



BOTSWANA PUBLIC OFFICERS PENSION FUND 2007/2008 TRUSTEES REPORT



On behalf of the Board of Trustees I am pleased to present the 2007/2008 Annual Report to members.

History is filled with people who have done extraordinary things. Those we remember are those who have stepped out of the ordinary path of life to pursue the interest of their countries, their communities and themselves. There are those who inspire us with creation of memorial things that started with just an idea, a dream or even hope. Think of the first president of our country, Sir Seretse Khama, Mahatma Gandhi, Sir Richard Branson, Bill Gates, Oprah Winfrey, Nelson Mandela; the list could go on. What you have to ask yourself now is; are you next in line?

You don't have to change the world and everything in it. But you do have to consider if you are going to make your life and everything in it something that is worthwhile and you can be proud of. One such thing should be your retirement.

Several years from now you will stop working and life will take a less hurried pace but how do you choose to spend your years and more importantly how will you make those dreams come true?

You cannot leave your retirement to luck and just hope you will have a financially comfortable retirement. Like Oprah says, "your luck at retirement will be a result of you having prepared yourself". Your opportunity lies in you as a member of the Botswana Public Officers Pension Fund. This is where the planning starts, and where your retirement saving begins.

As a member of the Fund you and your employer contribute 5% and 15% respectively on monthly basis towards your retirement. But you can add/influence the end value of your retirement through making Additional Voluntary Contributions, which is your contribution over and above the required 5% of basic salary. These are tax deductible up to a maximum of 15% of your salary (including the mandatory 5%).

POST YEAR-END EVENTS

After the end of the Fund's financial year (31 March) there have been several important developments which I feel you must be aware of:

Establishment of Non-Bank Financial Institutions Regulatory Authority (NBFIRA)- 1 April 2008

The Ministry of Finance and Development Planning (MFDP) established the NBFIRA to improve the regulation, efficiency and orderliness of non-bank financial institutions such as asset managers, pension funds administrators, provident fund administrators, custodians, insurers, micro lenders and so forth. The aforesaid service providers were previously not regulated. We are grateful for this action on the part of the Government. We are hopeful that the establishment of the NBFIRA will bring about a desired level of good governance and improved discipline in the entire non-bank financial institution sub-sector generally and to the retirement funds industry in particular.

Property Developments

The BPOPF Secretariat moved to the Fund's new premises on 17 April 2008 which were built by the Fund to add to the Fund's long term investments that will cater for its long term liabilities of pensioners. The premises comprise three office blocks; the first block is now occupied by the BPOPF Secretariat and the other two blocks which are near completion, will be fully let to generate income for the Fund.

Report on the Registrar's investigation on the affairs of the Fund

As you may remember, the BPOPF was the subject of an investigation during the year 2007, which was instituted by the office of the Registrar of Pension and Provident Funds (now Non-Bank Financial Institutions Regulatory Authority). A certain Jacques Malan Consultants & Actuaries of South Africa were commissioned to investigate the operations of the BPOPF. This followed a number of allegations made against the BPOPF Trustees, management, staff and its service providers.

The Trustees of the BPOPF regret that notwithstanding its various requests to the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) to be given the Jacques Malan Consultants Report, they have not been given the opportunity to have sight of the report and comment on the findings of the investigations. The NBFIRA has to date declined to provide the BPOPF with a copy of the Report, on the grounds that it was confidential despite the fact that the Sunday Standard newspaper has gone on record to confirm that they have been given a copy of the 49 page Report. It has always been the view of the Trustees that to the extent that the investigations were on the BPOPF, it's Trustees and management, the BPOPF should have been given sufficient opportunity to comment on the Report and findings of the investigations.

On the 4th of July 2008 the BPOPF received a letter from the NBFIRA in which the BPOPF was provided with a list of issues which NBFIRA referred to as the findings of the investigations that required action on the part of the BPOPF. The said list did not contain any basis for the alleged findings. The BPOPF was not asked to comment on the said 'findings', but was only ordered to act on such. The Regulatory Authority alludes to the fact that the investigation found no wrong doing on the part of the Fund and its management.

Furthermore, NBFIRA through the same letter informed the BPOPF that it would issue regulatory directives to the BPOPF directing the BPOPF to comply with the findings of the report of the investigations. The BPOPF has since indicated to NBFIRA its willingness to cooperate but indicated the difficulty in complying with the 'findings' and directives the basis of which have not been divulged.

The Trustees of the BPOPF wish to inform the members that they will comply with all lawful directives from the NBFIRA. The Trustees will, however, acting within the confines of the law and their mandate as Trustees protect the BPOPF and its members at all times from any unlawful or unreasonable requirements from whatever source.

OTHER DEVELOPMENTS

Newsletter

The Fund launched a newsletter, "Peeletso", as a way of enhancing member education. The newsletter will be published twice a year and distributed to all members of the Fund.

Appointment of Asset Consultant

The contract of the Asset Consultants recently came to an end and Alexander Forbes Asset Consultants were awarded the tender to provide the Fund with asset consultancy services for the next two years.

Development of Communications Strategy

The Board of Trustees has developed and adopted a Communication Strategy that will be the roadmap for the Fund's communication with all its stakeholders.

Investment Markets

The current market turmoil represents an unprecedented event in world markets. It is important that members remain calm recognizing that markets can be volatile in the short-term. As most members of the BPOPF have a long-term investment horizon, there is scope to recover as markets will not remain depressed indefinitely. Corrective efforts by foreign governments and international financial institutions are aimed at stemming the crisis, which gives some comfort that the situation will improve in due course.

Whilst to date the crisis has largely manifested itself in developed markets, the credit collapse is likely to have a global impact. According to the World Bank, the global economy is in a dangerous phase, with a slow down in economic growth and a reduction in access to credit. These are very real concerns, and the ramifications will continue to be felt.

BPOPF is allowed to invest up to a maximum of 70% of their assets offshore and a minimum of 30% locally. Of the offshore portion, majority of these assets would be exposed to the developed markets (USA, Europe, Asia etc). Offshore exposure provides diversification and increases the investment opportunities available to the BPOPF. With respect to the BPOPF Pensioners portfolios, assets are predominantly locally invested and are therefore not as affected by the global turmoil.

As at 30 September 2008, the BPOPF's Active and Deferred Members portfolio investment split was 60% offshore and the balance of 40% locally. The BPOPF is a significant investor locally, with 50% of all the issued local bonds and just under 50% of the tradable shares listed in the Botswana Stock Exchange.

IMPACT ON MEMBERS

In the current financial year, based on the six-month returns to 30 September 2008, the return on the Active and Deferred members portfolio has been a negative 7.24%.

Pension funds all around the world are affected by these market conditions. Local and International investment managers are taking defensive positions as capital preservation is a key focus in these volatile markets.

Members of BPOPF are therefore requested to stay calm and remain positive with the expectation that the situation will improve. In the meantime, the Fund will continue to monitor the situation and apply appropriate measures where possible.

Should you have any questions or queries about this report or about your Fund, please do not hesitate to make use of the contact details included.

Thank you.



D N Mokgethi
CHAIRMAN

THE MANAGEMENT OF THE FUND

The Fund is managed by a Board of Trustees. The Board of Trustees consist of (18) eighteen Substantive Members and (16) sixteen Alternate Members (at the end of the financial year). The main purpose of the Board is to make sure that the Fund is run efficiently and in the best interests of all its Members.

Some of the duties and responsibilities of the Trustees include:

- Making sure that benefits are paid timeously;
- Choosing suitable Asset Managers to provide all essential service that the Fund needs;
- Communicating with stakeholders and keeping them informed regarding the Fund;
- Managing the Fund in terms of the Pension and Provident Funds Act, Income Tax Act and the Rules of the Funds.
- Taking all reasonable steps to ensure that the interests of Members are protected at all times;
- Acting with due care and diligence and in good faith;
- Avoiding conflicts of interest;
- Acting with impartiality in respect of all members and beneficiaries;
- Ensuring that proper control systems and books are maintained;
- Taking all-reasonable steps to ensure that contributions are paid timeously;
- Obtaining expert advice where it is required;
- Ensuring that the operation and administration of the Fund complies with all the relevant laws.

As at 31 March 2008 the Trustees were:

Member Trustees

Mr M Magola
Mr J B Radibe
Mr L U Mutheto
Mr P Baeng
Ms L Nkgau
Mr K A Kgasa
Mr A Motsamai
Mr G Modise
Mr G S Malete
Mr E C L Ditau

Constituency

BOPEU
BTU
TAWU
BLLAWU
BLLAWU
BTU
BOPEU
BOTASA
BOPRITA
BOSETU

Alternate Member Trustees

Mrs O D Tlhobogang
Mr K Modukanele
Mr T Marenga
Mr J M Rammipi
Mr T D Tshotelo
Mr M Marata
Ms V Mogapi
Mr L Molefi
Ms E Ramolemane

Constituency

BOTASA
BOSETU
BOPEU
BOPEU
BLLAWU
BLLAWU
BTU
TAWU
BOPRITA

Employer Trustees

Mr K C Kwena
Ms S Jankie
Ms M Mosimane
Mr O Makhandlela
Brigadier B Mosugelo
Mr G Lekula
Mrs L Jongman
Mrs N Sekwati
Vacant

Constituency

DPSM
Police
Prisons
TSM
BDF
Land Board Services
DGLSM
Tribal Admin
MFDP

Alternate Employee Trustees

Mrs A Ramotshabi
Col R Z Christmas
Mr M K Gondo
Mr A Tayane
Mr R R Boitshwarelo
Mr P S Tsumake
Ms Y Galeage
Vacant
Vacant

Constituency

Prisons
BDF
Police
DPSM
DGLSM
TSM
Land Board Services
MFDP
Tribal Admin

Pensioner

Mr I D Selebogo

Constituency

BCSPA

Alternate Pensioner Trustee

Mr L G Mothusi

Constituency

BCSPA

Independent Trustee

Mr DN Mokgethi (Chairman)

Principal Officer

Mr EDM Letebele (CEO, BPOPF Secretariat)

MOVEMENT OF TRUSTEES DURING AND FOLLOWING THE FINANCIAL YEAR ENDING 31 MARCH 2008

Appointments to the Board of Trustees

Ms B Dube	Employer Trustee (Police)	1/06/2008
Mr R Okaile	Employer Trustee (DPSM)	17/04/2008
Mr G S Dipholo	Employer Trustee (DLGSM)	23/05/2008
Mr T D Seboko	Alternate Employer Trustee (Tribal Admin)	25/04/2008

Resignations

Mr B O Gaobakwe	Pensioner Trustee	4/03/2008
Mrs B Coyne	Alternate Pensioner Trustee	4/03/2008
Mr K C Kwena	Employer Trustee (DPSM)	17/04/2008
Mr G Lekula	Employer Trustee (Land Board Services)	30/04/2008
Mr S Jankie	Employer Trustee (Police)	31/05/2008
Mrs L Jongman	Employer Trustee (DLGSM)	1/04/2008
Mr E C L Ditau	Member Trustee (BOSETU)	1/06/2008

ADVISORS

The Trustees are responsible for running the Fund and ensuring that the Fund is administered properly and that the Fund's assets are invested prudently. In this regard, the Trustees have a duty to seek professional advice in areas where they do not have the necessary expertise. As at the year ended 31 March 2008, the following companies assisted the Trustees in the complex task of running your Fund:

Actuaries

Deloitte Actuarial & Insurance Solutions

Asset Consultants

Alexander Forbes Asset Consultants

Auditors

PriceWaterHouseCoopers

Bankers

Standard Chartered Bank Ltd

Administrators and Consultants

Alexander Forbes Financial Services Botswana (Pty) Ltd

Investment Managers

Botswana Insurance Fund Management (Pty) Ltd
 Investec Asset Management Botswana (Pty) Ltd
 Fleming Asset Management (Pty) Ltd
 Coronation Fund Managers (Pty) Ltd
 Stanbic Investment Management Services (Pty) Ltd
 Allan Gray Botswana (Pty) Ltd

Lawyers

The Fund utilises the services of Molatlhegi & Associates as and when it is necessary to seek legal advice and input.

MEMBERSHIP

As at 31 March 2008, the membership of the Fund was as follows:

Members of the Fund	2008	2007
Active Members	87 461	83 304
Deferred Members	3 853	2 637
Pensioners	4 117	3 545
Spouses/orphan's pensioners	191	174
Total	95 622	89 660



FUND'S FINANCIAL STATEMENTS

As Members of the Botswana Public Officers Pension Fund it is important that you save sufficient money to retire comfortably. Part of the money is used to pay for the cost of running the Fund. The table below details the Fund's income and expenditures during the financial year ended 31 March 2008:

INCOME & EXPENDITURES TO 31 MARCH 2008

REVENUE	notes	31-Mar-08	31-Mar-07
		P	P
Member's statutory contributions		252 678 735.00	216 472 464.00
Employer's contributions		758 799 416.00	649 036 888.00
Members' voluntary contributions		450 420.00	419 857.00
Transfers from the Government of Botswana		197 647 904.00	46 773 756.00
Other income		23 871.00	13 500.00
Net rental income		1 073 645.00	1 015 231.00
Profit on disposal of investments		1 390 558 694.00	677 181 134.00
Dividends received		263 024 285.00	243 609 690.00
Interest received		635 409 337.00	623 606 892.00
Total Revenue	1	3 499 666 307.00	2 458 129 412.00
Management expenses	2	190 599 342.00	187 476 910.00
Net Revenue		3 309 066 965.00	2 270 652 502.00
Changes in fair value of investments		18 304 084.00	5 027 802 009.00
Change in the fund balance during the year		3 327 371 050.00	7 298 454 511.00
Fund balance at the beginning of the year		24 004 457 456.00	18 275 088 538.00
Fund balance before benefits		27 331 828 506.00	25 573 543 049.00
NET BENEFITS PAYABLE	3	867 069 775.00	1 124 786 820.00
Monthly pensions		174 073 139.00	129 000 014.00
Lump sum payments on withdrawal		82 388 452.00	88 145 104.00
Lump sum payments on death		192 461 354.00	171 093 022.00
Lump sum payments on retirements		313 345 205.00	736 548 680.00
Transfer out to BURS Employees Pension Fund		104 801 625.00	0.00
Total net benefits payable		26 464 758 731.00	24 448 756 229.00
Transfer for the year		293 008 019.00	444 298 773.00
Transfers to reserves		17 824 030.00	3 933 694.00
Transfer to Pension Account		265 061 283.00	429 290 096.00
Transfer to death benefit liability account		10 122 706.00	11 074 983.00
FUND BALANCE AT THE END OF THE YEAR	4	26 171 750 712.00	24 004 457 456.00

Notes:

1. Excluding the transfers from the Government which are adhoc, the revenue made up of contributions and investment income (i.e. other income, rental income, profit on disposal of investments, dividends received and interest received) increased by 36.94% in comparison with the previous year. The totals used for comparison purposes were as follows:

	31-Mar-08	31-Mar-07
	P	P
Member's statutory contributions	252 678 735.00	216 472 464.00
Employer's contributions	758 799 416.00	649 036 888.00
Members' voluntary contributions	450 420.00	419 857.00
Other income	23 871.00	13 500.00
Net rental income	1 073 645.00	1 015 231.00
Profit on disposal of investments	1 390 558 694.00	677 181 134.00
Dividends received	263 024 285.00	243 609 690.00
Interest received	635 409 337.00	623 606 892.00
Total Revenue	3 302 018 403.00	2 411 355 656.00

2. The management expenses decreased from 0.72% to 0.66% of the Fund's assets in 2007 and 2008 respectively. The management expenses include the following items:

Expenses	Expense % of assets (2007/2008)	Expense % of assets (2006/2007)
Admin and Consulting Fees	0.05%	0.05%
Audit Fees	0.00%	0.00%
Actuarial Fees	0.00%	0.00%
Investment Management Fees	0.56%	0.64%
Fidelity Cover	0.00%	0.00%
Trustee Expenses	0.00%	0.00%
Other Expenses	0.01%	0.01%
Secretarial Expenses	0.01%	0.01%
Asset Consulting Fees	0.02%	0.01%
Total Expenses	0.66%	0.72%

While the Fund's total assets grew by 9.34% as at 31 March 2008, the management expenses only decreased by 0.06%. The audit and actuarial fees are reflected as 0.00% of assets as they are very negligible in comparison with the assets of the Fund.

3. Excluding the transfer of assets out to BURS, the Fund showed 32.23% decrease in benefits payable by the Fund. The totals used for comparison purposes were as follows:

	31-Mar-08	31-Mar-07
	P	P
Monthly pensions	174 073 139.00	129 000 014.00
Lump sum payments on withdrawal	82 388 452.00	88 145 104.00
Lump sum payments on death	192 461 354.00	171 093 022.00
Lump sum payments on retirements	313 345 205.00	736 548 680.00
BENEFITS PAYABLE	762 268 150	1 124 786 820.00

4. The Fund's closing balance at the end of the year (revenue minus management expenses and benefits payable) increased by 9.03% from 2007 to 2008.



BALANCE SHEET AS AT 31 MARCH 2008

	31-Mar-08	31-Mar-07
	P	P
FUND		
Fund account	26 171 750 712.00	24 004 457 456.00
Reserve account	331 249 827.00	263 425 797.00
Pension account	2 021 767 270.00	1 756 705 987.00
Death and disability account	11 444 676.00	51 321 970.00
Total fund and reserve	28 536 212 485.00	26 075 911 210.00
NET ASSETS		
Non Current Assets		
Property, plant and equipment	781 481.00	1 034 660.00
Investments	27 953 335 007.00	26 020 827 559.00
	27 954 116 488.00	26 021 862 219.00
Current Assets		
Accounts receivable	526 499 482.00	310 528 525.00
Derivative financial instruments	61 507 964	422 340.00
Cash at bank	465 766 965.00	366 455 985.00
	1 053 774 411	677 406 850.00
Current liabilities		
Derivative financial instruments	55 774 661.00	15 948.00
Benefits payable	404 374 414.00	621 597 810.00
Accounts payable	11 529 607.00	1 744 101.00
	471 678 682.00	623 357 859.00
	28 536 212 217.00	26 075 911 210.00

FUND'S INVESTMENTS

Investment Strategy

The Fund's investments are managed on a fully discretionary mandate for both onshore and offshore investments to obtain a long term return of 5% per annum in excess of inflation as measured by the Consumer Price Index (CPI). In that regard the Trustees review the investment performance of the managers regularly and the returns obtained by similarly invested funds; in the market and under the asset managers' management. Where the asset manager(s) experiences underperformances relative to the benchmark, the Trustees via the Investment Committee seek to understand what caused this underperformance.

Asset Allocation

Allan Gray, Stanbic Investment Management Services, Coronation Fund Managers, Botswana Insurance Fund Management (Pty) Ltd, Investec Asset Management Botswana (Pty) Ltd and Fleming Asset Management (Pty) Ltd manage the Active and Deferred Member Portfolio. The assets of this portfolio are invested mainly in equities/shares and a few in government bonds, property and cash. This portfolio is for active and deferred members who have not yet retired. The split between the assets invested both onshore and offshore as at 31 March 2008 was as follows:

Active and Deferred Member Portfolio Asset Allocation as at 31 March 2008

- Equities (67.35%)
- Fixed Income (18.64%)
- Cash & Cash equivalents (6.74%)
- Property (0.12%)
- Alternative Investments (6.68%)

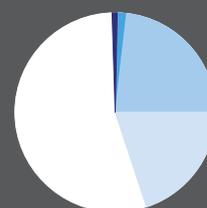


Local Investments - P 7 791 749 182
Offshore Investments - P 16 701 289 526

Botswana Insurance Fund Management and Fleming Asset Management manage the Non-Profit Pensioner portfolio and With-Profit Pensioner Portfolio. The assets of this portfolio are fully invested in long-term government bonds whilst the asset of the With-Profit Pensioner Portfolio are invested mainly in fixed interest/government bonds and a few in equities and cash. The split between the assets invested both onshore and offshore as at 31 March 2008 was as follows:

Pensioner Portfolio Asset Allocation as at 31 March 2008

- Equities (15.10%)
- Bonds & Fixed Interest (48.82%)
- Cash (18.34%)
- Alternative Investments (1.57%)
- Property (0.00%)
- Fixed Interest (16.17%)



Local Investments - P 2 105 726 475
Offshore Investments - P 214 170 753

Economic Commentary

As a member of a defined contribution fund you participate directly in the investment performance of the Fund's assets. You carry the full risk for your investment's performance. This also translates into a risk that you might not have adequate assets to provide for you on retirement.

A relationship exists between risk and reward. This relationship is as follows: the more risk you assume in your portfolio, the higher your potential returns over the long term. It follows from this relationship that in order to achieve above average investment returns, you need to expose yourself to some risk in the form of equity, also known as shares.

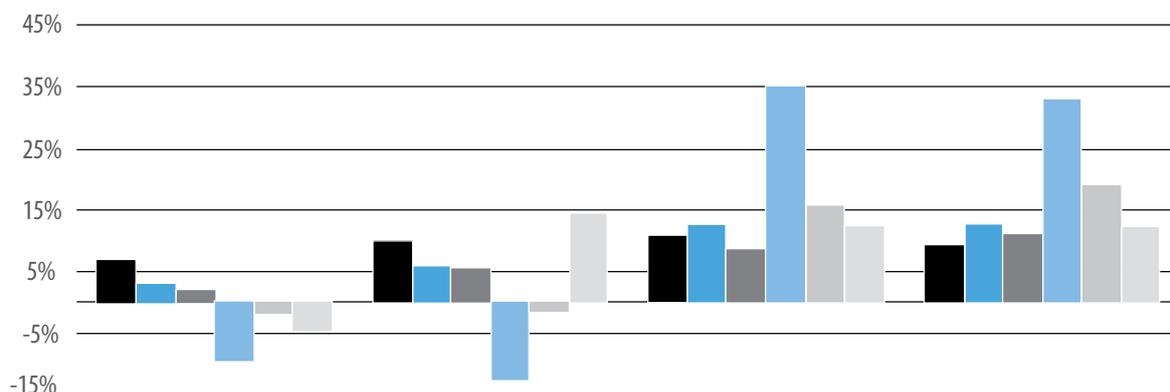
It is a proven historical fact that equities, over the long term, have consistently provided the greatest investment returns of any of the asset classes that are open to you to invest in. By including equities in their portfolios, members avoid a more subtle risk – the risk of not having an adequate Fund Credit that will provide an appropriate income during their retirement.

The following table describes the different types of asset classes in which the Fund is invested, and the risk-reward relationship for each asset class;

	Type of investment / asset class	Volatility and investment returns
Cash	<p>Cash investments are basically where you place money with a bank, which in return pays you interest.</p> <p>You invest in cash when you need a secure return and when you cannot afford the value of the investment to decrease.</p>	<p>Cash is generally considered the 'safest' investment because the value of your investment will not drop. However, the long-term investment returns on cash are usually poorer than on all the other asset classes.</p>
Fixed Interest/Bonds	<p>Bonds are where you simply lend money to somebody who agrees to pay you interest and to give your capital back at the end of a predetermined period. The value of a bond is determined by current interest rates.</p> <p>You invest in bonds because bonds are less risky than shares. In addition, they will in general give better returns than cash. Bonds assist in diversifying your portfolio and so reduce the risk in your portfolio.</p>	<p>Bond values can change quite quickly. The value of the investment depends on current interest rates. Although bonds do experience volatility, they are usually less volatile than shares.</p>
Property	<p>Property investments are investments in land and buildings such as office blocks, shopping centres and industrial parks. Investors in property receive rental income and they also expect the value of their properties to grow over time.</p>	<p>Property investments can have a certain level of capital risk if issues such as location, market trends and quality of tenants have not been considered properly.</p>
Shares/Equities	<p>Shares/equities are where you purchase a "share" or part of a company. As a shareholder, you should earn dividends, which are your portion of the distributable profit of the company.</p>	<p>Shares/equities are the investments that change in value the fastest and most often of all the investments. Share prices can move quite dramatically over short periods of time and are therefore very volatile. Shares do, however, tend to produce the best investment returns over the long term.</p>



Let's look at the returns for the different asset classes in the investment markets over a 5 year-period ended 31 March 2008.



	3 months	12 months	3 years p.a.	5 years
Inflation	6.9%	10.1%	11.0%	9.4%
BOBC	3.0%	6.1%	12.9%	12.9%
FABI	2.1%	5.6%	8.7%	11.3%
DCI	-10.2%	-13.2%	35.6%	33.2%
MSCI	-2.2%	-1.9%	16.1%	19.3%
Citigroup WGBI	-5.0%	14.7%	12.7%	12.7%

Source: Investec Asset Management

Note:

BOBC: Indication of the Bank of Botswana Certificate performance.

FABI: An index that measures the performance of the bond instrument in the Botswana Market.

DCI: An index that measures the total performance of the share performance on the Botswana Stock Exchange.

MSCI World Index: Indication of global share performance.

Citigroup WGBI: Indication of global bond performance.

Although equities are known to be the most volatile of the asset classes in the short term, this graph clearly shows that they give the best returns over the long term. This does not only happen in Botswana but in investment markets around the world. Investing for retirement can only succeed if you invest mostly in equities over a long period of time.

The table above shows how the performance of different asset classes namely cash, bonds, and equities in comparison to inflation figure. The equities were the best performers followed by bonds and cash. The return over and above inflation figure shows the real return accrued by various asset classes.

FINANCIAL REVIEW

The Fund's Actuaries, Deloitte Actuarial & Insurance Solutions, valued the Fund as at 31 March 2008 and the Fund was found to be in a sound financial position. The results of the Financial Review of the Fund are noted below:

Declared Interest Rate for the year ending 31 March 2008

The Fund's financial year ended 31 March 2008 was a mixed bag. The first half of the financial year saw the Fund's underlying assets earning positive investment returns both in the onshore and offshore markets. A clear example of this good performance was reflected by the DCI posting a return of 117% as at

30 June 2007. Conversely, in the second half of the financial year under review, we saw global markets reporting negative investment returns, mainly as a result of the Sub-prime mortgage lending crisis in the US. The Botswana Stock Exchange also declined over the same period.

However, despite this, the Fund's overall investment return was positive, primarily because the good investment return earned during the first half of the financial year were able to offset the poor investment return earned during the second half of the financial year. As a result the Trustees have been able to declare an interest rate of 11.25% for the year ended 31 March 2008.

The Trustees were also able to declare a bonus (increment) of 10% to those pensioners who have opted for a "with-profit" annuity. The increment is with effect from 1 April 2008.

In terms of the Rules of the Fund, the investment return earned during the said period will be applied to the Fund Credits of the members of the Fund who were invested with the Fund during the twelve-month period ended 31 March 2008. As a result those members, who retired before the financial year ended 31 March 2008, would not be entitled to the investment return earned during the twelve month period ended 31 March 2008. However, these members will be entitled to the interim interest rate applicable at the time of retirement.

Interim Interest Rate for the year beginning 1 April 2008

The Fund's investment returns cannot be accurately determined until after the end of the Fund's next financial year. The Trustees therefore set an interim interest rate which is reviewed quarterly to be applied to the benefit calculation of all members who leave the Fund during the period commencing 1 April 2008.

The interim interest rate for the period commencing 1 April 2008, which is set based on actual performance has, therefore, been set at negative 3.63% per annum. The Trustees wish to stress that this interim rate will only apply to members who leave the Fund from now until the next Financial Review has been concluded.

With the help of the Fund's Actuary, the Trustees will accurately determine the Fund's actual investment returns after the next financial year-end (31 March 2009) and will then decide on a final, or declared, interest rate for the previous year. This declared rate will then be applied to all active members' benefits at that time. For deferred members, the declared rate will be applied on their remaining benefit held in the Fund at that time.

RULE AMENDMENTS

Every set of rules that is put together for a fund must be registered and approved by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) and the Botswana Unified Revenue Service (BURS) for it to be a recognised retirement fund and to get tax relief. If changes need to be made to the rules, these are called amendments and must also be registered and approved by the NBFIRA and the BURS. For rules to be approved and registered, they must comply with certain standards and must contain certain information in them.

In the period under review there were no rule amendments registered by the Botswana Public Officers Pension Fund.

ADMINISTRATIVE ISSUES

Benefit Statement

As a member of the Botswana Public Officers Pension Fund, you will receive a benefit statement showing the following:

- How much you and your Employer have contributed to the Fund on your behalf;
- Your withdrawal benefit;
- Your death benefit;
- Your retirement benefit.

Please check your details carefully and contact the Appointing Authority if you have any queries or if there are any errors on your Benefit Statement.

Always preserve your withdrawal benefit

It is estimated that the average person will work for seven different companies before he/she retires. Every time you change jobs, you will have to decide what to do with your withdrawal benefit from your retirement fund. If you take your withdrawal benefit in cash there are two major disadvantages.

Firstly, you will have to pay tax on your cash withdrawal benefit. Secondly, you will have to start saving for your retirement all over again. Instead of taking

your withdrawal benefit in cash, look at the other options that are available to you when you leave your retirement fund, which are as follows;

- Transfer your withdrawal benefit to your new employer's approved fund tax-free;
- Leave your withdrawal benefit with the Fund until you reach retirement age;
- Transfer your withdrawal benefit to a retirement individual annuity tax-free;

For illustration purposes, let's assume that there are two members (**Member A & B**) exiting from the Fund at the end of a particular month. The Fund's normal retirement age is 60. The two members are 37 years old and both with a Fund Credit of P402 296.00. **Member A** decides to encash his withdrawal benefit and leaves the balance of his Fund Credit with the Fund until normal retirement age. **Member B** decides to leave his entire Fund Credit with the Fund until he retires at age 60. The applicable Tax rate is assumed to be 25% of the withdrawal benefit. The following comparison shows the impact of encashment vs none encashment of 25% withdrawal benefit.

	Member A (Encashment)	Member B (No Encashment)
	PULA	PULA
Full Benefit	402 296.00	402 296.00
Less: Amount Deferred (75% of Full Benefit)	301 722.00	402 296.00
Cash Benefit @ 25% of Full Benefit	100 574.00	Nil
Less: Tax rate applied on the cash lump sum at least 25%	25 143.50	Nil
Net cash withdrawal Benefit	75 430.50	Nil

Clearly, the above illustration shows that **Member A** will loose P25 143.50 on tax and thereafter receive a lower pension benefit than **Member B** when they retire from the Fund at age 60. In this regard, you are therefore encouraged to think carefully on what you want to do with your withdrawal benefit.



CONTACT DETAILS

Name	Employer/Employee/Pensioner	Telephone #
Mr D N Mokgethi	Independent Trustee & Chairman	3973269
Mr E D M Letebele	Principal Officer/Chief Executive Officer	3158422
Mr R Okaile	Employer Trustee (DPSM)	3181420
Mr B Dube	Employer Trustee (Police)	3957404
Mr O Makhandlela	Employer Trustee (TSM)	3657375
Mr G S Dipholo	Employer Trustee (DLGSM)	3612800
Mrs N Sekwati	Employer Trustee (Tribal Admin)	3974986
Brigadier B Mosugelo	Employer Trustee (BDF)	3662303
Ms M Mosimane	Employer Trustee (Prisons)	3611747
Mr I Selebogo	Pensioner Trustee (BCSPA)	72468395
Mr M Magola	Member Trustee (BOPEU)	3643100
Mr J B Radibe	Member Trustee (BTU)	3906774
Mr L U Mutheto	Member Trustee (TAWU)	2484295
Mr P Baeng	Member Trustee (BLLAWU)	3932399
Ms I Nkgau	Member Trustee (BLLAWU)	6540102
Mr K A Kgasa	Member Trustee (BTU)	3955024
Mr A Motsamai	Member Trustee (BOPEU)	3655829
Mr K Modukanele	Member Trustee (BOSETU)	5777339
Mr G Modise	Member Trustee (BOTASA)	4948100
Mr A Tayane	Alternative Employer Trustee (DPSM)	3181420
Mr T D Seboko	Alternate Employer Trustee (Tribal Admin)	3974986
Mr R R Boitshwarelo	Alternative Employer Trustee (DLGSM)	3612800
Mrs A Ramotshabi	Alternate Employer Trustee (Prisons)	3611740
Mr M K Gondo	Alternate Employer Trustee (Police)	3951161
Mr P S Tsumake	Alternate Employer Trustee (TSM)	3972347
Colonel R Z Christmas	Alternate Employer Trustee (BDF)	3662142
Mrs O D Tlhobogang	Alternate Member Trustee (BOTASA)	4920213
Mr T Marenga	Alternate Member Trustee (BOPEU)	2412195
Mr J M Rammipi	Alternate Member Trustee (BOPEU)	3617183
Mr T D Tshotelo	Alternate Member Trustee (BLLAWU)	2613175
Mr M Marata	Alternate Member Trustee (BLLAWU)	5440343
Ms V Mogapi	Alternate Member Trustee (BTU)	3953278
Mr L Molefi	Alternate Member Trustee (TAWU)	3953033
Mr L G Mothusi	Alternative Pensioner Trustee (BCSPA)	71879496

FUND DETAILS

Fund Name: Botswana Public Officers Pension Fund

Registered Address: The Principal Officer
P/Bag 00195
Gaborone
Botswana

Contact Numbers: Tel: 315 8422/3911445
Fax: 391 2066

In the event of any conflict between the information provided in this document and the official Rules of the Fund, the provisions of the Rules shall prevail. For further clarity on any of the following issues, please contact the Secretariat or one of your Trustees:

- Withdrawal Benefits
- Retirement Benefits
- Nomination of Beneficiaries Form
- Benefit Statements
- The Defined Benefit Government Pension Scheme versus the new Defined Contribution

