

NAMIBIA

AN OVERVIEW OF THE STATUTORY ENVIRONMENT RELEVANT TO RETIREMENT FUNDS

- NAMFISA ACT**
- THE PENSION FUNDS ACT**
- CHILDRENS STATUS ACT**
- INCOME TAX ACT**
- EMPLOYEES COMPENSATION ACT**
- LABOUR ACT**
- SOCIAL SECURITY ACT**
- NATIONAL REINSURANCE CORPORATION ACT**
- FINANCIAL INTELLIGENCE ACT**
- OTHER LEGISLATION**
- THE RETIREMENT FUNDS MARKET**

NAMFISA

OUR SUPERVISORY AUTHORITY

- Established effective 14 May 2001**
- FSB served as precedent**
- Wider responsibilities**
- Operative since April 2002**
- Incisive changes per FSL Amendment Bill for**
- Registrar to redefine the goal posts**

THE PENSION FUNDS ACT

- Currently still Act 24 of 1956, frozen effective 21.3.1990 but incisive changes per FSL Amendment Bill**
- Few new circulars and regulations subsequently e.g. full benefit due on preservation**
- 35% to be invested in Namibia, dual listed's to be reduced to 10%?**
- Proposed introduction of min of 1% to max 5% in unlisted equities with phase in 1% to 5%?**
- New Retirement Funds Act in final stage (consider FSLA Bill)?**

THE CHILDRENS STATUS ACT (Act 6 of 2006)

- Objective is to promote and protect the best interests of the child**
- Addresses custody, guardianship and access of child (i.e. under legal age of majority)**
- Children's court to be established to deal with relevant issues and applications for custody, guardianship, declaration of parentage**
- Presumption of paternity if at time of conception**
- Presumption of paternity on scientific test refusal**
- Equal right of parents re child outside marriage but one primary custodian**
- Person with custody of child is also guardian**

THE CHILDRENS STATUS ACT (Act 6 of 2006)

- If guardian is minor, his/her guardian is guardian of child**
- Non-custodian parent has right to reasonable access**
- Custodians have duty to maintain child**
- For inheritance, same rights to person born inside or outside marriage (intestate & testamentary); does not effect freedom of testamentary disposition**
- Custodian of child in case of death**
- Act only applies to estate of persons who died after Act came into force**
- Ministry of Gender Equality and Child Welfare: Directorate Child Welfare is responsible**

THE INCOME TAX ACT

- Indigenous act since 1981**
- Source based income tax**
- Contributions to retirement annuity, pension and provident (and study policies) tax deductible**
- Maximum deductible by employee is N\$ 40,000 p.a.**
- Recognises 'preservation' funds separately from others**
- 1/3rd of lump sum benefit not taxed (PN 5/2003), death, disability, retirement, difference between pension, provident fund**

THE INCOME TAX ACT (*Contd.*)

- Status of P/N 5 of 2003**
- Maximum capital to be commuted is N\$ 50,000**
- Maximum tax-free gratuity is N\$ 300,000**
- Maximum tax rate for individuals is 37% from N\$ 750,000,
first N\$ 40,000 not taxed**



THE EMPLOYEES COMPENSATION ACT

- Currently still based on Workmens Compensation Act 30 of 1941, frozen effective 21.3.1990**
- Renamed and some benefit improvements**
- Employee is person with contract of service with employer**
- Employer is person who employs an employee, incl state**
- Accident is unplanned/unforeseen occurrence if**
- Accidents to be reported**
- Reporting requirements**
- Compensation i.r.o salary/wage paid by employer reimbursed at 75% with maximum of 75% of N\$ 5,000**



THE EMPLOYEES COMPENSATION ACT (cont'd)

Benefits

Medical expenses

Transport of injured employee

Temporary total disablement (booked off by med pract due to injury on duty)

Permanent disablement

Lump sum

Monthly pension per temp disability

Death benefits

Lump sum

Spouse's pension;

Child's pension;

THE EMPLOYEES COMPENSATION ACT (cont'd)

- Death Benefits (continued)**
 - Pension maximum is 100% of entitlement per above;**
 - Burial expenses allowance max N\$ 3,120**

THE LABOUR ACT

- Indigenous act since 1992
- New Labour Act
 - Housing loan deductions prohibited?
 - Employer pension fund cannot be offset
 - No back dating of new obligations on EE, ER
 - Four weeks annual leave
- Paid maternity leave with SSC refund
 - SSC salary base N\$ 6k



THE SOCIAL SECURITY ACT

New benefits and contribution scale to be effective 1 April 2009 (1 Mar 2007 in brackets)

- Maternity leave, Sick leave and Death Benefit Fund in place**
- +/- 320,000 members**
- 1.8% contribution split 50:50**
- No registration fee (N\$ 10)**
- Max salary of N\$ 7,000 (N\$ 6,000)**
- Sick leave/maternity benefit: first 6 mths 75%, next 18 mths 65%/100% (75% - 65%/ 100%) of salary**
- Death/retirement benefit N\$4,000 (N\$ 3,500)**
- National Pension Fund in the pipeline**

THE SOCIAL SECURITY ACT (*Contd.*)

The National Pension Fund - Proposals

- Representation from Min. Labour, Labour Movement, Employer Federation & Social Security Comm.**
- Compulsory participation**
- Expected initial contribution of 5% split 50:50, increasing to 8% in 10 years and 12% in 20 years**
- Defined benefit basis**
- Max salary N\$ 4,500?**

THE NATIONAL REINSURANCE CORPORATION

- Compulsory diversion of premiums of 20% - 25% to Namibia
National Reassurance Corporation**
- Commission as agreed upon payable to insurers and reinsurers**

THE FINANCIAL INTELLIGENCE ACT

(Act No 3 of 2007)

- Purpose –to collect, assess, analyse financial data from ‘accountable institutions’ re money laundering
- Promulgated but not operative yet
- Bank of Namibia to administer
- Accountable institutions identified
- Other Accountable institutions
 - Registrar of Companies
 - Law Society
 - Estate Agents Board
 - Public Accountants & Auditors Board
 - Namfisa
 - Namibia Stock Exchange



THE FINANCIAL INTELLIGENCE ACT

- Duty to identify clients, keep records and report transactions**
- Obligations of accountable institutions**
- Judge in chambers may order acc institution to report**
- Reporting duty not effected by any confidentiality rules**
- Persons making reports are specially protected**
- Tipping-off of suspected person is an offence**
- Offences in general**

OTHER

- No estate duty, to be reviewed**
- Income from Namibian unit trusts tax free, to be revoked**
- Financial Services Sector Charter**
- Social grant N\$ 450 p.m. (180,000 at 2008)**
- Veterans allowance N\$ 2,000**



THE RETIREMENT FUNDS MARKET

In-house estimates only January 2009

Administrator	No Of Staff	Market Share (membership)	Members	Assets (N\$'000)
Alexander Forbes – private funds	80	22%	31,300	7,130,000
Metropolitan – insured funds	7	1%	1,500	420,000
Old Mutual – private fund admin	15	13%	6,800	1,500,000
Old Mutual – insured funds	16		12,000	550,000
RFS – private funds	26	12%	16,600	5,900,000
RFS - (Benchmark umbrella fund)	12	2%	3,300	340,000
Kuleni (GIPF - private funds)		0%	1,200	1,000,000
ESTIMATED TOTAL	156	50%	72,700	16,840,000
<i>GIPF</i>	<i>108</i>	<i>49%</i>	<i>70,300</i>	<i>41,400,000</i>
Foreign funds		1%	1,000	210,000
INDUSTRY TOTAL	264	100%	144,000	58,450,000