or salaries, which will be as follows:
- Each employee member shall contribute 7.5% of basic wages or salaries which is credited to Members' Accumulated Credits
  - Each employer member shall contribute, in respect of the employee members employed, the following
    - 5.0% of employee members' basic wages or salaries, which is credited to the employee member's Accumulated Credit; and
    - 2.25% of employee members' basic wages or salaries, which is credited to the Expense Reserve Account to provide for administrative costs; and

- 0.25% of such employee members' basic wages or salaries, to provide for the cost of the Additional Death Benefit

8.18 The redrafted Rules also now provide that the administration costs in respect of non-active members, who are not contributing to the Fund, shall not exceed 0.6% of the non-active members' share of the assets under management.

8.19 The tables below summarises the amounts provided for the funding of Administration Expenses.

Administration Expenses Reserve				
Sub Account	ZIG (millions)			USD (millions)
	SA1	SA2	Total	SA3
<b>Balance as at 5-Apr-24</b>	-	-	-	<b>0.5</b>
Employer Contributions	-	25.4	25.4	1.3
Administration Expenses Incurred	(9.6)	(46.2)	(55.7)	(1.6)
<b>Funding surplus/(strain)</b>	<b>(9.6)</b>	<b>(20.8)</b>	<b>(30.4)</b>	<b>(0.3)</b>
	-	-	-	-
<b>Balance as at 31-Dec-24</b>	<b>(9.6)</b>	<b>(20.8)</b>	<b>(30.4)</b>	<b>0.2</b>

- There is no direct funding of administration expenses for Sub-account 1, which effectively operates as a closed fund with no new contributions payable. The redrafted Rules require that the administration costs in respect of non-active members, who are not contributing to the Fund, shall not exceed 0.6% of the non-active members' share of the assets under management.
- The Sub-account 2 administration reserve account incurred a strain of ZIG20.8 million.
- The Sub-account 3 administration reserve account generated a surplus of USD0.3 million.

#### Reserve for Additional Death Benefits

8.20 The Rules of the Fund provide for the payment, on death of an Active member or a Pensioner, of an Additional Death Benefit to cover funeral costs. The Board of Trustees shall determine the amount of the benefit.

8.21 Prior to conversion of benefits from Defined Benefit to Defined Contribution, separate actuarial reserves were established for Sub-account 1 and Sub-account 2 to meet the cost of the additional death benefits. These legacy reserves have been retained under the new defined contribution structure.

- The legacy Additional Death Benefit reserve for Sub-account 1 will be in respect of all active members and pensioners who contributed to the Fund during the period to 31 December 2018.
- The legacy Additional Death Benefit reserve for Sub-account 2 will be in respect of all active members and pensioners who contributed to the Fund from 1 January 2019 to 31 December 2020.
- Therefore, Active members and pensioners who have accrued benefits in both sub-accounts will be eligible for a Sub-account 2 Additional Death Benefit in addition to the Sub-account 1 Additional Death Benefit.

8.22 The Rules of the Fund were amended during 2023 to now provide for additional funding of the ADB reserves from Employer contributions. Due to the difference in the sources of funding, I have assumed that the ADB reserves funded by Employer contributions will be ring-fenced and treated separately from the legacy ADB reserve.

- 8.23 However, the Rules of the Fund do not specify the benefit structure of the funded ADB. There are several matters which will need to be considered before setting the structure of the funded ADB. These matters include defining the eligibility criteria and the form and level of benefits, taking members reasonable expectations and benefit sustainability into account.
- 8.24 I recommend that Trustee consider and resolve the matters regarding the eligibility criteria and the form and level of the funded ADB and incorporate the structure within the Rules of the Fund. (Further details are provided in Section 9 of this report). This would enable the determination of the amount of ADB that can be afforded by the Fund's ADB reserves which would be backdated to deaths from 1 January 2023 (the date from which funding of the ADB from Employer contributions commenced).
- 8.25 The tables below summarises the amounts provided for the funding of the Additional Death Benefit.

ADB Reserve				
Sub Account	ZIG (millions)			USD (millions)
	SA1	SA2	Total	SA3
<b>Balance as at 5-Apr-24</b>	<b>14.6</b>	<b>4.8</b>	<b>19.4</b>	<b>0.2</b>
Employer Contributions	-	2.7	2.7	0.1
Benefits paid	(0.4)	(0.0)	(0.5)	(0.0)
<b>Funding surplus/(strain)</b>	<b>(0.4)</b>	<b>2.7</b>	<b>2.2</b>	<b>0.1</b>
<b>Balance as at 31-Dec-24</b>	<b>14.2</b>	<b>7.4</b>	<b>21.6</b>	<b>0.3</b>

- There is no direct funding of ADB reserve for Sub-account 1, which effectively operates as a closed fund with no new contributions payable. The existing reserve is retained from the previous benefit structure of the Fund
- The Sub-account 2 ADB reserve account generated a surplus of ZIG2.7 million as funding exceeded the benefits paid.
- The Sub-account 3 ADB reserve account generated a surplus of USD0.1 million as funding exceeded the benefits paid.

### Analysis of Surplus

- 8.26 The principal factors that gave rise to the current financial position are as follows:

Analysis of surplus		(ZIG 'millions)				USD (millions)
Sub Account	SA1	SA2	SA3	Total	SA3	
<b>Surplus/ (Deficit) as at 5-Apr-24</b>	-	-	-	-	-	
Investment return (excl. prop revaluation)	996.3	338.3	32.9	<b>1,367.5</b>	1.3	
Property Revaluation Gains	887.4	207.1	1.4	<b>1,095.8</b>	0.1	
Increase in contingency reserve	(172.2)	(37.4)	-	<b>(209.5)</b>	-	
Pensioners' cost of guarantee	(12.6)	(0.4)	-	<b>(13.0)</b>	-	
Cash-in-lieu of pension increases	(33.0)	(0.9)	-	<b>(33.9)</b>	-	
Administration expenditure	(10.0)	(18.1)	(4.2)	<b>(32.3)</b>	(0.2)	
Increase in data reserve	-	-	-	-	-	
2009 Compensation Reserve	-	-	-	-	-	
Miscellaneous gains/ (strains)	(29.1)	8.2	17.4	<b>(3.4)</b>	0.5	
<b>Surplus/ (Deficit) as at 31-Dec-2024</b>	<b>1,626.9</b>	<b>496.8</b>	<b>47.4</b>	<b>2,171.1</b>	<b>1.7</b>	

#### Investment return above valuation assumption (excl. property revaluation)

8.27 The Fund earned investment returns (excluding property revaluation) primarily driven by gains on listed equities. This led to gains of ZIG1,367 million.

#### Property Revaluation Gains

8.28 Property values determined by the property valuers in USD and converted to ZIG at the prevailing exchange rate. Property revaluation gains, primarily due to the depreciation of the ZIG led to gains of ZIG1,096 million.

#### Pensioners' cost of guarantee

8.29 Pensions in payment are guaranteed to be paid at current amounts for life. The cost of guarantee represents the aggregate of;

- the change in the liability that arises from the passage of time. This represents the unwinding of the discounting on the value placed on the benefits over the period, as they become closer to being paid. This cost is dependent of the valuation interest rate.
- The impact of actual mortality experience compared to the valuation assumption. The cost increases if the Fund experiences few pensioner deaths than assumed in the valuation basis

#### Cash-in-lieu of pension increases

8.30 Following the 31 December 2023 valuation, the Fund resolved to pay a proportion of the cost of pension increases as a lump sum in lieu of pension increases.

8.31 Current and suspended pensioners were awarded USD cash lumpsums in-lieu of pension increases equivalent to the value of 19.3% pension increases for Sub-account 1 and 25% for Sub-account 2, which were payable quarterly over the year to 31 December 2024.

8.32 The lump sum are payable in USD. Therefore, the USD liability causes a strain under the reporting currency (ZIG) as the ZIG has depreciated relative to the USD.

#### Administration expenditure

8.33 The Fund incurred administration expenditure in excess of funding provided by ZIG32.3 million.

#### Miscellaneous gains / (strains)

8.34 Miscellaneous gains/ (strains) include;

- Allowances for rounding and approximations in the analysis.
- Differences in values in membership data compared to the financial statements
- Changes in members demographic data from data corrections.

#### Sensitivity of results to market conditions

8.35 As the assets of the Fund are taken at their market value, volatility in investment performance can have an immediate effect on the funding level and surplus.

8.36 This is particularly relevant because the Fund is invested predominantly in riskier assets such as equities and property. A rise or fall in the level of equity and property markets has a direct impact on the financial position of the Fund.

8.37 The table below shows how the funding level and deficit would vary if investment conditions at 31 December 2024 had been different.

Asset class	Change	Change in surplus \$'millions	Change in funding level %
<b>Listed equities</b>	Lower by 25%	(387.4)	(10.7)%
<b>Fixed Property</b>	Lower by 25%	(596.1)	(16.5)%

#### Sensitivity of results to pensioners' valuation assumptions

8.38 It is important to understand that the pensioners' valuation results indicate the expected cost of providing the benefits using the chosen method and assumptions. The actual cost of providing the benefits will depend on the actual experience.

8.39 In order to illustrate this, a number of calculations have been carried out to highlight the sensitivity of the funding position to the assumptions adopted, focusing on the assumptions to which the funding position is most sensitive, as shown below:

Assumption	Change	Change in liability \$'millions	Change in liability %
<b>Discount rate</b>	Increase by 1%	(15.5)	(6.7)%
	Decrease by 1%	17.7	7.6%
<b>Life expectancy</b>	Increase by 1 year	13.6	5.8%
	Decrease by 1 year	(14.3)	(6.2)%

## 9. BONUS & PENSION INCREASE RECOMMENDATIONS

9.1 I have carried out an investigation of the financial condition of the Fund on an ongoing basis as at 31 December 2024. The value of the aggregate Fund liabilities as at 31 December 2024 was ZIG3,623 million compared with an asset value of ZIG5,794 million. This is equivalent to a surplus of ZIG2,171 million.

- The value of the Sub-account 1 accrued liabilities as at 31 December 2024 was ZIG1,817 million compared with an asset value of ZIG3,444 million. This is equivalent to a surplus of ZIG1,627 million.
- The value of the Sub-account 2 accrued liabilities as at 31 December 2024 was ZIG782 million compared with an asset value of ZIG1,279 million. This is equivalent to a surplus of ZIG497 million.
- The value of the Sub-account 3 accrued liabilities as at 31 December 2024 was USD39.8 million (ZIG1,024 million) compared with an asset value of USD41.5 million (ZIG1,071 million). This is equivalent to a surplus of USD1.7 million (ZIG47 million).

9.2 I have determined the allocation of the surplus as at 31 December 2024 in accordance with the requirements of the IPEC Revaluation Guideline.

9.3 I recommend the following bonus and pension increase rates;

Issue	Membership Categories	SA 1	SA 2	SA 3	Comments
<b>Bonus</b>	Active, Deferred, Preserved Members  Outstanding benefits,  Suspended pension arrears	99.2%	85.4%	6.5%	For the period from 6 April 2024 to 31 December 2024  <i>(pro-rated for exits before 31 December 2024)</i>
<b>Pension Increase</b>	Current and Suspended Pensioners	90.8%	77.8%	5.0%	with effect from 1 January 2025  <i>(pro-rated for pensions commencing after 6 April 2024)</i>
<b>Legacy Additional Death Benefit</b>	Active & Pensioners	99.2%	85.4%	n/a	For the period from 6 April 2024 to 31 December 2024

9.4 The table below illustrates the approximate funding position of the Fund if the recommended bonus rates above are adopted.

Balance Sheet										( ZIG )		USD	
at 31-Dec-24	Before surplus apportionment				After surplus apportionment				Before surplus	After surplus			
Sub Account	SA1	SA2	SA3	Total	SA1	SA2	SA3	Total	SA3	SA3			
Active Members' Fund Credits	644,671,614	442,198,614	504,286,998	<b>1,591,157,226</b>	1,284,631,182	759,206,491	531,548,853	<b>2,575,386,526</b>	19,547,143	20,603,866			
Deferred Members' Fund Credits	345,131,976	52,917,174	33,492,893	<b>431,542,043</b>	688,900,350	99,005,768	35,947,673	<b>823,853,791</b>	1,298,250	1,393,402			
Preserved Members' Fund Credits	82,529,172	9,382,360	5,804,384	<b>97,715,916</b>	164,876,164	17,720,822	6,212,615	<b>188,809,601</b>	224,989	240,813			
Unclaimed (over age 65)Members' Fund Credits	16,919,443	924,902	618,431	<b>18,462,776</b>	33,781,007	1,712,029	723,093	<b>36,216,129</b>	23,972	28,028			
Liability for contribution arrears	48,836	181,386,435	447,569,792	<b>629,005,063</b>	48,836	241,008,666	456,103,768	<b>697,161,270</b>	17,348,675	17,679,469			
Current Pensioners' Liability	189,921,306	10,157,671	3,277,720	<b>203,356,697</b>	362,388,155	18,069,117	3,443,556	<b>383,900,828</b>	127,051	133,479			
Suspended Pensioners' Liability	28,615,921	163,550	-	<b>28,779,471</b>	54,601,935	290,933	-	<b>54,892,868</b>	-	-			
Cash-in-lieu of pension increases	15,797,358	20,617	-	<b>15,817,975</b>	15,797,358	20,617	-	<b>15,817,975</b>	-	-			
Suspended Pensioners' arrears	73,035,765	417,424	-	<b>73,453,189</b>	153,600,713	874,012	-	<b>154,474,725</b>	-	-			
Administration Expenses Reserve	(9,578,162)	(20,778,045)	7,822,014	<b>(22,534,193)</b>	-	-	6,895,106	<b>6,895,106</b>	241,975	267,268			
Additional Death Benefit Reserve	14,180,571	7,432,045	2,235,124	<b>23,847,740</b>	28,253,734	13,780,868	8,311,252	<b>50,345,854</b>	306,296	322,160			
Data Reserve	21,319,196	25,016,537	10,854,253	<b>57,189,986</b>	42,476,914	46,386,907	11,562,289	<b>100,426,110</b>	420,732	448,177			
Provision for exited members	51,640,656	9,318,668	7,540,858	<b>68,500,182</b>	102,890,167	17,279,139	10,182,256	<b>130,351,562</b>	292,298	394,684			
Contingency Reserve	172,173,341	63,966,072	-	<b>236,139,413</b>	172,173,341	63,966,072	-	<b>236,139,413</b>	-	-			
2009 Compensation Reserve	170,167,936	-	-	<b>170,167,936</b>	339,046,960	-	-	<b>339,046,960</b>	-	-			
<b>Total Liability</b>	<b>1,816,574,929</b>	<b>782,524,024</b>	<b>1,023,502,467</b>	<b>3,622,601,420</b>	<b>3,443,466,816</b>	<b>1,279,321,441</b>	<b>1,070,930,461</b>	<b>5,793,718,718</b>	<b>39,831,381</b>	<b>41,511,346</b>			
<b>Adjusted Assets</b>	<b>3,443,466,816</b>	<b>1,279,321,441</b>	<b>1,070,930,461</b>	<b>5,793,718,718</b>	<b>3,443,466,816</b>	<b>1,279,321,441</b>	<b>1,070,930,461</b>	<b>5,793,718,718</b>	<b>41,511,346</b>	<b>41,511,346</b>			
<b>Surplus/ (Deficit)</b>	<b>1,626,891,887</b>	<b>496,797,417</b>	<b>47,427,994</b>	<b>2,171,117,298</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>1,679,965</b>	<b>-</b>			
<b>Funding Level</b>	<b>190%</b>	<b>163%</b>	<b>105%</b>	<b>160%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>104%</b>	<b>100%</b>			
Unfunded Compensation Scheme Liability – Option 1	<b>1,924,904,671</b>	-	-	<b>1,924,904,671</b>	<b>1,756,025,647</b>	-	-	<b>1,756,025,647</b>	-	-			
Unfunded Compensation Scheme Liability – Option 2	<b>141,325,283</b>	-	-	<b>141,325,283</b>	<b>281,580,119</b>	-	-	<b>281,580,119</b>	-	-			

9.5 If the recommended bonus rates are adopted, the aggregate bonus and pension increase rate for the year to 31 December 2024 will be as follows;

Rate	Membership Category	Sub-Account	5-Apr-24	31-Dec-24	Aggregate for 2024
<b>Bonus</b>	Active, Deferred & Preserved Members	Sub-account 1	307.0%	99.2%	710.7%
		Sub-account 2	305.0%	85.4%	650.9%
		Sub-account 3	8.1%	6.5%	15.1%
<b>Pension Increase</b>	Current and Suspended Pensioners	Sub-account 1	302.0%	90.8%	667.0%
		Sub-account 2	299.0%	77.8%	609.4%
		Sub-account 3	6.6%	5.0%	11.9%
<b>Legacy ADB</b>	Active & Pensioners	Sub-account 1	307.0%	99.2%	710.7%
		Sub-account 2	305.0%	85.4%	650.9%
		Sub-account 3	n/a	n/a	n/a

### Cash in-lieu of pension increases

9.6 I understand that the Fund intends to pay a proportion of the cost of pension increases as a lump sum in lieu of pension increases, such that each pensioner would receive;

- (iii) a USD cash lump sum in lieu of a part of the pension increases due, plus
- (iv) the residual pension increases which will be determined from the aggregate cost of pension increases less the value of the USD cash lump sum paid in (i).

9.7 The table below illustrates a few scenarios showing the cost of the USD lump sum payable (in ZIG and USD) and different options of lump sum payments and residual pension increases.

- For example, under sub account 1 (Scenario 5), the maximum pension increase is 90.8%. If the Fund paid the equivalent of 50.8% pension increases as a lump sum in lieu of pension increases, this would cost ZIG116.7 million (or USD 4.5 million) leaving a residual pension increase of 40% due to pensioners.
- Similarly, under sub account under sub account 2 (Scenario 5), the maximum pension increase is 77.8%. If the Fund paid the equivalent of 37.8% pension increases as a lump sum in lieu of pension increases, this would cost ZIG3.9 million (or USD0.2 million) leaving a residual pension increase of 40% due to pensioners.

Scenario	Sub-account 1				
	Maximum Pension increases	(i)Lumpsum in lieu of pension increase	ii)Residual Pension Increase	Cost of lump sum (ZIG millions)	Cost of lump sum (USD millions)
1	90.8%	90.8%	0.0%	208.6	8.1
2	90.8%	80.8%	10.0%	185.6	7.2
3	90.8%	70.8%	20.0%	162.6	6.3
4	90.8%	60.8%	30.0%	139.7	5.4
5	90.8%	50.8%	40.0%	116.7	4.5
6	90.8%	40.8%	50.0%	93.7	3.6

Sub-account 2					
Scenario	Maximum Pension increases	(i)Lumpsum in lieu of pension increase	ii)Residual Pension Increase	Cost of lump sum (ZIG millions)	Cost of lump sum (USD millions)
1	77.8%	77.8%	0.0%	8.0	0.3
2	77.8%	67.8%	10.0%	7.0	0.3
3	77.8%	57.8%	20.0%	6.0	0.2
4	77.8%	47.8%	30.0%	4.9	0.2
5	77.8%	37.8%	40.0%	3.9	0.2
6	77.8%	27.8%	50.0%	2.9	0.1

- 9.8 The scenario selected should be determined by reference to the available and liquid USD denominated assets under each sub account at the valuation date.
- 9.9 It should also be noted, and communicated to members of the Fund, that whilst paying cash-lumpsum in-lieu of pension increases provides immediate value and relief to pensioners, the adverse impact of this approach is that the pension amounts will now increase at lower rate after cashing in the value of pension increases.



**Tigere Mutare, FIA, AMASSA.**

*(in my capacity as consulting actuary to The Mining Industry Pension Fund and on behalf of Stalwart Actuaries and Consultants)*

**27 March 2025**

*For the purposes of professional regulation, my professional principal regulator is the Institute and Faculty of Actuaries (UK)*

## APPENDIX I: REVENUE STATEMENT

	Sub-account 1	Sub-account 2	Sub-account 3	Total	Sub-account 3 USD
<b>Fund @ beginning of period</b>	<b>1,693,361,452</b>	<b>509,471,867</b>	<b>266,265,086</b>	<b>2,469,098,406</b>	<b>19,896,722</b>
Prior year adjustment	(14,625,035)	(4,759,672)	(8,729,148)	(28,113,855)	
<b>INCOME</b>					
Member contributions	-	124,309,804	119,673,622	<b>243,983,426</b>	6,317,480
Employer contributions	-	96,491,582	93,977,649	<b>190,469,231</b>	4,872,551
Unallocated contributions	-	7,217,595	423,023	<b>7,640,617</b>	444,152
Transfers from other funds	-	183,429	2,214	185,643	163
Employer contribution towards expenses	-	25,384,710	23,691,590	<b>49,076,300</b>	1,329,044
Self insurance reserve funding	8,104	2,687,174	2,401,523	<b>5,096,801</b>	147,669
Interest on contribution arrears	13,483	14,943,954	14,975,192	<b>29,932,628</b>	824,467
Investment income	41,800,886	28,043,604	27,328,337	<b>97,172,827</b>	1,281,239
Net rental income	35,501,308	3,046,743	(79,378)	<b>38,468,673</b>	(7,258)
Property revaluation	887,430,177	207,054,717	185,725,526	<b>1,280,210,420</b>	52,500
Fair Value Gains on Investments (excl. property)	611,875,281	350,912,512	229,819,349	<b>1,192,607,142</b>	0
Other income	307,113,771	(43,679,528)	98,205,903	<b>361,640,146</b>	-
<b>Total Income</b>	<b>1,883,743,010</b>	<b>816,596,293</b>	<b>796,144,551</b>	<b>3,496,483,854</b>	<b>15,262,006</b>
<b>EXPENDITURE</b>					
Pension benefits	61,762,223	11,427,989	110,752	<b>73,300,964</b>	2,002
Other Benefits	13,329,041	35,714,918	14,618,102	<b>63,662,061</b>	613,782
Administration Expenditure	9,578,162	46,162,755	22,363,154	<b>78,104,071</b>	1,616,034
Provision for bad debts	54,305,512	101,129,883	208,321,604	<b>363,756,998</b>	3,111,745
Amounts written down on investments	-	-	-	-	-
<b>Total Expenditure</b>	<b>138,974,938</b>	<b>194,435,544</b>	<b>245,413,612</b>	<b>578,824,094</b>	<b>5,343,562</b>
<b>Fund @ end of period</b>	<b>3,423,504,490</b>	<b>1,126,872,945</b>	<b>808,266,876</b>	<b>5,358,644,311</b>	<b>29,815,165</b>

## APPENDIX II: MEMBERSHIP DATA CHECKS AS AT 31 DECEMBER 2024

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The membership data checks that were performed at the valuation date and material issues identified are reflected below.

### **Checks carried out on Membership data**

For each Member in the data received I checked for missing dates of birth, consistency of dates of birth, reference numbers and accrued pensions against the 5 April 2024. I also performed the following reasonability checks:

- Check for the uniqueness of members' reference numbers.
- Dates are valid and within reasonable ranges;
- Ages fall within reasonable ranges.
- Pensions and contributions fall within reasonable ranges
- Consistency of pensions and contributions with previous valuation data and declared bonuses
- Reconciliation of membership numbers as at 31 December 2024 to the numbers as at 5 April 2024.

The following membership statistics were calculated and checked for reasonability:

- Pension-weighted average ages;
- Total, maximum, minimum, and average pensions

Where dates were invalid or missing the average date for the membership category was used.

I noted variances in reconciling the debtors' balances and invoiced contributions to the contributions credited to members' accounts. I have allowed for this variance by increasing the provision for the liability in respect of contributions arrears.

Membership data summaries and statistics extracted from data provided split by sub account are shown below.

Active members	5-Apr-24	31-Dec-24	Change
<b>Sub-account 1</b>			
Number with Fund Credit >0	16,501	15,931	-570
Pension Weighted Average Age	48.0	48.6	0.6
Total Fund Credit (ZIG)	681,053,156	644,671,615	(36,381,541)
<b>Sub-account 2</b>			
Number with Fund Credit >0	21,833	23,051	1,218
Pension Weighted Average Age	44.0	44.3	0.4
Total Fund Credit (ZIG)	357,809,443	442,198,615	84,389,172
<b>Sub-account 3</b>			
Number with Fund Credit >0	9,706	12,093	2,387
Pension Weighted Average Age	43.9	44.3	0.3
Total Fund Credit (USD)	14,128,230	19,547,144	5,418,914
<b>Deferred members</b>			
<b>Sub-account 1</b>			
Number with Fund Credit >0	31,869	31,467	-402
Pension Weighted Average Age	48.4	48.9	0.6
Total Fund Credit (ZIG)	343,573,297	345,131,976	1,558,679
<b>Sub-account 2</b>			
Number with Fund Credit >0	7,435	8,062	627
Pension Weighted Average Age	43.6	43.5	(0.1)
Total Fund Credit (ZIG)	46,745,215	52,917,174	6,171,959
<b>Sub-account 3</b>			
Number with Fund Credit >0	1,754	1,895	141
Pension Weighted Average Age	40.3	41.4	1.1
Total Fund Credit (USD)	1,067,164.6	1,298,249.6	231,085.1

Preserved Pensioners	5-Apr-24	31-Dec-24	Change
<b>Sub-account 1</b>			
Number with Fund Credit >0	7,024	6,909	-115
Pension Weighted Average Age	46.1	46.6	0.5
Total Fund Credit (ZIG)	80,584,653	82,529,172	1,944,519
<b>Sub-account 2</b>			
Number with Fund Credit >0	726	760	34
Pension Weighted Average Age	42.8	42.8	(0.0)
Total Fund Credit (ZIG)	7,497,088	9,382,360	1,885,272
<b>Sub-account 3</b>			
Number with Fund Credit >0	73	93	20
Pension Weighted Average Age	41.6	40.9	(0.7)
Total Fund Credit (USD)	164,852	224,989	60,137
<b>Unclaimed (over age 65)</b>			
<b>Sub-account 1</b>			
Number with Fund Credit >0	4,204	4,714	510
Pension Weighted Average Age	67.7	68.1	0.4
Total Fund Credit (ZIG)	16,942,481	16,919,443	(23,038)
<b>Sub-account 2</b>			
Number with Fund Credit >0	128	137	9
Pension Weighted Average Age	66.2	66.9	0.7
Total Fund Credit (ZIG)	978,725	924,902	(53,823)
<b>Sub-account 3</b>			
Number with Fund Credit >0	23	32	9
Pension Weighted Average Age	65.7	66.7	1.0
Total Fund Credit (USD)	19,030.0	23,971.6	4,941.6

## Membership reconciliation

ACTIVE MEMBERS		DEFERRED MEMBERS		PRESERVED		UNCLAIMED		PENSIONERS	
<b>Opening Balance (06/04/2024)</b>	<b>26,592</b>	<b>Opening Balance (06/04/2024)</b>	<b>39,032</b>	<b>Opening Balance (06/04/2024)</b>	<b>7,088</b>	<b>Opening Balance (06/04/2024)</b>	<b>4,372</b>	<b>Opening Balance (06/04/2024)</b>	<b>12,156</b>
<b>Reinstatements</b>		<b>Reinstatements</b>		<b>New Entrants</b>		<b>New Entrants</b>		<b>New Entrants</b>	
Deferred	723	Active	1,453	Active	48	Active	25	Active	79
Preserved	53	Preserved	10	Deferred	25	Deferred	477	Deferred	63
Unclaimed	6	Unclaimed	4	Unclaimed	0	Preserved	84	Unclaimed	33
Exited	101	Exited	17	Exited	-	Exited	-	Preserved	12
	<b>883</b>		<b>1,484</b>		<b>76</b>		<b>586</b>	Exited	19
									<b>206</b>
<b>New Entrants</b>	<b>2,008</b>	<b>New Entrants</b>	<b>491</b>						
<b>Duplicate Records Merged</b>	<b>(49)</b>	<b>Duplicate Records Merged</b>	<b>(48)</b>	<b>Duplicate Records Merged</b>	<b>0</b>	<b>Duplicate Records Merged</b>	<b>(1)</b>	<b>Duplicate Records Merged</b>	<b>0</b>
<b>Exits</b>		<b>Exits</b>		<b>Exits</b>		<b>Exits</b>		<b>Exits</b>	
Transfer to Deferred	(1,453)	Transfer to Actives	(723)	Transfer to Actives	(53)	Transfer to Actives	(6)	Death	(115)
Transfer to Preserved	(48)	Transfer to Preserved	(25)	Transfer to Deferred	(10)	Transfer to Deferred	(6)	End of guaranteed Period	(50)
Transfer to Pensioners	(79)	Transfer to Pensioners	(63)	Transfer to Pensioners	(12)	Transfer to Preserved	-		<b>(165)</b>
Transfer to Unclaimed	(25)	Transfer to Unclaimed	(477)	Transfer to Unclaimed	(82)	Transfer to Pensioners	(33)		
Death	-	Death	-	Death	-	Death	-		
Ill-Health	-	Ill-Health	-	Ill-Health	-	Ill-Health	-		
Withdrawal / Resignation	-	Withdrawal / Resignation	-	Withdrawal / Resignation	-	Withdrawal / Resignation	-		
Retrenchment	(459)	Retrenchment	-	Retrenchment	-	Retrenchment	-		
Retirement	-	Retirement	-	Retirement	(21)	Retirement	-		
Other	(14)	Other	(288)	Other	-	Other	-		
	<b>(2,078)</b>		<b>(1,576)</b>		<b>(178)</b>		<b>(45)</b>		
<b>Closing Balance (31/12/2024)</b>	<b>27,356</b>	<b>Closing Balance (31/12/2024)</b>	<b>39,383</b>	<b>Closing Balance (31/12/2024)</b>	<b>6,986</b>	<b>Closing Balance (31/12/2024)</b>	<b>4,912</b>	<b>Closing Balance (31/12/2024)</b>	<b>12,197</b>

The tables below show the movement in members' liability from 6 April 2024 to 31 December 2024 for each sub account based on data provided.

Notional Asset Values Sub-Account 1	Opening Balance	Data adjustments	Contributions/ Interest	Benefits Paid/ payable	Transfer to Exits Reserve	Transfer to Pensioners	Expenses	Transfer to/from Surplus	Pensioners' Guarantee Cost	Liability before bonus	Surplus Allocation	Closing Balance
Member Fund Credits	1,122.2	1.1	-	(10.1)	(14.5)	(9.4)			-	1,089.3	1,082.9	2,172.2
Liability in respect of contribution arrears	0.0	-	0.0	-	-	-			-	0.0	-	0.0
Pensioners' Liability	217.4	-	-	(20.9)	-	9.4		-	12.6	218.5	198.5	417.0
Cash-in-lieu of pension increases	44.1							(28.3)	-	15.8	-	15.8
Suspended Pensioners' arrears	68.3	-	-	4.7				-	-	73.0	80.6	153.6
Administration Expenses Reserve	-						(9.6)		-	(9.6)	9.6	-
Additional Death Benefit Reserve	14.6	-	-	(0.4)	-	-		-	-	14.2	14.1	28.3
Data Reserve	22.3	(1.0)	-	-	-	-		-	-	21.3	21.2	42.5
Provision for exited members	37.3	(0.1)	-	-	14.5	-		-	-	51.6	51.2	102.9
Contingency Reserve	-	-	-	-	-	-		172.2	-	172.2	-	172.2
2009 Compensation Reserve	170.2	-	-	-	-	-		-	-	170.2	168.9	339.0
<b>Total Liability</b>	<b>1,696.4</b>	<b>-</b>	<b>0.0</b>	<b>(26.7)</b>	<b>-</b>	<b>-</b>	<b>(9.6)</b>	<b>143.9</b>	<b>12.6</b>	<b>1,816.6</b>	<b>1,626.9</b>	<b>3,443.5</b>

Notional Asset Values Sub-Account 2	Opening Balance	Data adjustments	Contributions	Benefits Paid	Transfer to Exits Reserve	Transfer to Pensioners	Expenses	Transfer to/from Surplus	Pensioners' Guarantee Cost	Liability before bonus	Surplus Allocation	Closing Balance
Member Fund Credits	413.0	1.5	109.3	(9.0)	(5.6)	(3.8)			0.0	505.4	372.2	877.6
Liability in respect of contribution arrears	48.7	-	132.7	-	-	-			-	181.4	59.6	241.0
Pensioners' Liability	6.8	-	-	(0.7)	-	3.8		-	0.4	10.3	8.0	18.4
Cash-in-lieu of pension increases	1.5							(1.5)	0.0	0.0	-	0.0
Suspended Pensioners' arrears	0.2	-	-	0.2	-			-	-	0.4	0.5	0.9
Administration Expenses Reserve	-						(20.8)		-	(20.8)	20.8	-
Additional Death Benefit Reserve	4.8	-	2.7	(0.0)	-	-		-	-	7.4	6.3	13.8
Data Reserve	26.4	(1.4)	-	-	-	-		-	-	25.0	21.4	46.4
Provision for exited members	3.8	(0.1)	-	-	5.6	-		-	-	9.3	8.0	17.3
Contingency Reserve	26.6	-	-	-	-	-		-	-	64.0	-	64.0
2009 Compensation Reserve	-	-	-	-	-	-		-	-	-	-	-

Notional Asset Values Sub-Account 3	Opening Balance	Data adjustments	Contributions	Benefits Paid	Transfer to Exits Reserve	Transfer to Pensioners	Expenses	Transfer to/from Surplus	Pensioners' Guarantee Cost	Liability before bonus	Surplus Allocation	Closing Balance
Member Fund Credits	15.4	0.2	6.3	(0.6)	(0.0)	(0.1)			(0.0)	21.1	1.2	22.3
Liability in respect of contribution arrears	11.2	-	6.1	-	-	-			-	17.3	0.3	17.7
Pensioners' Liability	0.1	(0.1)		(0.0)	-	0.1			0.0	0.1	0.0	0.1
Administration Expenses Reserve	0.5		1.3				(1.6)		-	0.2	0.0	0.3
Additional Death Benefit Reserve	0.2		0.1						(0.0)	0.3	0.0	0.3
Data Reserve	0.5	(0.1)	-	-	-	-		-	-	0.4	0.0	0.4
Provision for exited members	0.3	(0.0)	-	-	0.0	-		-	-	0.3	0.1	0.4
<b>Total Liability</b>	<b>28.2</b>	<b>-</b>	<b>13.9</b>	<b>(0.6)</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>(0.0)</b>	<b>39.8</b>	<b>1.7</b>	<b>41.5</b>

## APPENDIX III: IPEC REVALUATION CERTIFICATIONS

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### DATA CERTIFICATION BY THE REVALUATION ACTUARY

I, the undersigned, hereby certify that the data used for the purposes of determining and distributing Revaluation Gains which arose due to the 2019 currency reforms for the Mining Industry Pension Fund is sufficient, based upon information and belief formed after reasonable inquiry.

I also confirm that I have done the following before distribution of the Revaluation Gains;

- a. Checked and certified the adequacy/sufficiency of data as at 5 April 2024 and 31 December 2024.
- b. Reconciled the membership as at 5 April 2024 with that as at 31 December 2024.



**Tigere Mutare, FIA, AMASSA**

Revaluation Actuary

Date: 27 March 2025

*For the purposes of professional regulation, my professional principal regulator is the Institute and Faculty of Actuaries (UK)*

### CERTIFICATION OF THE ASSET AND LIABILITY CALCULATION METHODS AND ASSUMPTIONS BY THE REVALUATION ACTUARY

I, the undersigned, hereby certify that all the calculations for the purposes of determining and distributing Revaluation Gains for the Mining Industry Pension Fund as at 31 December 2024 were done in accordance with the “Guideline for the Insurance and Pensions Industry on Adjusting Insurance and Pension Values in Response to Currency Reforms”.

I also confirm that I have done the following before distribution of the Revaluation Gains;

- a. Checked the assets and accuracy of liabilities as at 5 April 2024 and 31 December 2024.
- b. Reconciled the assets and liabilities by membership category sub-account between 5 April 2024 with that as at 31 December 2024.
- c. Ensured equity in the distribution of revaluation gains between insurance and pension liabilities and between old and newer scheme members.



**Tigere Mutare, FIA, AMASSA**

Revaluation Actuary

Date: 27 March 2025

*For the purposes of professional regulation, my professional principal regulator is the Institute and Faculty of Actuaries (UK)*

**CERTIFICATION OF THE SOLVENCY POSITION BY THE REVALUATION ACTUARY:  
PENSION AND PROVIDENT FUNDS**

I, the undersigned, hereby certify that the Mining Industry Pension Fund is solvent on an ongoing basis as at 31 December 2024 as shown in the table below. This is after adjusting fund member values based on calculations in terms of the “Guideline for the Insurance and Pensions Industry on Adjusting Insurance and Pension Values in Response to Currency Reforms.”

<b>Measurement Date:</b>	<b>31 December 2024</b>
	<b>ZIG</b>
Total Assets	5,793,718,718
Actuarial Liabilities	5,218,532,345
Other Liabilities	575,186,373
Surplus/ (Deficit)	0
Funding Level	100%



**Tigere Mutare, FIA, AMASSA**

Revaluation Actuary

Date: 27 March 2025

*For the purposes of professional regulation, my professional principal regulator is the Institute and Faculty of Actuaries (UK)*

## APPENDIX IV: ASSESSMENT OF THE RECENTLY DEVELOPED ZIMBABWE MORTALITY TABLES

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### I. Background

- I.a The Insurance and Pensions Commission (IPEC) spearheaded the development of the new country-specific mortality tables in 2023. The actuarial industry has mostly adopted UK and South African mortality tables for actuarial assessments due to the absence of Zimbabwe specific mortality table. These tables are usually outdated and may not reflect the underlying unique mortality experience in Zimbabwe.
- I.b In 2023 IPEC requested that industry perform impact assessments of the new Zimbabwe mortality tables based on 30 June 2023 and 31 December 2023 valuations.
- I.c For the MIPF, I have assumed that the post-retirement mortality experience of the Fund will be in line with the 85% of the a(55) Ultimate mortality tables. (The a(55) mortality tables were developed from experience of UK annuitants from 1946 to 1948).
- I.d I adopted this basis following a pensioner mortality experience of the Fund, over the 5-year period from 2013 to 2017. This analysis showed that the actual number of pensioners deaths reported for the pensioner lives under investigation was approximately 90% of the expected deaths in accordance with 100% of the a(55) Ultimate mortality tables.
- I.e The analysis and impact assessment performed at December 2023 of the new Zimbabwe mortality tables disclosed the following;
- The Zimbabwe post retirement mortality table are not a good fit to the experience of the Fund
  - The Zimbabwe male mortality rates are higher than MIPF experience up to about age 60, and then significantly lower than experience thereafter
  - The Zimbabwe female mortality rates are lower than MIPF experience throughout.
  - The current mortality tables used of 85% of a(55) Ultimate mortality tables provide a closer match to MIPF experience than the Zimbabwe mortality tables.
- I.f However, following a comprehensive review of the industry submissions, IPEC has resolved to implement the new mortality tables on a phased approach over a 5-year period, beginning 1 January 2025. The full adoption of the new mortality tables is required to commence on the 1st of January 2030.
- I.g During the transition period, all statutory actuarial valuation submissions must include a dedicated section outlining the following at minimum:
- a) Steps being undertaken by insurers and pension funds to prepare for the transition to the new mortality tables;
  - b) Comparative analysis highlighting the impact of the new mortality tables on pricing and reserving. This analysis must clearly compare results under both the old mortality tables and the new mortality tables.
  - c) Stress testing scenarios to assess impact of the new tables on solvency and profitability.

### II. Comparison of mortality rates

- II.a The IPEC mortality project developed several different tables including tables, separately for male and female lives, for funeral assurance, group life assurance, life assurance, pre-retirement and post-retirement.

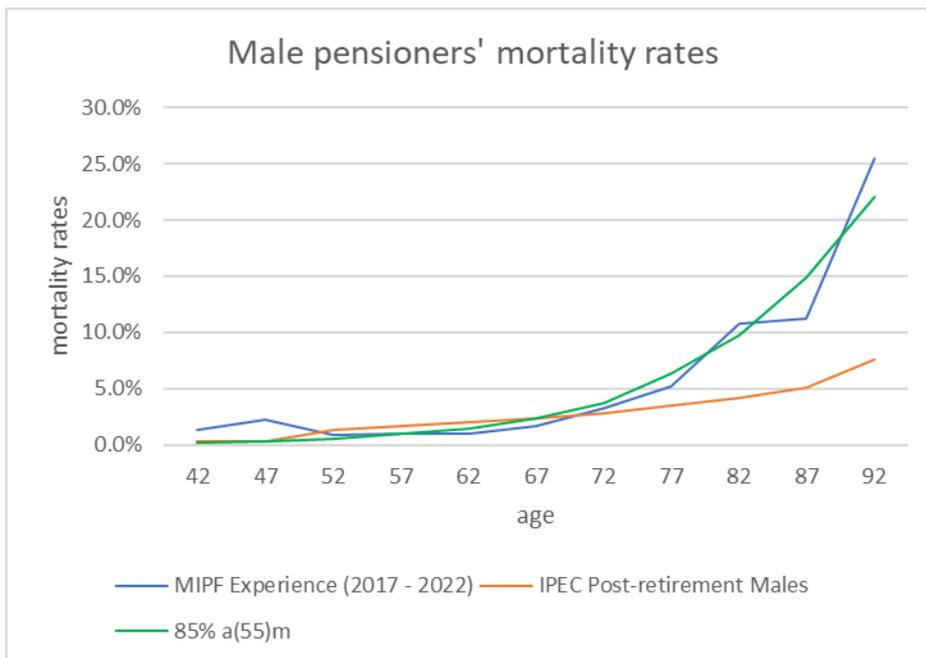
II.b For the purposes of this assessment, I have performed the quantitative assessment based on the post-retirement mortality rates applied to the current and suspended pensioners' liabilities. The tables used are;

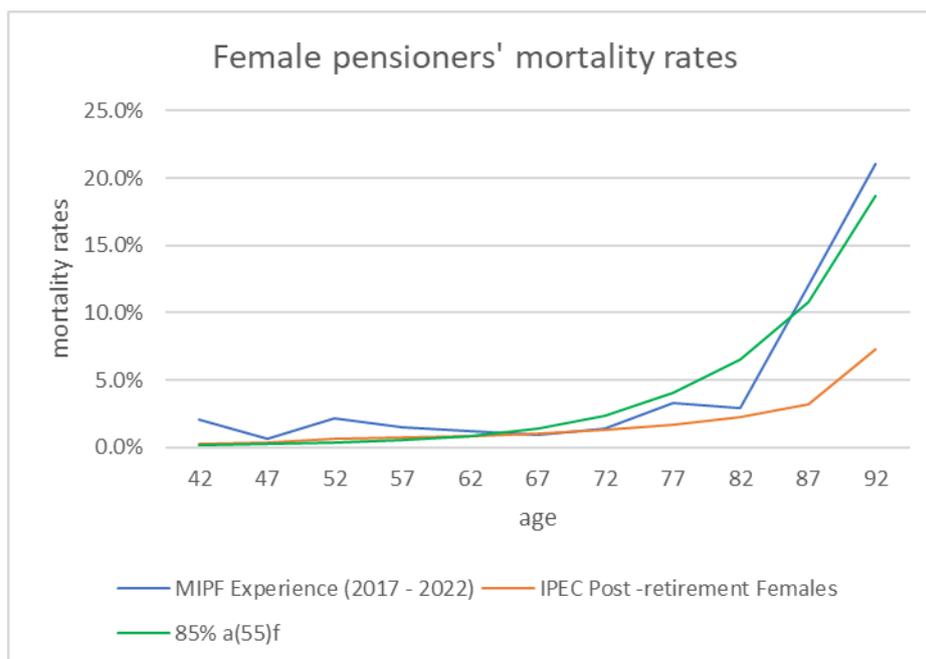
- Post-Retirement Pensions Male Life Tables, and
- Post-Retirement Pensions Female Life Tables

II.c I have now performed an updated pensioner mortality investigation analysis covering experience from 1 January 2017 to 31 December 2021. The following key points are noted:

- The analysis is performed with a 3-year lag after noting that there is a significant delay in the reporting of pensioner deaths to the Fund.
- Suspended pensioners have been excluded from the analysis as their current status, i.e. deceased or alive is unknown.
  - MIPF has 3,389 suspended pensioners as at the valuation date. This included 2,140 pensioners who have had their pension payments suspended for over 5 years.
  - This means that the reported mortality experience of the Fund will be understated as a material proportion of suspended pensions will have died, but not reported to MIPF

II.d The graphs below show a comparison of the actual MIPF experience against the current mortality rate used (i.e. 85% of the a(55) mortality tables and the Zimbabwe post-retirement mortality tables).





II.e The graphs show the following;

- The Zimbabwe post retirement mortality rates are not a good fit to the experience of the Fund
  - The Zimbabwe male mortality rates are higher than MIPF experience up to about age 60, and then significantly lower than experience thereafter
  - The Zimbabwe female mortality rates are lower than MIPF experience throughout.
- The current mortality tables used 85% of a(55) provide a closer match to MIPF experience than the Zimbabwe mortality tables.
- The observed mortality experience is lower than that expected from the a(55) mortality tables but some of this can be explained by the impact of suspended pensioner being excluded from the analysis.
- The Fund has significantly less female than male pensioner, which explains the shape of the MIPF experience curve and lower quality fit compared to the Males tables.

#### IV Impact assessment

III.a The tables below summarise the impact of the Zimbabwe post-retirement mortality tables on the pensioner reserves 31 December 2024.

MIPF PENSIONERS Pensioner valuation results as at 31 December 2024				Pension Weighted Average Age	Liability (85% a55)	Liability (Zim Post retirement Pensions Tables)	Impact	
	Type	Number	Total Pension					
CURRENT	Former Member	Single	6,806	16,775,440	68.35	148,184,434	216,634,408	20%
	Former Member	Joint-Life	972	2,241,008	68.15	27,434,390	33,772,286	16%
	Spouse	Single	692	1,628,893	63.10	18,128,602	21,762,168	16%
	Spouse	Joint-Life	193	548,725	69.69	5,197,554	6,614,128	22%
	Balance of Guaranteed Period	Single	145	338,475	60.02	1,133,998	1,133,998	0%
SUSPENDED	Former Member	Single	2,723	5,676,709	82.59	29,450,172	57,191,289	42%
	Former Member	Joint-Life	221	565,275	85.26	4,208,617	6,623,450	30%
	Spouse	Single	178	353,587	67.32	3,492,548	4,457,372	21%
	Spouse	Joint-Life	248	631,367	90.15	2,746,225	4,171,919	42%
	Balance of Guaranteed Period	Single	19	32,411	62.28	72,002	72,002	0%
	<b>Totals:</b>		<b>12,197</b>	<b>28,791,890</b>	<b>71.6</b>	<b>240,048,542</b>	<b>352,433,020</b>	<b>22%</b>

- III.b The table above shows that the impact of adopting the Zimbabwe post-retirement mortality tables would be an increase in reserves of 22% at 31 December 2024.
- III.c This impact is driven by the lower mortality rates and poor fit of the Zimbabwe mortality tables relative to the current assumptions and actual experience of the Fund.
- III.d The poor fit may also reflect the concerns raised in the Phase II Report on the Development of Mortality Tables relating to low volume of data for the Retirement Annuities and Annuities in Payment.

#### **IV Transition to the new mortality tables**

- III.e The comparative analysis of the mortality tables shows that the Zimbabwe post-retirement mortality tables are not a good fit to the experience of the Fund. The Zimbabwe post-retirement mortality tables will also have limitations due to the low volume of data used to derive the tables.
- I.h However, IPEC seemingly requires the full adoption of the new mortality tables by Industry from 1st of January 2030.
- III.f I therefore recommend that the Fund considers the following options, in consultation with IPEC
- Seek approval to continue using the a(55) mortality tables, which provide a better fit to the actual experience of the Fund, or
  - Work to develop bespoke MIPF mortality tables, based on the observed experience of the Fund.