



Membership
Guide

Retirement Annuity Fund

Effective | Version 1





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Definitions

Fund

The Botswana Life Retirement Annuity Fund (the Fund), is registered (Registration Number 10/1/2/6 (18)) in terms of the Retirement Funds Act with the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) and approved by the Botswana Unified Revenue Service (BURS). The Fund is governed by the Fund Rules and relevant legislation.

Fund Rules

The Rules, approved by NBFIRA, govern your Membership, the management and operation of the Fund.

Membership Guide

This Membership Guide provides an overview of the features of Membership of the Botswana Life Retirement Annuity.

Trustees

These are the persons who manage the Fund according to the Fund Rules and relevant legislation.

Retirement Fund

This is any fund registered in terms of the Retirement Funds Act or any other pension fund in Botswana established in terms of legislation. It could be a retirement annuity fund, a pension, preservation or a provident fund.

Administrator

This is the company appointed by the Trustees to administer the Fund. The administration of the Fund is presently in transition with Botswana Life, but Peeletso Fund Administrators (Pty) Ltd, a wholly owned subsidiary of the Botswana Life Group will be appointed as the Fund's administrator upon the granting of its administration licence in terms of the Retirement Funds Act.

Member

The person whose retirement savings are invested in the Fund – addressed as the "Member" or 'you'.

Investment Account

This is an account held for the Member which reflects the investment credit held for the Member by the Fund.

Portfolio

This is the vehicle managed by the asset managers in a pool of underlying assets chosen to align to the selected investment strategy. The underlying assets will vary over time depending on the Portfolio investment objective. Portfolios are also referred to as fund(s)

Definitions (Cont.)

Participation in a Retirement Annuity Policy
The Fund holds at least one Botswana Life retirement annuity policy for each Member into which it has invested the Member's contributions for further investment into selected investment portfolios. The Fund will take over any existing retirement annuity policies and will apply for a new policy for new Members. Investments into the policy portfolios are invested with asset managers. Each policy shares proportionately in the underlying assets of the Portfolio and represents each Member's value in the Fund's Investment Account. The value of the policy or multiple policies in your Investment Account depends on how much money you have contributed to the Fund and how the underlying Portfolio has performed over time.

Dependant

The person(s), as prescribed by legislation who must be considered for a benefit on your death.

Asset/ Investment Manager

These are asset managers appointed by Botswana Life to manage the Portfolios for the policies that the Fund has taken out for its Members. Botswana Insurance Fund Management (BIFM) Limited is one example of an asset manager.

Beneficiary

This is a person who you nominate to be paid benefits from the Fund on your death. Legal and financial dependents are automatically treated as beneficiaries by the Trustees, but you may also nominate someone who is not a dependant for consideration.

Compulsory Annuity

This is an annuity which you must buy with at least two thirds of your retirement proceeds from the Fund. It must be bought from an licensed insurer.

How Does the Fund Work

The diagram below illustrates how the Fund works. Administrator, the Fund and the Trustees interact.

What is the purpose of the Fund?

- To provide Members with retirement benefits at retirement after age 55 or on earlier permanent incapacity
- To provide Dependants and/or Beneficiaries with benefits in the event of your death before retirement.

What is the role of the Trustees?

While the Fund is sponsored by Botswana Life, the Fund is a separate legal entity separately governed by the Board of Trustees. One of the Trustees is also appointed as an independent trustee and may not be employed by the sponsor. The Trustees must protect the interests of Members at all times and act with impartiality, due care, diligence and good faith. Trustees are required by law to apply the Rules of the Fund, appoint a principal officer, communicate with Members and ensure proper administration. The Trustees are required to put governance procedures in place to fulfil their responsibilities to Members.

What does the Fund do with your contribution?

The Fund invests your contributions into the policy and Portfolio you have selected. If no selection is made, a default Portfolio

is automatically selected. The policies are owned by the Fund and you have no direct right to the policies. The Portfolios and assets in them are specific investments held by Botswana Life for the policies issued to the Fund.

How does the Fund invest your contribution?

The Trustees have adopted a default life stage investment model for the Fund. This simply means that each Member of the Fund is invested in an investment portfolio based on their age and the number of years to normal retirement, between the age of 55 and 70. The following table shows how Members would move to the various investment portfolios within the life stage model as they get older.

Life Stage Model

| Years To Retirement | High Equity | Medium Equity | Low Equity |
|---------------------|-------------|---------------|------------|
| More than 8 years | 100% | -- | |
| 6 - 8 years | 50% | 50% | - |
| 4 - 6 years | - | 100% | - |
| 2 - 4 years | - | 50% | 50% |
| 2 years and less | -- | | 100% |

The main benefit of a life stage model is that it ensures that each Member is invested in an appropriate Portfolio given the time they have left to retirement. While a Member is 8 years or more from retirement, they can afford to be in a more aggressive Portfolio that invests more in equities. However, as a Member gets closer to retirement, the percentage of equities should be reduced to reduce investment risk. This is because a Member buying a life annuity at retirement cannot afford a fall in their investment value should the equity market go through a decline. This loss in the last few years might not be able to be made up in the remaining time and means the Member would earn a lower pension for their retirement years. The life stage model ensures that the investment risk is automatically reduced for the Member without the Member having to make any request as they get close to retirement.

All Members will be invested in the High Equity Portfolio until age 47. Once a Member reaches 48, 50% of their Portfolio value will automatically move to the Medium Equity Portfolio and stay like this until 6 years before retirement, at which stage 100% of the investment will be in Medium Equity Portfolio. Once the Member is 4 years from retirement, 50% will move to the Low Equity Portfolio. The balance of 50% will move to the Low Equity Portfolio once the Member is within 2 years of retirement. This 100% in the Low Equity Portfolio remain invested until the date of retirement.

Member Choice

Should a Member believe that their default life stage portfolio does not suit their risk profile, they may exercise Member choice and select an alternate life stage portfolio. Members should only exercise Member choice if they have consulted a financial advisor and they will be required to complete an indemnity form, indemnifying the Trustees from responsibility for any adverse outcome suffered by the Member as a result of their own portfolio selection.

Members that intend to retire some time after age 55 should consider exercising Member choice as they will remain in the Low Equity Portfolio until they retire. Given a longer investment horizon, such Members could afford to remain in the Medium or even High Equity Portfolio, for longer. An appropriate Portfolio can be selected by using the Years to Retirement as contained in Table 1 above as a guide.

How Does the Fund Work (Cont.)

Investment Portfolios

Investment portfolios will be managed by Botswana Insurance Fund Managers (BIFM) and the strategic asset allocation for each Portfolio that will form part of the life stage model is contained in the table below.

The value of your investment in the Fund is directly linked to the market value of the underlying investments and is not guaranteed, that is the value may go up or down.

The value of your investment is increased by your contributions (including transfers from other retirement funds) as well as positive investment returns. The value of your investment is reduced by negative investment returns, any relevant fees and charges. Past performance of the underlying investments is not necessarily a guide to the future. You carry the risk of the investment being reduced.

When does your membership of the Fund end?

Your membership of the Fund will end when the total value, less fees and charges, of all your investments are paid out, for example on withdrawal, retirement, death or a transfer to another retirement annuity fund.

When does your Membership of the Fund start?

All retirement annuity policyholders with Botswana Life have been transferred to the Fund upon registration of the Fund by NBFIRA on 13 September 2019 and are automatically Members of the Fund from this date.

New clients buying for the first time

- Botswana Life has received your application and supporting documents,
- Botswana Life on behalf of the Fund has accepted your application, and your contribution is received in the Fund's bank account.

Which Documents Form The Basis of Your Membership of The Fund?

a retirement annuity product becomes a Member of the Fund and Membership starts once:

Your Membership of the Fund is based on:

- the application form,
- the Fund Rules, and
- all instructions and supporting documentation which you provide and which the Fund and/ or its agents has accepted.



What Are Your Rights and Responsibilities?

You must provide all instructions in the prescribed format which must be accepted by the Fund or its agents, like Botswana Life, on its behalf.

All instructions are subject to the requirements of the Fund, its agents and relevant legislation at the time of the transaction.

The Fund or its agents may suspend, delay or withdraw your instruction due to any of the above requirements not being met.

If your contributions are to be deducted through your employer, you must still apply individually to become a Member of the Fund. Even if your contributions are deducted through your employer, this remains an "individual retirement fund" and is not a group/ or employer pension fund. All rights and responsibilities in respect of the Fund are applicable to you as an individual Member of the Fund.

Provide accurate information

You must ensure that all information in instructions and supporting documentation that the Fund or its agents receive from you is true and accurate.

Make informed financial decisions

If you require financial advice, it is your responsibility to appoint a financial adviser, as neither the Fund nor the Trustees provide financial advice. It is your responsibility to negotiate financial advisory charges with your financial adviser. On written request, the Fund can arrange for an approved adviser to

consult with you and recover the adviser's fees from your Fund Investment Account. This may only happen once every three years. Appoint or change your financial adviser
You may appoint, change or remove your appointed financial adviser at any stage by writing to the Fund or its agents. Your financial adviser will be notified of the change which will take effect after five business days of notification.

Making contributions

You may make the following contributions to the Fund:

- Initial lump sum
- Additional lump sum
- Regular contributions
- Transfers from other Retirement Funds.

Membership of the Fund is voluntary in the sense that you may become a Member or stop contributing to the Fund at any time.

All contributions to and payments by the Fund are payable in Botswana, in Botswana Pula. If your contributions are deducted from your salary and paid by your employer on your behalf, your investment is still your responsibility. There is no obligation on the Fund or its agents to ensure contributions are made by you or on your behalf. You may change your contribution levels with your employer at any time. You may make additional contributions in your own capacity. If you leave your employer, you may not access your Fund benefit, except under certain conditions after the age of 55. Please refer to 'When can you receive a withdrawal benefit?' for more details.

However, you may:

- stop contributing, however maintenance fees will continue to be charged;
- continue to contribute to your Investment Account in the Fund in your personal capacity.

Transfer your benefit from another Retirement Fund into the Fund

You may transfer your benefit from another fund freely, subject to the:

- rules of the transferring retirement fund,
- Fund Rules and requirements of the Fund, and
- Regulatory and legislative requirements.
- agreement of the Fund and transferring fund.
- rules of the transferring Retirement Fund
- Fund Rules and requirements of the Fund, and Regulatory and legislative requirements
- agreement of the Fund and transferring fund" on page 11

Select your portfolio(s)

Three risk profiled Portfolios are available to you dependent on your age. Please refer to the section on "Member Choice" for more detail.

Nominating Beneficiaries

You may nominate Beneficiaries to receive the benefit on your death. Legally you may

not specify how your death benefit is to be dealt with in your will. Please refer to 'What happens when you die?' for more details. You should keep your beneficiary nomination up to date. If you want to change your nomination, you must complete and sign a Beneficiary nomination form. To distribute your benefits as fairly as possible it would help the Trustees to understand why you have made certain Beneficiary nominations and allocations. Therefore, please attach a letter of wishes to the Beneficiary nomination form if there are any special factors that you would like the Trustees to take into account. The Beneficiary nomination form should be delivered to the Fund while you are still alive and the Fund does not have to accept a Beneficiary nomination form delivered after death. Legislation requires that the Trustees use their discretion when making allocations between nominated Beneficiaries and your Dependants, if different. Therefore, nominating a Beneficiary who is not a Dependant does not guarantee that such Beneficiary will receive death benefits. If you nominate a trust and you have Dependants, the Trustees will only release benefits to that trust if the trust is exclusively for the benefit of your Dependants.

Dependants are a special category of persons defined by legislation and are given preference by the Trustees when allocating benefits from the Fund. Your Dependants include your spouse(s) and all your natural, adoptive or children born out of wedlock (irrespective of age). Any person who is financially dependent on you (parent, relative, grandchild, friend ex-spouse and for whom you are paying maintenance) is also your Dependant as defined.

What Are Your Rights and Responsibilities?(cont.)

Notify the Fund on retirement

You must notify the Fund of your decision to retire from the Fund, using the retirement notification form.

Access to benefits under the Fund

Benefits are payable on your retirement, withdrawal (subject to current limits) or death. If your contributions are deducted and paid by your employer, you may not access your benefits when you leave your employer unless one of the other factors apply. You may apply to receive a withdrawal benefit under certain limited circumstances. Please refer to 'When can you receive a withdrawal benefit?' for more details.

Report errors

You have 14 days after receipt of the investment confirmation or any statement, to report any errors to the Fund or to its agents, being the administrator or Botswana Life.

Notify the Fund or its agents of changes in bank or contact details

You need to inform the Fund or its agents of any changes in your bank or contact details, including your postal and email address, and provide supporting documentation where appropriate.

View the Fund Rules, valuations and financial returns

During office hours you may view the Fund's

Rules, financial returns and actuarial valuation report at the Fund's registered office. Copies are available at a fee set by the Trustees.

Transfer your benefit in the Fund to another approved retirement annuity fund

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If you transfer your benefit in the Fund to another approved retirement annuity fund, you must transfer the full market value, after fees and charges have been deducted, of your Investment Account.

The transfer is subject to the:

- Fund Rules and requirements of the Fund,
- rules and requirements of the receiving retirement annuity fund,
- requirements of the regulatory authorities and legislation.

The Fund is not an occupational fund and the Member is not an employee in respect of the Fund as contemplated by the Income Tax (Superannuation Fund) Regulations of 1992. Accordingly, no withdrawal or retrenchment benefit is available from the Fund, including any other fund that the benefits may be transferred to.

The Trustees may reasonably refuse a transfer request to any other fund that does not follow and apply the legislation. The last contribution via a recurring debit order cannot be transferred within 32 days of that contribution date.



What Are The Responsibilities Of The Fund

Below are some of the Fund's responsibilities that may impact Members. For more detail please refer to the Fund Rules.

Pay benefits

All monetary benefits are payable in Botswana, in Botswana Pula, via electronic funds transfer (EFT) only to a current, Deduct tax

Any cash benefit you select at withdrawal, retirement or which is paid to your Dependants or Beneficiaries could be taxable. The Fund will deduct tax from the benefit as per a tax directive issued by Botswana Unified Revenue Service (BURS).

Provide statements

The Fund must provide you with an annual benefit statement.

Comply with PFR2

Regulatory prudential investment guidelines are prescribed by PFR2 which specifies investment exposure limits that the Fund must apply. These limits set, amongst other things, the maximum exposure that the Fund may have to asset classes in the Portfolios, savings or transmission account.

Provide a contribution certificate

The Fund will provide you with an annual contribution certificate for contributions made during the relevant tax year unless the contribution is one in respect of which you may not claim a tax deduction for the relevant tax year. The contribution certificate is issued after the tax year end.

What Can The Fund Do That Could Affect Your Investment?

Change your selected portfolio(s)

If your Portfolio exceeds prescribed legal investment limits as specified by PFR2, the Fund may arrange for your Portfolio to be rebalanced so that it complies.

Change the Fund Rules

The Fund may change the Fund Rules subject to the Regulator's consent. For an updated version of the Rules.

Reduce your benefits to recover fees for Fund expenses

The Fund recovers fees from your Investment Account in respect of the administration of your benefits and applicable policy and Portfolio expenses. Fund expenses such as audit or valuation fees will also be recovered pro rata from the Investment Account.

What Does Not Apply To Members of The Fund?

Cancellation

You may not cancel contributions already made to the Fund (i.e. ask for a refund) or cancel your Membership once you have become a Member of the Fund. You can request that your benefits in the Fund be transferred to another retirement annuity fund.

Investment guarantees

The value of any underlying investments in the Portfolio are not guaranteed and may move up and down. You carry the investment risk, which includes the possibility of losing invested capital.

Cessions

Your benefits under the Fund as represented by your Investment Account (your Fund credit) may not be transferred, ceded or pledged to anyone else as payment or as security for your obligations to them.

Loans

You may not take loans against your Fund benefits or try to use them to secure a loan from a third party.

Insured death or disability benefits

Any applicable insured death benefits will be payable to your Beneficiaries in the event of

your death before retirement. No disability benefit is permitted within the Fund, but you may apply for a linked disability benefit through Botswana Life.

When Can You Receive A Withdrawal Benefit?

Withdrawal benefit before retirement
Since this is an Individual Member Fund and not an employer or occupational fund, you may NOT access any benefit when you leave any employment, either voluntarily or through retrenchment, before you have attained the age of 55 years. Your Fund retirement benefit may neither be ceded nor pledged to secure debt. This is in terms of legislation and the Rules of the Fund. If you transfer your Fund benefit to another retirement fund, that fund is bound by law to apply the same restrictions.

What Happens When You Retire

When may you retire?

You may retire from the Fund any time after you reach the age of 55. The Fund provides for early retirement (before age 55) only in the event of your permanent disability due to an injury or illness. The Trustees will need to approve your application for early retirement, based on suitable medical evidence obtained at your cost. You must notify the Fund or its agents of your intended retirement by submitting a retirement notification form.

What is your retirement benefit?

The retirement benefit is the market value of your Investment Account at the date of retirement, represented by the underlying investment assets in the Portfolio within the policy held by the Fund for you, less any final fees and charges. Your retirement benefit options are:

- Use the full benefit to buy a Compulsory Annuity in your name.
- Take a maximum of one-third of the benefit as a cash lump sum. The remaining two-thirds must be used to buy a Compulsory Annuity in your name.
- Take the full benefit as a cash lump sum if the pre-tax value of your benefit, on the date of retirement, is equal to or less than BWP 5,000 or any higher value as set by legislation.

The cash portion of your benefit will be reduced by any tax that may be payable as determined by BURS.

The administrative process when you retire

After receiving your retirement notification the Fund through its agents will:

- apply for a tax directive from BURS where required;
- follow the instructions according to the BURS tax directive;
- pay you and the provider of the Compulsory Annuity

Processing will take a minimum of 10 business days to finalise, once all requirements have been met.

What Happens When You Die

What is the death benefit?

The death benefit is the market value of your Investment Account, less fees and charges.

Who receives your death benefit? Legislation requires the Trustees to determine:

- who receives the benefit,
- the proportion in which the benefit is to be paid, and
- how the benefit is to be paid.

Those who receive a benefit have the following options, subject to regulatory and/or legislative requirements.

1. Purchase a Compulsory Annuity;
2. Take a cash sum;
3. Take a combination of cash and a Compulsory Annuity.
4. The administrative process on death

The Fund or its agents must be notified of your death in writing at its head office. The notification should include:

- your personal details,
- identity number,
- a copy of the death certificate, and
- your membership details.

After a full investigation the Trustees will decide who is to receive benefits. Your Beneficiary may not automatically receive benefits if there are other Dependants, as they will have preference in terms of the current legislation. If you have Dependants and you have nominated

Beneficiaries who are not Dependants, the Trustees will use their discretion to decide who must receive benefits and in what proportions.

If you have no Dependants and you have nominated Beneficiaries who are not Dependants, the Trustees must establish if your estate has enough money to pay your debts. If there is not enough money in your estate to pay your debts, the Trustees must first use the benefit to pay the debts of your estate. Only once all the debts of your estate have been paid, will a payment be made to your Beneficiary. If you have no Dependants and have not nominated Beneficiaries, a lump sum payment will be made to your estate.

When the Trustees' have finalised their decision, the Fund death benefit, less any fees and charges, will be available for distribution.

Following the Trustees' distribution decision the Fund or its agents will:

1. Apply for a tax directive from BURS if the Dependant(s) or Beneficiary(s) receive a cash benefit
2. Follow the instructions according to the BURS tax directive
3. Pay your Dependant and/or Beneficiary and/or the provider of the Compulsory Annuity

This will be subject to normal processing requirements and time-frames.

What Are The Administrator's Rights and Responsibilities?

Administer Member benefits

The Fund has appointed an Administrator to administer Member benefits in terms of an administration agreement.

Accept or reject instructions

The Administrator may accept or reject any application or instruction on behalf of the Fund. The Administrator may also reverse any transaction on behalf of the Fund, if it decides the circumstances justify it.

Communicate with you

The Administrator will communicate with you on behalf of the Fund.

You may select whether your financial adviser is to receive communication on your behalf. Where you have made no selection:

- transaction confirmations will be sent to you only;
- annual (or regular) statements and other communication will only be sent to you;
- Your annual benefit statement will be sent to you only.

Provide statements

The Administrator will provide you with regular statements.

Professional indemnity and fidelity insurance cover

For your protection, the Administrator and the Trustees are insured against fraud, negligence or dishonest behaviour.

What Are The Fund And The Administrator Not Responsible For?

Advice

Neither the Administrator, the Fund, nor the Trustees give financial advice. On request, they can arrange for approved financial advisers to be made available. You may pay these advisers directly or the Fund may pay them from your Investment Account.

Certain losses suffered

Neither the Fund, the Trustees or the Administrator are responsible for any losses that may be suffered due to:

- the investment or market risk of the underlying investments in the Portfolios;
- any changes in tax or other legislation;
- delays in the processing or the rejection of any application because the financial adviser is either not accredited or does not have a contract with the Fund or its agents;
- financial advisers acting outside the scope of their accreditation;
- unauthorised instruction given by

- the financial adviser;
- the failure of any networks or electronic or mechanical devices;
- the Fund or its agents providing your financial adviser with details about your Investment Account via any medium;;
- the Fund or any of its agents acting on information sent electronically;
- the Fund or any of its agents acting on incorrect information where you have failed to notify them of any changes touch information; or

What Legislation and Govern Your Membership of The Fund?

The following are some of the main acts that govern your membership of the Fund. These may be amended, updated or replaced from time to time.

Retirement Funds 2014 Act & Regulations 2017

This act governs all Retirement Funds, including this Fund.

NBFIRA Act

This act regulates retirement funds

Income Tax Act

This act applies where we refer to tax.

Insurance Industry Act

When a Compulsory Annuity is purchased, it must be bought from an insurer registered under the provisions of this act.

Contact Details

Physical Address

Plot 66458., Block A, Fairgrounds Office
Park, Gaborone
Postal Address
Private Bag 00296 Gaborone

Fund Administrator: (Transition - Botswana Life Insurance Ltd) Peeletso Fund Administrators (Pty) Ltd

Physical Address
Plot 66458

Fairgrounds Office Park, Block A

Postal Address
Private Bag 00296
Gaborone, Botswana

Complaints

If you are not satisfied with any aspect of your Membership of the Fund which includes:

- your benefits under the Fund;
- the administration of the Fund;
- your investments; or
- the interpretation and application of the Fund Rules

You can write to the Principal Officer of the Fund at the address above. Please remember to include all supporting documents. The Fund must respond in writing within 40 calendar days of receiving the complaint.

If you are not satisfied with the response or if no response is received within 40 calendar days after receipt of the complaint, you can contact the Non – Bank Financial Institutions Regulatory Authority at:

Postal Address

Non – Bank Financial Institutions
Regulatory Authority 3rd Floor Exponential
Building, Plot 54351 off Matante Road, New
CBD Private Bag 00314
Gaborone, Botswana
T: +267 310 2595/ 388 6100

F: +267 310 2375

If you have a complaint about the Fund, the Administrator or any advice given by a referred financial adviser relating to your investments under the Fund, you can write to the Principal Officer at:

Postal Address

Botswana Life Retirement Annuity Fund
Private Bag 00296 Gaborone
T: +267 361 5100
E: po-raf@blil.co.bw

Trustees

- Lesego Ntebela
- Thabo Matthews†
- Rorisang Modikana
- Ezweni Tshuma
- Mpho Morale*

† Independent Trustee * Chairman

Principal Officer Duncan T. Hule
Registration Number

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