

CONSUMER EDUCATION BULLETIN

The New
Dawn
Project

The Financial
Services Adjudicator
Bill: What's in it for
me as consumer?

Are Your Retirement
Savings Protected
By Law?



Project New Dawn



Mission

NAMFISA's mission is to effectively regulate and supervise financial institutions and to give sound advice to the Minister of Finance

Vision

NAMFISA's vision is to be a respected regulator of the financial sector that fosters a stable and safe financial system contributing to the economic development of Namibia

Values

- ◆ Teamwork
- ◆ Service
- ◆ Integrity
- ◆ Performance Excellence

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In this Edition:

HOT TOPICS IN THIS EDITION:

- Page 4 Words from the CEO
- Page 5 Welcome and Farewell
- Page 6 The New Dawn Project
- Page 8 The Financial Services Adjudicator Bill – What's in it for me?
- Page 9 Healthcare expenditure that medical aid funds do not cover
- Page 10 NAMFISA – Past, Present, Future...
- Page 12 Are your retirement funds protected?
- Page 14 The Purpose of Public Notices and Premium Protection
- Page 15 TransUnion – Don't be a victim of identity theft
- Page 16 A Recollection of Ancient Wisdom: George S. Clason,
The Richest Man in Babylon
- Page 17 Fun and Games – Snake Ladder Game
- Page 18 Do your budget today – Take control of your finances
- Page 19 Glossary of Terms



From the Office of the CEO

As we are all aware, His Excellency Dr Hage Geingob, President of the Republic of Namibia, has unveiled the Harambee Prosperity Plan (HPP).

The HPP provides an opportunity for every Namibian to rally towards a common goal, which is to achieve prosperity within a given timeframe. In the true Harambee spirit, I am equally excited to share with consumers of financial services, particularly in the sector regulated by NAMFISA, the developments thus far.

Over the past years, NAMFISA has been engaged in the transformation of the financial sector. The transformation initiatives include, amongst others, dealing with illegal, unregulated and unethical practices by financial service providers and revamping the laws that govern the provision of financial products and services. One of the pillars of the financial laws is to foster consumer protection and awareness.

By creating awareness and educating the consumers of financial services, NAMFISA is empowering consumers to know their rights and obligations. Consequently, Namibians will be empowered to make informed decisions and enjoy the best possible legal protection from rogue service providers.

We are committed to ensuring that consumers have access to information and available remedial avenues whilst using any financial service. Nobody should feel left out because of lack of information and awareness in this regard.

NAMFISA has been working on the following pieces of legislation, the NAMFISA Bill, Financial Institutions and Markets Bill, Financial Services Adjudicator Bill, and Micro-lending Bill. These important pieces of legislation promote financial stability, consumer protection, the reduction and deterrence of financial crimes, and the highest standard of business deportment required from all financial service providers.

The Financial Services Adjudicator Bill, in particular, aims to provide a mechanism for users of financial services to have their complaints resolved free-of-charge. I therefore encourage the esteemed consumers of financial services and products to take keen interest in and familiarise yourselves with all of these Bills. You are welcome to engage with NAMFISA for further details and dialogue.

I encourage consumers of financial services and products to continue to lodge their complaints, at no cost, regarding any non-banking financial service provider. You have the right to be heard.

In conclusion, I leave you with a quote from Kofi A. Annan of Ghana, the seventh Secretary-General of the United Nations who said:

“Knowledge is power; information is liberating; and education is the premise of progress, in every society, in every family.”

Kenneth S. Matomola, Acting CEO



“We are committed to ensuring that consumers have access to information and available remedial avenues whilst using any financial service. Nobody should feel left out because of lack of information and awareness in this regard.”

Farewell . . .



Dear Reader,

By the time you hold this publication in your hands, I would have assumed responsibilities at another public institution.

My time at NAMFISA has come to an end. It is sad to leave such a great institution that is at the heart of the country's economy.

My job at NAMFISA touched on bread and butter issues, issues of national importance and issues that affect the lives of every Namibian, rich or poor.

I am thankful for having had the opportunity to work for the Authority and to touch the lives of so many people

through my work. Such opportunities do not fall on everybody's lap every day.

I spent a good part of my time doing financial education, interacting with consumers and decision makers. The need to educate consumers on their financial rights and responsibilities was indeed great and remains vital.

It is not an exercise that will be completed over night. Indeed, consumer financial education is an ongoing exercise that is as important as eating and bathing every day.

Although I have left NAMFISA as an employee, my association with the Authority and my involvement in consumer financial education will go on for a very long time to come.

My involvement in consumer financial education has become much more than a job. It has become part of me, something which I do daily, at every occasion and opportunity that avails itself.

It is my responsibility, as it is for everyone else, to continue to educate those less fortunate among us on their rights and responsibilities. Many of our people still struggle to manage their finances.

Others simply fall prey to unscrupulous

institutions and individuals, and in the process lose their hard earned money. This forces them to fall into an undesirable spiral of borrowing which perpetuates, rather than alleviates, their financial problems.

The individuals suffer, and so does the country. Money is not channelled to the sectors where it should go to stimulate economic growth, but is rather used to service consumer debt, which can easily be avoided if we help our people understand financial matters.

But all is not lost. The number of calls I continue to receive as well as the people I meet on a daily basis, gives me the comfort that the consumer education work by NAMFISA and various other stakeholders is bearing fruit.

As NAMFISA's self-appointed ambassador for consumer financial wellness, I will relentlessly ensure that the fight for financial freedom is pursued vigorously.

I call on fellow Namibians to make the same commitment to ensure that our country has a 100% financial literacy rate. Let's join hands to make this a reality.

Isack Hamata

Welcome . . .

Dear Readers,

It is indeed an honour and a pleasure to take over from Isack as the Editor of the Consumer Education Bulletin.

Since spearheading the Bulletin, Isack has done a tremendous job in educating and keeping consumers informed about key facts that all consumers of financial services and products ought to know. I would like to thank Isack for the tremendous energy that he expended on the Consumer Education Bulletin. Nationally, it has become a highly sought-after source for information about NAMFISA's activities and overall financial services information.

As the new Editor, it is my duty to

continue efforts to keep the public abreast of developments and to highlight relevant and important consumer financial product and service issues.

We will continue to keep our ears to the ground in order to make the necessary improvements in this Bulletin and ensuring that this communication tool remains a primary source of financial education information for consumers.

I therefore invite you to write to us, the Editor and the CEO, for any clarification that you may require or if you want to raise issues that you think require NAMFISA's urgent attention and action.

Thank you and happy reading.

Christopher Swart



The New Dawn Project



Marvin Daniels, Legal Officer



**Johannes Naanda, Manager:
Collective Investment Schemes**

NAMFISA has been working on the following pieces of legislation: the NAMFISA Bill, the Financial Institutions and Markets Bill, the Financial Services Adjudicator Bill, and the Micro Lending Bill.

The NAMFISA Bill implementation project, known as The New Dawn Project, has a slogan titled “Paving the way for the Future.”

We conducted interviews with creative colleagues to help devise the project brand, and this is what they had to say:

Marvin Daniels:

The word “dawn” refers to the period when the light from the sun starts to appear in the sky. It also describes the start of something new.

Most of the laws which govern the non-banking financial sector are rather old and outdated, dating back as far as the 1950s. This means that while the various industries within the sector have evolved with time, the laws regulating them have to a large extent remained unchanged.

Therefore, there was need to create laws that are up to date with industry practices all over the globe and suited for the modern day.

Although these new measures are

currently in the form of Bills, their mere existence represents the start of something new.

Just like the light that appears before the beginning of each new day, these Bills tell us that a new era is fast approaching for the non-banking financial sector. Therefore, it seemed fitting to title the Bills implementation project ‘New Dawn’.

Johannes Naanda:

When something new or different is introduced, whether it is presented to an individual, organisation or the country as a whole, it is, at times accepted with mixed feelings.

For the individuals affected by the new or different thing, especially those within an established organisation, there will be feelings of excitement by some, and apprehension by others as the change might not be clear and yet, one has to embrace it nevertheless.

This fear not only ends with the individuals and those within the organisation, but the markets that are regulated can also experience a sense of uncertainty as the proposed changes could mean doing away with the *old* ways of doing things and adjustments could follow.

Changes might mean that new systems

might be put in place, skills should be upgraded, more people should be employed, and more disclosure and transparency on the part of regulated entities might be required.

When I thought of the process of transformation that NAMFISA was going through; in terms of crafting updated legislation, I thought that once the “new” legislation was in place, the *old* way of doing things would end and all systems and people involved need to embrace the change.

Embracing the change in this context means that a New Dawn is upon us. And with new things, comes new life.

I thought of the sun rising on a new day; a breath of fresh air, new plants coming out, birds singing and a fresh new start. It is a New Dawn; a beginning full of refreshed hope for the future.

We will all have the required systems, skills, attitude and motivation to take on the new challenges of the day. We will all sing along in the spirit of Harambee as we march towards Vision 2030.

It is a New Dawn indeed and let us ALL embrace it.



Just like the light that appears before the beginning of each new day, these Bills tell us that a new era is fast approaching for the non-banking financial sector. Therefore, it seemed fitting to title the Bills implementation project ‘New Dawn’.

Slogan: “Paving the way for the future”

Hilja Katshuna:

Consumer protection is one of the key focus areas for NAMFISA. The bad old days when a consumer signed a credit agreement at a furniture store without the full terms and conditions explained in a language they understand; the days when cash loan entities forced their clients to relinquish their ID and Bank Cards with PIN numbers as “collateral”, and the days when insurance companies could lure clients into signing dubious policies, are fast drawing to a close.

Legislation that the ‘New Dawn’ brings about, paves the way for the future. It means improving the way we regulate and supervise the industry moving forward, to enable the growth of a fair and balanced financial environment where consumers are served in a stable financial system. The ‘New Dawn’ protects the Namibian public from financial malpractice.

Therefore, when I think of the ‘New Dawn’, I see it as the future for NAMFISA, the future for the financial industry, and indeed a further step towards full consumer protection.



Hilja Katshuna, Organizational Development Practitioner

The Financial Services Adjudicator Bill: What's in it for me as consumer?

What will the FSA Bill cover?

The Financial Services Adjudicator (FSA) Bill provides for:

The establishment of an office to deal with complaints relating to financial products and services;

The objects of the Office;

The appointment of the Adjudicator and powers and duties of the Adjudicator; and

For incidental matters.

What is the main objective of the FSA Bill?

The main aim of the Bill is to establish a framework for formal complaints resolution and consumer protection. In this case, a complainant and complaint will have the following meaning:

“Complainant” means any person to whom a financial service was provided by a financial services provider, inclusive of the successor in title of such person or a beneficiary of such financial service and who submits a complaint to a financial services provider and to the Adjudicator.

“Complaint” means a complaint laid by a complainant relating to a financial service provided by a financial services provider and in which it is alleged that as a result of the financial services provider or its employee or representative or agent’s actions or omissions, the complainant has suffered or is likely to suffer financial prejudice or damage, the complainant’s rights have been infringed or a dispute of fact has arisen between the complainant and the financial services provider.

Who is the Adjudicator?

“Adjudicator” is the person appointed to perform the functions of the Office and deal with complaints. The Adjudicator has similar powers as a High Court judge.

The Adjudicator will effectively serve as mediator or judge and will make decisions over customer complaints regarding terms and conditions between financial institutions and customers or consumers of financial products and services.

The Adjudicator’s decision will be similar to that taken by an Ombudsman and will be binding on the parties, whether they are banks, insurers, pension funds or any other financial service providers.

The Financial Services Adjudicator will deal with complaints against institutions and intermediaries by considering and disposing these complaints in



a procedurally fair, economical and expeditious manner with due regard to the contractual arrangements (examining evidence from both parties), the law and equity considerations. To this end, the adjudicator will be independent and impartial.

What does the Office of the Financial Services Adjudicator mean to a consumer or customer of financial products or services?

The Office of the Financial Services Adjudicator will inquire, investigate, consider and determine complaints against financial services providers.

The work of the FSA will be to resolve disputes between consumers of financial products and services and financial service providers in a fair, reasonable and quick manner. Therefore, consumers will have access to dispute resolution services at little or no cost.

What can I complain about and how will I go about it?

A consumer or customer of financial services and products can complain about the service and products of the financial service provider. For example, you can lay a complaint if you feel that you were treated in an unfair manner by the service provider.

Who can complain to the Financial Services Adjudicator?

All customers of regulated financial and non-financial institutions can make complaints to the Financial Services

Adjudicator. People who have been offered services or have sought the provision of service from the financial institution can also make complaints to the Adjudicator. Persons with an interest in a matter complained about can also become complainants.

How to lodge a complaint:

If you have a complaint against a financial service provider, you are advised to take the following steps:

Make a complaint first of all to the person who you normally deal with at the bank, insurance company or other financial service provider.

If you are not satisfied with the response from the financial service provider, you should put your complaint in writing, addressing the letter to their senior management.

If you are still not satisfied after exhausting all the internal channels of the financial service provider, you may take your complaint to the Financial Services Adjudicator.

Which institutions can the Financial Services Adjudicator investigate?

The Adjudicator will investigate complaints against banking institutions, Agricultural Bank, friendly societies, stock brokers, insurance companies (life and non-life), bureaux de change, investment product intermediaries, moneylenders, pension funds and designated investment companies, Credit Intermediaries, Hire Purchase Companies and many more financial institutions that are directly or indirectly involved with the provision of financial services.

What benefits does FSA bring to the consumer?

Benefits to be provided by the FSA include consumer protection against unfair treatment, being charged unreasonable transacting charges, and the resolution of unnecessary disputes amicably.

The office of the adjudicator will also make it easy for both clients and service providers to engage, and the complaints brought before the FSA will be dealt with at little or no cost to the complainant.

Lastly, if you are still unhappy about the decision of the FSA, you can appeal the decision of the FSA to the High Court of Namibia.

Healthcare expenditures that medical aid funds do not cover

The objective of medical aid cover is to guarantee access to essential healthcare, for fund members. However, there are threats to the sustainability of private healthcare coverage, such as affordability.

Healthcare costs increase at rates which are substantially higher than the general inflation rate and that may require member contributions to increase each year. The financing available for healthcare expenditure is not infinite, therefore one of the measures employed by medical aid funds to mitigate the threat of affordability, is exclusions on benefits covered for certain medicines, treatments and procedures. Medical aid funds must nonetheless ensure that there are good reasons for these exclusions, otherwise they may lead to the unreasonable denial of healthcare benefits to the members of medical aid funds.

All medical aid funds have a list of treatments, medicines and procedures that they will not cover. Therefore, to ensure that all members have a fair and equitable rationing of healthcare benefits, medical aid funds have limits to the items and treatments covered for members.

The principles that are considered by medical aid funds when deciding whether exclusion is justified or not are: best practice, evidence-based healthcare, clinical protocol, cost-effectiveness (affordability), and the prevailing laws of the country.

It would, for example, be inappropriate to exclude the treatment of acute appendicitis because of its life threatening nature, while exclusion for cosmetic surgery in the

absence of clinical indications would be appropriate.

Each medical aid fund's benefit exclusions are listed in detail in the respective Fund Rules. Excluded products or services as stipulated in the exclusion lists will not be paid for by the medical aid funds. It is thus the responsibility of members to ensure that they are familiar with the products and services that are excluded from their medical aid fund cover. Members should ensure that the medicines, treatments and procedures they receive or require, will be paid for by their medical aid fund *before* obtaining the service. Otherwise, they will be solely responsible for paying the costs of the said products or services.

Examples of medical benefits that are generally excluded by most of the registered medical aid funds in Namibia include, but are not limited to:

- Cosmetic preparations, emollients, moisturisers, medicated or otherwise, soaps, scrubs and other cleansers, sun-tanning preparations, medicated shampoos and conditioners, except for the treatment of lice, scabies and other microbial infections and coal tar products for the treatment of psoriasis;

- Nutritional supplements including patent foodstuffs, baby food and special formulas;

- Preparations used specifically to treat and/or prevent obesity or overweight or any slimming preparations;

- Medicines not included in a prescription from a medical practitioner or other healthcare provider who is legally entitled

- to prescribe such medicines, except for schedule 0, 1 and 2 medicines supplied by a registered pharmacist;

- Patent and secret medicines and preparations, household remedies and preventative preparations;

- Medicines used specifically for the treatment of sterility, impotence and infertility;

- Vitamins and multivitamins alone or in combination with stimulants (tonics);

- Medicines used specifically to treat alcohol or drug addiction;

- Treatment of an illness or injury sustained by a member or a dependant where such illness or injury is directly attributable to failure to carry out the instructions of a healthcare provider or to negligence on the part of the member or dependant;

- Suicide, attempted suicide or intentional self-inflicted injury whether the patient concerned is of sound mind or not;

- Plastic surgery and cosmetic treatments of a member's own choice or which are recommended for psychological reasons or surgery directly or indirectly caused by or related to or in consequence of cosmetic surgery;

- Medical expenses for any planned or non-emergency consultations, examinations, procedures and treatment incurred in foreign countries other than in South Africa.

The above examples are not a complete list of medical aid funds exclusions. To read the full list of exclusions, one should request it from their medical aid fund. Some medical aid funds have also put the exclusion list on their respective websites.

NAMFISA: Past, Present

What Are the Aims and Objectives of NAMFISA?

As identified in our mission statement, NAMFISA's aim is to effectively regulate and supervise financial institutions in Namibia. Furthermore, our vision is to be a respected regulator of the financial services sector that fosters a stable and safe financial system contributing to the economic development of Namibia.

What Were the Achievements of NAMFISA During the Past 15 years?

To appreciate humble gains attained at the Authority, it is important to go back in time to contextualise the background and previous state of affairs.

As evident in continual negative reporting some years ago, the public and media perception of NAMFISA was very poor. Relationships with the Board and Minister of Finance were not sound. Staff were disgruntled and motivation was low. Supervisory activities were low and non-existent for some sectors.

With such a tarnished image, it was very difficult to attract and retain skilled and competent employees, but thanks to the three3 year rolling transformation strategy which commenced in 2013, hard work, perseverance, commitment and support from various stakeholders, today a completely different picture can be seen at NAMFISA. Some regard this as phenomenal transformation.

Amongst the many outcomes are the following:

Best Annual Reports in Namibia. For two consecutive years (2013 and 2014) NAMFISA's annual reports have been rated the best in the country (PMR.africa - 1st place, Diamond Arrow Award i.e., Outstanding)

Best company/institution demonstrating exceptional management and corporate governance activities in Namibia in 2014 (PMR.africa – 1st place, Diamond Arrow Award i.e., Outstanding). This is a tremendous improvement from the previous classification of “worst managed SOE”.



In 2015 NAMFISA received an International Quality Award. The Authority is one of 30 entities from across the globe that received this award at a ceremony held in Paris, France. The award was conferred in recognition of the Authority's commitment to quality and excellence of service.

An independent survey conducted in 2014 by NaMedia (Namibia Media Monitoring) revealed that the NAMFISA profile in the media had shifted from negative to positive. Statistics indicate that 70% of media reporting regarding the Authority was positive.

The situation has turned around with the Authority being one of the highly sought after employers in the country. The Authority has managed to attract and retain highly skilled employees. Amongst these, the Authority has recruited 11 admitted legal practitioners, four Chartered Accountants (CA), and

over 24 employees with Masters Degrees.

NAMFISA regulatory and supervisory activities have improved tremendously and have garnered a strong list of achievements which include:

The introduction and regularisation of on-site inspections of regulated entities;

The Authority has adopted a zero tolerance for non-compliance as evident in hundreds of licence cancellations and millions in penalties/fines imposed;

As part of its commitment to service excellence, the Authority has introduced service level commitments that it issued to regulated entities;

Amendment to the Unit Trust Control Act in order to strengthen the legislative framework was drafted and finalised;

Amendment to the Pension Funds Act to allow for unlisted investments and granting of loans for acquiring properties in unproclaimed areas;

Revised regulations 15, 28, and 29

and Future...



issued under the Long Term Insurance Act and Pension Funds Act, respectively;

Introduction of an Electronic Regulatory System (ERS) for operational efficiency; and

Drafted NAMFISA and FIM Bills, after wide consultations within the market The Bills were submitted to the Minister of Finance, and are now with Government legal drafters in the Ministry of Justice.

The Authority's productivity and intellectual capacity has significantly improved in many areas, some of which are listed below:

In addition to timely and best annual reports in the country, the Authority issues quarterly statistical bulletins, quarterly consumer education bulletins, and quarterly regulatory reform newsletters;

During the past year, the Authority has drafted, obtained ministerial approval, and concluded market consultations

for the Micro-Lending and Financial Services Adjudicator Bills;

During the past 12 months the Authority drafted 86 regulations and standards that went through expert reviews and some are now distributed in affected industries for inputs and consultation;

On average, the Authority receives more than 50 complaints monthly and resolves more than 95% of them; and

The Authority developed and introduced Regulation 29. We are proud to say that we are the only regulatory and supervisory Authority across the globe that has developed a framework for investments of pension funds in unlisted investments. Of course there will be teething challenges as we spread our regulatory mandate in wider sections of the economy. However, these glitches and occasional gaps are altered and amended as they occur. Despite the challenges, all Namibians should be proud of the fact that we are the world's pioneer in this area.

The Authority has moved from a lowly regarded regulator to a highly regarded one. This is evident in the following:

Regulators in the SADC region continually send their staff for attachment to NAMFISA;

Client satisfaction surveys conducted on behalf of the Authority by an independent research company revealed more than 70% satisfaction rate of regulated entities with respect to on-site inspections, industry forums; and

Client satisfaction surveys conducted revealed more than 80% satisfaction rate with respect to complaints resolution.

Even with the successes recorded, there is still a lot more to be done. However, this is only possible with the continued support of all our stakeholders.

What Were the Challenges that NAMFISA Faced in the Past 15 Years?

NAMFISA's environment is extremely complex and challenging. However, our role as a regulator is exciting and provides an opportunity to strengthen the nation. The job is challenging due to a number of

factors including:

Rapidly changing environment (market and international regulatory practices);

Large work volume (9 sectors, more than 3500 registered entities);

Striking a balance between implementing current legislation whilst working on future legislation (several bills);

Dealing with a multitude of consumer complaints stemming from a combination of limited literacy and some service providers' limited orientation to treat customers fairly;

Authority's on-going transformation;

High litigation risks;

Fending off those that are not satisfied with the Registrar's decisions;

Striking delicate balance between the imperative for consumer protection in Namibia and participation by previously disadvantaged Namibians in the financial services sector.

What Are the Responsibilities of NAMFISA?

To regulate and supervise Namibia's financial services sector and to advise the Minister of Finance on related matters. Additionally, we are responsible for consumer protection and for ensuring that our consumers are financially literate, hence our Consumer Education strategy.

What Can the Namibian Society Expect from NAMFISA in the Future?

The envisaged promulgation of the NAMFISA, FIM, FSA and Micro Lending Bills can assist to achieve the objectives of the Financial Sector Strategy which are:

A deepened, an efficient and developed financial system;

Respected, world class and effective regulators;

A stable, well-regulated and competitive financial sector;

Significant local ownership of financial institutions;

An inclusive financial sector; and

Financially literate and protected consumers of financial services and products.

Are Your Retirement Savings Protected By Law?

...How to Ensure That the Fund to Which Your Retirement Contributions Are Paid is a Registered Entity:

Saving for retirement is an important part of planning your finances in order to have the financial freedom to enjoy your later years, whether employed by someone else or self-employed.

Most individuals in today's working environment understand this, and it has become more important to save for retirement during your working years.

The majority of employees who work for private companies are covered by defined *contribution* schemes (where the retirement benefit is based on their monthly contributions) while those who work for public companies are covered by defined *benefit* schemes (where the retirement benefit is based on their needs as determined by experts. It is a specified amount and not necessarily based on contributions).

Contributing to a pension fund is the most preferred way of saving towards retirement, and most times, is compulsory for employees in company benefit packages. This manner of saving for retirement is said to be an easier way, over a longer period.

It is also cheaper to save towards retirement by contributing to a pension fund because the cost of administration and investment fees are lower for each individual member when compared to the costs that need to be paid if a single individual were to make a private investment.

Saving through employer-related pensions also gives members options of different types of investments, which usually require high deposit amounts,



which an individual member contributing to a pension fund by themselves would not have had.

One would then expect that saving for retirement by having your employer make monthly deductions from your salary would almost guarantee a payout on retirement (assuming that good investment decisions have been made and all other market and regulatory factors remain unchanged).

However, some have had their hopes of financial stability during retirement dashed because the fund into which they had been depositing money, usually over many years, did not meet expectations or fulfill its promises.

It is important that as an individual

saving for retirement, you know the importance of ensuring that your deposits are protected by law under the Pension Funds Act.

This article emphasises the importance of ensuring that individuals are aware of the clear purpose of their monthly savings and that the fund to which these contributions are paid, is registered and regulated.

The Pension Funds Act, Act No. 24 of 1956 (hereinafter referred to as the "Act") is the law that regulates pension funds. This Act is overseen by the Namibia Financial Institutions Supervisory Authority (NAMFISA). Only pension funds that are registered with the Authority are supervised under this Act.



member requires information regarding the fund;

A license issued by NAMFISA as proof of registration. This certificate can be obtained from the principal officer; and

Endorsed (indicated by an NAMFISA stamp) rules of the fund, which outline the rules governing the fund.

Therefore, if you are making monthly contributions to a fund, that you believe to be for retirement savings purposes, and the fund is not a registered pension fund with NAMFISA, the Authority will not be able to protect you should challenges arise. In other words, any complaints reported to NAMFISA cannot be resolved by it under the Pension Funds Act.

You may enquire through your employer or by contacting NAMFISA directly, to determine whether the fund you are contributing to is a registered pension fund or not.

According to Section 4 (1) of the Act, “Every pension fund shall apply to the Registrar for registration under this Act”. Therefore, any fund that claims to be a pension fund organisation as defined in the Act *must be* registered under the Act. Members contributing to any such unregistered fund are urged to report any such entities to the Authority by contacting the NAMFISA complaints department:

Physical Address: 27 Fidel Castro Str.
Alexander Forbes House, 6th floor
Telephone: +264 61 290 5000

The Registrar, under Section 32 of the Act may require such unregistered funds to furnish information which the Registrar will use to conduct an investigation to determine whether or not the fund should be registered.

Finally, if an individual has or has access to knowledge and expertise required to manage their retirement savings outside of a registered pension fund or an employee fund offered by their employer, for example, within a unit trust, retirement annuity policy with a long term insurer or any other form of investment strategy, he/she is free to do so.

It is not law that all retirement savings must be made through a pension fund.

It should also be noted that employers are free to require compulsory membership to funds that are not registered pension funds as a condition for employment.

The Authority has in the past received a number of complaints regarding non-payment of retirement benefits. It came to the attention of the Registrar that some of the employees in question were making monthly contributions into an employee fund that is not a registered pension fund. These contributions were believed to be made to a pension fund (as defined in the Act), but in actual fact were not. This is a typical example where employees have no protection available to them under the Act as NAMFISA does not supervise these entities.

What Do You Need to Know?

The fund to which you are making

monthly contributions for retirement must meet the definition of a “pension fund (i.e. “pension fund organisation”) as written in the Act. This means that the purpose of the fund must be clearly defined to meet the definition as written in the Act.

Once the definition is met, the fund to which you are making monthly contributions must then be registered according to Section 4 of the Act, which outlines the requirements that must be met before registration can be granted. A registered fund therefore has the following characteristics:

An appointed principal officer who manages the affairs of the fund and is the first point of contact in the event that a



The Purpose of Public Notices

The ultimate purpose of Public Notices is to share urgent information, cautions and alerts with the public by placing them in places and mediums where the public is more likely to notice.

It is important that information about activities relevant to all consumers of financial services is as widely accessible as possible in order for the public to make well-informed decisions.

Further, Public Notices help citizens stay up to date with changes in their communities and be on the alert against fraud and theft in their financial dealings.

The Namibia Financial Institutions Supervisory Authority (NAMFISA) circulates information to the public through various types of mediums, such as social media, the NAMFISA website, newspapers and radio.

TYPES OF PUBLIC NOTICES

There various types of public notices that convey different types of information.

● WARNING NOTICE

This notice **warns** the public against, for example, insurance agents and brokers **not licensed** by NAMFISA to sell insurance products in Namibia. This notice will alert the public, note the names of the companies involved, give advice for protective action and urge consideration before these business entities' products are used.

For example, a warning notice can urge the public to be aware and careful **not to invest** their money or purchase policies from un-registered agents and brokers. The downside of ignoring the warning is highlighted in the notice and contact details for those wishing further information from NAMFISA are also publicised.

● INFORMATIONAL NOTICE

This notice serves to inform the public of the voluntary or forced/involuntary de-registration of insurance agents and brokers. Voluntary de-registration is when a previously registered insurance agent or broker chooses to no longer sell or advise

on insurance related business for whatever reason. Forced de-registration can occur for various reasons such as when an insurance agent or broker:

- Does not pay outstanding levies to NAMFISA;
- Does not comply with the laws and rules that govern insurance; and
- Has been convicted of fraudulent practices.

● EDUCATIONAL NOTICE

This notice intends to educate the general public about insurance related business issues and practices.

The Educational Notice can inform the public about what kind of insurance licenses are available in the market so they can have a better choice when making their decisions.

The notice can also advise potential insurance policy consumers that any agent and/or broker is obliged to explain all details of the policy contract, fees and conditions to their clients before he/she signs for a particular insurance policy.

Premium Protection

In most life insurance policies, policyholders are able to include what is known as premium protection.

Premium protection or waiver of premium, as it is known in some countries, is a concept used in the insurance industry to protect the payment of premium by a policyholder, due to an unforeseen event that will disable the policyholder and prevent them from making premium payments.

This benefit is mostly available on life insurance policies and is dependent on the health and/or occupation of the policyholder.

Premium protection does not cover dismissal or firing from employment, additionally it only covers payment for the life insurance itself and does not pay for additional expenditures such as mortgage,

car payments or any other expenditure.

How Does it Work?

In the event that a policyholder is unable to pay for a premium, for example, because of a negative health (prolonged illness, disability, etc.) or occupational (injury) event, the insurer will continue to pay for the policy on behalf of the policyholder.

Additionally, if a policyholder is responsible for paying someone else's risk cover and the policyholder dies or becomes disabled and is unable to pay the premium, the insurer will continue to pay the premium to ensure that the cover continues.

Even though it differs from insurer to insurer, you may generally protect your premium from 18 to 70 years of age.

Advantages of Premium Protection

If the protected benefit has increasing premiums in the future, the insurer will continue to pay the full premium.

There is no limit to the amount of cover you can protect. You can protect your premium on any lump sum benefit.

Factors That May Affect Your Eligibility for Premium Protection

Any family history of chronic and other diseases negatively affect your instalment and/or eligibility. Bad habits such as smoking and excessive alcohol intake also have an impact on your instalment and/or eligibility. Your physical condition matters; i.e. a BMI of greater than 35 might negatively affect your instalment.



Don't be a victim of identity theft

– take action to protect yourself now!



Identity theft is one of the fastest growing crimes in the world: experts believe that someone's identity is stolen somewhere in the world every two seconds. Yet most people believe it cannot happen to them until it is too late and their credit worthiness has been destroyed.

According to TransUnion, Africa's largest credit bureau operation, because identity theft is a "silent" crime, it can go undetected for months, even years while victims have enormous debts run up in their name.

Many cases of identity theft come to light only when the victim starts receiving accounts and letters of demand for debts they know nothing about; or when their own application for credit is refused because their credit record is in tatters.

Your identity can be stolen in any number of ways. The syndicates can intercept banking transactions or hack into sites where you've made a cyber-purchase; they can obtain information from your social media profiles; or they can simply steal mail from your postbox or your dustbin – in fact any document, printed or electronic, that contains your name and any other personal information about you puts you at risk of identity theft.

Because identity thieves are getting smarter and faster at stealing consumers' personal information, consumers have to act smart and stay ahead of them. There are steps consumers can take to better protect their personal information, and safeguard their credit standing.

How do you protect your identity from fraudulent activity?

Ensure all your private correspondence stays private – lock your post-box, don't throw old accounts away without first destroying them, don't leave personal documents lying around where others could see them and protect your online identity.

The most important way in which to reduce the risk of online identity theft, is to create strong passwords.

Here's some TransUnion tips for creating strong passwords:

- Different account? Different password. If a thief steals from one of your accounts, don't make it easy for them to steal from others.
- Don't be obvious. The first passwords thieves will try are ones like: password, 1234567890 or similar.
- Be random. Pick something obscure. Don't use your name and stay away from real words.
- Misspelling is good. If your password is "I hate yellow" replace some letters with numbers and symbols like "I h8 y3LL0w".
- The longer, the better. The longer the password, the harder it could be to figure out.
- Use a mnemonic. Think up a sentence, such as "My favourite colour is green," and use the first or last letter of each word as your password ("Mfcgr" or "yEr4N" in the example).

You need to be able to detect, quickly, whether your identity has been compromised before thieves run up huge debts in your name. By regularly reviewing your credit and personal information for signs of suspicious activity you can monitor and keep track of the information being displayed on your credit report. If you pick up anomalies on your credit report, information that is not correct to the way in which you have conducted your accounts, then you are empowered to work with the credit bureau to dispute and rectify the incorrect information.

Work with TransUnion to monitor and manage your credit report and therefore the way in which lenders view your credit standing. By proactively pulling your report and constantly checking for signs of incorrect information you have the ability to take action before too much damage is done.

If you'd like more information on how you can safeguard your credit standing or if you'd like to pull your credit report, please contact 061 227 142 or visit our TransUnion office at 269 Independence Ave Building, 1st floor, Room 116, Windhoek, Namibia.

Financial Planning Tips - A Recollection of Ancient Wisdom

The article contains a recollection of ancient wisdom on the subject of thrift, financial planning and personal wealth based on a book by George S. Clason, *The Richest Man in Babylon*.

The book contains lifetime wisdom on seven cures for lean purses which are shared in this article, and the five laws of gold, which will be shared in the upcoming Third Quarter 2016 bulletin.

Whether you're a graduate trainee, nurse, a hairdresser or a billionaire, the seven cures for a lean purse, are basic personal wealth fundamentals that no man can simply brush aside. So, regardless of your vocation, you have about the same opportunity to make a fortune.

These seven cures for lean purses still apply today as they did hundreds of years ago. Like the laws of gravity, the laws of making money in society are universal and do not change. Better a little caution than regret.

Start by little savings

The first cure for a lean purse is to **start thy purse to fattening**. Spend, but one-tenth of your income. That is, set aside not less than one-tenth of the money you earn.

Doing this overtime, one would actually end up with more money than if one had set nothing aside. If you had one basket containing 10 eggs, and every day you put in 10 eggs in the morning and take out 9 in the evening. What would eventually happen at the end of the week?

Identify your needs from wants

Secondly, **control thy expenditures**. Human beings have unlimited desires for material possessions of one kind or another. One cannot satisfy all desires of the mind. Discipline yourself to spend part of your income on the things that are necessary. Delay gratification. "Desires are multitude, trying to satisfy them all is an invitation to poverty".

Choose the right investment vehicle

Make thy gold multiply. Make your money grow or earn more money. One may want to consider putting money in a Unit Trust account with local investment managers, or a savings

account with local banking institutions. This is the lazy approach to making your money grow. Otherwise, you can create business opportunities for investment. These are simple recommendations one may consider, instead of putting your cash under a mattress, hoping something magical will happen to make it grow. However, the means of earning more money are not limited to these suggestions.

Choose registered entities in your financial transactions

Guard thy treasures from loss. Avoid putting your money into dubious acts. For example, avoid gambling or Ponzi "get rich quick" schemes. You don't want to put your money in the hands of people who lack the experience in handling money matters.

It is smart to seek the advice of those who are qualified or experienced to handle other people's money like they would handle their own. If you want advice on how to grow vegetables in your garden, you don't go to a pilot or a computer programmer advice; you either go to a farmer or seek the advice of a botanist.

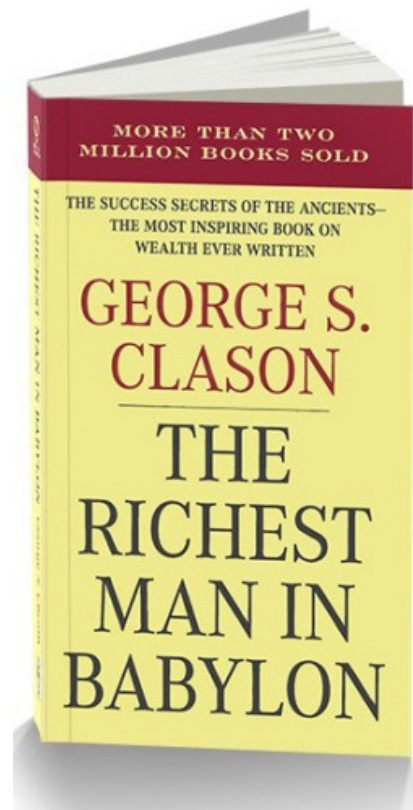
Consider investing in property

Make thy dwelling a profitable investment. Simply put, consider the possibility of owning a house as a residence for your family; so trust your loved ones can have enough space to grow, play, study and enjoy life. Make an effort to buy your house at a reasonable price. This would require time and research on the housing market. Investing in a home should be a key priority for all.

Consider a cover for the unexpected

Insure a future income. We live in a world full of uncertainty. So you want to always set aside some funds to meet any unexpected expenses. For example, expenses to cover your unplanned illness or other events in life that may occur. Putting away some money for "emergency" events would aid you and free you from borrowing money to handle those unexpected expenses.

Consider making use of available insurance products to avoid disappointments. It is important to plan



for retirement and ensure your family some level of inheritance income that can continue your support for them long after you are no longer able to do so.

Be financially literate

Increase thy ability to earn. Everyone needs some level of skills to earn money. A Bachelor's Degree or specific skills certificate or diploma along with a commensurate job might only be enough to earn a basic living and may not earn you enough money to reach some of your longer term career and earnings desires.

Educate yourself in order to increase your skills and capacity to earn more money. "Formal education will earn you a living, but self-education will earn you a fortune".

Lastly, it is sane to seek out profitable projects, business opportunities to invest in, or other cooperative means of earning extra income, because profits are better than wages.

Based on The Richest Man in Babylon - The Success Secrets of the Ancients by George S. Clason. Publisher - Signet / First published in 1926 / ISBN 0-451-20536-7

Budget Sheet

Take control of your finances

1: Monthly Income

Income is the total sum of everything your household earns. It can come from the salary of a steady job or work you do on the side.



You: Monthly salary (after tax)

Husband/wife: Monthly salary (after tax)

Total Income (A) A =

2: Monthly Expenses (B¹)

Expenses are everything that you spend your money on each month. Expenses on your monthly budget sheet can include:



Rent/mortgage/bond

Municipal bills (water, electricity, rates and taxes)

Food (cooking at home)

Clothing and shoes (average expenditure)

Toiletries

Medical/prescriptions

Taxi/bus/petrol

Domestic staff salaries

Plumber/electrician – home maintenance

Credit/charge card payments

Car loan repayment

Personal loan repayment/overdraft fees

Bank charges for ATM/card/account usage

School fees

Crèche/day care

Cell phone/Airtime

Telephone bill/internet data costs

Charity/church contributions

Entertainment (including eating out, movies, sports events, etc. . .)

2.1 Expenses You Should Have (B²)

Medical aid

Life insurance

Funeral insurance



2.2 Other Expenses (B³)

.....

.....

Total Expenses (B) B¹ + B² + B³ = =(B)

3: Savings

We always stress the importance of putting money aside for the future. Pay yourself first. Set aside a percentage of your monthly income and save it from the start, before paying all other obligations.

You can save for a particular goal like the purchase of a new washing machine, rather than buying one on credit at high interest rates, or you can save 'for a rainy day', so that you are better prepared for life's downtimes, emergencies and unforeseen obligations.

You can also save for investment.

After your savings exceed a certain amount, your financial institution or banker can advise on options for higher interest products or returns on commercial investments that can help your money earn money.



Savings (C) =

4: Adding It All Up

Take your Income (A) and subtract the total of your Expenses (B) and then subtract your Savings (C) to see how much money you will have left over at the end of the month.

E.g. Income (A) = N\$5,000; Expenses (B) = N\$3,850; Savings (C) = N\$500
Therefore: N\$5,000 - N\$3,850 - N\$500 = N\$650 left over at month-end.



Glossary of Terms

As you read the NAMFISA Consumer Education Bulletin, you may come across words and terms that aren't familiar. If that happens, this section can help make things a bit clearer.

Beneficiaries: A person who derives advantage from something, especially a trust, will, or life insurance policy.

Budget: An estimate of income and expenditure for a set period of time.

Cancellation Notice: A notice (usually written) to discontinue the services offered by a provider.

Cheque: A payment order to a bank, written on a specially printed paper as a substitute for cash or cards.

Claimant: A person making a claim.

Complaint: An expression of dissatisfaction/unhappiness.

Confidential: Intended to be kept a secret.

Contract: A written or oral legal agreement set up between two or more people.

Coverage: The degree to which an insurance contract protects you.

Debt: To owe money to someone.

Dependent: S/he who is in need of financial or other support.

Economy: The state of a country or region in terms of the production and consumption of goods and services and the supply of money.

Entrepreneur: A person who sets up a business or businesses, taking on financial risks in the hope of profit.

Embezzle: Steal or misappropriate (money placed in one's trust or belonging to the organisation for which one works).

Financial Literacy: The ability to understand how money works in the world.

Fraud: Wrongful or criminal deception intended to result in financial or personal gain.

Healthcare: The organised provision of medical care to individuals or a community.

Insurance: The compensation paid by an insurer in the event of loss, damage, illness or death, in return for a monthly contribution.

Investment: The action or process of investing money for profit.

Jurisdiction: The official power to make legal decisions and judgments.

Loan: Money borrowed that is to be repaid with interest.

Malpractice: Improper, illegal or negligent professional behaviour.

Market: The action or business of promoting and selling products or services, including market research and advertising.

NAMFISA: Namibia Financial Institutions Supervisory Authority.

Over-insurance: Where an insured has bought so much coverage that it exceeds the actual cash value (or the replacement cost) of the risk or property insured. For the insurance company, over-insurance constitutes a moral hazard because the insured (over-insured) may be tempted to make a false claim to profit from a loss.

Resolution: A firm decision to do or not to do something.

Savings: Money set aside for later use.

Solvency: The ability to meet maturing obligations as they become due.

Spam: Irrelevant or unsolicited messages sent over the internet, typically to a large number of people.

Stakeholder: A person with an interest in a company/business.

Vague: Thinking or communicating in an unfocused or imprecise way.

Welfare: Social efforts intended to help people in need.



Namibia Financial Institutions Supervisory Authority

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Project New Dawn

Feedback? Comments?
Suggestions of new topics?
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