



**RFLAUN**

Retirement Fund for Local Authorities  
and Utility Services in Namibia

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MEMBER ALERT

FOR IMMEDIATE RELEASE

15 June 2022

Dear RFLAUN Members

**RFLAUN Feedback to Members on Proposed 75% Compulsory Preservation of Retirement Benefits**

The Retirement Fund for Local Authorities and Utility Services (RFLAUN) is committed to keep members up to date regarding developments pertaining to the compulsory preservation of 75% as proposed under the **drafted Regulation** issued by the Minister of Finance as provided for in terms of THE **FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021 (FIMA), Regulation No: RF.R.5.10.**

By now all members should be aware that the Minister of Finance made an announcement on 13 May 2022 that the proposed compulsory preservation of retirement benefits was postponed for the time being. The Minister indicated that the postponement was to allow adequate time for broader consultations in terms of the envisaged regulation.

The Fund would still like to inform the members that the postponement of the proposed regulations only affects Regulation No: RF.R.5.10. The implementation of FIMA is however still scheduled for 1 October 2022 as promulgated.

With all that said, RFLAUN still maintained its obligation to submit the Board and member comments to NAMFISA regarding the proposed Regulation No: RF.R.5.10.

The following submissions were made:

**Authority to decide on Preservation of Benefit**

The 75% proposed preservation matter should either be decided by:

A member as an option on a voluntary basis

Or

By the Namibian Parliament as elected representatives of the Namibian people and to allow the public to transparently follow the debates and decision on this very important matter.

In the meantime, do not implement any compulsory preservation provisions whilst preparing for the decision to be referred to Parliament and while at the same time allowing proper consultations through the parliamentary system.



The following proposals were then also submitted by RFLAUN to NAMFISA for consideration.

### **Benefits accrued under the Pension Fund's Act**

- Ringfenced as at 30 September 2022 considering a FIMA implementation date of 1 October 2022;
- Accrue with monthly investment returns after 1 October 2022 until the date of termination of membership;
- Upon termination of membership, this accrued portion paid as per the current terms and conditions of the Fund's existing rules.

### **Benefits accruing under FIMA**

- All new contributions (member as well as employer) effective 1 October 2022;
- Accrue monthly investment returns;
- Exit before attaining the age of 55;
  - maximum of **one-third** of this "FIMA" accrued portion can be taken in cash;
  - **two-thirds** must be preserved as per current intensions of R.F.R.5.10 unless in the event of **retrenchment or dismissal**, then this two-thirds portion can also be taken in cash;
  - capital value of remaining two-third portion less than N\$ 50,000 – also paid in cash.
- In future, members can whilst still in service and actively participating in the fund, access one-third of the available accrued portion at that date in cash to alleviate financial distress.

### **RFLAUN survey on Members opinion regarding the Proposed Regulation R.F.R.5.10 Compulsory Preservation**

The Fund further conducted a survey on Members opinions regarding the proposed Compulsory Preservation Regulation (R.F.R.5.10) and the preliminary outcome of the survey was as follows:

1. *I think it is a good idea to preserve retirement benefits when exiting a Retirement Fund.*

	<i>Percentage outcome</i>
• Yes	16%
• No	84%



2. *I am in favour of the current drafted regulation requiring 75% preservation and 25% access to my benefit in the Fund.*

	<i>Percentage outcome</i>
• Strongly disagree	90%
• Disagree	5%
• Indifferent	1%
• Agree	1%
• Strongly agree	3%

3. *My opinion on preservation is*

*Percentage outcome*

• No preservation	38%
• 75% preservation	1%
• 50% preservation	3%
• 33% preservation	5%
• Voluntary preservation	53%

It is our hope that the results of the survey conducted and with the outcome as indicated above will further guide the policy makers in terms of the members sentiments regarding preservation.

It should be further noted that the same submission above will also be made as part of the consultation process with the Minister of Finance.

As soon as the final determination on preservation is made, RFLAUN will communicate to the members timeously, hence we caution members against any hasty decision regarding retirement benefits during this time when no decision has been taken regarding the preservation of benefits.

RFLAUN is grateful for the willingness to engage and patience granted by the members during this process and will always act in the best interest of its members.

END

Mr. Julianus Rukamba  
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