

BOTSWANA PUBLIC OFFICERS PENSION FUND 2003 TRUSTEE REPORT

CHAIRPERSON'S OPENING REMARKS

The Trustees of the Botswana Public Officers Pension Fund are pleased to present the Fund's 2nd Annual Report to members.

"It appears to me that one great cause of difference in opinion on subjects we often discuss is that you have always in mind the immediate and temporary effects of particular changes, whereas I put these effects quite aside and fix my whole attention on the long-term effects that will result from them".

David Ricardo in a letter to Thomas Malthus, 1821.

The past year has once again been an extremely challenging one from the Trustees' perspective. In June 2003, we sent out benefit statements based on a negative 16% interim return for the period 1 April 2002 to 31 March 2003. Unfortunately, the Actuary's review confirmed that the interim rate was fairly accurate and we were able to declare a final rate of negative 14.75% for the year ended 31 March 2003. Although the returns were poor for the last financial year, the Trustees are confident that the Fund's investment strategy is an appropriate strategy for the long run. It is therefore important for members to recognise that they have invested their retirement savings for the long term and that there will be periods where returns are poor and periods when returns are good.

The Report is aimed at giving you information about the Fund's financial progress and to highlight some of the more important aspects of your membership of the Fund. It also includes information regarding the Fund's investment performance, as well as extracts from the Fund's Financial Statements for the year ended 31 March 2003.

Should you have any suggestions or comments regarding the contents of the Report, or simply require more information regarding the Fund, please do not hesitate to contact your employing authority or one of the Trustees who will be able to assist you. The contact details of the Trustees and officials are detailed at the end of the Report.

Finally, I would like to express gratitude to every one of you for contributing to the success of the Fund in the past year and supporting the Trustees' aim to continue to ensure that the Fund provides you and your family with financial security when you leave the public service. I would also like to thank the Trustees for their commitment since the Fund was established.

DN Mokegthi
(Chairman's signature to be scanned in)

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YOUR TRUSTEES

The current composition of the Board of Trustees managing the affairs of the Fund is as follows:

EMPLOYER TRUSTEES

Mr D N Mokgethi
 Ms M Pelaelo
 Mrs K D Rathedi
 Mr J D Duha
 Mr T J Pheto
 Ms G D Seitiketso
 Brigadier O Tiroyamodimo
 Mr K S Mogami

ALTERNATES

Mr P E Namogang - (MFDP)
 Miss Y K Galeage - (DPSM)
 Mr P M Motlhagodi - (Tribal Administration)
 Mr ???????????? - (Botswana Police)
 Ms L B Bantsi - (TSM)
 Mr R Messe - (Prisons)
 Colonel B Mosugelo - (BDF)
 Mr B L B Reetsang - (DLGSM)

EMPLOYEE TRUSTEES

Mr ??????????
 Mr L U Mutheto
 Mr G Lebitsa (BULGASA)

ALTERNATES

Mr M Magola - (BCSA)
 Mr B Tlale - (Teacher Associations)

PENSIONER TRUSTEE

Mr B O Gaobakwe

ALTERNATES

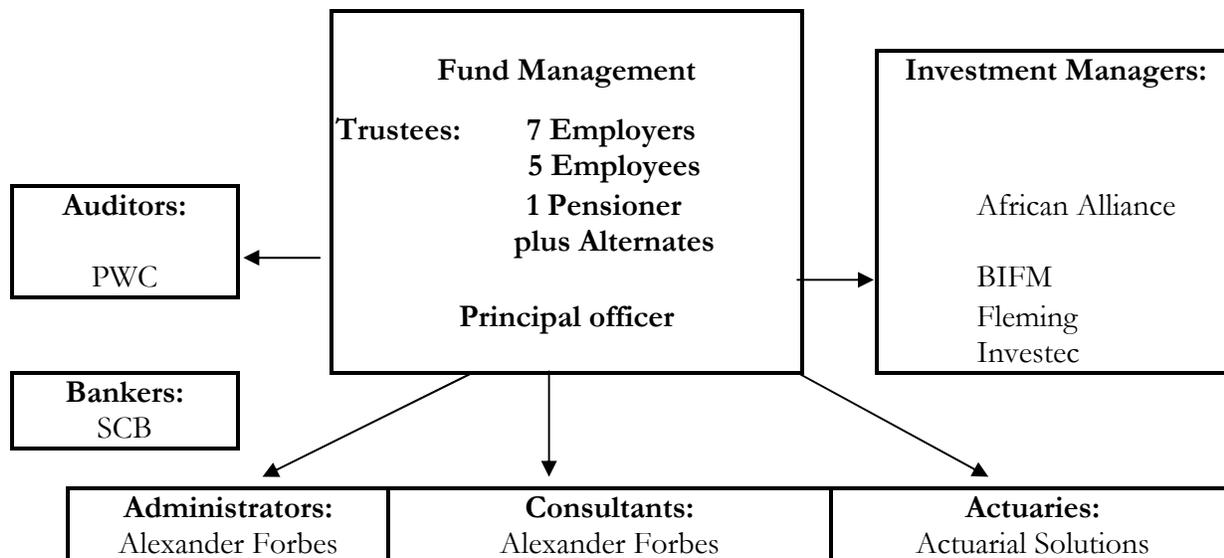
Mrs E M Mathe - (BCSPA)

Mr Mokgethi is still the Chairman of the Trustees and Ms Mukani Pelaelo is still the Fund's Principal Officer.

PRINCIPAL ADVISORS TO THE FUND

It has become evident that many members are not fully aware of the role of each service provider appointed by the Trustees. The Trustees have therefore dedicated this section to providing information in that regard.

HOW THE FUND IS MANAGED



CONSULTANTS AND ADMINISTRATORS

Alexander Forbes Financial Service

Alexander Forbes is a Group offering risk management and financial services employing more than 6 000 employees in over 30 countries. It is also the eight largest firm of its kind in the world.

In Botswana, Alexander Forbes provides risk management services (short term insurance) and full pension fund administration, actuarial and consulting services to a number of large corporates, and to many smaller to medium sized employers. Furthermore, Alexander Forbes provides administration and consulting services to the Botswana Public Officers Pension Fund.

The Group currently administers over 1100 separate funds throughout Southern Africa, with a total active membership of approximately 600 000 and 90 000 pensioners.

Although Alexander Forbes Financial Services Botswana is a separate fully operational stand-alone operation situated in Gaborone, the Company has direct access into, and the full support of, the Alexander Forbes world-wide network of resources.

INVESTMENT MANAGERS

African Alliance (appointed with effect from 1 April 2001)

African Alliance Botswana was registered in 1997 (Reg. No. 97/2092) as a financial services company providing global and domestic asset management services, with unit trust administration and corporate advisory services in support. African Alliance Botswana provides a full range of active investment management services, ranging from balanced to Pula and hard currency money market mandates. African Alliance have a value driven investment philosophy, which seeks assets where the value is not yet reflected in the price. African Alliance currently employs fourteen Batswana and seventy professionals across the group, managing over P3,5 billion of assets in Botswana and P6,5 billion of assets across Africa.

African Alliance Botswana launched the first domestic unit trusts in December 1998 under the Collective Investment Undertakings Act 1996. Under the Collective Investment Undertakings Act 1999, licensing and regulation of African Alliance Botswana was transferred from the Ministry of Finance and Development Planning to the Bank of Botswana. African Alliance Botswana is owned by Citizen entrepreneurs and African Alliance Limited, which is registered in the Isle of Man (Reg. No. 797171C) and has operations in Botswana, Kenya, Swaziland, Tanzania, and Uganda. African Alliance's client base is predominantly institutional

Botswana Insurance Fund Management (appointed with effect from 1 April 2001)

(Service provider to avail updated information)

Fleming Asset Management (appointed with effect from 1 April 2001)

Fleming Asset Management is a locally incorporated company which was founded in 1994 as Ngamiland Asset Management. The objective of establishing the company, was to fulfill a market need for, segregated portfolio management locally, and internationally as the only option available previously had been pooled insurance based funds, and non specific functional management.

Fleming Asset Management tailors each portfolio based upon each client's individual investment objectives and guidelines. In April 1999, Ngamiland Asset Management entered into an equity based 50:50 joint venture with a UK based private investment bank, Robert Fleming & Co. Ltd, and local investors. This partnership significantly enhanced the resource base available to the company and its clients. In April 2000 this was again significantly enhanced through the acquisition by Chase Manhattan Bank in the USA, of Robert Fleming was subsequently further enhanced by the merger with JP Morgan. In June 2002 FAM acquired Old Mutual Asset Managers (Botswana) (Pty) Ltd and has since fully integrated this business into its operations. In September 2002 this joint venture ceased pursuant to an empowerment deal with local investors. However, research custodial and securities trading facilities remained in place as before.

Currently the company manages approximately P4.2 billion in discretionary segregated accounts, and collective investments. Clients are both institutional and high net worth individuals

Investec Asset Management (appointed with effect from 1 September 2003)

Since its inception as a leasing company in 1974, Investec Limited expanded through a combination of organic growth, acquisitions and strategic ventures and is today an international investment banking and investment management group with a presence in 14 countries. Investec's strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in the groups four principal areas namely, Investment Banking, Treasury and Finance, Private Client Activities and Asset Management.

Investec Asset Management is an international business with offices in Southern Africa (Botswana, South Africa and Namibia), the UK region (London, Channel Islands and Dublin), Hong Kong, and the United States.

Investec Asset Management is one of the largest managers of third party assets in Southern Africa and manages assets in excess of P150 billion worldwide on behalf of individuals, retirement funds, insurers, governments, universities, corporations and other institutions.

Investec Asset Management Botswana commenced operations in 1996 and has over 6 years experience in the Botswana market managing institutional funds. Investec Asset Management Botswana is managed as an integrated business unit of an international Investec Asset Management business.

ACTUARIES

Actuarial Solutions (appointed with effect from 1 April 2001)

Actuarial Solutions was established in June of 1999, in an effort to provide support to life offices and pension funds throughout Africa. One of their key areas of expertise relates to the demographic and financial modelling of the HIV/AIDS epidemic within Africa. Actuarial Solutions' principal actuary is the convenor of the Actuarial Society of South Africa's HIV/AIDS Sub-committee and actuarial solutions has produced a number of academic papers in this regard.

Actuarial Solutions’ staff compliment consists of qualified actuaries, actuarial managers, actuarial students, and support staff. Actuarial Solutions also rely on the support and review by senior members of the actuarial professional and HIV/AIDS modelling specialists when dealing with complex matters. Their core services include the following :

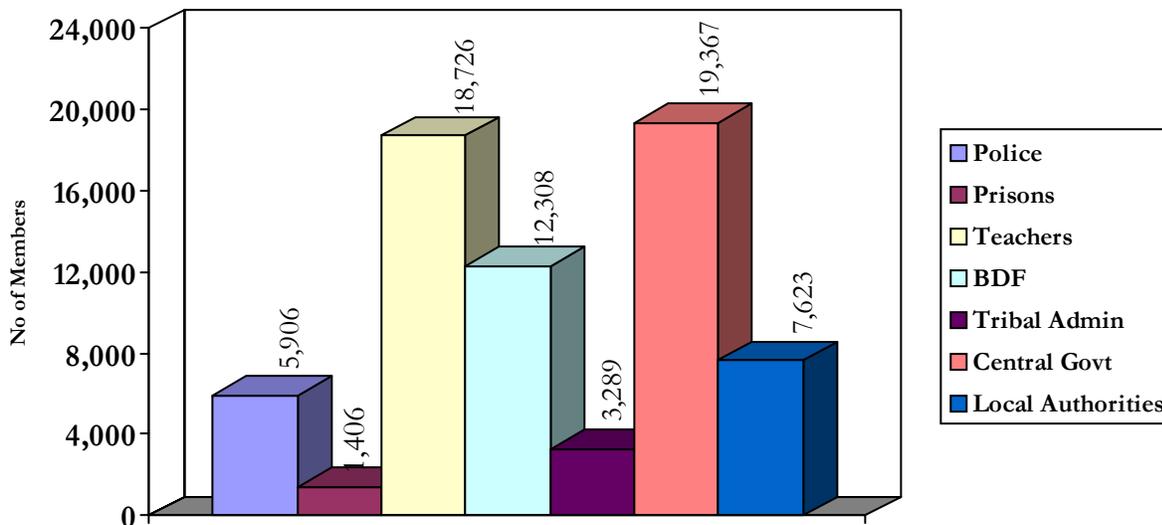
- consulting on the financial impact of the HIV/AIDS epidemic;
- researching and projecting the demographic effect of the AIDS epidemic throughout Africa;
- providing Funds with advice on investments particularly in an HIV/AIDS environment;
- valuation of the liabilities of pension funds and life companies;
- developing new insurance products for life offices;
- administration of annuity and provident fund portfolios;
- developing financial software;
- valuing 3rd party claims;
- statistical modeling.

MEMBERSHIP

The Total number of members as at 31 January 2004 was 68625. The Trustees expect this number to grow slightly as there are still a few option forms that are still in the process of being finalised

As at 31 January 2004 the membership of the Fund was as follows:

Membership as at 31 January 2004



EXTENSION OF OPTION PERIOD

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In view of the number of Option Forms that continue to be received after the initial option period (31 March 2003), the Trustees in conjunction with the Government agreed to extend the option period to 31 March 2004.

The Trustees do however wish to remind those employees that have still not joined the Fund, that they too can take advantage of the extension of the option period. No further extensions will be granted after 31 March 2004.

Therefore, if you had been planning on joining the Fund but couldn't do so because the option period had expired, please do so as quickly as possible in order, to avoid any possible disappointment.

THE FUND'S FINANCES

INCOME & PAYMENTS

<i>Income</i>	31 March 2003	31 March 2002
Employers Contributions (17.5%)	P 240 233 011	P 42 876 170
Members Contributions (2.5%)	P 80 079 725	P 14 292 062
Additional Voluntary contributions	P 203 668	P 11 037
Investment Growth/(Loss)	(P 846 572 012)	P 20 129 719
Transfers in from Government	P 6 048 203 466	P 2 201 341 502
Total Income	P 5 522 147 858	P 2 278 656 490

<i>Expenses</i>		
Admin and Consulting Fees	P 5 219 425	P 1 202 337
Audit Fees	P 95 400	P 25 400
Actuarial Fees	P 173 576	P 0
Investment Management Fees	P 42 873 365	P 9 781 331
Fidelity Cover	P 6 000	P 3 500
Trustee Expenses	P 40 659	P 15 336
Other Expenses	P 323 638	P 321 277
Total Expenses	P 48 732 063	P 11 348 281

BENEFITS PAID

During the 2003 financial year, the following benefits were paid to members (2002 figures for comparison purposes):

	<u>2003</u>	<u>2002</u>
Monthly Pensions	P 371 007	P 0
Lump sums on resignation/dismissal	P 16 355 436	P 3 520 728
Lump sums on death	P 39 552 803	P 2 682 083
Lump sums on retirement	<u>P 143 203 015</u>	<u>P 30 521 736</u>
Total benefits awarded	P 199 482 261	P 36 724 547

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INVESTMENTS

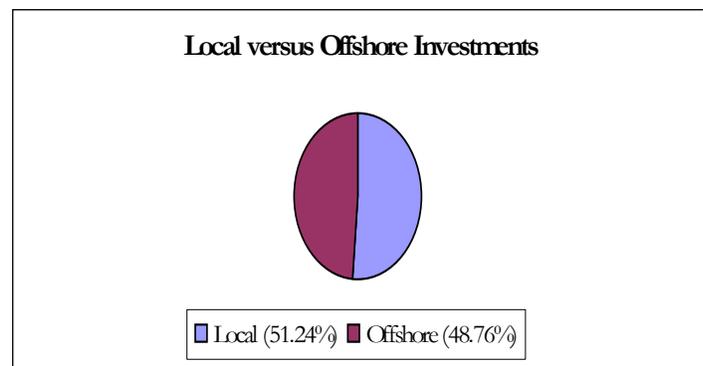
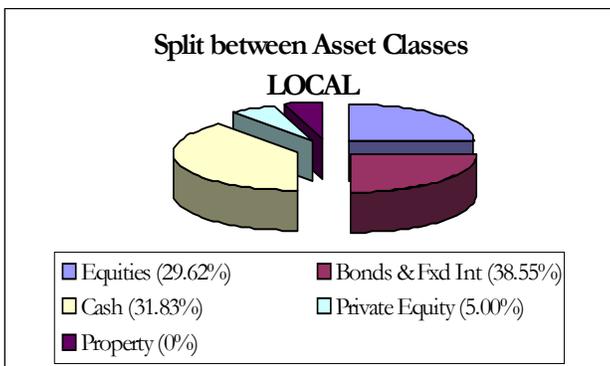
In addition to the Fund's originally appointed asset managers, African Alliance, Botswana Insurance Fund Management and Fleming Asset Management, following a careful review of the other options available, the Trustees appointed a fourth asset management company Investec Asset Management to manage a portion of the Fund's assets. The Trustees' objective is for each of the appointed asset management companies to manage approximately 25% of the Funds assets, thus further diversifying the investment risk.

These professional Investment Managers invest the assets of the Fund in a range of different types of investments, including shares, property, fixed interest instruments and cash both locally and offshore.

The split between the assets invested locally and off-shore (foreign investments) as at 31 December 2003 was as follows:

OFFSHORE INVESTMENTS	PULA	PERCENTAGE
Equities	P 2 809 819 208	28.61%
Bonds & Fixed Interest	P 1 009 445 466	10.28%
Cash & Cash Equivalents	P 968 581 371	9.86%
Property	P 0	0%
TOTAL OFFSHORE INVESTMENTS	P 4 787 846 045	48.76%

LOCAL INVESTMENTS	PULA	PERCENTAGE
Equities	P 1 044 014 059	10.63%
Bonds & Fixed Interest	P 2 659 555 097	27.08%
Cash & Cash Equivalents	P 1 328 194 784	13.53%
Property	P 0	0%
TOTAL LOCAL INVESTMENTS	P 5 031 763 939	51.24%
TOTAL INVESTMENTS	P 9 819 609 984	100.00%



Why Invest offshore?

You will note that a substantial portion of the Fund's assets (48.76%) is invested offshore. The reason for investing off-shore is to diversify the Fund's investments to ensure that your retirement benefits are not all invested in one basket

2002-2003 INVESTMENT PERFORMANCE

As was mentioned in a briefing notice issued in July 2003, the Fund's performance over the 12 month period ending 31 March 2003 was very disappointing and as a consequence affected the performance of the Botswana Public Officers Pension Fund's assets. The Trustee would like to remind members that the Fund's assets are invested in what are termed market value portfolios. The values of these portfolios increase and decrease on a daily basis as the underlying value of the investments change. Over the year ending 31 March 2003, these continuously decreased in value and resulted in a reduction in the value of your benefits.

Many members have expressed their concern on the negative investment returns that have been applied to their benefits recently. This update aims to provide some background to what has been happening, and what members should learn from this.

How have the markets been performing?

All of 2002 and the beginning of 2003 were volatile periods. However, there are indications that the global economy may be starting to swing upwards again. A look at the situation, focusing on the year ended 2003 specifically, will show this. Highlights include:

Local Market

- ❑ Two interests rate cuts of 50 basis points each by the central bank in the fourth quarter.
- ❑ Pula strength eroded a significant portion of offshore gains.
- ❑ Positive Sovereign credit ratings by Standard & Poors and Moodys.
- ❑ The Bank of Botswana with some help from the Reserve Bank managed to drop inflation to 6.4% for the year.

Foreign Markets

- ❑ Concerns about the Iraq war. Equities initially rallied when the war started but this rally ended when it became evident that the war would take longer than expected.
- ❑ Global economic slowdown
- ❑ Weak corporate profits in the first quarter of the year but this improved in the second quarter with Europe and the USA having better than expected earnings announcements.

*** Important Note!**

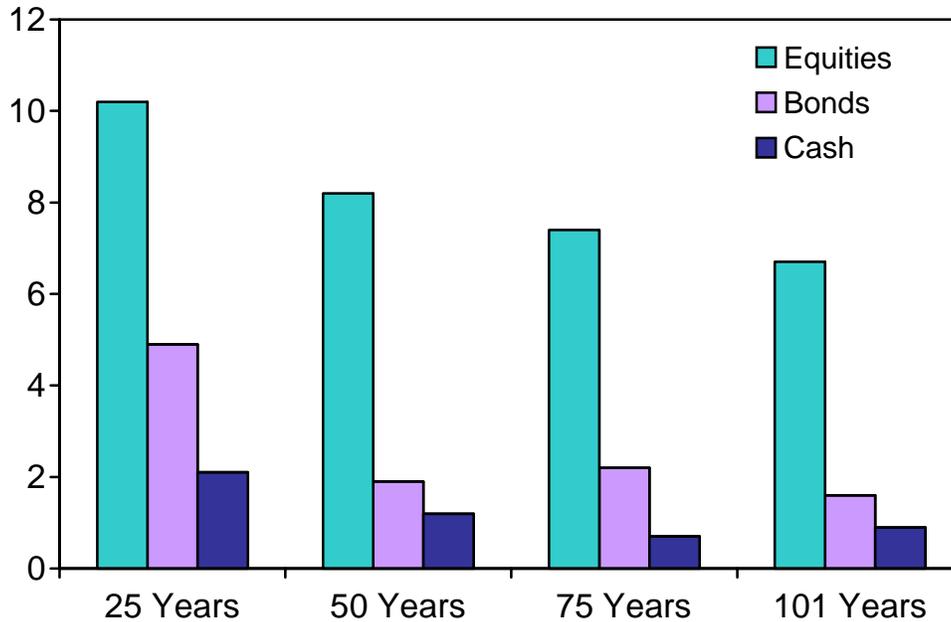
Remember that pension fund returns are not taxed. This is very important as it affects the overall investment returns of the various assets classes substantially!

How does this compare to investment performance over the last ten years?

Whilst the performance in the year prior to 31 March 2003 was poor, history shows that over the past ten years, the average retirement fund achieved a gross return of approximately 15.7% per year. This means that the average fund achieved a return of almost 8% per year above inflation. These good returns were only possible because shares performed very well over that period. Who provided us with this information??

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The following graph shows equities are the best performer in the long run.



The bar chart clearly shows that over a long period of time, an investment in equities produced much better returns than any other asset class investment. Where do we get the info and which shares are shown.

The good news is that the graph also shows that over the longer term, equity is likely to produce the best returns (and as a result the highest pension) but with the bumpiest ride (in financial terms this is called volatility)! On the other hand, any other asset class is likely to produce the lowest return is the “safer option” for those who are close to retirement because they will be protecting their retirement savings from the volatility of shares over the short term. As the experts say, “Over the longer term, equities are most likely to cause you to “eat well” in retirement, while an other asset class will make it easier for you to “sleep well” now (but not “eat well” later).

Did you know...

If you don't have equities in your portfolio and you invest for 30 years you can expect to get one-third less pension at retirement than if you had been invested 60%-65% in equities!

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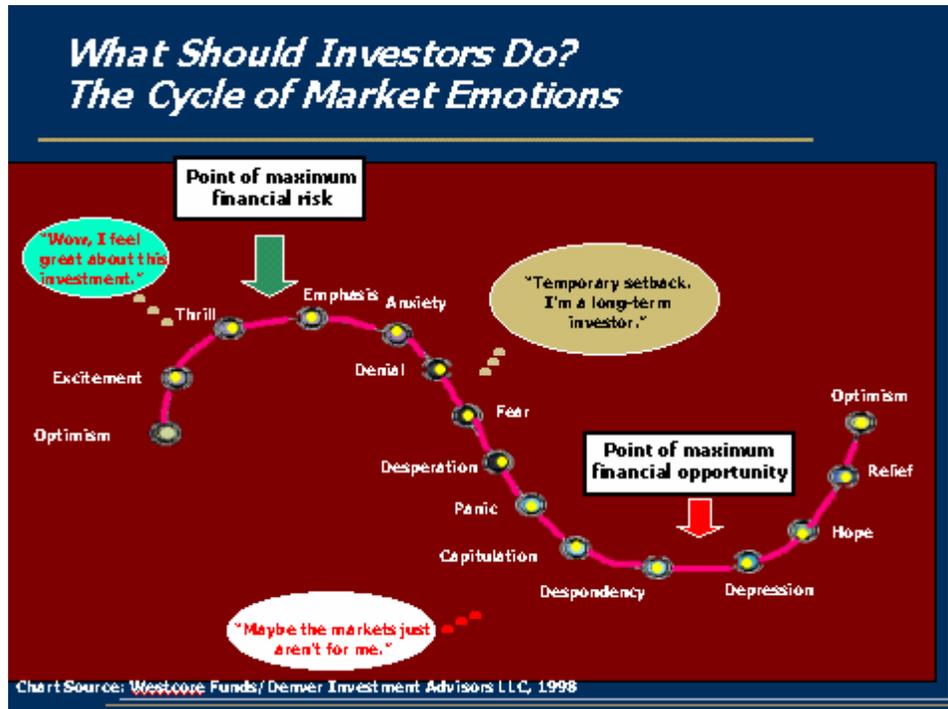
The lesson: without long-term equity (share) investments, you will not retire comfortably.

So if it is all fine in the long term, what about now?

The next graph shows you how an investor's emotions are affected by the cycles of the share market. If the investment manager sell the shares now, you will be “locking in your losses” because the shares will be sold at a low price. It is better to wait until the market has recovered.

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The reason for this is that astute investors buy when shares are low so that they can make a good profit when the markets recover. Markets do turn and sound advice is to stick to your long-term investment strategy.



In a nutshell!

- Over the **long term** you need to invest in shares to build-up enough savings to retire comfortably;
- Shares do go through bad periods, but over the long term they outperform all the other asset classes;
- Selling shares when markets are down is dangerous.

“Bull Markets are born on pessimism, grow on scepticism, mature on optimism and die on euphoria. The time of maximum pessimism is the best time to buy and the time of maximum optimism is the best time to sell”

Sir John Templeton

INTEREST RATE DECLARATIONS

Declared Interest Rate

At the end of each financial year (31 March), the Trustees, with the guidance of the Fund’s Actuary, are required to declare a final interest rate to be applied to active and deferred members’ Fund Credits and contributions over the twelve-month period. The rate declared will depend on the investment returns earned by the Fund’s assets over the same period.

The Trustees have therefore been able to declare an interest rate of negative 14.75% for the period year ended 31 March 2003.

Interim Interest Rate

As the Fund's investment returns cannot be accurately determined until after the Fund's next financial year, the Trustees have to set an "interim" interest rate to be applied to the benefit calculation of all members who leave the Fund during the period commencing 1 April 2003. The interim interest rate is only applicable to members who leave the Fund as the Trustees with the help of the Fund's Actuary will accurately determine the Fund's actual investment returns after the next financial year end (31 March 2004) and will then decide on a "final", or "declared" interest rate for the previous year. This declared rate will then be applied retrospectively to all active members' benefits at that time.

When setting the interim interest rate the Trustees naturally have to be conservative in their estimate to ensure that the Fund does not pay out more than it actually earns in investment returns over the same period. The Trustees also take into account the Fund's investment performance as reported by each of the asset managers at the end of every quarter.

In view of the positive turn around in investment markets, the interim interest rate for the period commencing 1 April 2003 has been set at 6% per annum !!! As Trustees, we are naturally very pleased to be able to set positive interim rates as this means that your benefits have started to grow.

BENEFIT STATEMENTS

You will shortly be receiving your individual member benefit statement as at 1 April 2004. This statement tells you how much you transferred to the fund on joining (if applicable), how much you and your Employer have contributed to the Fund as well as the value of your leaving service or retirement benefits at the date of the statement.

Once you have received your statement, please check the personal details on your statement and refer any queries or errors to your Head of Department, Supervisor, Employing Authority or to one of the Trustees.

The Funds Administrators have come across a number of members who have left the Fund but did not check that their personal details were reflected correctly. Whilst the your employer also tries to verify the information, it is still very important that you check the accuracy of the data. If you don't, it could mean that in the calculation of some of your benefits, there could be some understatements of your benefits e.g. Your Transfer Value from the Old Scheme if applicable.

Two Benefit Statements Next Year !! (subject to Trustee confirmation)

The Trustees have agreed to issue future benefit statements on 30 September of each year. However, to avoid an 18 month period between the time you received your 2003 and 2004 Benefit Statements, the Trustees have decided to issue two benefit statements next year. The first Statement will be issued as at 31 March 2004 and distributed around July 2004. The next Statements will be issued as at 30 September 2004 and distributed around December 2004. All future benefit Statements will be run as at 30 September of each year thereafter.

PLANNING FOR RETIREMENT - VOLUNTARY CONTRIBUTIONS

Please note that this is a draft of the wording only. You are expected to make changes to the wording. This is **not** an indication of what the design and layout will look like.

Changes in legislation and practice are constantly happening which may affect your retirement planning. It is therefore very important that you regularly re-evaluate your retirement income needs in light of these changes, as well as any changes in your personal or family circumstances.

It is also important that you are aware that you can contribute more than 5% of your salary to the Fund. Any contributions you make to the Fund are known as Additional Voluntary Contributions (AVCs) and will be held in the Fund in your name, exclusively for your benefit. These contributions and your 5% normal contribution are tax-deductible up to 15% of salary, and there is no charge for making them. This is an extremely tax efficient and cost-effective method of providing additional benefits for your retirement.

Should you wish to pay AVCs please speak to your Head of Department, Supervisor or Employing Authority.

When you retire or leave the Fund you should also speak to a financial advisor who will be able to advise you about the most tax efficient ways of re-investing your money. One option to obtain this advice is to contact the Fund's independent Consultants, Alexander Forbes Financial Services.

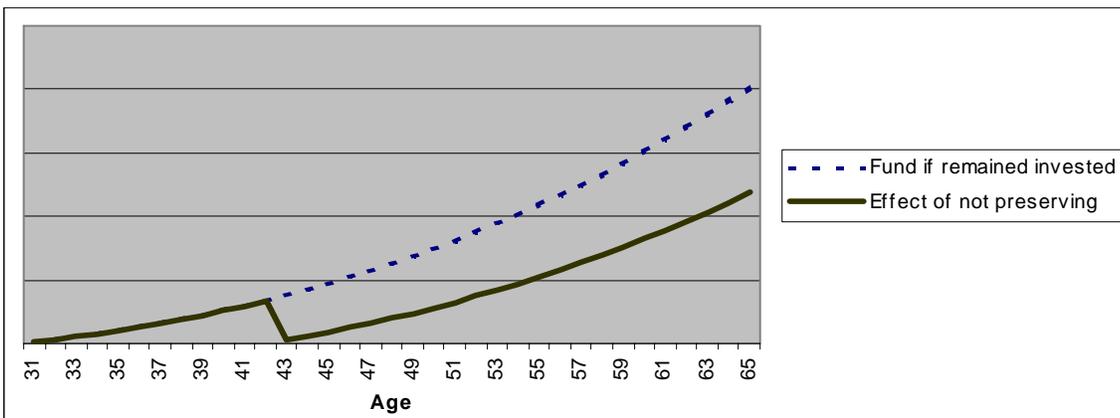
Did you know.....
It is generally accepted that at retirement you will require a lump sum of approximately 10 times your annual salary when you retire to produce an income in your retirement years of approximately 70% of the income you were receiving while you were working.

WHY IT IS NOT ADVISABLE FOR YOU TO TAKE YOUR BENEFIT WHEN YOU LEAVE THE FUND

General advice on funds is to invest for the long-term in growth assets, (i.e. a reasonable exposure to equities). This will give the member the greatest likelihood of retiring comfortably. Most members however, are correctly concerned that they may not work for one employer throughout their working lifetime. On average, employees will change jobs 5 or 6 times. However, as we will show below, in order to have the maximum likelihood of retiring comfortably, it is important that rather than taking the cash on withdrawal from the fund, the withdrawal benefit is preserved.

Preservation: this is where, instead of taking a withdrawal benefit in cash, the withdrawal benefit is transferred tax-free to a retirement annuity. The withdrawal benefit can also be left in the Fund.

In the graph below, we show the impact on a member's future retirement benefit where he takes his withdrawal benefit in cash and does not preserve it. The member was employed for 12 years, but then resigned. Thereafter he was re-employed and then stayed employed for 23 years.



The graph above shows that his ultimate retirement benefit was 60% of what it would have been had he been able to preserve his benefit.

There are many reasons why when leaving a company, members may need to take their cash withdrawal benefit. The employee may be dismissed, or may need to repay a debt. Nevertheless, it is important that members are aware that their ultimate retirement benefit will be significantly reduced if they do not preserve their withdrawal benefit.

In conclusion, to increase the likelihood of retiring comfortably you need to invest well and you need to stay invested!

NOMINATION OF BENEFICIARIES FORM - REMINDER

In view of the importance of making sure that the right people receive the benefits payable by the Fund in the event of the death of a member, the Trustees have decided to include a reminder regarding the completion of your Nomination of Beneficiaries Form.

If a member dies the Trustees are required by law to identify and pay the deceased member's financial dependants the benefit. After taking into account all relevant circumstances, and the deceased member's wishes as recorded on his/her Nomination of Beneficiaries Form, the Trustees divide the benefit amongst the dependants in a fair and equitable way.

This may seem easy to do, but when a Nomination of Beneficiaries Form has not been completed and family members cannot be easily contacted the procedure becomes difficult. As a result there can be delays before the benefits are paid.

Normally the people you would include on your Form would be your husband or wife and your children. You do not have to be legally married to your husband or wife to include them in your Form and you may also include adopted children, or children born out of wedlock.

You can also include your parents, brothers, sisters, or any other member of your family on the Form if they are financially dependent on you. This means that you must list on your Form anyone you are assisting by giving money to, or buying clothes or groceries for, or assisting with schooling expenses, etc. either on a regular basis or just now and again.

It is also important to give the Trustees an idea of the extent of dependency of the people listed on your Form. You do this by allocating a share (a percentage) of the benefit payable. For example, if Mr XYZ lived with his wife and two children ages 15 and 2, and they were fully dependent on him for all their needs, and he also bought his mother groceries once a month to assist her, he would allocate most of the benefit to his wife and children and a smaller amount to his mother as she was not as dependent on him as his wife and children were. It is also important to consider allocating a greater percentage to younger children as their needs would be required to be supported for a longer time, i.e., until they were old enough to support themselves (normally age 21).

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Mr XYZ's Nomination of Beneficiaries Form would therefore look something like this:

DEPENDANTS

Surname	First Name	Date of Birth	Share of Benefit	Relationship	Postal Address
xyz	Thembi	23/10/1967	40%	Wife	P.O.Box 000 Gaborone
xzz	Nomsa	15/11/1987	20%	Daughter	P.O.Box 000 Gaborone
xyz	Thabo	07/08/2001	35%	Son	P.O.Box 000 Gaborone
xyz	Mokgadi	05/08/1950	5%	Mother	P.O.Box 000 Kanye
TOTAL			100%		

It is also very important that you update your Nomination of Beneficiaries Form each time your circumstances change. These changes include marrying, divorcing, having a child and/or any other thing affecting the people who are financially dependent on you.

Should you need to complete a Nomination of Beneficiaries Form, please contact the Administration Department, or one of the Trustees who will be able to assist you.

DEFERRED MEMBERS

As explained in the Member Booklet and last year's Trustee Report, depending on the amount of a member's benefit on leaving the Fund an amount specified by law may be required to be preserved for a member's retirement, thus making that person a deferred member. As these amounts are often retained in the Fund for many years, the member's contacts details often change, i.e. they move home or change their postal address. This leaves the Trustees with the onerous task of having to try and trace these members in order to pay them their benefits when they become due.

If you leave the Fund and you have a deferred benefit, please ensure that the Fund's Administrators are provided with your permanent address for future correspondence.

SOME FREQUENTLY ASKED QUESTIONS AND ANSWERS

FREQUENTLY ASKED QUESTIONS

If I die whilst in service...

Q: Do my dependants need to meet with the fund's consultants (Alexander Forbes) when I die?

A: Yes, your dependants need to meet with the fund's consultants (Alexander Forbes) in order to determine what they want to do with their benefit entitlement with regard to the options available to them, as per the rules of the fund.

Q: What documents/information do my dependants need to provide my employer with when I die?

A: An original certified copy of the death certificate, a copy of your Omang/identity card, copies of the beneficiaries/dependants identity documents (e.g. birth certificate, Omang) and contact details of all the beneficiaries/dependants.

Q: What pension benefits do my dependants get, and where do they collect them when I die?

A: If you die as the member, while in service, your fund credit at the date of death shall be payable from the fund as a lump sum benefit, if such benefit exceeds four times your fund salary at the date of his death then the balance of the benefit shall be used to purchase a pension(s) from a registered insurance company.

Q: What happens to my children's benefits if they are still minors?

A: Benefits for minors are placed in a Trust where the money will be preserved until such a time that the children reach the age of 21 and only then will they have the capacity to receive their claim.

Q: With whom do my beneficiaries follow up on the progress of their benefit claim?

A: Follow-ups by beneficiaries should be directed to the former employer of the deceased.

When I retire...

Q: Do I need to meet with fund's consultants (Alexander Forbes) when I retire from my employer?

A: Yes, the consultants will educate you on the available pension options and also help you decide on the best possible pension to choose.

Q: What documents/information do I need to provide my employer when I Retire?

A: A completed retirement notification form, an original certified copy of Omang/identity document, a copy of the marriage certificate or proof of customary union, if the member is married, a copy of the spouse's Omang/Identity document, and member's contact details (i.e. telephone, address).

Q: How much cash do I get, and where do I collect it when I retire?

A: You are entitled to one third of your final updated fund credit as a cash lump sum net of any outstanding Tax. The cheque can then be collected at the employers office.

Q: What happens to my two-thirds?

A: Your two-thirds will be used to purchase an annuity/pension from an insurance company registered in Botswana. A pension is treated as taxable income and will be paid to you on a monthly basis for the rest of your life. This amount depends on the amount of the two-thirds as well as the rate used by the registered company.

Q: Can I calculate what my pension will be if I know what my Fund Credit is?

A: Unfortunately not. The amount of your monthly pension is largely dependent on interest rates at the time you retire. Interest rates change daily and therefore you have to see what is available when you retire.

Q: Can the monthly pension payment stop before I die?

Please note that this is a draft of the wording only. You are expected to make changes to the wording. This is **not** an indication of what the design and layout will look like.

A No. Your monthly pension payment is guaranteed by the insurance company to be paid to you for at least the remainder of your life, even if you are still alive years after the guaranteed period.

Q: Can I have a monthly pension that will increase each year?

A: Yes. At retirement you can choose whether you want your pension to increase each year. For example, you can elect a pension with an annual increase of 5% or 10% per annum.

Q: Do I pay tax on my monthly pension payment?

A: Yes. In terms of the laws governing pension funds in Botswana monthly pension payments are treated as normal income and you will therefore be liable to pay tax on these amounts.

CONTACT DETAILS

Members are entitled to view the Fund's Rules, Financial Statements and Financial Reviews. If you have any questions regarding the benefits payable by the Fund, or its other activities, please contact your Head of Department, Supervisor, Employing Authority or one of the Trustees. The Trustees may be contacted of the following numbers:

Trustee	Area	Contact Number
Mr Ramokapane	BCSA	3912 341/3913 055
Mr Magola	BCSA	3912 341/3913 055
Mr Tiroyamodimo	BDF	3662 436
Mr Mosugelo	BDF	3662 303
Mr Tlale	BOFESETE	5777 287
Mr Lebitsa	BULGASA	5880 303/5881 304
Mr Mogami	DLSGM	351 370/3904 874
Ms Pelaelo	DPSM	358 740
Ms Masuku	DPSM	358 738
Ms Y Galeage	DPSM	358 743
Mr Mafokate	MFDP	364 4101
Mr Mokgethi	MFDP	350 246
Mr Namogang	MFDP	364 4101
Mrs Mathe	Pensioner	352 836
Mr Gaobakwe	Pensioner	356 495
Mr Duha	Police	351 161 ext. 2104
TBA	Police	TBA
Mr Messe	Prisons	TBA
Ms Seitiketso	Prisons	3905 910/361 1703
Mr Mutheto	Tonota College of Education	2484295
Mrs Rathedi	Tribal Admin	3974 986
Mr Bantsi	TSM	365 7374/5
Mr Pheto	TSM	3972 347