

**TO: PRINCIPAL OFFICERS AND TRUSTEES OF ALL
REGISTERED PENSION FUND ORGANIZATIONS**

CIRCULAR NO: PF/CIR/01/2020

EFFECTIVE DATE: 8 APRIL 2020

SUBJECT: EFFECT OF COVID-19 ON PENSION FUNDS

1. INTRODUCTION

- 1.1 This Circular is issued in terms of functions and powers of the Namibia Financial Institutions Supervisory ("Authority") and those of its Chief Executive Officer in his capacity as such and in his various capacities as Registrar in terms of the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001) and other authorising legislation.
- 1.2 This Circular is applicable to all registered pension funds in terms of the Pension Funds Act 1956 (Act No. 24 of 1956).

2. COVID-19 PANDEMIC

- 2.1 The Namibia Financial Institutions Supervisory Authority ("NAMFISA") acknowledges the impact of the Coronavirus Disease ("Covid-19") on Namibia and on the pension funds industry specifically. As is public knowledge, H.E. the President of the Republic of Namibia, Dr Hage Geingob, declared a state of emergency in Namibia on 17 March 2020 as a result of the pandemic, cautioning individuals and organisations to implement precautionary measures to prevent the spread of the disease. We have further considered the measures to combat the spread of the Covid-19 pandemic as communicated in Government Gazette Notice No. 9 dated 28 March 2020. Amongst the

measures are a 21-day lockdown, discouragement of physical contact and prohibition of public gatherings of more than 10 persons for a collective purpose.

- 2.2 Moreover, NAMFISA has been monitoring local, regional and international market movements with keen interest. It is evident that global markets have been significantly impacted by the Covid-19 pandemic. Namibian pension funds are invested in these markets and may be experiencing the effects of depressed markets on their asset bases.
- 2.3 The Registrar of Pension Funds issues this notice to all pension funds in light of the above circumstances.

3. COMPLIANCE WITH LIMITS OF INVESTMENT

- 3.1 The Registrar is aware of the impact of the Covid-19 pandemic on investment assets, with certain asset classes being more affected than others.
- 3.2 In making investment decisions, fund trustees are advised to exercise prudence in the management of the fund assets in the best interest of the fund and its members while upholding their responsibility to ensure compliance with the Regulations made under the Pension Funds Act, 1956 (Act No. 24 of 1956) ("the Act").
- 3.3 Trustees' attention is drawn to the provisions of regulations 13(6) and 13(14) of the Regulations made under the Act, which is a mechanism that allows the Registrar to grant any fund, on written application or notification, exemption from compliance with the provisions of the regulations. Should trustees, in exercising their fiduciary duties towards the fund and its members, deem it expedient not to be in a position of compliance with any of the regulations pertaining to investments, are urged to approach the Registrar with an application or notification for exemption. Such application or notification should clearly and comprehensively set out sufficient compelling reason as to why the exemption is being sought or how the passive breach occurred.

4. PAYMENT OF CONTRIBUTIONS

- 4.1 The Registrar has been made aware of employers who are experiencing financial difficulties and are requesting for relief or assistance from the pension funds that they participate in. The relief sought most often relates to a reduced or nil contribution rate for a period of time.
- 4.2 Participants in a fund are bound by the provisions of section 13A of the Act, which requires contributions to be paid to the fund within seven days of the end of the period to which the said contributions relate.
- 4.3 Therefore, should the trustees wish to alter contribution rates of members, the altered rates of contribution should be specified in the fund rules. Additionally, PI/PF/DIR/05/2015 requires members to be informed of rule amendments that may negatively affect member benefits. The directive requires that members be informed, but it does not require that members consent to the proposal. Trustees are cautioned to bear in mind the above provisions when considering such relief.

5. STATUTORY QUARTERLY RETURNS

- 5.1 In accordance with regulation 13(8) of the Regulations made under the Act, the deadline for submission of the chart of accounts for the quarter ended 31 March 2020 will be 31 May 2020.
- 5.2 The usual submission requirements for the remaining statutory quarterly returns for the 2020 financial year will apply and the submission due dates will remain the 31st of July 2020, 31 October 2020 and 31 January 2021 respectively, unless otherwise communicated by NAMFISA.

6. ANNUAL FINANCIAL STATEMENTS AND ACTUARIAL VALUATION REPORTS

- 6.1 The due date for submissions of Annual Financial Statements and Actuarial Valuation reports, in accordance with sections 15 and 16 of the Act, remain as specified in the Act. Should funds experience any difficulties with complying

with the said deadlines, funds are advised to approach the Registrar with an application for extension as provided for in the relevant sections of the Act.

In conclusion, applications for exemption or extension made for the reasons discussed above should be made through the Electronic Regulatory System (“ERS”) platform and followed with an email to pf@namfisa.com.na advising NAMFISA of the submission. NAMFISA undertakes to expedite the processing of such applications once received.

Amidst the rapidly evolving pandemic, funds are urged to follow best practice protocols as put forth by the Ministry of Health and Social Services, and the World Health Organisation.

I trust that all registered funds will give their full cooperation to ensure compliance with the measures as contained herein.

A handwritten signature in black ink, appearing to read 'K. Matomola', with a stylized flourish at the end.

Kenneth S. Matomola

REGISTRAR OF PENSION FUNDS