

Secure yourself,
Secure your future



Pension Contributions Remittance to the Pension Fund: A Non-Negotiable Obligation

When Martha Tigo's friend, Alice Jayi landed her dream job with an engineering firm in Harare, she was thrilled by the prospects of career growth and financial stability. As a 29-year-old engineer, she felt that life was finally coming together. However, her excitement turned to frustration a year later when she requested her pension benefit statement. To her disbelief, the statement showed only three months of pension contributions, despite having twelve months pension deductions reflected on her payslips.

Her employer had been deducting pension contributions from her salary but was not remitting to the pension fund. Alice's story is sadly not unique. As at 31 March 2025, contribution arrears across Zimbabwe's private occupational pension schemes stood at US\$93 million. These arrears jeopardise the retirement future of thousands of employees whose sponsoring employers have not fulfilled their legal and financial obligations. If the arrears remain unsettled, investments return is forgone, potentially leaving many retirees with benefits far below their expectations.

Why Remittance Matters

When an employee joins a pension scheme, it creates a binding obligation on the employer to deduct and remit both employee and employer contributions to the pension fund within 14 days from the end of the month. Both the employer and employee pension contributions do not belong to the sponsoring employer, they belong to the employee as a pension scheme member and are meant to grow and support them upon retirement.

Any delay or failure to remit contributions affects the investment growth of the funds and compromises the ability of the fund to meet its benefit obligations.

What Employees Can Do

Employees must take an active role in monitoring their pension contributions and accumulations, which is the balance in their pension pot just as they do with their bank accounts. Here are some practical steps:

- 1. Check Your Payslip:** Ensure pension deductions for both the employer and the employee are being made each month.
- 2. Request Regular Benefit Statements:** Pension funds are required by law to provide annual benefit statements within six months after the end of the year, which you must study carefully. Compare the data with your payslips.
- 3. Ask Questions:** If anything seems amiss, approach your fund's Principal Officer or Human Resources department and ask them to account for the anomaly.
- 4. Hold the Board of the Fund to Account:** In cases where contributions are not being remitted, you should demand explanations. Make use of the fund's AGMs to make the Board of Fund, which has a fiduciary duty to protect members' interests, to account for the fund's resources.

Responsibilities of Employers

Employers play a critical role in ensuring the integrity of the pension system. It is their duty to:

- Deduct contributions from salaries accurately and consistently.
- Match these with the agreed employer and employee contributions.
- Remit the contributions to the pension fund within the stipulated timeframe of 14 days after the end of the month.

Some employers delay remittances due to financial constraints. However, this practice places employees' futures at risk and exposes the employer to regulatory penalties. Pension contributions are not optional, they are a deferred part of an employee's compensation.

The Role of Board of Fund (Trustees)

Members of the Board of a Pension Fund and administrators must be vigilant. They are responsible for ensuring that the fund is managed properly, contributions are received by the fund timeously and proper record-keeping by the Fund's management or administrators, as applicable to each type of administration model. The Board of Fund should ensure that members are informed of their rights and benefits, furnished with the rules of the fund, and informed of any amendments made to the rules.

The Role of Principal Officer of the Fund

Every fund is required to have a Principal Officer, appointed by the Board of Fund. The Principal Officer is responsible for the day-to-day management of the fund and engagement with key service providers such as asset managers, actuaries, custodians, and auditors. If an employer fails to remit contributions to the fund within the stipulated timeframes, the Principal Officer is required to report to IPEC within seven days after the expiration of the deadline.

IPEC's Enforcement Actions

The Insurance and Pensions Commission is committed to protecting pension scheme members. When an employer fails to remit pension contributions for three months, IPEC engages the defaulting employer and directs that they remit the contributions to the fund within a specified period. If the employer still fails to remit, IPEC can garnish the bank accounts of the defaulting sponsoring employer in line with the provisions of section 16 of the Pensions and Provident Funds Act [Chapter 24:32].

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