

THE RETIREMENT FUND FOR LOCAL AUTHORITIES AND UTILITY SERVICES IN NAMIBIA

(Registration Number 25/7/7/107)
ACTUARIAL VALUATION REPORT
as at 31 December 2024

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COMPILED BY:
Old Mutual Corporate Consultants



Executive Summary

We have pleasure in presenting the interim actuarial valuation report of the Retirement Fund for Local Authorities and Utility Services in Namibia (the "Fund") as at 31 December 2024. This summary is for reference purposes only, and should be read in the context of the full report.

Membership as at 31 December 2024

The membership of the Fund as at 31 December 2024 is as follows:

	31 December 2024	31 December 2023
Number of Active Members	4,699	4,664
Number of Pensioners	1,902	1,852

Financial Position

The financial position of the Fund as at 31 December 2024 was as follows:

	Assets	Liabilities	Reserves	Surplus
	N\$'000	N\$'000	N\$'000	N\$'000
Active Member Share Account	5,811,201	5,811,201	0	0
Actives Reserve Account	209,742	0	209,742	0
Pensioners Account	2,034,787	1,686,903	253,035	94,849
Disability Pensioners Account	1,175	0	0	1,175
TOTAL	8,056,906	7,498,104	462,778	96,024

Contribution Allocation

Members may select from a wide range of rates at which to contribute. The current Employer contribution allocations is as follows:

	Allocation
Total Employer Contributions	21.700%
Group Life Assurance premiums	1.400%
Disability premiums	0.629%
Dread Disease premiums	0.439%
Funeral premiums	0.012%
Administration expenses	1.007%
Benefit Consulting fees	0.057%
Actuarial and Investment Consulting fees	0.200%
Audit fees	0.080%
Trustee and Office Expenses	1.951%
Non-recurring expenses	0.048%
Net Employer Contributions	15.877%

Conclusions and Recommendations

It is recommended that the current Employer contribution allocation be maintained, subject to changes in risk premiums (other than changes in funeral premiums which are covered by the allocation to reserves) and salary related expenses.

I recommend that an enhancement of 0.10% to active Members' shares be made from the reserves.

I recommend that a 4.0% pension increase be granted effective 1 July 2025.

I recommend that the residual capital guarantee value be held separately to enable any payments made to the estate of a deceased pensioner to be debited against this.

I recommend that the funeral benefit for pensioners be increased from N\$10,000 to N\$15,000 with effect from 1 January 2026.

1. Introduction

1.1 Purpose of the report

This report gives the results of the 31 December 2024 actuarial valuation of the Retirement Fund for Local Authorities and Utility Services in Namibia ("the Fund"). The purpose of this report is as follows:

- To analyse the overall financial position of the Fund;
- To analyse the position of the Pensions Account and make any necessary recommendations;
- To analyse the position of the Disability Pensions Account and make any necessary recommendations;
- To analyse the position of the Reserve Account and make any necessary recommendations;
- To check the allocation of investment returns and that Members' Shares are reasonable; and
- To analyse the allocation of Employer contributions towards risk benefit premiums and expenses.

1.2 Background to the report

The Fund was established on 1 March 1992. The current actuarial valuation is as at 31 December 2024 ("the Valuation Date") and covers the 2024 Financial Year i.e. 1 January 2024 to 31 December 2024. The previous statutory actuarial valuation was conducted as at 31 December 2021, the previous interim actuarial valuation was conducted as at 31 December 2023 and this is a statutory actuarial valuation. The next interim actuarial valuation of the Fund is due as at 31 December 2025.

This actuarial valuation report covers, inter alia, the requirements of a Statutory Valuation in terms of Section 16 of the Pension Funds Act of the Republic of Namibia. We have followed the guidance notes of the Republic of South Africa (SAP201 of the Actuarial Society of South Africa) rather than those of the United Kingdom (GN9) as the Namibian legislative environment is closer to that of South Africa.

This report has been prepared for the Trustees of the Fund and should not be used by third parties for purposes not specifically mentioned. Reference to any part of this report should include references to the full report.

1.3 Previous recommendations

The Trustees approved the recommended annual pension increase of 4.0% effective 1 July 2024 and the payment of a 13th cheque bonus to pensioners. A special bonus interest allocation of 0.50% was allocated to all active effective 30 September 2024. The reserves of the Fund were held to protect against specific risks.

2. Benefits

2.1 Benefit Structure

A summary of the present benefit structure and contribution rates is given in Annexure I.

The Fund provides benefits on a defined contribution basis, where the benefit is equivalent to the member's individual accumulated credit. At retirement a member can purchase a guaranteed life pension from the Fund.

Employers contribute 21.7% of members' pensionable salaries which is first allocated towards covering risk benefit premiums and Fund expenses before the remaining portion (minimum 14.0%) is allocated towards retirement savings.

Members have the option to contribute at a rate of 7.5%, 9.0%, 10.0%, 11.0%, 12.0%, 14.0%, 15.0%, 16.0%, 18.0% or 20.0% of their pensionable salaries. Members who joined before 1 September 2008 also have the additional option to contribute at a rate of 2.5% or 5.0% of pensionable salaries.

2.2 Rule Amendments and Changes in Benefit Structure

Rule amendment number 10 came into effect during 2024. This gives members the option of contributing at 11%, 15%, 18% or 20% of their pensionable salaries.

2.3 Allocation of investment returns

The Fund operates on a monthly unitised basis.

2.4 Risk Benefit Policy

The Fund's death benefits were fully insured at the Valuation Date. In my opinion, in light of the nature of the Fund, the insurance of risk benefits is more appropriate than self-insurance. Furthermore, in my opinion, the level of reinsurance is adequate for the level of risk benefits offered by the Fund as at the Valuation Date. The Fund does not carry any residual risk in respect of these benefits.

3. Membership Data

3.1 Reasonability of Data

The Fund is administered by RFS Fund Administrators (Pty) Ltd ("RFS"). RFS provided data for this exercise, including data from their administration system and the Fund's audited financial statements. The data has been examined for reasonability and the position at 31 December 2024 reconciled with that of 31 December 2023.

Overall we are satisfied that the data is adequate for the purposes of this report.

3.2 Active Members

The active membership of the Fund as at the current valuation date is summarised below (figures as at the previous valuation date are shown for comparison purposes):

	31 December 2024	31 December 2023
Number of Members	4,699	4,664
Averages:		
Age (years)	44.1	44.1
Service (years)	11.8	11.6
Annual Pensionable Salaries:		
Total (N\$'000)	1,107,841	1,064,832
Average (N\$)	235,761	228,150
Member's Shares:		
Total (N\$'000)	5,811,201	5,124,277
Average (N\$)	1,236,687	1,095,892

Below is a reconciliation of the Fund's active membership over the 2024 Financial Year:

Active Members as at 31 December 2023	4,664
Less: Late Exits	-
Plus New Entrants	271
Less Deaths	(10)
Less Retirements	(114)
Less Withdrawals	(112)
Active Members as at 31 December 2024	4,699

3.3 Pensioners

The pensioner membership of the Fund as at the valuation date is summarised below (figures as at the previous valuation are shown for comparison purposes):

	31 December 2024	31 December 2023
Number of Actively Paid Pensioners		
Males	1,185	1,161
Females	717	691
TOTAL	1,902	1,852
Pension-Weighted Average Age:		
Males (years)	65.1	64.5
Females (years)	62.4	61.3
TOTAL (years)	64.1	63.3
Annual Pensions:		
Total (N\$'000)	129,380	126,590
Average (N\$)	70,049	68,353

Below is a reconciliation of the Fund's pensioner membership over the 2024 Financial Year:

	Pensioners
Pensioners as at 31 December 2023	1,852
Plus New Pensioners	150
Less Deaths	(47)
Less Terminations	(20)
Suspended	(212)
Reinstated	179
Pensioners as at 31 December 2024	1,902

4. Assets

4.1 Summary of Fund assets

The assets of the Fund are currently managed by a number of investment managers. The investment portfolios include both market linked and smoothed bonus portfolios.

The net asset value of the Fund is set out in the table below:

	31 December 2024	31 December 2023
	(N\$'000)	(N\$'000)
Invested and Other Non-Current Assets	8,076,600	7,191,555
Bank Account	73,808	108,951
Contributions Receivable	23,792	26,186
Other Current Assets	4,818	3,966
Creditors	(122,113)	(92,157)
Net Asset Value per Financial Statements	8,056,906	7,238,501

Non-Current Assets include both properties and direct housing loans to members.

The Fund earned a return of 12.5% over the 2024 Financial Year. The financial structure of the Fund is outlined below.

Inflation in Namibia as measured by the Consumer Price Index was 3.9% over the 2024 Financial Year, compared to 5.3% over the 2023 Financial Year.

4.2 Investment Returns and Options for Members

In terms of the Fund's life stage model, the Fund Credits of all members aged 55 at 1 April and 1 October each year are automatically transitioned to the Capital Protection Portfolio. Members however have the option to remain in the Market linked Portfolio and are required to confirm in writing by signing an option form should they wish to do so.

With effect from 1 October 2018, the Capital Protection Option in existence ("CPO1") was closed and a new Capital Protection Option ("CPO2") was set up.

CPO 1 invests in Old Mutual Absolute Core Growth portfolio

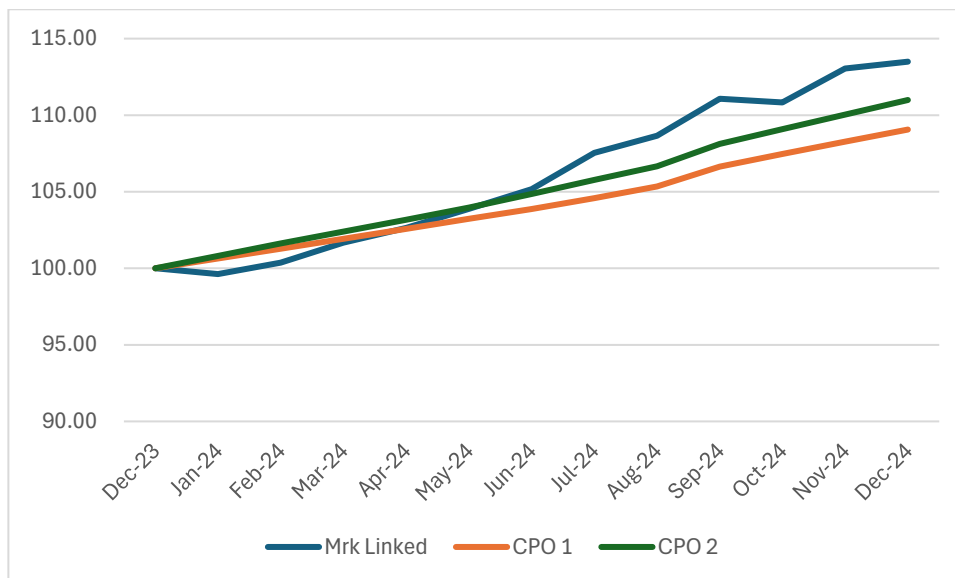
CPO 2 invests in / (disinvests from) the following portfolios:

- Old Mutual Absolute Core Growth portfolio 25% / (33.0%)
- Sanlam Stable Bonus portfolio 25% / (33.0%)
- Standard Bank Namibia Money Market Fund (Stanlib) 25% / (34.0%)
- Momentum Smooth Bonus Fund 25% / (0%)

Monthly returns over the 2024 Financial Year were as follows (including an additional return of 0.50% in September 2024):

	Market Linked	CPO 1	CPO 2
January 2024	-0.38%	0.64%	0.81%
February 2024	0.75%	0.64%	0.81%
March 2024	1.30%	0.64%	0.76%
April 2024	0.95%	0.64%	0.75%
May 2024	1.21%	0.64%	0.77%
June 2024	1.24%	0.62%	0.86%
July 2024	2.26%	0.69%	0.87%
August 2024	1.04%	0.73%	0.85%
September 2024	2.22%	1.23%	1.37%
October 2024	-0.22%	0.78%	0.89%
November 2024	2.00%	0.75%	0.87%
December 2024	0.39%	0.73%	0.87%
TOTAL	13.49%	9.06%	10.99%

The cumulative returns over the 2024 Financial Year can be represented graphically as follows for the Market linked and two Capital Protection portfolios:



5. Fund Accounts

5.1 Assets of the Fund

Below is a summarised revenue account for the Fund for the 2024 Financial Year:

	N\$
Balance as at 31 December 2023	7,238,500,984
Adjustment: Added Suspended Pensions to Creditors	(13,745,746)
Member Contributions	130,347,765
Employer Contributions	239,409,810
Transfers In	6,869,192
Reinsurance Proceeds	8,629,098
Reinsurance Premiums	(35,873,017)
Fund Expenses	(43,432,311)
Benefits	(377,527,438)
Investment Return	902,428,961
Revaluation of Property	1,160,386
Other Income	138,188
Balance as at 31 December 2024	8,056,905,873

5.2 Fund Account Structure

The main purpose of an actuarial valuation is to compare accrued assets and liabilities in order to assess the solvency position of a retirement fund. As at 31 December 2024 the various Fund Account balances were as follows (with 31 December 2023 balances shown for comparison):

	31 December 2024	31 December 2023
	N\$'000	N\$'000
Share Account	5,811,201	5,158,121
Actives Reserve Account	209,742	224,897
Pensioners Account	2,034,787	1,854,439
Disability Pensioners Account	<u>1,175</u>	<u>1,044</u>
TOTAL	8,056,906	7,238,501

5.3 Members' Share Account

The Members' Share Account represents the sum of active members' shares i.e. liabilities towards active Members. Members' Shares are provided by the Administrator and are checked for reasonability and adjustments are made if necessary after consultation with the Administrator. The total of the Share Account is based on the unitised returns allocated per the 3 different investment strategies. Investment returns were also allocated accordingly for members who switched to CPO 1 or CPO 2 during the 2024 Financial Year.

The movement in the Members' Share Account over the 2024 Financial Year was as follows:

	N\$
Balance as at 31 December 2023 per valuation	5,158,121,249
Prior year adjustment	<u>1,910,422</u>
Adjusted balance	5,160,031,671
Member contributions	130,347,765
Employer contributions	166,503,200
Transfers In	6,330,893
Benefits payable out of RFLAUN	(209,388,196)
Transfers to Pensioners' Account on retirement	(126,915,735)
Bonus allocated to Members	<u>684,291,836</u>
Balance as at 31 December 2024 per financial statements	5,811,201,434

The breakdown of Members' Shares between the investment strategies is as follow:

	N\$'000
Market-Linked	5,057,307
CPO 1 and 2	<u>753,894</u>
	5,811,201

5.4 Pensioners Account

The Pensioners Account consists of the Pooled Pensioners' assets, totalling N\$ 2,028,667,999 as at 31 December 2024.

Pensions in payment are valued on assumptions based on the PA (90) ultimate mortality tables and an interest rate of 5% per annum. The value of ex-Members' pensions includes contingent spouse and children's pensions. In addition, provision is made for a N\$10 000 lump sum death benefit for pensioners also valued at an interest rate of 5% p.a.

The interest rate used to value the pensioners, indicates the excess investment return that the Fund's investments would have to earn in addition to the increase in the Namibian Consumer Price Index in order to provide pensioners with inflation-related pension increases. This means that the investments would have to earn NCPI + 5% over the long term to ensure inflationary increases. The interest assumption implicitly allows for pensions to be increased at an annual rate approximately equal to the actual Fund investment return less 5% p.a.

However, a policy of smoothing pension increases is used. During periods of positive investment returns, the reserves are increased in order to fund pension increases during periods of negative investment returns.

Below is a build-up of the Pensioner Account over the 2024 Financial Year:

	N\$
Balance as at 31 December 2023 per financial statements	1,617,433,945
Prior year adjustment to include suspended pensions in creditors	(13,745,746)
Prior year adjustment for investment returns per financial statements	216,677,405
Additional prior year adjustment required in financial statements	<u>20,328,030</u>
Balance as at 31 December 2023 per valuation	1,840,693,634
Transfers on retirement	126,915,735
Pensions paid	<u>(152,893,531)</u>
Balance as at 31 December 2024 per financial statements with prior year adjustments	1,814,715,838
Investment returns	230,053,291
Fund expenses	<u>(9,981,661)</u>
Balance as at 31 December 2024 per valuation	2,034,787,468

The liability of the pensions is N\$1,667,592,633 as at 31 December 2024. The trustees' new policy is to hold a targeted Solvency Reserve of 10% of liabilities and a Data Reserve of 5% of liabilities. The solvency position of the Pensioners Account as at 31 December 2024 was therefore as follows:

	31 December 2024	31 December 2023
	N\$'000	N\$'000
Asset Value	2,034,787	1,854,439
Liabilities	1,686,903	1,576,239
Solvency Reserve (10%)	168,690	157,624
Data Reserve (5%)	<u>84,345</u>	<u>78,812</u>
Total Liabilities and Reserves	1,939,938	1,812,675
Surplus	94,849	41,764
Funding Level	105.1%	102.3%

The Fund earned a net investment return of 12.5% for the 2024 Financial Year, which was in excess of the 5% discount rate used to value pensioner liabilities.

The suspended pensioners' future liability was calculated as **N\$27,703,453** as at 31 December 2024. This potential liability has been included in the solvency position.

Pensioners are entitled to a residual capital guarantee, whereby each retiree is guaranteed to have the nominal value of their retirement savings paid out as pension benefits to themselves, to their dependants or to their estate. The total value as at 31 December 2024 was derived as **N\$753,187,736**. For the vast majority of pensioners, their actuarial liability value exceeded their residual capital guarantee value as at 31 December 2024.

This residual capital guarantee amount needs to be ring-fenced so that payments made to the estate of deceased pensioners can be debited against this amount. The liability value will be re-calculated annually in future.

Below are details of the previous 5 annual increases granted to pensions:

Date	Namibian CPI	Pension Increase	Increase as % of CPI
1 July 2020	2.1%	2.0%	95%
1 July 2021	4.1%	4.0%	98%
1 July 2022	6.0%	5.3%	88%
1 July 2023	5.3%	5.3%	100%
1 July 2024	4.6%	4.0%	87%
Average	4.4%	4.1%	93%

Pensioners were paid 13th cheque bonuses in December 2022 and December 2024. A 13th cheque bonus is roughly the equivalent of a 0.7% pension increase.

Pension increases are granted pro-rata for those with less than 12 months of pensioner status as at the effective date of the pension increase.

The funeral benefit for pensioners has been N\$10,000 for several years, which is now low relative to typical funeral benefits and the average cost of funerals. It is recommended that the funeral benefit be increased to N\$15,000. At this figure the funeral cost across all current represents roughly 30% of the available Pensioner Account surplus. Based on the average number of pensioner deaths per annum, treating this as a running cost would only represent an approximate 0.05% deduction from investment returns.

5.5 Disability Pensioners Account

The Disability Pensioners account provides benefits for Members in the event of their disablement. All of the disability pensioners are now insured. The monthly pensions for insured members are paid by the insurer through the Fund, while the Fund historically met the benefit obligation for uninsured pensioners. Uninsured disability pensioners were mainly members who were disabled before the Fund's disability insurance policy with the insurer came into effect.

A build-up of the Disability Pensioners Account is shown below:

	N\$
Balance per 31 December 2023 valuation	1,043,713
Investment returns	<u>130,880</u>
Balance as at 31 December 2024	1,174,593

5.6 Actives Reserve Account

The Actives Reserve Account represents the difference between the market value of the total Active Members' Fund Assets and the balance in the Members' Share Account as at 31 December 2024.

Specific reserves in the Actives Reserve Account are based on previous values plus items of experience and the net investment return of the investments of the Fund. The trustees re-structured the reserves of the Fund following the 2020 valuation.

The Actives Reserve Account amounted to N\$ 209,742,376 as at 31 December 2024, representing 3.61% of the total active Member liabilities. This balance can be split as follows:

	31 December 2024	Ratio to Total Member Shares	
	N\$	Actual	Target
Data Reserve	28,765,399	0.49%	0.50%
Risk Reserve	57,530,799	0.99%	1.00%
General Reserve/Mismatch Reserve	32,147,953	0.55%	0.50%
Expense Reserve	54,402,622	0.94%	0.50%
Office Building	<u>36,895,603</u>	n/a	n/a
TOTAL	209,742,376	2.97%	2.50%

The movement in the Actives Reserve Account over the 2024 Financial Year was as follows:

	General/ Mismatch Reserve	Data Reserve	Risk Reserve	Expense Reserve	Office Building	TOTAL
	N\$	N\$	N\$	N\$	N\$	N\$
31 December 2023 balance per valuation	67,323,804	25,560,189	51,120,379	45,157,053	35,735,217	224,896,642
Prior year adjustment	(1,910,422)					(1,910,422)
Employer contributions			35,873,017	37,033,593		72,906,610
Risk premiums			(35,873,017)			(35,873,017)
Fund expenses				(43,432,311)		(43,432,311)
Reinsurance proceeds			8,629,098			8,629,098
Risk benefits			(8,629,098)			(8,629,098)
Transfer in	538,300					538,300
Other income	138,188					138,188
Investment returns	902,428,961					902,428,961
Revaluation of property					1,160,386	1,160,386
Late payment interest to exits	(6,616,615)					(6,616,615)
Bonus allocation	(699,700,972)	3,205,210	6,4210,419	5,662,627		(684,422,716)
31 December 2024 balance before adjustments	262,201,244	28,765,399	57,530,799	44,420,962	36,895,603	429,814,006
Transfer to/from Pensioner Account	(230,053,291)			9,981,661		(220,071,630)
Balance as at 31 December 2024 per valuation	32,147,953	28,765,399	57,530,799	54,402,622	36,895,603	209,742,376

The General Reserve Account has now been reconstituted as the Mismatch Reserve. This is to allow for potential mismatching in the allocation of investment returns within the assets and liabilities. The opening balance allows for the actual adjustment to the opening Pensioner Account balance reflected in the financial statements and the additional opening adjustment still required.

The Data Reserve is required to cover unanticipated liabilities the Fund may experience due to data errors or historic liabilities that have not been accrued for.

The Fund provides death in service and disability benefits. Previously these benefits were reinsured with an insurer on an approximate basis, however the current benefits are fully reinsured. The Risk Reserve is therefore currently only utilised in cases where there is a difference between premiums paid and contributions received by the Employer, or where claims are paid by the Fund due to reinsurer default.

The Expense Reserve balance is to fund any differences between expenses incurred and allocated to the various liability accounts.

An amount has also been set aside to fund the purchase of a new office building

6. Contribution Rate Assessment

6.1 Employer Contribution Assessment

As per the rules of the Fund, Employers contribute a total of 21.70% of each Member's pensionable salary, of which at least 14.00% should be applied toward Member's retirement funding. The remaining 7.70% should first be applied toward the cost of Fund expenses and the balance (if any) be applied toward Member's retirement funding. Current Employer contribution allocations are as follows:

	Allocation
Total Employer Contributions	21.700%
Group Life Assurance premiums	1.400%
Disability premiums	0.629%
Dread Disease premiums	0.439%
Funeral premiums	0.012%
Administration expenses	1.007%
Benefit Consulting fees	0.057%
Actuarial and Investment Consulting fees	0.200%
Audit fees	0.080%
Trustee and Office Expenses	1.951%
Non-recurring expenses	0.048%
Net Employer Contributions	15.877%

Based on the 2024 Financial Statements the expenses total more than the allocated percentage of pensionable salaries, revealing a shortfall of approximately 0.50%. The Expense Reserve balance is available to fund such a shortfall.

In practice Fund Expenses are proportionately recovered from the Pensioner Account in the annual valuations. So no shortfall actually arises.

Based on the above I recommend that the allocation to the Reserve Account toward the cost of non-salary linked expenses be maintained.

7. Annual Pension Increase

7.1 Annual Pension Increase

Pensions payable by Fund are reviewed on an annual basis effective 1 July. The pension increase policy is to increase pensions in payment by 100% of Namibian inflation in the form of the Namibian Consumer Price Index (CPI). This is subject to affordability.

7.2 Namibian Inflation

Namibian inflation as measured by CPI was 3.7% for the year ended 30 June 2025.

7.3 Investment Performance

Investment returns per investment strategy over the period 1 January to 30 June 2025 were as follows:

Investment Strategy	Investment Return
Market Linked	9.02%
CPO 1	5.99%
CPO 2	5.81%
Weighted Average	8.60%

This is equivalent to a 17.94% annualised return over the first 6 months of the 2025 Financial Year, compared to the 5% p.a. assumed return used in the valuation basis.

7.4 Pension Increase Recommendation

The Pensioner Account's solvency remains strong, both as at the 31 December 2024 valuation date and allowing for subsequent investment performance. Therefore an increase of more than 3.7% can be granted effective 1 July 2025.

7.5 Alternative – bonus for pensioners

In 2022 and 2024 a 13th cheque bonus was granted pensioners with the December payments. To avoid setting a precedent this was not done in 2023 and should not be done in 2025 either.

8. Conclusions and Recommendations

8.1 Conclusions

The Fund was financially sound as at 31 December 2024, in that its assets exceeded the value of its liabilities. The Fund is expected to remain financially sound until its next statutory valuation as at 31 December 2027.

Investments held provided a suitable match for Fund liabilities as at the Valuation Date. The investment strategy for the Fund, including the Pensioner Account, remains appropriate in my opinion.

8.2 Recommendations

It is recommended that the current Employer contribution allocation be maintained, subject to changes in risk premiums (other than changes in funeral premiums which are covered by the allocation to reserves) and salary related expenses.

I recommend that an enhancement of 0.10% to active Members' shares be made from the excess assets backing the Members' Shares.

I recommend that a 4.0% pension increase be granted effective 1 July 2025. The increase should be pro-rated for new pensioners.

I recommend that the residual capital guarantee value be held separately to enable any payments made to the estate of a deceased pensioner to be debited against this.

I recommend that the funeral benefit for pensioners be increased from N\$10,000 to N\$15,000 with effect from 1 January 2026.



Stephen Walker MSc FIA FASSA

In my capacity as Fund Valuator
and an employee of Old Mutual Corporate

September 2025

ANNEXURE I – Summary of the Rules

Financial Structure

The Rules provide for the assets of the Fund to be separated into three separate accounts.

Share Account

The Share Account consists of the sum of the Members' Shares in the Fund. These Shares comprise the initial allocation made to each Member at the date of inception of the Fund, any transfers on behalf of the Member from other funds, the contributions made by the Member, the Employer contributions relating to retirement benefits and investment earnings.

Pensions Account

The balance of a Members' Share on his retirement is credited to the Pensions Account and all pension payments are debited to this Account. Bonuses are added annually at a rate determined by the Management Committee in consultation with the Actuary. Pension increases are granted by the Management Committee in consultation with the Actuary out of the surplus in the Pensions Account.

Members retiring after 1 April 2000 had the option of receiving a normal pension or a living annuity pension. With effect from 1 January 2011, the living annuity pension option has been removed. There are currently no living annuity pensioners in the Fund.

The assets in the Pensions Account are separated from the assets due to the active members and the Disability pensioners.

Reserve Account

The Reserve Account serves to smooth fluctuations that would occur if no such account had been established. Special provision is made for investment fluctuation and other contingencies and this Account provides an element of stability to the Fund. The following reserves are specified in this Account:

- Investment Reserve,
- Data Reserve,
- Risk Reserve, and
- General Reserve.

Contributions

Employers contribute 21.7% of members' pensionable salaries which is first allocated towards covering risk benefit premiums and Fund expenses before the remaining portion (minimum 14.0%) is allocated towards retirement savings.

Members have the option to contribute at a rate of 7.5%, 9.0%, 10.0%, 11.0%, 12.0%, 14.0%, 15.0%, 16.0%, 18.0% or 20.0% of their pensionable salaries. Members who joined before 1 September 2008 also have the additional option to contribute at a rate of 2.5% or 5.0% of pensionable salaries.

Normal Retirement Age

The age of 60 years, although Members of the Previous Fund may maintain their Normal Retirement Age from that Fund.

Types of benefits (Retirement, Withdrawal, Death and Disability etc.)

Normal Retirement Pension

A Member had the option to become a pooled pensioner or a living annuity pensioner. However, with effect from January 2011, the living annuity option has been removed. Should a Member choose to become a pooled pensioner, the following benefit becomes payable:

A pension is payable from the date of retirement based on the amount of the Member's Share as at that date, subject to:

- any commutation paid,
- allowance for regular increases in pension after retirement,
- allowance for death benefits after retirement.

Early Age Retirement Pension

After age 55 calculated as for Normal Retirement Pension.

Late Retirement Pension

Subject to the request of the Employer and agreement of the Member, but not later than age 65. Member and Employer contributions shall be paid up to the late retirement date and the benefit is calculated as for Normal Retirement Pension.

Death in Service

The following benefits are payable on death of a Member while in service or in receipt of a disability income benefit.

- the Fund Credit; plus
- the amount of death benefit as can be provided from an insurer with a maximum of 3.97% of the Member's Pensionable Emoluments.

Death after Retirement

In the case of the death of a Pooled Pensioner:

- A lump sum of N\$10 000.
- A spouse's pension equal to 75% of the Member's pension at date of death.
- A child's pension equal to 5% of the Member's pension at date of death per child (maximum of 25%). If no spouse's pension is payable, the child's pension is doubled.
- A guarantee that the total of all pension payments will not be less than the Member's Share transferred to the Pensions Account at retirement.

Termination of Service

A Cash Withdrawal Benefit is payable, although the Member may elect a Preservation Benefit.

- ☐ Cash Withdrawal Benefit

Members receive their Accumulated Contributions plus an amount equal to a percentage of the difference between the Member's Accumulated Contributions and the Member Share, based on the number of completed months of service. Members older than 55 years, who are retrenched or who have completed 5 years of uninterrupted service receive their full Member Share.

- ☐ Preservation Benefit

A Member who elects this option will be entitled to the full Member Share which may be preserved as follows:

- in the Fund to provide a deferred pension benefit,
- transferred to an approved retirement annuity or pension fund,
- Cash Withdrawal Benefit transferred to the preservation fund to which the Member belongs and the balance of the Member's Share transferred to an approved retirement annuity or pension fund.

Expenses

Expenses relating to the management and administration of the Fund, including the cost of audits, actuarial investigations and investment expenses are borne by the Fund.