

Secure yourself,
Secure your future



When the Company Closed, Her Pension Didn't: Memory's Lesson on Retirement Security

When Memory Dube walked into her workplace one Monday morning and found the gates locked with a "Company Closed" notice, she thought it was a temporary setback. The factory had been struggling for months, but no one expected a complete shutdown. For 18 years, Memory had worked as a machine operator at the textile company. Like many of her colleagues, she had faithfully contributed to the company's pension fund, confident that one day it would give her a decent retirement cushion.

Weeks passed without any official word from management. Eventually, the company was declared insolvent. Employees were devastated, not just because they lost their jobs, but because they feared they had lost their pensions too. Rumours spread that "everything was gone." Some even believed that the pension fund had also collapsed together with the company.

This story is fictional, but it mirrors real experiences faced by thousands of workers when companies close down. It also reveals one important truth that every employee must understand that a company and a pension fund are separate legal entities: a company's closure does not mean the end of your pension.

When a company shuts down, its employees are treated as having been retrenched. This means they are entitled to receive all their pension benefits, both lump sum and monthly benefits, without waiting to reach the normal retirement age. The closure of an employer does not terminate the pension scheme or extinguish members' benefits. Pension funds are established under trust and are separate legal entities from the employer. The assets of the fund belong to the members, not the company.

Therefore, even if an employer becomes insolvent, the pension fund remains intact. Even though no new contributions will be coming from the employer, the fund will continue to operate, managed by its board of fund and regulated by the Insurance and Pensions Commission (IPEC). Employees are legally entitled to claim the benefits they have accumulated over their years of service.

Many employees equate their company's closure with the loss of all benefits because they misunderstand how pension schemes work.

In reality, a pension fund is ring-fenced from the employer's business operations. However, challenges may arise if the employer has not been remitting contributions. For example, as at 30 June 2025, total contribution arrears across the private occupational pension sector stood at about US\$110 million, reflecting how serious non-remittance can become.

Still, the key point remains, even if the employer has shut down, members retain their rights to whatever benefits are due based

on what was actually contributed and invested in the fund name.

Lessons for Every Worker

Keep All Employment and Pension Records: Always keep payslips, appointment letters, and benefit statements. They will be invaluable if your employer closes or changes ownership.

Read and Understand Your Annual Benefit Statement: Pension funds are required by law to provide members with a benefit statement at least once a year. This document shows contributions by both employer and employee, investment returns, member accumulation, and contribution arrears, if any. Review it carefully, it's your financial mirror into the future. **Follow Up on Remittances:** If your benefit statement shows irregular contributions, raise the issue with your employer or the board of fund immediately. Do not wait until retirement or retrenchment.

Engage the Board of Fund or Administrator: The board of fund is the custodian of the fund. The board is legally bound to protect your interests. If you suspect wrongdoing or delays, contact the board of fund or escalate to IPEC.

Memory's Lesson

After months of uncertainty, Memory and her colleagues finally received communication from the pension fund administrator. Each was asked to submit claim forms. Memory received a lump sum representing her accumulated contributions and interest, not as much as she had hoped, but enough to restart her life through a small poultry project.

Her relief was immense. She realised that her pension had survived even though her employer had not.

When a company shuts down, your job may end, but your pension rights remain alive. Pension schemes are designed to outlast employers, protecting workers' long-term savings. The key is to stay informed, keep your records, and claim what belongs to you.

If your company closes, remember: you are entitled to your pension benefits immediately. Don't wait. Engage your fund, ask questions, and reach out to IPEC, if necessary. Your pension is your safety net, make sure it catches you when everything else falls apart.

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.

For feedback or enquiries, please contact us at: pr@ipec.co.zw.