



E/45/23

17 May 2012

Circular No. 4 of 2012

Zimbabwe Association of Pension Funds (ZAPF)

Life Offices Association of Zimbabwe (LOA)

Zimbabwe Insurance Brokers Association (ZIBA)

Pension Fund Administrators

Self Administered Funds

**RE: REVISION OF PART OR FULL COMMUTATION REQUIREMENTS**

1. When the Insurance and Pensions Commission (IPEC) issued Circulars 2 of 2007 and 1 of 2010, it was to give a reprieve to those pension fund members who had suffered the ravages of hyperinflation and faced other challenges.
2. Since then IPEC believes that pension fund members have been given enough time to organise themselves. In this respect, we are withdrawing circulars 2 of 2007 and 1 of 2010 with effect from 30 June 2012. This circular will be effective on 1<sup>st</sup> July 2012
3. Please note that the Commission will not consider requests to withdraw preservation benefits as these are to be accessed at age 55 in terms of section 22 1 (b) of Statutory Instrument 323 of 1991.
4. The only cases that will qualify for part or full commutation will be for a forcibly retrenched member who:-
  - a) Wishes to finish off paying his/her mortgage loan or wants to complete construction of his/her first and only dwelling house.
  - b) Wishes to pay fees for his/her child who is in Grade 7, Form Four, Form Six (Upper 6<sup>th</sup>) or is doing his/her last year at college or university.

5. The member's application in respect of 3 above must be discussed by the pension fund concerned's Board of Trustees and the following information must be availed:-
- a) Proof of retrenchment which should have not been voluntary.
  - b) Amount member received as a lump sum payment and how these funds were utilised (supporting documents to be submitted)
  - c) In the case of completing construction of the first and only dwelling house or paying off a mortgage:
    - I. Proof of ownership of property
    - II. Approved building plans
    - III. Stage inspection form from City/Town Council
    - IV. Current balance of mortgage
  - d) In the case of payment of school fees:
    - i. Stamped school/college/university invoice
    - ii. A clear statement of the grade/form/year in which the child is enrolled.
    - iii. A certified copy of the child's birth certificate.
    - iv. The items in (a) and (b) above
    - v. Any other information the Commission may reasonably require.
6. The Board of Trustees should then deliberate on the member's application and forward its recommendation to the fund administrator. Should the member's monthly pension be below the minimum amount allowable, the matter should be concluded between the trustees and the administrator. If the amount is above the minimum amount allowable, the administrator should forward the request to the Commission together with documentary evidence in support of the request.
7. I hope the above is clear but should you require further information; please contact the Commission.



M. S. Mpofo

COMMISSIONER OF INSURANCE, PENSION AND PROVIDENT FUNDS