




Circular No. 7 of 2014 *Circulars File*

21 October 2014

Life Offices Association (LOA)  
Zimbabwe Association of Pension Funds (ZAPF)  
Fund Administrators

### ACTUARIAL STANDARDS FOR PENSION FUND VALAUATION

- 1 Following several engagements with the Actuarial Society of Zimbabwe (ASZ) regarding the above valuation reports, we have decided that each valuation report should be accompanied by an appendix, in which is highlighted salient issues contained in the valuation report.
- 2 Such summary of salient issues will act as a red flag, thus prompting the Insurance and Pensions Commission (IPEC), to take urgent action.
- 3 Enclosed therefore are draft appendices for both Defined Benefit and Defined Contribution Funds for your comments.
- 4 As we want the attaching of the appendices to the valuation reports to take effect from the valuation reports of December 2014, you are kindly asked to review the appendices and revert to IPEC by 24 November 2014 at the latest.
- 5 Please be guided accordingly and should you require any further clarification, please contact IPEC.

  
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M. S. Mpofu (Mrs.)

Commissioner of Insurance, Pension and Provident Funds

Name of Pension Fund : \_\_\_\_\_

Date of Valuation : \_\_\_\_\_

*APPENDIX I: IPEC'S CHECKLIST FORM*

**Defined Contribution Funds**

Actuarial Requirement	Information	Actuary's Comment
Valuation date and objectives	<ul style="list-style-type: none"><li>• State the previous valuation date</li><li>• State the name of the previous Valuator</li><li>• State the current valuation date</li></ul>	
Relevant developments since the previous valuation	<ul style="list-style-type: none"><li>• List out any discretionary benefits awarded and comment on whether they were supported by the Fund's assets</li><li>• Outline any extraordinary changes in membership</li><li>• State whether there was a significant change in the investment strategy</li><li>• State any amendments made to the Rules</li></ul>	
Summary of Benefits and Contribution rates	<ul style="list-style-type: none"><li>• State the proportion of contributions that is channeled to meet retirement benefits, expenses and insurance benefits.</li><li>• State the level of expenses in proportion to contributions</li></ul>	
Summary of membership data	<ul style="list-style-type: none"><li>• Detail the membership data summaries</li></ul>	
Summary of Assets	<ul style="list-style-type: none"><li>• State the asset composition by asset class</li></ul>	
Investment Strategy	<ul style="list-style-type: none"><li>• State out the Investment strategy of the Fund</li></ul>	
Investment Return	<ul style="list-style-type: none"><li>• State the return rate earned on assets</li></ul>	
Valuation Methodology and Assumptions	<ul style="list-style-type: none"><li>• State methodology used to value assets</li><li>• State methodology used to value liabilities</li></ul>	
Reserving	<ul style="list-style-type: none"><li>• State the level of reserves set for each contingency</li></ul>	
Valuation Results	<ul style="list-style-type: none"><li>• Outline the total liability per category</li><li>• State the funding level (Assets/Liabilities)</li></ul>	
Replacement Ratios	<ul style="list-style-type: none"><li>• Provide a detailed summary of the Fund's replacement ratios.</li></ul>	
Actuary's Qualifications and Capacity	<ul style="list-style-type: none"><li>• Clearly state the Actuary's qualification and the capacity in which he has signed the report.</li></ul>	

Name of Actuary : \_\_\_\_\_

Qualification : \_\_\_\_\_

Signature & Date : \_\_\_\_\_

Name of Pension Fund : \_\_\_\_\_

Date of Valuation : \_\_\_\_\_

**APPENDIX 2: IPEC'S CHECKLIST FORM**

**Defined Benefit Funds**

Actuarial Requirement	Information	Actuary's Comment
Valuation date and objectives	<ul style="list-style-type: none"><li>• State the previous valuation date</li><li>• State the name of the previous Valuator</li><li>• State the current valuation date</li></ul>	
Relevant developments since the previous valuation	<ul style="list-style-type: none"><li>• List out any discretionary benefits awarded and comment on whether they were supported by the Fund's assets</li><li>• Outline any extraordinary changes in membership</li><li>• State whether there was a significant change in the investment strategy</li><li>• State any amendments made to the Rules</li></ul>	
Summary of Benefits and Contribution rates	<ul style="list-style-type: none"><li>• State the proportion of contributions that is channeled to meet retirement benefits, expenses and insurance benefits.</li><li>• State the level of expenses in proportion to contributions</li></ul>	
Summary of membership data	<ul style="list-style-type: none"><li>• Detail the membership data summaries</li></ul>	
Summary of Assets	<ul style="list-style-type: none"><li>• State the asset composition by asset class</li></ul>	
Investment Strategy	<ul style="list-style-type: none"><li>• State out the Investment strategy of the Fund</li></ul>	
Investment Return	<ul style="list-style-type: none"><li>• State the return rate earned on assets</li></ul>	
Valuation Methodology and Assumptions	<ul style="list-style-type: none"><li>• State methodology used to value assets</li><li>• State methodology used to value liabilities</li></ul>	
Reserving	<ul style="list-style-type: none"><li>• State the level of reserves set for each contingency</li></ul>	
Valuation Results	<ul style="list-style-type: none"><li>• Outline the total liability per category</li><li>• State the funding level (Assets/Liabilities)</li><li>• State valuation results on a discontinuance basis</li></ul>	
Actuary's Qualifications and Capacity	<ul style="list-style-type: none"><li>• Clearly state the Actuary's qualification and the capacity in which he has signed the report.</li></ul>	

Name of Actuary : \_\_\_\_\_

Qualification : \_\_\_\_\_

Signature & Date : \_\_\_\_\_

Name of Pension Fund : \_\_\_\_\_

Date of Valuation : \_\_\_\_\_

**APPENDIX I: IPEC'S CHECKLIST FORM**

**Defined Contribution Funds**

Actuarial Requirement	Information	Actuary's Comment
Valuation date and objectives	<ul style="list-style-type: none"><li>• State the previous valuation date</li><li>• State the name of the previous Valuator</li><li>• State the current valuation date</li></ul>	
Relevant developments since the previous valuation	<ul style="list-style-type: none"><li>• List out any discretionary benefits awarded and comment on whether they were supported by the Fund's assets</li><li>• Outline any extraordinary changes in membership</li><li>• State whether there was a significant change in the investment strategy</li><li>• State any amendments made to the Rules</li></ul>	
Summary of Benefits and Contribution rates	<ul style="list-style-type: none"><li>• State the proportion of contributions that is channeled to meet retirement benefits, expenses and insurance benefits.</li><li>• State the level of expenses in proportion to contributions</li></ul>	
Summary of membership data	<ul style="list-style-type: none"><li>• Detail the membership data summaries</li></ul>	
Summary of Assets	<ul style="list-style-type: none"><li>• State the asset composition by asset class</li></ul>	
Investment Strategy	<ul style="list-style-type: none"><li>• State out the Investment strategy of the Fund</li></ul>	
Investment Return	<ul style="list-style-type: none"><li>• State the return rate earned on assets</li></ul>	
Valuation Methodology and Assumptions	<ul style="list-style-type: none"><li>• State methodology used to value assets</li><li>• State methodology used to value liabilities</li></ul>	
Reserving	<ul style="list-style-type: none"><li>• State the level of reserves set for each contingency</li></ul>	
Valuation Results	<ul style="list-style-type: none"><li>• Outline the total liability per category</li><li>• State the funding level (Assets/Liabilities)</li></ul>	
Replacement Ratios	<ul style="list-style-type: none"><li>• Provide a detailed summary of the Fund's replacement ratios.</li></ul>	
Actuary's Qualifications and Capacity	<ul style="list-style-type: none"><li>• Clearly state the Actuary's qualification and the capacity in which he has signed the report.</li></ul>	

Name of Actuary : \_\_\_\_\_

Qualification : \_\_\_\_\_

Signature & Date : \_\_\_\_\_

Name of Pension Fund : \_\_\_\_\_

Date of Valuation : \_\_\_\_\_

**APPENDIX 2: IPEC'S CHECKLIST FORM**

**Defined Benefit Funds**

Actuarial Requirement	Information	Actuary's Comment
Valuation date and objectives	<ul style="list-style-type: none"> <li>• State the previous valuation date</li> <li>• State the name of the previous Valuator</li> <li>• State the current valuation date</li> </ul>	
Relevant developments since the previous valuation	<ul style="list-style-type: none"> <li>• List out any discretionary benefits awarded and comment on whether they were supported by the Fund's assets</li> <li>• Outline any extraordinary changes in membership</li> <li>• State whether there was a significant change in the investment strategy</li> <li>• State any amendments made to the Rules</li> </ul>	
Summary of Benefits and Contribution rates	<ul style="list-style-type: none"> <li>• State the proportion of contributions that is channeled to meet retirement benefits, expenses and insurance benefits.</li> <li>• State the level of expenses in proportion to contributions</li> </ul>	
Summary of membership data	<ul style="list-style-type: none"> <li>• Detail the membership data summaries</li> </ul>	
Summary of Assets	<ul style="list-style-type: none"> <li>• State the asset composition by asset class</li> </ul>	
Investment Strategy	<ul style="list-style-type: none"> <li>• State out the Investment strategy of the Fund</li> </ul>	
Investment Return	<ul style="list-style-type: none"> <li>• State the return rate earned on assets</li> </ul>	
Valuation Methodology and Assumptions	<ul style="list-style-type: none"> <li>• State methodology used to value assets</li> <li>• State methodology used to value liabilities</li> </ul>	
Reserving	<ul style="list-style-type: none"> <li>• State the level of reserves set for each contingency</li> </ul>	
Valuation Results	<ul style="list-style-type: none"> <li>• Outline the total liability per category</li> <li>• State the funding level (Assets/Liabilities)</li> <li>• State valuation results on a discontinuance basis</li> </ul>	
Actuary's Qualifications and Capacity	<ul style="list-style-type: none"> <li>• Clearly state the Actuary's qualification and the capacity in which he has signed the report.</li> </ul>	

Name of Actuary : \_\_\_\_\_

Qualification : \_\_\_\_\_

Signature & Date : \_\_\_\_\_