

INCOME DRAWDOWN FRAMEWORK PRESENTATION



P. GOMBE (ACTUARIAL MANAGER)

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Agenda



Background

Accessibility
And Flexibility

Members'
rights

Reporting
Requirements

Key
Principles

Financial
Aspects

Conversion
Provisions



Background



What are your pension options at retirement in Zimbabwe?



- 1. Purchase annuity from a pension fund**
- 2. Purchase annuity from an insurance company**
- 3. Cash payment??**
- 4. ??????**

Background...



What is Income Drawdown?

- Method of withdrawing benefits whilst keeping your pension pot invested.



Rationale For The Framework



WHY?



Expand retirement options



Mitigate the weakness of level guaranteed annuities



Protect policyholder and their beneficiaries

WHY?



Provide principles to be adhered to.



Transition provisions

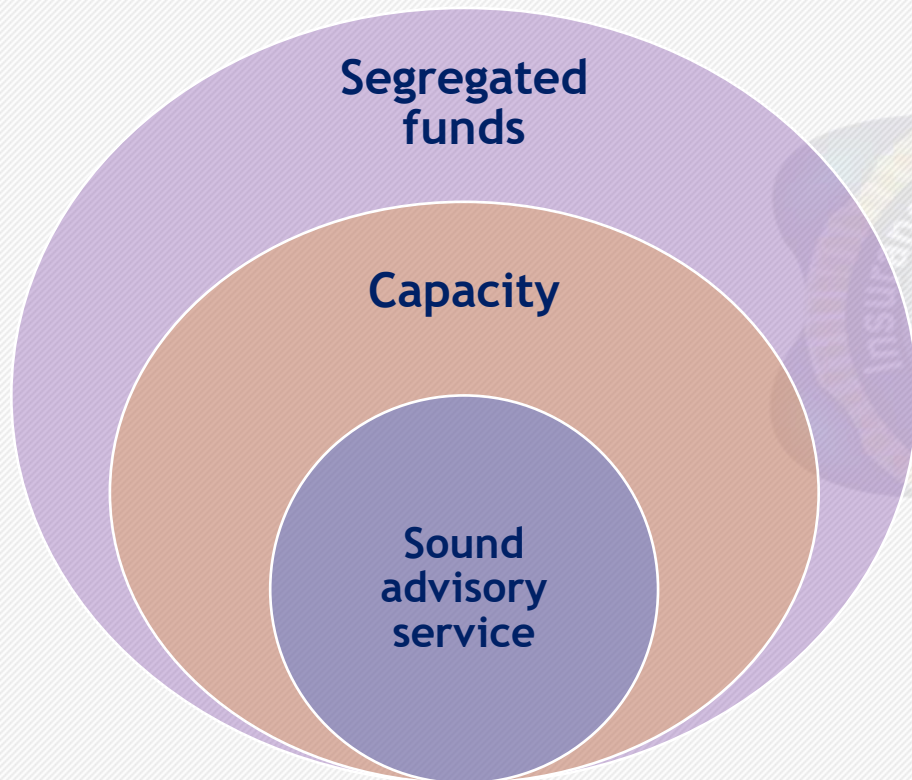


Promote understanding of risks and rewards.

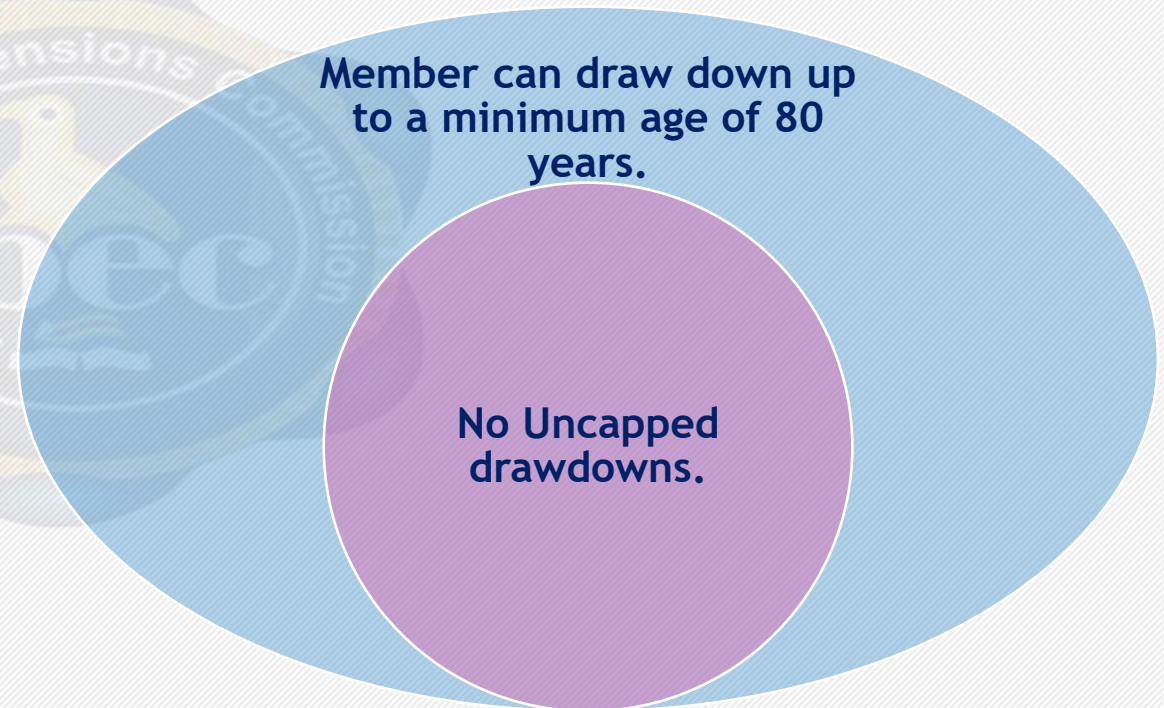
Key Principles



FOR AUTHORISATION



TYPES OF DRAWDOWN TO BE OFFERED



Accessibility & Flexibility



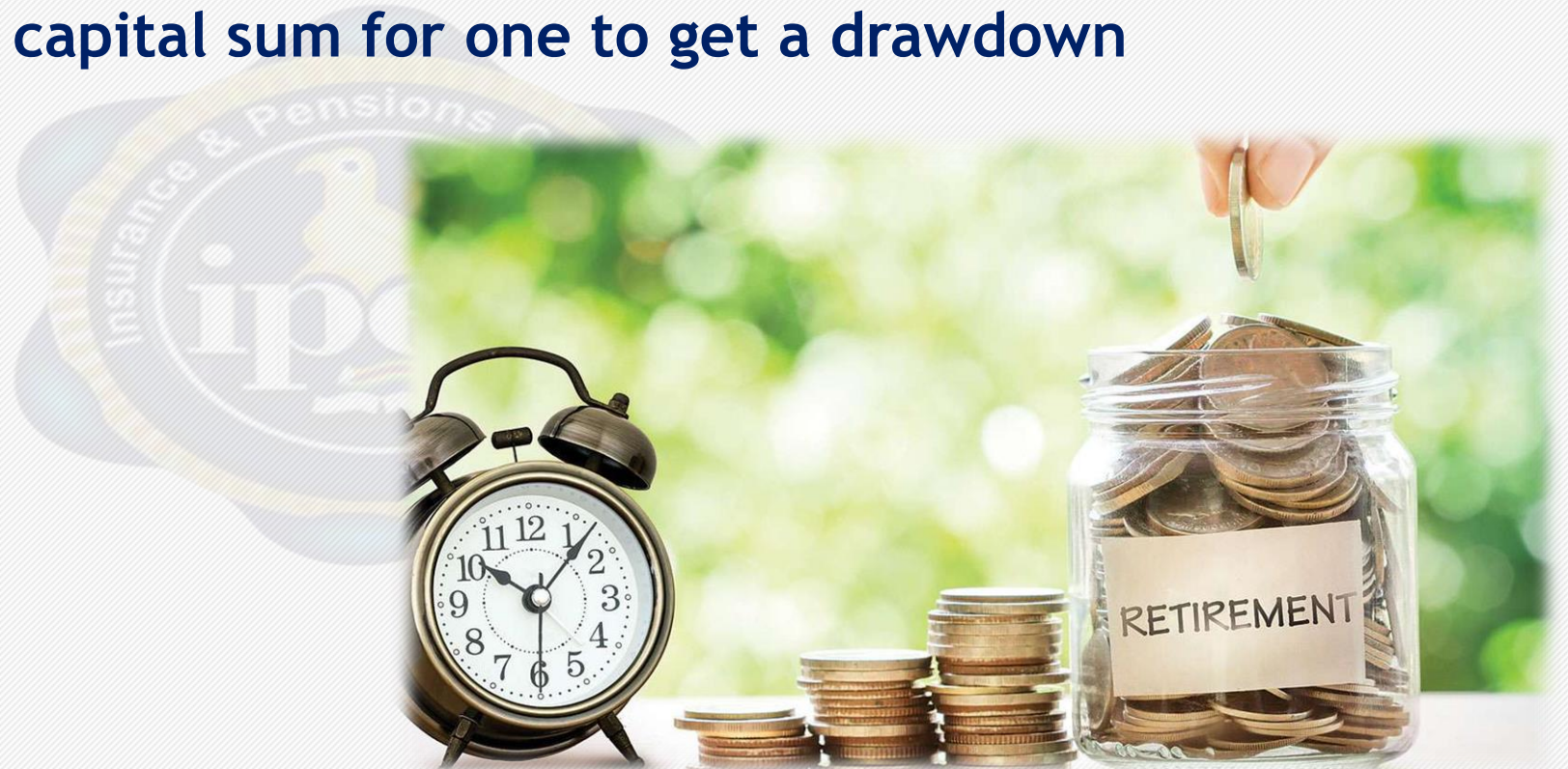
- Available to a member at retirement.
- Frequency of drawdown provided in the structure of the arrangement.
- Individuals allowed to transfer benefits to another provider offering income drawdown.
- Policyholders should provide justifiable reason to all concerned parties subject to a 30 day notice period.



Financial Aspects



- **Maximum withdrawal limit of 15% p.a**
- **No minimum required capital sum for one to get a drawdown arrangement.**
- **Expenses and fees.**



Members' Rights



- Consent form to be signed
- 3 month cooling-off period from date of signing consent form
- Minimum information at the time of signing
- Information to be communicated at least on an annual basis



Effective Date & regulatory Approval



- **Effective Date : 1st of October 2021**
- **No insurer or pension fund shall provide the arrangement without regulatory approval**



Conversion Provisions



Reconsidered decision during cooling off period

Provider winding up arrangement

Conversion to level guaranteed annuities not permitted.



Continuation of drawdown arrangement

Purchase annuity

Balance paid to nominated beneficiary

Reporting Requirements



- 3 month period to align arrangements with framework for funds already offering drawdowns.
- Framework applies to all new products effective 01 October 2021.
- Every provider shall report to the Commission.
- Commission shall make necessary adjustments to existing quarterly reporting templates.



QUESTIONS

