



Circular 25 of 2021

21 July 2021

Minimum Pension for the Determination of Commutations and Preservation Amounts in Relation to Pension Fund Members.

TO: All Pension and Provident Funds

Zimbabwe Association of Pension Funds (ZAPF)

Life Offices Association of Zimbabwe (LOA)

Insurance Brokers Association of Zimbabwe (IBAZ)

Pension Fund Administrators

1. Background

- 1.1. The monthly pension applicable for commutation and preservation purposes is currently pegged at six thousand dollars (ZW\$6000) per annum, which translate to ZW\$500 per month. The amount is prescribed in terms of sections 21 and 24 of the Pension and Provident Funds Regulations, Statutory Instrument 323 Of 1991 as amended by Statutory Instrument 91 of 2020, and has become very low considering the obtaining economic environment.
- 1.2. In response, the Commission submitted proposed amendment of regulations prescribing minimum pensions to the Ministry of Finance and Economic Development. The proposed amendments are intended to review the minimum pensions upwards to thirty-six thousand dollars (ZW\$36 000) per annum.

1.3. The proposed amendments are yet to be gazetted as law resulting in the continued application of ZW\$6000 dollars as the minimum pension.

2. Objectives of the Circular.

2.1. The Commission recognises the plight of pensioners, in particular the urgent need:

- a) To cushion pensioners through an upward review of the minimum pension in the determination of the qualifying criteria for commutation and preservation purposes.
- b) To enhance the monetary value realised by exiting fund members through the application of a reviewed minimum pension in the determination of commutations.
- c) To promote the welfare of pensioners to take into account the current macro-economic environment.

3. Minimum Pension to be Applied in determination of Commutation and Preservation Amounts.

3.1. The Commission hereby exempts the pensions industry, in terms of section 24 of the Pension and Provident Funds Act [Chapter 24:09], from applying the prescribed minimum pension of ZW\$6000 in the determination of commutation and preservation.

3.2. In line with this exemption, the pensions industry shall apply ZW\$36 000 in the determination of commutation and preservation amounts. The application of this revised amount is with immediate effect.

Please be guided accordingly.



Grace Muradzikwa

Commissioner of Insurance Pension and Provident Funds