

Circular No. 7 of 2014 Circulars The

21 October 2014

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

### ACTURIAL STANDARDS FOR PENSION FUND VALAUATION

- Following several engagements with the Acturial 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.
- As we want the attaching of the appendices to the 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.

M. S. Mpofu (Mrs.)

Commissioner of Insurance, Pension and Provident Funds

Name of Pension Fund	:	<b>र</b> ्ग ग्रु
Date of Valuation	:	

## APPENDIX I: IPEC'S CHECKLIST FORM

## **Defined Contribution Funds**

Actuarial Requirement	Information	Actuary's
Valuation date and objectives	<ul> <li>State the previous valuation date</li> <li>State the name of the previous Valuator</li> </ul>	Comment
Relevant developments since the previous valuation  Summary of Benefits and Contribution rates	<ul> <li>State the current valuation date</li> <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> <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</li> </ul>	
Summary of membership data	contributions	
Summary of Assets Investment Strategy	<ul> <li>Detail the membership data summaries</li> <li>State the asset composition by asset class</li> </ul>	
Investment Return	• State out the Investment strategy of the Fund	
Valuation Methodology and Assumptions	<ul> <li>State the return rate earned on assets</li> <li>State methodology used to value assets</li> <li>State methodology used to value liabilities</li> </ul>	
Reserving	State the level of reserves set for each contingency	
Valuation Results	<ul> <li>Outline the total liability per category</li> <li>State the funding level (Assets/Liabilities)</li> </ul>	
Replacement Ratios	Provide a detailed summary of the Fund's replacement ratios.	
Actuary's Qualifications and Capacity	Clearly state the Actuary's qualification and the capacity in which he has signed the report.	

Name of Actuary	:	
Qualification	:	

Signature & Date

Name of Pension Fund	:	× 1 15
Date of Valuation	:	

## APPENDIX 2: IPEC'S CHECKLIST FORM

### **Defined Benefit Funds**

Signature & Date

Actuarial Requirement	Information		
•			Actuary's
Valuation date and objectives	<ul> <li>State the previous va</li> <li>State the name of the</li> </ul>	previous Valuator	Comment
Relevant developments since the previous valuation  Summary of Benefits and Contribution rates	<ul> <li>State the current value</li> <li>List out any discretion and comment on which supported by the Furtier of the commendation of the</li></ul>	nation date nary benefits awarded ether they were ad's assets inary changes in was a significant change stegy ts made to the Rules of contributions that is irement benefits, ce benefits.	
Summary of membership data	<ul> <li>State the level of experimental contributions</li> </ul>		-
Summary of Assets	Detail the membershi     State the asset asset.	p data summaries	
Investment Strategy	<ul> <li>State the asset compo</li> <li>State out the Investment</li> </ul>	sition by asset class	
Investment Return	• State the ret	ent strategy of the Fund	
Valuation Methodology and Assumptions	State the return rate e     State methodology us	ed to value assets	
Reserving Valuation Results	<ul> <li>State methodology us</li> <li>State the level of reser contingency</li> <li>Outline the total liabil</li> <li>State the funding level</li> </ul>	ed to value liabilities  ves set for each	
Actuary's Qualifications and Capacity	<ul><li>State valuation results basis</li><li>Clearly state the Actual</li></ul>	on a discontinuance	

		the capacity in which he has si
Name of Actuary	:	
Qualification	•	
×		

Name of Pension Fund	:	≪ 1 ·€
Date of Valuation	:	

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

#### **Defined Contribution Funds**

Actuarial Requirement	Information	Actuary's Comment
Valuation date and objectives	<ul> <li>State the previous valuation date</li> <li>State the name of the previous Valuator</li> <li>State the current valuation date</li> </ul>	Comment
Relevant developments since the previous valuation	<ul> <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> <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	Detail the membership data summaries	
Summary of Assets	State the asset composition by asset class	
Investment Strategy	State out the Investment strategy of the Fund	
Investment Return	State the return rate earned on assets	
Valuation Methodology and Assumptions	<ul><li>State methodology used to value assets</li><li>State methodology used to value liabilities</li></ul>	
Reserving	State the level of reserves set for each contingency	
Valuation Results	<ul><li>Outline the total liability per category</li><li>State the funding level (Assets/Liabilities)</li></ul>	
Replacement Ratios	Provide a detailed summary of the Fund's replacement ratios.	
Actuary's Qualifications and Capacity	• Clearly state the Actuary's qualification and the capacity in which he has signed the report.	

Name of Actuary	:	
Qualification	:	
Signature &Date	:	

Name of Pension Fund	:	Sec.
Date of Valuation	:	

# APPENDIX 2: IPEC'S CHECKLIST FORM

#### **Defined Benefit Funds**

Actuarial Requirement	Information	Actuary's
Valuation date and objectives	<ul> <li>State the previous valuation date</li> <li>State the name of the previous Valuator</li> </ul>	Comment
Relevant developments since the previous valuation	<ul> <li>State the current valuation date</li> <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> </ul>	
Summary of Benefits and Contribution rates	<ul> <li>State whether there was a significant change in the investment strategy</li> <li>State any amendments made to the Rules</li> <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 Summary of Assets	Detail the membership data summaries	
Investment Strategy	• State the asset composition by asset class	
Investment Return	• State out the Investment strategy of the Fund	
Valuation Methodology and Assumptions	State the return rate earned on assets     State methodology used to value assets	
Reserving	State methodology used to value liabilities     State the level of reserves set for each	
Valuation Results	<ul> <li>Outline the total liability per category</li> <li>State the funding level (Assets/Liabilities)</li> <li>State valuation results on a discontinuance</li> </ul>	
Actuary's Qualifications and Capacity	<ul> <li>basis</li> <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	:	