



MEMBER'S BOOKLET

PREPARED BY:
TOURISM INDUSTRY PENSION FUND

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INTRODUCTION

The Tourism Industry Pension Fund (Fund) was established on 1 October 2012 as insurance administered Defined Contribution Fund. With effect from 1 July 2014, Trustees resolved to convert the Fund from an insurance administered fund to a self-administered fund. It is registered with the Insurance and Pensions Commission (IPEC).

This booklet has been designed to provide a simple and easy-to-read summary of the Rules of the Fund as well as its operations. It cannot be taken as a legal definition of the benefits payable. The provisions of the Rules will always take precedence.

2. ADMINISTRATION

The Fund is obliged in terms of the Pension and Provident Fund Act, 1976, [Chapter 24:09] (Act) as amended, to appoint Trustees to manage its affairs and to ensure its objectives are met. To achieve this, the Fund is administered and controlled, in terms of the Act, by a Board of Trustees made up of 50% Employers and 50% Members' representatives at the National Employment Council Tourism Industry. In turn, Trustees appoint a Principal Officer responsible for the day-to-day administration of the Fund.

Trustees are empowered by the Act to delegate some of their functions to experts in various operational fields. Accordingly, various experts or officers were appointed by the Trustees on behalf of the Fund.

All the appointments of Fund officers were based on Trustees' own judgements, after professional tenders submitted in each specialist area were analysed and adjudicated by the Trustees

3. PENSION FUND TRUSTEES AND OTHER OFFICERS

3.1 Pension Fund Trustees

There are nine (9) Trustees including a Chairman who control the Fund on behalf of the rest of the Members. They carry out this responsibility through delegating various aspects of the Fund to experts/specialists in different areas related to management of the Fund. Other duties include the following:

- Ensuring reasonable steps are taken to protect the interest of Members in terms of the Rules of the Fund;
- Ensuring that the value of the Fund is preserved by adopting strategies that positively influence the returns generated by the Fund's assets;
- Ensuring that pension benefits are paid to the appropriate Dependants in the event that a Member dies in service with no clear definition of the surviving dependants;
- Ensuring that adequate and appropriate information is communicated to Members of the Fund, informing them of their rights, benefits and duties, in terms of the Rules of the Fund.

3.2 Principal Officer

The Principal Officer's role is to maintain close liaison with Members, Trustees, the Fund Administrator and numerous third parties involved in the management of the Fund, and to protect the Fund for the benefit of Members.

The Principal Officer will, in liaison with the Fund Administrator, arrange regular Trustees' meetings and ensure the necessary reports and other documents are circulated and available for consideration by the Trustees.

Members seeking clarification on their benefits and operation of the Fund should direct their concerns to the Principal Officer.

3.3 Fund Administrators

The duties of the Fund Administrator are to maintain membership data, process retirement, death and withdrawal benefits in terms of the Rules of the Fund, keep accounting records including preparation of the Fund's Financial Statements and payment of both resident and non-resident Pensions.

The Fund Administrator also provides consultancy services on the technical design of benefits taking into account international trends and legislative requirements.

Where there are any changes in benefits as agreed to by the Employer following Trustees' recommendations, the Fund Administrators will prepare the Rules or rule amendments for registration in terms of the Act.

The Fund Administrator is also responsible for co-ordinating the activities of all the other Fund officers appointed by the Trustees and compiling minutes of all official Fund meetings.

3.4 Asset Managers

They analyse the financial markets and assist the board in making investments so as to generate returns and grow the Funds' assets

3.5 Fund Custodian

The role of the custodian is safekeeping of the Fund's assets, collection of cash and dividends in line with international practice.

3.6 Fund Auditors

The Auditors' role is to ensure that proper books of accounts are maintained by the Fund Administrator on behalf of the Trustees and to assess the accounting principles used in drawing up the Fund's financial statements. The Auditors are also required to assess compliance of the Fund with the Act and other statutes such as the Income Tax Act.

3.7 Fund Consulting Actuaries

The Actuary is a specialist in the mathematics of pension funds whose role is to ensure that Members and Pensioners receive their appropriate share of the Fund assets, making sure that the Fund remains financially sound. The Actuary assesses the level of pension increases that may be awarded to Pensioners and also the percentage that is used to update active Members' benefits that are normally advised to Members every year through the benefit certificates.

3.8 To Whom Do I Refer Queries?

Direct contact with Comarton, Atchison and CBZCS is not permitted. All queries should be directed to the Principal Officer of the Fund or the Human Resources Department.

4. CREATION OF PENSION FUNDS

4.1 What Is A Pension Fund?

A Pension Fund is a fund set up by a corporation, labour union, government entity or other organisation to pay pension benefits to members when they retire from employment.

4.2 What is the Purpose of a Pension?

Employers reward staff for their service both directly through salaries and indirectly through various benefits such as a pension fund.

There comes a time when old age prevents you from working although you will continue to need food, clothing and shelter. The pension fund is intended to partly provide you with income that you can use to pay for these necessities of life when you retire.

It is important to note, however, that pension income only, in retirement, would not be sufficient to cover your expenses. It needs to be augmented with income from other projects, which we recommend, should be started while you are still employed and have a number of years to go before retirement.

Pension funds also provide benefits to a Member's Dependents in the event of death while still in employment

5. CURRENT OPERATION OF THE FUND

What is a Defined Contribution (DC) Fund?

A DC Fund operates on the concept of deferred pay being credited to your own account within the global Tourism Industry Pension Fund account. The Employer pays a fixed percentage of your Pensionable salary into your individual account. Your own contributions are also credited to this account. Upon retiring from the Fund, the capital sum arising from the accumulation of the said contributions, together with interest, is used to secure a pension for you.

Benefit payments on resignation or dismissal is slightly different.

This approach eliminates the element of cross-subsidies and the Member is able to track, at any time, his or her contributions and those made on his or her behalf by the Employer.

Every year, you receive a benefit certificate showing the growth of your share of benefits in the Fund.

The structure of the benefit certificate is discussed briefly, below:

Personal details: The surname, initials and date of birth should be as shown on your national ID or any other form of identification you will be called upon to produce when you leave the Fund to enable the Fund Administrator to verify the Member they are paying benefits to. If there are any errors please approach the Principal Officer of the Fund to ensure that corrections are made.

Benefit Payable on Withdrawal Before Normal Retirement Age

This section of the benefit certificate shows the possible benefit that would have been payable, subject to tax, had you resigned as at the date that the benefit certificate would have been produced (or distribution date, normally 31 December each year). This is also known as the Member Portion, in terms of the Rules, and represents the contributions you made to the Fund up to the distribution date, updated with interest up to that date. Interest in this case, will be determined each year or part thereof, by the Trustees on the advice of the Actuary depending on performance of the assets.

Accumulated Benefits Available to Secure Pension at Normal Retirement Age is a reflection of your full share of the Fund as determined by the Actuary as at the distribution date. Your full share of the Fund, referred to in the Rules as Accumulated Credit, consists of your own contributions together with interest to distribution date, or Member Portion, and the Employer Portion, made up of the contributions made by the Employer on your behalf plus interest to distribution date.

The full amount, or Accumulated Credit, is available to you, irrespective of how you leave the Fund.

6. SUMMARY OF THE RULES INCLUDING BENEFIT PROVISIONS OF THE TOURISM INDUSTRY PENSION FUND

6.1 Eligibility

6.1.1. Who Should Join The Fund?

It is a requirement of law and condition of employment that all eligible Employees registered with the NEC Tourism Industry must become Members of the Fund as stipulated in SI 122 of 2015

6.1.2. Who Is An Eligible Employee?

A permanent Employee and seasonal worker who is under the age of 65 years.

An employee with a contract running for a period of at least 8 months in a year.

Managers can contribute voluntarily

6.2 Contributions

6.2.1. What Is My Current Contribution To The Fund?

5% of your basic salary or wage, excluding any other emoluments.

EXAMPLE

Monthly salary	\$200
Monthly member contributions $(200 \times 5) = \$ 10$	
	100

6.2.2. Does The Employer Contribute?

Yes. The Employer currently contributes at a rate of 5% of your basic salary. 2% out of the 5% is allocated to your Member account to secure your Pension at retirement. Part of the balance of 3% is used to purchase the death-in-service benefits payable to your Dependants in the event of your death while you are still working.

The balance is used to meet the Fund's management costs.

Contributions to National Social Security Scheme (NSSA) are payable in addition to the contributions above.

6.2.3. Additional Voluntary Contributions

Can I Pay Contributions In Addition To The Compulsory Contributions In Section 6.2.1?

Yes. You may elect to pay voluntary contributions to the Fund in addition to your compulsory contributions. The Employer however, does not pay corresponding additional contributions.

The voluntary contributions are paid into a separate account, which earns interest at the same rate as the Fund's other assets. On retirement, the additional voluntary contributions will purchase an additional Pension, which will be designed to suit your individual requirements at the time.

You may be permitted to revoke your decision to make voluntary contributions to the Fund by the Trustees only in exceptional circumstances. In any such event, your accumulated voluntary contributions shall remain paid-up in the Fund until you withdraw or retire from the Fund. In the unfortunate event of your death, the accumulated contributions are paid to your dependants.

Please contact the Principal Officer before electing to make additional voluntary contributions for advice on tax efficiency.

7. RETIREMENT

7.1 What Is The Normal Retirement Age?

The first day of the month following or coinciding with your 65th birthday.

7.2 What Pension Will I Receive At Normal Retirement Age (NRA)?

The Pension that can be purchased by the aggregate of:

Your own contributions and the Employer pension contributions, the transfer value, if any, together with interest (as declared by the Trustees on the advice of the Actuary from time to time) for pensionable service from the date you joined the Fund up to the retirement date (also known as the accumulated Credit in the Rules).

7.3 May I Retire Earlier Than Normal Retirement Age?

Yes, provided you are aged 55 or more and the Employer so permits. You will receive an immediate pension calculated in accordance with Section 7.2 above, based on your Accumulated Credit as at early retirement date.

7.4 What Happens If I Become Incapacitated Through Ill Health?

If in the opinion of the Employer, based on medical evidence, you have become permanently incapable of performing your normal gainful employment or any other occupation for which you are reasonably suited by education, training, or experience, and your injury or illness was not deliberately caused by your own fault, you can be retired before the NRA.

You will be entitled to an immediate Pension calculated in accordance with Section 7.2 above, based on the Accumulated Credit as at the ill-health early retirement date subject to a minimum annual Pension of 25% of your annual salary at ill-health early retirement.

7.5 May I Retire Later Than The Normal Retirement Age?

Yes, provided you and your Employer both agree, you may continue in service for a further period up to your attainment of age 70. All contributions shall continue to be payable.

You will be entitled to a Pension calculated in accordance with Section 7.2 above based, on the Accumulated Credit at date of late retirement.

7.6 Can I Receive A Cash Sum Instead Of A Pension?

You may commute up to one-third of the value of your pension at retirement in terms of sections 7.2, 7.3, 7.4 and 7.5 above. Commutation of the Pension in terms of Clause 7.4 hereof is restricted to 1/3rd (one-third) of the Accumulated Credit.

7.7 Will Pensions Be Increased Regularly In Future?

The Trustees may review Pensions from time to time, subject to the approval of the Commissioner and the financial position of the Fund.

8. DEATH BENEFITS

8.1 What Benefits are Payable In The Event Of My Death In Service Before Or After NRA?

If a Member dies in Service before attaining Normal Retirement Age and is survived by a Spouse or other Dependants, they shall be entitled to a benefit of two (2) times Member's Pensionable Salary or the Accumulated Credit whichever is greater. The benefit shall be paid as follows:

- A lump sum equal to four (4) times the Member's monthly Pensionable Salary shall be paid as a burial benefit to fund the Member's funeral expenses;
- An additional lump sum equal to six (6) the Member's monthly Pensionable Salary shall be payable to his Dependants ;
- The balance shall be utilised to purchase Spouses and or Eligible Childrens Pensions.

EXAMPLE

Monthly salary \$200
Total Death-in-service benefit: $\$200 \times 12 \times 2 = \$4,800$

Burial benefit : $\$200 \times 4 = \800
Lump sum payable to the spouse: $\$200 \times 6 = \$1,200$
Balance to purchase pension: $\$4,800 - \$800 - \$1,200 = \$2,800$

8.2 How Is The Lump Sum Benefit In Section 8.1 Paid?

The lump sum will be paid to your Spouse and or Eligible Children or if there is no Spouse and or Eligible Children, your Dependants in whatever proportion and manner as the Trustees deem to be in the best interest of such Dependants.

8.3 What Benefits Are Payable On Death After Retirement?

If you die within one hundred and twenty (120) months (ten years) of your retirement, your Pension will continue to be paid to your Spouse and Dependants for the remainder of that period. Should you die after the expiry of one hundred and twenty (120) months from date of retirement, the Pension will cease at date of death.

8.4 What is the definition of a Spouse or Child for the purposes of this section?

8.4.1 Who is considered a Spouse?

A Spouse is a person of the opposite sex married to you at the time of your death in service or at the date of your retirement. Where the surviving Spouse is a woman, and custom so permits, and you have more than one wife; the benefit shall be shared proportionately amongst all the Spouses at the discretion of the Trustees.

8.4.2 Who is considered an Eligible Child?

An Eligible Child is a natural child, a stepchild or a child born out of wedlock, a child born within nine months after the death of the Member or a legally adopted child, provided that the child is unmarried, under the age of 18, or if older than 18 but less than 21, is undergoing full-time education.

If however, in the opinion of the Trustees, the child is permanently incapacitated as a result of a mental illness, the Pension shall be paid for the life of the child.

8.4.3 Who is considered a Dependant?

An Eligible Spouse or Eligible Child of a Member or Deferred Pensioner in terms of the Rules of the Fund. Dependant shall also include a person who, in the opinion of the Trustees was, at the time of the Member or Pensioner's death, dependant on the Member or Pensioner for maintenance, regardless of whether or not the Member or Pensioner was legally liable for maintenance of such person.

9. LEAVING SERVICE

9.1 Resignation Or Dismissal

a) A lump sum equal to your own contributions plus interest (Member Portion) as at date of resignation or dismissal;

Plus

b) An additional amount equal to the nett Employer contributions plus interest (Employer portion) as at date of resignation or dismissal;

Plus

c) Where applicable, any transferred amounts from other pension funds you belonged to before joining the Fund, together with interest for the period from when the transferred amounts were received, to date of resignation or dismissal.

The benefits payable in terms of Section 9.1 b) and your Employer portion or any amounts transferred from other pension funds as in Section 9.1 c) will be utilised to purchase a pension for you on attainment of at least age 55. Regulations at the date of issue of this guide however permit you to receive these benefits in cash if the amount is less than US\$300.

The benefits payable in terms of Section 9.1 a) and your Member portion or any amounts transferred from other pension funds as in Section 9.1 c) can be taken as cash subject to tax or can be utilised to purchase a pension at pensionable age should you opt to preserve it.

9.2 Retrenchment/Reorganisation

Should you withdraw from the Fund due to Retrenchment or Reorganisation, you shall be entitled to an immediate Pension that will be based on your Accumulated Credit as at the date of retrenchment.

10. GENERAL PROVISIONS

Are Any Documents Required Before Benefits Are Payable?

Yes,

Before payment of a resignation or dismissal benefit, a tax directive is required. The tax directive is obtainable from Zimbabwe Revenue Authority and it stipulates the amount of tax deductible from the cash benefit.

Before payment of a Pension, proof of age and marriage, if applicable, will be required for any Dependants who are or will be entitled to a Pension.

Before payment of any death benefit, proof of age of surviving Spouse and Eligible Children, as well as proof of marriage, will be required, together with the original Certificate of Death.

Whilst a Birth Certificate is the most acceptable proof of age, the date of birth shown on your National Registration card or sworn affidavit may be accepted.

The documents stated in 10 a) to c) above should be accompanied by details of the Member's or Beneficiaries' forwarding address and bank account.

INCOME TAX PROVISIONS

What Income Tax Provisions Apply to the Fund's Contributions and Benefits As at the date of issue of this Guide?

11.1 Contributions

The monthly Pension contributions that you pay (including contributions to any individual pension arrangement) are an allowable deduction from your gross taxable income.

11.2 Benefits

The various benefit payments made to you from the Fund are taxed at the prevailing rate of tax in the following manner:

a) Withdrawal

The Member Portion is subject to tax if you decide to receive this benefit in cash at the time you leave the Fund. The Employer Portion is not taxable immediately since this is subject to preservation.

b) Death

The lump sum death-in-service benefit is tax free up to a maximum of twice your annual salary.

Any pension payable to your Spouse/Children or Dependant(s) is taxable income. The child's pension should be declared separately as it may not attract tax.

c) Retirement

If you elect to receive up to a third of your Pension for cash on retirement, this amount is not taxable.

The balance Pension you will receive after the commutation is taxable as income, if it is above the tax free threshold of US\$100 per month (as at date of issue of this guide and subject to change with time).

12. ARE THERE ANY DOCUMENTS REQUIRED BEFORE BENEFITS CAN BE PAID?

a) Before payment of pension benefits, the completed notification form by the Employer should be submitted together with your ID, last payslip with year to date values, correct banking details.

b) For death benefit, the Original Death Certificate and proof of age for the beneficiaries and proof of marriage (copy of marriage Certificate or Affidavits) together with a completed death notification from the employer

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