



November 21, 2007

Circular No. 11 of 2007

To: **Zimbabwe Association of Pension Funds (ZAPF)**
Zimbabwe Insurance Brokers Association (ZIBA)
Pension Fund Administrators
Self Administered Pension Funds
Life Offices Association (LOA)

MINIMUM QUALIFICATIONS FOR TRUSTEES OF PENSION FUNDS

1. It is common knowledge that the pensions industry constitutes the bulk of contractual savings not only in our country but in other countries as well where this industry is well developed.
2. Contractual savings in the form of pension funds are critical in the economic development of any country and Zimbabwe is not an exception. Governments and the private sector borrow from pension funds in order to finance various programmes.
3. Pension funds must invest member contributions such that members derive maximum benefits on retirement. Trustees of pension funds therefore have a fiduciary duty to ensure that they invest pension fund monies prudently and to the best advantage of pension fund members.
4. For trustees to carry out their duties competently they need to have the requisite skills and know how. This is more so in a turbulent environment where strategies need constant scrutiny and review.

5. In addition, trustees in many countries are being called upon more and more to account for and explain their actions. For example trustees are being asked how they choose asset managers. Comparisons are being made on the performance of funds and trustees are taken to task if their pension funds perform below their peers or below expectation.
6. Cognizant of these developments, the Commission has seen it fit to come up with minimum qualifications for trustees as follows:-
- (a) Five 'O' Levels
 - (b) a certificate in a business or related field
 - (c) Must be holding or has held a supervisory position at his/her work place for a minimum period of three years.
7. It is the Commission's observation that most trustees serve for a period of three years. We are therefore suggesting that those trustees who are already serving should acquire these qualifications if they do not have them.
8. As we continue to review pension legislation, the requirements in six above will be incorporated in the regulations. All affected trustees are therefore being urged to address whatever shortcomings exist before these minimum qualifications are incorporated in legislation.


M. S. Mpofu

COMMISSIONER OF INSURANCE, PENSION AND PROVIDENT FUNDS