

Secure yourself,
Secure your future



Your Retirement Depends on What You Put In

When Sekuru Nhamo retired at 65 after 35 years as a bookkeeper at a manufacturing workshop, he looked forward to a pension that would give him dignity and comfort. With decades of deductions from his salary, he assumed he would finally enjoy the fruits of his labour as “mudyandigere.” He even dreamt of using his payout to buy a modest two-roomed house in Harare for his family.

But when the pension administrator explained his benefits, his heart sank. The money was so little as it could not buy him the house he hoped for, only enough to buy bricks to build a hut at his rural home. Meanwhile, he had watched other workers from another company in the same group retire comfortably, receiving decent monthly pensions and lump sums. What he had not realised was that their contributions had been significant, while his and those of his employer were only token amounts.

With two children still in school who needed fees, Sekuru Nhamo's pension could not sustain the family. It barely covered groceries, let alone tuition or medical costs. With no choice, he returned to his rural home and began taking casual work as a groundsman at a local school to make ends meet. It was a humiliating contrast to the retirement of dignity, he had imagined.

This story is fictional, created to illustrate a common challenge faced by pension scheme members. The lessons it conveys, however, are very real.

Pensions are built on two key foundations: contributions from the worker and in most cases the employer, as well the investment returns earned by the pension fund over time. If contributions rates are too low, even the best investment growth cannot transform them into a meaningful benefit. Pension funds are not miracle machines, a pension is a deferred salary. The pension funds grow what would have been saved for retirement.

Yet some workers contribute very little, as low as ZWG400 or US\$15 a month. This may seem manageable in the short term, but it sets them up for disappointment later. Token contributions inevitably lead to token pensions. Workers sometimes assume that “time” alone will multiply their savings, forgetting that growth depends on the size of the seed planted. The result is old age poverty, where instead of enjoying independence, pensioners end up depending on children, relatives, or odd jobs to survive.

Contrast Sekuru Nhamo's case with Aunty Beauty, a bookkeeper at another company. From her very first pay, 30 years ago, Aunty Beauty's pension contributions were meaningful. By the time she retired, her fund had grown into a pot large enough to provide a steady monthly income, cover medical costs, and give her peace of mind. Aunty Beauty's story highlights a simple truth: pensions reward those who contribute significantly and consistently.

While employers and the board of fund have roles to play, workers themselves, who are the principal members of the pension funds must take responsibility. They should understand exactly how much is being deducted and what it will translate into at retirement. They must ask questions and request projections to estimate their likely benefits. If deductions are clearly too low, they should advocate for higher contributions.

For their part, employers carry a duty of care. By ensuring meaningful contribution rates, they protect workers' futures and reduce the risk of employees retiring into poverty. Unfortunately, some employers view pensions as an afterthought.

The board of fund, as custodians of pension assets, also has a critical role. They must ensure contribution levels are reasonable, capable of generating meaningful benefits and sustainable to both the employer and members. They should also educate members by providing clear benefit projections that show the link between contribution levels and retirement outcomes. A pension fund that fails to do this risk condemning its members to the kind of hardship that befell Sekuru Nhamo.

Workers themselves can take practical steps to avoid such disappointment. They should push for meaningful deductions, not settle for token amounts.

Where possible, they should top up their savings through additional voluntary contributions or individual pension plans. By being proactive, workers can avoid the trap of contributing faithfully but retiring with nothing of value.

Pensions cannot deliver dignified retirement outcomes unless contributions are both consistent and significant. While the Insurance and Pensions Commission (IPEC) enforces compliance and fund governance, the most important decision lies with members and employers: contribute meaningfully today to secure dignity tomorrow.

Pension schemes are like fields. If you sow sparingly, you reap sparingly. If you sow generously, you reap a harvest that sustains you and your family.

So, the next time you look at your payslip deduction, ask yourself: Am I sowing enough to reap a pension that will truly sustain me?

About IPEC

The Insurance and Pensions Commission (IPEC) is a statutory body established in terms of the Insurance and Pensions Commission Act [Chapter 24:21] to regulate the insurance and pensions industry for the protection of policyholders and pension scheme members.

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