

28 April 2021

Circular 16 of 2021

To: All Self- Administered Pension Funds

**STATUS OF OWNERSHIP OF PROPERTY FOR SELF-ADMINISTERED PENSION FUNDS**

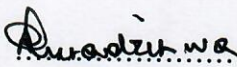
The Insurance and Pensions Commission (IPEC) has observed continued incidences where pension funds are acquiring properties and they negate to effect transfer ownership into the name of the fund. Instances have been noted where funds have faced challenges in disposing such properties to pay benefits to members. This is mainly because potential buyers would be sceptical of purchasing property from a seller whose name is not reflected on the title document.

In addition, some funds have even lost the properties because of the liquidation of the legal person in whose name the property remains registered. In such cases, the property becomes listed as assets of the person under liquidation and gets sold to defray liquidation costs and pay debtors. This results in financial prejudice to the members of the fund who fail to access their benefits in time or end up being paid only a portion of their benefits.

The Commission has also noted with concern instances where properties belonging to pension funds are registered in the name of the sponsoring employer, thereby disregarding the separate legal personality between the two entities. Therefore, this equally exposes the pension fund to financial risks especially in instances where the sponsoring employer is liquidated or runs into financial challenges that may cause it to dispose of that property.

It is against such a background that we request you to submit information regarding the status of ownership of all properties that form part of the assets of the fund. The information must be submitted in the format shown in Annexure 1 and must reach the Commission by 21 May 2021.

We look forward to the submission.

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Grace Muradzikwa

**Commissioner of Insurance Pension and Provident Funds**