



**RFLAUN**

Retirement Fund for Local Authorities  
and Utility Services in Namibia

# NEWSLETTER

JULY 2019

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of Trustee



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pension



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## DISCLAIMER

*While every effort has been made to ensure the accuracy of the information in this newsletter, if any discrepancy occurs between the Rules of RFLAUN and any information or statement in this publication, the Rules of RFLAUN will prevail. The articles and topics discussed in this publication are for information purposes only and are not intended to be and do not constitute, nor should they be interpreted as financial advice.*

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# EDITOR'S DESK



The Fund welcomes you all to the second edition of the newsletter in 2019. At this point of the year, it is all systems go, as we reach the mid-point of the year. The RFLAUN newsletter strives to keep you informed and updated on the operations of the Fund. This edition of the newsletter has new and exciting features in store for our members. During the much recent PMR awards ceremony in the capital, RFLAUN was once again awarded the Diamond Arrow PMR 2018 award for the Best Pension/Retirement Fund for Local Authorities in Namibia. The award was rated Outstanding – 1st Overall in its category. The rating is done by a random, national sample of 160 respondents comprising of CEO's, MD's, business owners, company directors and managers, and senior government officials based in Namibia. The Fund has distributed 'Certificate of Existence' form

to all the pensioners for 2019. The purpose of this initiative is to enable pensioners to confirm proof of life to continue receiving their monthly pension payment as intended. This exercise is done once in the year and the forms should be returned to the Fund by 30 June. Failure to submit the form will result in the suspension of the monthly pension. At this juncture, the Fund would like to request the youthful members to assist the elderly with this exercise and to pass on the message.

The Fund does listen to the members inputs during member engagements, be it through the road shows, social media, telephonic or even face-to-face. This is evident by the operational improvements implemented by the Fund to cater for the members' needs. We hope you find this edition of the newsletter worth reading, until next time, Chao.

**Mr. Julianus Rukamba**  
**Senior Officer: Information**  
**and Marketing**



# INVESTMENT RETURNS

The Funds' total assets as at 30 June 2019 amounted to N\$4,769,361,515. This is made of the portfolios below:

φ <b>Market Value Portfolio</b>	N\$4,146,137,496
† <b>Capital Protection Portfolio</b> (Old Mutual)	N\$446,027,272
† <b>Capital Protection Portfolio</b> (Sanlam & Old Mutual)	N\$177,196,747

The table below clearly gives figures on the investment return within the said portfolios from 01 January 2019 till 30 June 2019. See figures in table below.

	Jan	Feb	Mar	Apr	May	Jun	YTD
Market Value Portfolio	0.8	3.3	1.8	2.4	-3.4	1.3	6.3
Capital Protection Option (Old Mutual)	0.0	0.0	0.2	0.2	0.6	0.0	1.1
Capital Protection Option (Sanlam & Old Mutual)	0.3	0.3	0.2	0.5	0.7	0.4	2.4

## MARKET COMMENTARY

### Q1 2019

The first quarter of 2019 brought some welcomed relief from the dampened return seen during 2018, as the markets generally started the year on a positive note. Although the risks experienced during 2018 have not disappeared, markets were able to rebound somewhat.

The SA equity market displayed three consecutive months of positive returns, up nearly 8% for the first quarter, driven by general risk-on sentiment. However, in Namibia the NSX Local and Overall indices were more muted, with quarterly returns of 2.1% and 2.3% respectively. Resources were the main drivers, whereas financials were marginally down in both Namibia and South Africa.

The US-China trade war trend took a back seat as the March deadline for an agreement was pushed out as the two nations agreed to continue discussions for a final deal. However, Brexit, one of the other large geopolitical risks, continued to be no easy feat. After numerous rejections, the deadline of 29 March 2019 for Britain to exit the EU was eventually pushed out to the 12 April, whereby the UK will have to chart a new Brexit path to present to the EU.

The Namibian Dollar couldn't escape these risks, had a rocky quarter. Strengthening came from announcements of no more interest rate hikes from the US Fed, to major weakening due to South African Eskom woes,

Brexit uncertainty and policy concerns in Turkey to name a few. However, despite this, the Namibian Dollar managed to end the quarter on almost flat on the same level as we started the year around N\$14.4/\$.

Namibian bonds strengthened over the quarter, returning around 4%. With the regulation changes requiring more investment in Namibian assets, the demand for bonds has increased and driven down yields, contributing to Namibian bonds returning over 10% for the year ending March 2019.

The Namibian economy shrank 1.7% in the fourth quarter of 2018, continuing the country's struggle with a prolonged recession, and marked 11 quarters of negative growth. The slowdown in mining and construction weighed on growth, however if these sectors turnaround, the economy could see a potential gradual recovery in 2019. However, concerns still exist such as rising government debt levels, and high unemployment which could hamper future growth expectations. Namibian interest rates were left unchanged at 6.75% by the Bank of Namibia during February, maintaining their attempt to support growth. Namibian inflation reflected an annual rate of 4.5% in March 2019. The uptick inflation was driven by the consumer basket. Food and nonalcoholic beverages, the second largest basket item weighting rose by 5.8% and accounted for 1.0% of the 4.5% annual inflation rate.

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Alcoholic beverages and tobacco as well as transport counted for 0.9% of the total of 4.5% annual inflation. increased by 6.7% and 7.0% annually. They each ac-

## NEW OMUSATI MEMBER TRUSTEE

The RFLAUN Board would like to inform the members of the resignation of Member Representative Trustee from Omusati Region, Ms. Julia Kakwambi, from the Funds Board effective 31 March 2019.

At the same time, RFLAUN Board would like to welcome Mr. Isai Haipudilo as the new Member Trustee representing the Omusati Region.



## ELECTRONIC BENEFIT STATEMENTS

The Fund would like to announce with all excitement and delight that members will be able to view their latest Benefit Statements anytime and anywhere, provided there is internet connections.

Each member will receive a unique ID and password from their HR office to access his/her Benefit Statement via the Fund's website. Members are advised the members to keep the ID and password safe and secure because the Benefit Statement is a confidential and sensitive document. The HR offices will be furnished with the ID and password of members belonging to its participating employer by the Fund. Upon receipt, HR will be instructed to distribute the information in a secure manner.

Members will be able to access the statements through the RFLAUN website [www.rflaun.com.na](http://www.rflaun.com.na) and in the "Online Statement" portal. The electronic

statement will look exactly like the printed copy the members receive on an annual basis or on request. Apart from only viewing your benefit statement, the portal also allows member to print the statement and also update their basic details. Non-static information, e.g. mobile number, email address or surname (married certificate provided) can be changed on the update form. The statements will be updated every month based on the contributions and investment returns of the previous month. This will allow members to track their retirement benefit on a short-term period.

The advancement of technology has created fear in many of our social communities, but with this comes positive opportunities, to take advantage of and remain relevant to the shifting tides. The new avenue of digitalisation allows the Fund to explore additional opportunities that can add value to our members.



**RFLAUN**  
values

me during and after my employment period

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# IMPROVED DISABILITY AND FUNERAL BENEFITS

At the recently held Board meeting on 21 June 2019 at the RFLAUN offices, the Board approved to increase the Disability benefit and the Funeral benefit. These benefits will be implemented effective from 1 August 2019. The Disability benefit was increased from 75% of basic salary into a 100% basic salary.

This means should a member be declared disable in his/her occupation, the Fund will no longer pay a 75% of the pensionable monthly salary as a disability income but will pay a 100% of the pensionable monthly salary as the benefit. With regards to the Funeral benefit, the table below illustrates the old and the new benefit covers.

The benefits payable at death are as follows:	Old Cover	New Cover
o Principal member	N\$20 000	<b>N\$32 250</b>
o Qualifying Spouse	N\$20 000	<b>N\$32 250</b>
o Qualifying child aged 14 and over	N\$20 000	<b>N\$32 250</b>
o Qualifying child aged 6 and over but younger than 14	N\$10 000	<b>N\$16 125</b>
o Qualifying child younger than age 6 and/or still-born child (26 week pregnancy)	N\$ 5 000	<b>N\$8 065</b>

**Kindly consult your HR to obtain information on who qualify a spouse or children**

## PAYMENT OF PENSION CONTRIBUTIONS TO PENSION FUNDS

The Fund has been experiencing late payment and non-payment of contributions from certain participating employers lately. This is primarily against the law and it is illegal.

In terms of section 13A of the Pension Fund Act, "any contribution payable in respect of any member to the fund shall be paid directly to the fund by or on behalf of the member within a period of seven (7) days after the expiration of the period in respect of which the contribution is being paid".

### The consequences of late or non-payment of pension contributions

- Delays in payment of Risk benefits (Funeral and Death benefits) and other benefits;
- Reduction in the growth of members benefits;
- If the contributions are not paid to the Fund as required by the Act, the Employer shall be required to pay late payment interest on any outstanding contributions at the greater of the prime-lending

rate charged by the financial institution of the Fund or interest rate reflected in the last audited financial statements reflecting the growth of the Fund;

- Furthermore, the Fund can further take step as stipulated above which include legal action and suspension or termination of the Participating Employer.



**Ms. Marina K Ishidhimbwa**  
Senior Administration  
Officer: Pension

# ADDITIONAL BANK FOR PENSION BACKED HOUSING LOANS

Effective, 1 July 2019, Standard Bank joined the Fund as a service provider to provide for pension backed housing loans to our members. This means that RFLAUN members can be serviced by either First National Bank or Standard Bank for their Pension Backed Housing Loan needs.

The availability of having two banks (FNB and Standard Bank) as service providers of the Fund, offers members the option to choose their preferred bank.

The Pension Backed Housing Loan procedure still remains the same. The member applications need to be completed with the respective HR office and sent to the Fund for processing. The members are reminded not to approach the banks directly as it will be view as a walk-in client and home the loan will be processed on the bank's criteria.

The member qualifying amount remains 1/3 of the Fund Credit.

## NEW HOME LOAN REGULATIONS

On 20 September 2016, the Namibian government gazetted new Regulations relating to restrictions on Loan-To-Value (LTV) ratios implemented in the banking systems on 22 March 2017. As from 22 March 2017, prospective home loan applicants of second or subsequent residential properties will be required to pay a percentage of the purchasing price or market value of the property as a deposit.

According to the gazette, the loan-to-value (LTV) ratio, is the ratio of the amount of money borrowed from a banking institution to purchase a property in relation to the purchase price of the property or the valuation of the property, whichever is lower. The LTV ratios only apply to residential properties. The purpose as to why the Bank of Namibia introduced the LTV is to lower excessive risk the banking industry is exposed to. The real estate sector constitutes more than half of the total loans and advances. This pose a significant risk to financial stability in Namibia. In addition, the Bank would also like to discourage the practice of buying residential properties for speculative purposes.

If you are a first-time house buyer, these regulations will not affect you as banking institutions will still be allowed to lend you 100% of the value of the house you want to buy. However, as from 22 March 2017, all prospective home loan applicants of a second residential property will be required to pay 20% of the market value of the residential property/house

while the commercial bank will only finance 80% of the home loan. For a third loan the commercial bank will fund 70% while you must pay the remaining 30% yourself. A fourth loan, you pay 40% of the value of the property and the commercial bank finance 60%. All other subsequent home loan applicants (5th, 6th etc.), will be required to pay 50% of the market value of the home.

This is how it will work in practice. If you go to the bank requesting for a home loan to buy a house valued at N\$1 million, you will get the full N\$1 million if you are a qualifying first-time house buyer. If you are a qualifying second-time home loan applicant, you will only qualify for a home loan of N\$800,000.00, and you will have to pay the remaining N\$200,000.00 yourself, and so forth.

In the event that the first residential property has been paid off completely, the prospective buyer will be treated as a first-time buyer and will not be subjected to LTV's. It is important to note that the measure targets persons with multiple home loans or who are applying to own more than one residential property while still paying off their first, second, third etc. mortgage whichever the case might be.

On the RFLAUN member benefit statement, the members' qualifying pension backed housing loan is indicated in the "Housing Loan" line item.

All pension backed home loan applications can be obtained and submitted at the HR office of the member.

# PHASING OUT OF CHEQUES

The Payment Association of Namibia (PAN) issued a notice to inform the public of the phasing out of cheques as a payment instrument within the Namibian Payment System by 30 June 2019. The Namibian banking industry together with the Bank of Namibia are committed to the process of phasing out of cheques. According to this notice, issuing of cheques ended on 1 February 2019.

With regards to this notice, the Fund informs all members that cheque payments were stopped as of 1 February 2019. All members are therefore informed that all payments from the Fund will be actioned via EFT. When benefit claims are applied for members are encouraged to ensure that correct banking details are provided to the Fund in order to make this a smooth process.



## RFLAUN

provides me a safety net during my  
**retirement**

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**This newsletter has a dual purpose, firstly to keep the members up to date on the developments of the Fund and secondly, it serves as an educational tool. As a member or pensioner of the Fund, you are invited to forward comments, suggestions and contributions to [info@rflaun.com.na](mailto:info@rflaun.com.na).**