

Retirements



A plan for the future

Alexander Forbes Namibia Retirement Fund



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Learn more about how the Alexander Forbes Namibia Retirement Fund can help your employees secure their financial goals. This booklet gives you information about the administration and consulting services that the fund can offer.

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Achieving financial security involves following a disciplined approach to financial planning, getting advice when necessary and implementing a proper financial plan.

Why consider the Alexander Forbes Namibia Retirement Fund?

- It is a well-managed retirement fund programme.
- It has a professional board of trustees that takes responsibility for running the fund.
- An optional management committee with employer and member representation keeps a 'hands on' approach on the sub-fund.
- There is simple and cost-effective administration with strong financial controls.
- It offers you flexible benefits.
- There is a wide range of investment options.
- There is minimal involvement by the employer, allowing it to focus on its core business.
- The defined contribution arrangement ensures there is no open-ended liability to the employer.
- There are no cross-subsidies on the insurance arrangements between groups with different profiles. Policies are placed on the most favourable terms and conditions.
- Competitive fees allow more money to be saved for retirement.
- Your members will receive regular communication.
- There is a focus on financial education.
- The structure is tax efficient.
- Withdrawal benefits are based on the fund's actual investment performance.



About the Alexander Forbes Namibia Retirement Fund

**31 May
2023**

We can always update the values annually based on the previous/latest financial year ending

170

employers participating in the Alexander Forbes Namibia Retirement Fund

25 000

members represented

**N\$4.7
billion**

With total assets of over N\$4.7bn as at 31 May 2023

The Alexander Forbes Namibia Retirement Fund is a defined contribution umbrella fund which a number of unrelated employers joined and could join in the future. The activities of the fund are centralised, reducing the need for employers to become involved in complex governance issues. The simple structure of the fund also allows for competitive fees.

The Alexander Forbes Namibia Retirement Fund offers a pension section and a provident section. The fund gives the employer flexibility to structure benefits and the investment strategy to meet the employees' needs. Contribution rates can also be structured to suit the needs of the group.

The buying power of the Alexander Forbes Namibia Retirement Fund is used to get competitive insurance premium rates, without having cross subsidies between different employer groups.



How the fund works

> Eligibility

Each participating employer must specify which employees must join the fund. Different categories offering different benefits can be set up for specific groups of members.

> Contributions

Each participating employer must specify a fixed contribution percentage that will be paid by the employer and by members. The contribution is expressed as a percentage of pensionable salary. Please note that the pensionable salary is defined by the employer and is not generally the same as the employee's gross salary.

> Retirement savings account: fund credit

The fund credit is the amount of the net employer and member contributions invested for retirement savings, after premiums and administration fees are deducted, plus a transfer value from a previous retirement fund (if applicable) and the return on the underlying investment portfolio. The member's fund credit is paid in full on retirement, death, retrenchment or resignation.

> Retirement benefit

When a member retires from the provident section, they can take their full retirement benefit (fund credit) as cash of which one-third is tax free and two-thirds is taxable at the member's marginal tax rate.

When a member retires from the pension section, they can receive up to one-third of their full retirement benefit (fund credit) as cash tax free and from the balance (minimum of two-thirds) the member must purchase a pension (also called an annuity) from a registered insurer or such other authorised party which provides annuities.

> Withdrawal benefit

When members leave the fund before they retire because they have resigned, are retrenched or dismissed they can:

- Transfer their money to their new employer's fund.
- Transfer their money to a preservation fund.
- Transfer their money to a retirement annuity.
- Take their money in cash after tax.

> Insured benefits

The insurance arrangements are placed with insurers appointed by the board of trustees and with standard terms and conditions. Market testing exercises are performed every five years.

> Death benefit

The death benefit can be defined in one or two ways:

- As a defined benefit: a specified lump sum multiple of pensionable salary.
- On a defined contribution basis: the lump sum multiple of pensionable salary that can be afforded with a specified premium.

> Disability benefit

There is a choice between a lump sum benefit or an income replacement benefit.

The lump sum disability benefit is an advance of the death benefit, which is paid if a member becomes permanently and totally disabled.

The income replacement benefit is a percentage of the member's monthly earnings. Each participating employer can choose the waiting period, the rate of escalation of the benefit and the re-assurance of retirement contributions for those disability claimants.

> Funeral benefits

A funeral benefit can be added. This benefit is paid shortly after the death of a member, the spouse or a child to help pay for the funeral expenses.



Investments

The fund trustees set the overall investment policy for the Alexander Forbes Namibia Retirement Fund following the '**investment risk management plan**' (see below). The plan shows each stage of determining the fund's investment strategy in order of importance.

Alexander Forbes Investments Namibia is a provider of multimanager based products and portfolios in the Namibian market. Alexander Forbes Namibia Investments is a subsidiary of Alexander Forbes Namibia Holdings, and is the only multimanager in the country independent of the asset managers. They employ professionals who are involved in various forms of portfolio management, quantitative analysis, investment analysis and economic analysis.

Investment plan options

The fund allows a standard or customised investment offering.

Standard investment offering

Default investment strategy chosen by employer or management committee: All employers or management committees must choose a **default** investment strategy for the members of the sub-fund. Alexander Forbes Namibia will help all new clients joining the fund to choose their default investment strategy when they join.

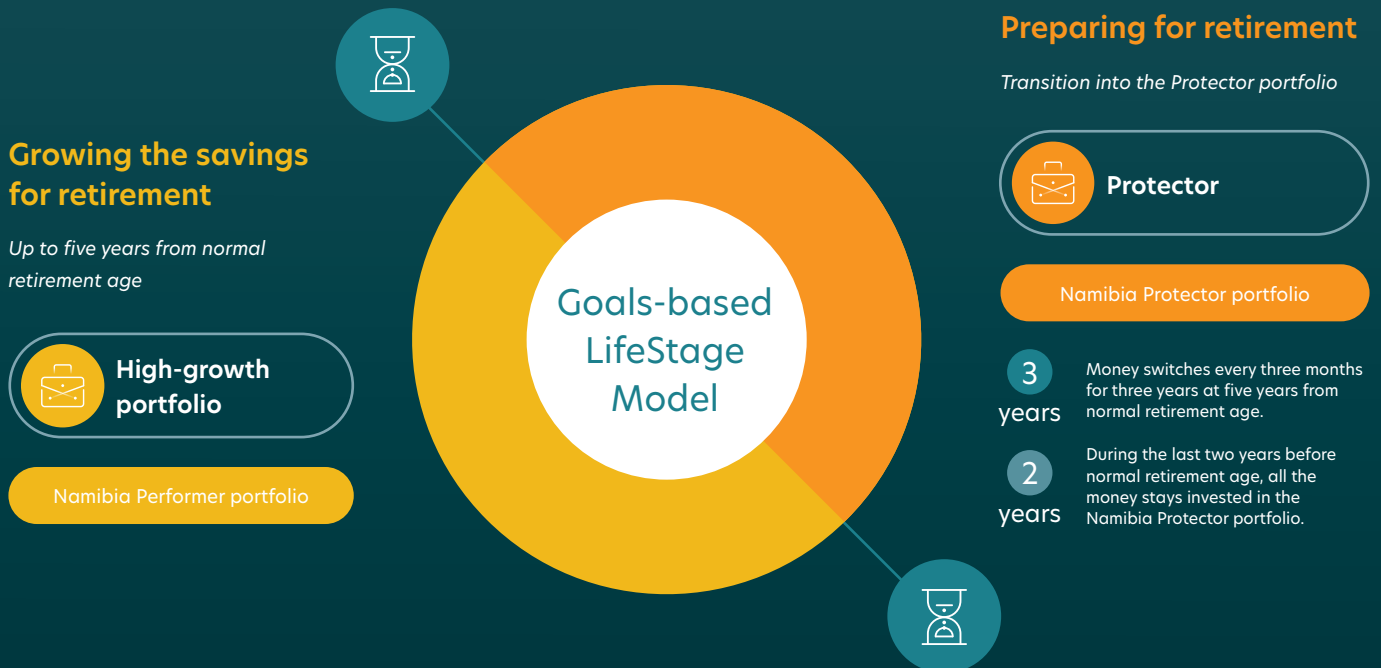
The committee will be able to choose either the Alexander Forbes Namibia Goals-based LifeStage model or from a range of portfolios approved by the trustees.

Investment risk management plan



The Goals-based LifeStage model default

Investing for retirement is about building up savings before retirement in a growth portfolio and then preparing for retirement in a suitable portfolio in order to secure a meaningful income at retirement.



Management committee choice investment strategy

The committee can offer a default investment strategy invested in one or more of the following portfolios offered by the fund's trustees:

AF Goals-based LifeStage Model portfolios	Niche and balanced portfolios	Portfolios offered by the following asset managers:
Alexforbes Namibia Performer	Alexforbes Namibia Performer	Allan Gray Namibia
Alexforbes Namibia Protector	Alexforbes Namibia High Growth	Ninety One Namibia
	Alexforbes Namibia Balanced Growth	M&G Namibia
	Alexforbes Namibia Moderate Growth	Sanlam Investments Namibia
	Alexforbes Namibia Conservative Growth	Old Mutual Investment Group Namibia
	Alexforbes Namibia Protector	
	Alexforbes Namibia Banker	

Members can switch between portfolios once a year on 1 June, and at no cost, although the portfolios may have different investment fees. Members can also invest in a combination of the portfolios. The trustees regularly review the portfolios that make up the Alexander Forbes Namibia Goals-based LifeStage model and portfolios that members can choose from and may change them from time to time. Members and management committees are informed of any changes before they are made.



Consulting services

Each fund participant is allocated a dedicated consulting team who meets with the management committee and provides support on retirement fund issues outside the formal meetings.

Each participant can decide how often these meetings should take place.

The consultant will help with:

- Strategic issues such as benefit structuring and insured benefits.
- Fund investment reporting and strategy.

Reviewing of fund documentation

- Assist in member communication
- Guiding and educating management committee
- Keep management committee abreast of industry and legislative developments
- Assist with NAMFISA requirements

The consultant works closely with the employer to introduce financial planning solutions and education initiatives to roll out the strategies that the committee has identified.

Administration of the fund

Each participating employer gets a service level agreement and administration procedure manual, clearly setting out the various functions and agreed turnaround times.

The following administration services are provided:

- Member record keeping
- Receipt, reconciliation and allocation of monthly contributions
- Monthly allocation of investment returns to members (monthly unitisation)
- Payment of benefits
- Payment of levies
- Maintenance of financial records
- Regular reporting to the human resources



AF Online

When the fund is legally opened, the administrators meet the human resources or payroll personnel and provide a detailed administration manual. Selected employees are given permission to view member record information on www.afonline.co.za. The management committee can also request that access to members be provided to view their personal record and make use of the tools available.

Allocation of money

One of the concerns of participating in an umbrella fund is the correct allocation of money that flows into and out of the fund. When you are dealing with a number of unrelated employers, the correct allocation of money can become a difficult and cumbersome process.

Although the law does not provide specific controls within an umbrella fund (besides the requirement of an annual audit), there are a number of processes which the Alexander Forbes Namibia Retirement Fund trustees have insisted on to fulfil their duty and to maintain proper controls within the fund.

Separate bank accounts for each employer

Each participating employer within the Alexander Forbes Namibia Retirement Fund has its own separate bank account. This means that money in that account is either contributions for that sub-fund or benefits for that sub-fund. Interest is allocated to that particular sub-fund's members.





Separate investments per employer

Although the portfolios the fund invests in are pooled portfolios, each sub-fund invests separately in these portfolios. This allows each management committee to monitor their particular sub-fund's investments without being blended or included in other sub-funds' assets. Each sub-fund receives separate investment reports to make it easy to see what the value of the invested assets in each portfolio is and what fees are being deducted.

Cashflow statements

A cashflow statement is provided regularly. This shows all the actual money flows within your sub-fund's bank account, the contributions received, money paid in insurance premiums and administration fees, the benefits paid and the investments made. This enables the management committee to keep a close watch on the money flowing within the sub-fund's bank account.

Annual audit

Each year the fund is audited as a whole. The auditors confirm that they are satisfied with the control processes within the fund and that the fund complies with all its legal requirements.

Communication

Member communication is essential for a successful employee benefits arrangement. Members need to be informed of the value of their benefits regularly. General communication is also essential to involve members in their retirement fund and give them a better understanding and hence appreciation of their benefits.

The following communication is provided to members of the Alexander Forbes Retirement Fund:



Initial/once-off communication

- Presentations
- Member booklet



Annual communication

- Benefit statement
- Projection statement (every second year)
- Management committee newsletter
- Pre-retirement and financial literacy seminars



Ongoing communication

- Benefit statement
- Online tools (employer and member portal)
- Individual financial advice
- Our contact centre



Financial education for members

Achieving financial security involves following a disciplined approach to financial planning, getting advice when necessary and implementing a proper financial plan.

Ultimately the responsibility for financial security rests with the individual, but we have recognised that members may need help and guidance. The aim is to create awareness and educate members about financial matters. Where appropriate we also help members with their financial planning.

The fund supports increased financial awareness and helps to educate members about financial matters by:

- Running group presentations about financial matters.
- Providing members with a statement that allows them to track whether or not they are on target to meet their financial goals.
- Giving members online access to their values, information, appropriate financial planning tools and relevant educational content to help them with their financial planning needs.
- Giving members access to dedicated advice centres where they can get appropriate financial planning advice telephonically or in person consultations.
- Having dedicated and suitably qualified financial planning consultants assigned to corporate clients to help members with financial planning matters. Topics that can be discussed at the group presentations include:
 - The basics of long-term financial planning and budgeting
 - How to maximise the probability of achieving long-term financial security

- Financial basics
- Investing for retirement
- Options available on leaving your employer
- Planning while approaching retirement
- Annuity options on retirement
- Estates, wills, trusts and nomination of beneficiary forms
- Providing for your family's needs in the event of your death
- Compulsory and discretionary savings products

Housing loan facility

The Pension Funds Act allows retirement fund members to secure loans for housing purposes by pledging their fund credit as security for the loan. A fund, and on approval by the employer, may grant loans to members to:

- Help pay off a housing bond
- Buy or build a house for occupation by the member or their dependants
- Make additions, alterations or repairs to a house owned and occupied by the member or their dependants

The Alexander Forbes Namibia Retirement Fund makes this benefit available to members. This facility gives members the opportunity to access housing finance without having to register a mortgage bond. Members are offered home loan-based interest rates. The trustees of the Alexander Forbes Namibia Retirement Fund have limited the member's loan to a maximum of 50% of the member's fund credit. The outstanding balance of the loan is deducted from the member's benefit when the member leaves the fund.



Pricing structure



Operation of the fund

All fees are quoted exclusive of VAT. The fees include all of the following services:

- Administration services
- Consulting services
- Secretarial services for the management committee

Within the Alexander Forbes Namibia Retirement Fund, there are:

- **no take-on costs for joining the fund**
- **no transaction-based fees**

The fee payable is expressed as a percentage of the membership's payroll and is deducted from the contributions paid into the Alexander Forbes Namibia Retirement Fund. This percentage will be rebalanced regularly to take account of changes in membership and salaries.

Alexander Forbes Financial Services Namibia will be earning legislated commissions as prescribed in the Long-Term Insurance Act of Namibia.

Some services attract additional fees and will be discussed at quotation stage.

Investment management fees

The investment management fees are per annum as a percentage of asset size.

Investment fees

The underlying investment managers in some of the investment portfolios offered may earn additional performance fees.

Tax

All portfolios within the fund are tax exempt.

Participation fee

In terms of the Rules of the Alexander Forbes Namibia Retirement Fund, a fee as a percentage of assets will be calculated on the value of assets of each participating employer and will be deducted from the monthly declared fund interest rate. This fee covers expenses incurred for the management of the fund. This includes the following:

- Legal fees
- NAMFISA levies applicable to the fund
- Principal officer fees
- Retirement Funds Institute of Namibia membership fees
- Trustee fidelity insurance
- Trustee training expenses
- Trustee sitting fees
- Any other expenses incurred by the board of trustees





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