

FOR IMMEDIATE RELEASE

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GIPF REMAINS NAMIBIA'S FORMIDABLE PROVIDER OF LIFELONG PENSIONER SUPPORT.

The GIPF has taken note of articles circulating on social media regarding the “death after retirement” benefits offered by the GIPF, and more so as it affects members who are single at the time of their death.

- Upon retirement (normal or early), a member receives a 1/3 tax free lumpsum while the remaining 2/3 is used to buy an in-house monthly pension (annuity) which the Fund pays to the retired member for the rest of his/her life. This pension is normally increased every year to try and protect it from inflation.
- Regarding the death of the retired member, the Rules of the Fund states that the 2/3 retirement benefit of a retired member is guaranteed for a period of five years after retirement. Meaning, should the retired member die within five years of retirement, the monthly pension which was supposed to be paid to the retired member in respect of the first five years of retirement will still be paid out as follows:
 - If a single retired member dies within the guaranteed period, the remaining guaranteed balance (five years pension) is distributed to the beneficiaries. Where there are no beneficiaries, the money is paid over to the Master of the High Court for the benefit of the member's estate.
 - If a married retired member dies within the guaranteed period, the remaining guaranteed balance (five years pension) is paid out to the spouse. The surviving spouse receives 100% of the deceased member's monthly annuity, and after the guarantee period, this is reduced to 50% for life.

From the facts provided in the social media post, the member in question went on early retirement at the age of 55. She received a 1/3 tax free lumpsum while the remaining 2/3 was paid to her as monthly pension (annuity). The member in question earned a monthly pension for 18 years after retirement, in essence she received a promised life monthly annuity for an additional 13 years after the guaranteed period.

A summary report of the total pensioners of the GIPF as per the latest actuarial valuation dated 31 March 2021 indicates that over two thousand GIPF pensioners are 81 years and older. Twelve are 101+ years old, meaning the Fund has been paying them a monthly pension annuity for over 41 years since they went on retirement, and this benefit will be extended to their surviving spouses for life, the day they pass on. If these pensioners were in another environment, this prolonged support will not be possible.

The Fund takes cognizance of the wrong advice being circulated on social media that members should resign to cash out their pension and or to transfer to a preservation Fund. Such advice disadvantages members for the following reasons:

- Members will lose out on the “lifelong pension” benefit. This benefit is not available in a preservation fund.
- Members lose out on the annual pension increases, also only unique to a defined benefit fund such as the GIPF.
- Members lose out on the benefit of spousal income for life in the case of married members.
- Members lose out on the medical aid provision, which is a critical benefit for any retired member. GIPF members only pay up to N\$240 for a high premium per month which ensures they have access to any private or public health facility country wide.

Resigning shortly before retirement has grave consequences for any member in terms of a commission charged by financial advisors, getting fully taxed for the withdrawal amounts, and carrying the administration costs in case of transfer to a preservation fund.

Members are advised to look at all the GIPF benefits holistically and not single out a certain benefit. The GIPF also provides normal retirement, early age retirement, ill-health, disability, death before retirement, death after retirement, retrenchment, funeral and resignation benefits.

Experience has taught us that more than not, members who resign shortly before retirement hardly reinvest their pension pay out, which disadvantages the members and defeats the whole purpose of a pension scheme in general.

Amidst COVID-19 realities and prevailing turbulent market performances, remaining within a Defined Benefit Fund such as the GIPF is to a great benefit of members since they don't carry the investments risks and that their pension benefits are defined and guaranteed.

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