

## BOTSWANA LIFE RETIREMENT ANNUITY FUND SUMMARY OF RULES

The Fund is the Botswana Life Retirement Annuity Fund with a Commencement Date of 13th September 2019.

**Purpose** - The Fund provides retirement benefits for Members and death benefits for Dependants or Nominees. The Fund does not offer loans to Members.

The **Principal Office** of the Fund where records are kept and where legal notice may be served is at Botswana Life Office Park, Plot 66458, Fairgrounds office park, Gaborone, Botswana.

**Authority** - The Fund is governed by the Rules of the Fund, the Retirement Funds Act 2014 and associated regulations (the Act) and by the regulatory **authority**, NBFIRA. The **Rules** bind the Fund, Members and the Board and any person claiming from the **Fund**. The Fund is controlled and managed by a Board of Trustees, the **Board which** can apply to **NBFIRA** to amend or repeal the Rules.

**Legal Powers** - The Fund is a body corporate capable of suing and being sued. All the assets, rights, liabilities and obligations of the Fund belong to the Fund and only claims in respect of transactions relating to the business of the Fund will be recognised.

**Related Parties** - The **Sponsor** of the Fund is Botswana Life Insurance Limited; the **Administrator** is Peeletso Fund Administrators (Pty) Ltd; the **Auditor** is Ernst & Young; no actuary has been appointed as the Fund is exempt. The **Financial Year** of the Fund runs from January to December.

**Membership** - Any natural person may become a Member. Membership starts after the first Contribution is received or when a membership certificate is issued. Membership terminates once all benefits have been paid or transferred, or when a Deferred Member's Account can no longer meet Fees, or when a Member dies. A **Member** includes a **Deferred Member** who is a Member who has stopped contributing but whose Account retains enough value to cover Fees and to continue to participate in investment returns. If the Account value falls so low that Fees cannot be covered, the Deferred Member's membership will terminate. A **Dependant** is any person for whom the Member is liable for maintenance; or who was financially dependent on the Member at / before death and includes any Spouse or Child. A **Nominee** is any Dependant or non-dependant person, nominated by the Member to be a beneficiary to receive benefits on the Member's death.

**Fees** payable by the Fund include policy fees, commission, advice fees, acquisition and documentation expenses, risk charges for Insured Benefits, administration fees, asset consulting and investment management fees, bank charges, auditing, actuarial and compliance expenses, levies and any other contracted fees with service or product providers, insurer or Agents. Except where stated, fees and expenses are paid by the Fund and recovered fairly and proportionately from Members' Contributions and Accounts. Any costs incurred in tracing specific Members or beneficiaries may be directly recovered from benefits payable to those specific persons.

**Insured Benefit** is a death benefit in terms of cover issued by

an insurer to the Fund. Cover only starts after acceptance by the contracted insurer

**Process Flow** - Contributions are paid to the Fund to fund Member's Benefits and paid into a **Member's Account**, which is the sum of all the assets held by the Fund for that Member. Fees are deducted and a net amount paid as a premium to an insurer for a retirement annuity policy. The insurer receives the premium and after any insurer fees, allocates it to an Investment **Portfolio**, being a portfolio of investments managed by an investment manager(s) approved by the Board in terms of a fixed mandate. The policy is issued to the Fund and shown as an asset in the Member's Account. A **Unit** is a fixed unit of participation in the Investment Portfolio which is calculated once a month by the Administrator to be applied to the policy and the Members' Accounts. Unit Values for the Investment Portfolios are calculated monthly taking into account all dividends, growth and returns and deducting fees and any losses.

A **Member's Benefit** is the his or her interest in the Fund as represented by the Member's Account and any Insured Benefit.

**Retiring Age** means the Member selected retirement date, between age 55 and 70, but can be an earlier date if a Member retires due to ill-health or disability; a Retirement Date may be changed by a Member to a later date on 3 months' notice.

A **Spouse** is any permanent and committed partner(s) in a legal, civil, religious, tribal or socially customary union / marriage.

**Special Rules** means the rules set up to establish subsidiary funds **Sub-Funds** to take over existing retirement annuity funds previously operated by Botswana Life Insurance Limited, while preserving historical benefits and portfolio choices which may be different to those now provided for by the Fund's main rules.

**Contributions** - can may be lump sum or recurring or both and can be increased or reduced at any time. Automatic annual fixed rate increases on the anniversary date can be selected. Recurring Contributions must be paid within 30 days of due date. Where a Member applies to reinstate Contributions, Insured Benefits will only resume subject to providing proof of insurability, health, occupation and pursuits as required by the insurer and the insurer agrees to reinstate.

A **grace period** is provided and if Contributions are not paid within the grace period or are not later reinstated, the Member will become a Deferred Member.

**Transfer of value** - A Member may transfer their value in any other approved retirement fund to the Fund or to transfer their Member's Benefits to another retirement fund;

**Sub-Funds** - The Fund provides for existing retirement annuity funds as Sub-Fund using Special Rules. Member may select a Sub-Funds to access the specific Insured Benefits, Investment Portfolio and other features of that Sub-Fund.

Where a Member does not select an Investment Portfolio or respond to a request by the Board to select an alternative investment option to ensure ongoing compliance with the Act, the Board reserves the right to, at its sole discretion, change

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any allocation to and selection of the Investment Portfolios for that Member, or any group of Members, to ensure that the Fund complies with the Act.

A Member may at any time apply to change Insured Benefits, or the Investment Portfolio.

**Notification** - the Fund will notify the Member any about any change affecting a Member's Benefits using the given address, email or cell phone number.

**Benefits** – on retirement a member can buy an Annuity from any insurer to pay a pension from the Retirement Date until the Member's death. A Member who becomes permanently disabled can retire early. At retirement, the Member can commute up to one third of the Annuity, for cash. On death, subject to the Rules, a lump sum payment is payable to dependants and or beneficiaries. Once an Annuity has been bought or a death benefit paid, the Fund has no further responsibility for the Member, Dependant or Nominee. Benefits are payable to Members or nominees, but the Board may also direct that payment be made to a trust, guardian, curator or beneficiary fund. If a Member does not take retirement at Retirement Age and does not give any other instruction, membership will automatically extend for further periods of 12 months at a time on the same terms (except that Insured Benefits may fall away) up to but not later than age 70. If a due benefit is not claimed within 3 years and after due enquiry, the Member or potential beneficiary / Nominee cannot be located, the benefit shall revert to the Fund; provided that if a beneficiary or Nominee approach the Fund at any stage, the Board shall consider such claim and if the circumstances warrant, shall pay the benefit together with such investment earnings as it may allow. All benefits shall be paid net of any income tax required to be deducted in terms of relevant legislation.

**Beneficiary Nomination** - A Member must on entry complete a beneficiary nomination to identify the Nominee and the proportion of benefits that should be awarded to each Nominee. The nomination may be changed or withdrawn at any time. If a Member has more than one Sub-Fund, the Member must make a separate nomination for each Sub-Fund which may be different.

**Death Benefits to Dependants & Nominees** – If on death the Board becomes aware that a Dependant has not been provided for by a Member, the Board can choose to distribute benefits among the Member's Dependants and Nominees based on dependency, the duration of dependency; age; relationship to the Member; information in the beneficiary nomination form and any testamentary distribution by the Member. Once Dependents have been catered for or if there are no Dependants, the Board may allow benefits to be paid to nominated beneficiaries who are not Dependants. If there are no Dependant or Nominees or after payment benefits are left over, such remaining benefits will be paid to estate of the deceased Member.

The Board may withhold benefits for up to 12 months after the death of the Member until information required by the Fund has

been received. Insured Benefits are only payable by an insurer if the Member's Fund membership is current, Contributions are paid to date; a completed claim form has been submitted; proof of death of the Member has been provided; details of the ages of the Member and Nominee and the title and dependency of the Nominee have been provided.

**Interpretation & Disputes** - The decision of the Board as to the interpretation of the Rules is final and binding. The Board may receive representations and may use such evidence whether such evidence amounts to legal proof or not. Complaints must be given in writing to the Fund. The Fund will reply within 30 days and thereafter if not satisfied, the complaint may be referred to NBFIRA. In any dispute with the Fund, Members have all the rights provided for by the Act. Indemnity & Insurance - The Administrator indemnifies the Fund against losses due to dishonesty or negligence and the Administrator and the Fund both hold professional indemnity and fidelity insurance.

**Confidentiality** - The Board and its agents will protect Members' personal and confidential information.

**Financials** - The Board will keep Fund financial accounts to be audited and submitted to NBFIRA each year.

**Investments** - The Board has full power to receive, administer and invest Contributions and may operate a bank overdraft or borrow funds with or without security. All assets are controlled and held in the name of the Fund or a nominee company. All title documents are kept at the Principal Office or at a bank. The Board within the requirements of the Act and NBFIRA has the power to make, change and cash out investments and may delegate investing to financial institutions or investment managers. The Board will only make investments where it believes the return is reasonable, and the investment is not prejudicial. Permissible investments assets include shares, properties, fixed interest, managed, property and money-market portfolios and other assets defined by NBFIRA.

**Protection of Benefits** - Except as allowed by law, no Fund benefits may be surrendered or pledged as security for any debt or attached by any creditor. If a Member becomes insolvent or attempts to alienate Fund benefits, the benefits will then belong to the Fund and may be dealt with by the Board at its discretion, for the benefit of any Member or beneficiary.

**Unclaimed Benefits** - if benefits are due to a Member who after a search cannot be found after 12 months, the benefits will become unclaimed benefits and will be set aside for that Member in an interest-bearing account. If no contact occurs after a further 5 years, the benefits will be transferred to a Guardian's Fund.

**Right to Inspect** - Members may inspect or make free copies of the Rules and audited financial statements at the Principal Office during normal office hours.