

IOPS COUNTRY PROFILE: ZIMBABWE



Source map: Central Intelligence Agency, The World Factbook, the United States

DEMOGRAPHICS AND MACROECONOMICS

GDP per capita (USD) ¹	1214.51
Population (000s) ²	14200
Labour force (000s) ²	8100
Employment rate ²	84%
Population over 65 (%) ²	6
Dependency ratio ^{2,3}	10.5

1. Source: World Bank Website (2021).
2. Source: ZIMSTAT 2019 Labour Force Report.
3. Ratio of over 65-year-olds / labour force.

ZIMBABWE COUNTRY PENSION DESIGN

STRUCTURE OF THE PENSION SYSTEM

Public pension plans

- Public Service Pension Scheme is a mandatory PAYG pension scheme covering all civil servants (currently transitioning toward funded arrangements)
- National Pension Scheme is a mandatory funded DB scheme for all formally employed workers both in the private and public sector, administrated by the National Social Security Authority (NSSA)
- Work in progress to set up a voluntary informal sector pension scheme under the administration of NSSA

Occupational pensions: (workplace/employer pension plans)

- Pension plans can be either DC (majority), DB or hybrid
- DC pension schemes are either self-administrated or administrated by life insurance company

Private pensions: Personal

- Pension plans are set by life insurance compagnies targeting individuals not necessary tied to an employer or any formal setting

Source : OECD/IOPS Global Pension Statistic

ZIMBABWE: THE PENSION SYSTEM'S KEY CHARACTERISTICS

PUBLIC SERVICE PENSION SCHEME

This is a mandatory pay-as-you-go defined pension benefit scheme that caters for all civil servants. The scheme was established by the Parliament Act and is not regulated by the Insurance and Pension Commission (IPEC). The scheme is currently being transitioned from a pay-as-you-go to a funded scheme.

NATIONAL PENSION SCHEME

This is a mandatory funded DB pension scheme for all people who are formally employed, both in the private and the public sector. The scheme is administered by the National Social Security Authority (NSSA) and accordingly is commonly known as "NSSA Pension". Just like the public service pension scheme, NSSA is currently not under the supervision of the IPEC. Efforts are also underway to set up a voluntary informal sector scheme under the administration of the National Social Security Authority.

The Table below shows the key attributes for the above public pension schemes:

Attribute	Public Service Pension Scheme	National Pension Scheme
Coverage	Civil servants (Government employees).	All working employees below the age of 65 (both Government and Private sector).
Coverage Contributions	Employer: 10% of the insurable earnings. Employee: 7.5% of the insurable earnings.	Employer: 4.5% of insurable earnings. *up to a maximum limit specified by NSSA from time to time
Benefits	Defined Benefit (DB)	Defined Benefit (DB)

OCCUPATIONAL VOLUNTARY PRIVATE PENSIONS

These funds are set up by employers for the benefit of their employees. The majority of these (95%) are Defined Contribution (DC) schemes. Occupational pension fund can either be self-administered or insured funds in Zimbabwe. The distinguishing feature between the two is that for self-administered funds, the assets of the fund are registered in the name of the respective fund while for an insured fund, assets are registered in the name of the insurer who makes certain promises to members of the fund.

The trustees of the self-administered funds are ultimately responsible for the investment decisions and performance of the fund. There are two main forms of self-administered funds. That is, those that own and control their respective administrative structures, and those that outsource administration services from life insurers or professional pension fund administrators.

Such funds can be umbrella schemes that bring together various sponsoring employers under one fund. These are mostly industrial-based schemes that are formed through the collective bargaining process.

Insured funds are usually small funds whose assets are pooled together and invested in the name of the life insurance company that administer them. Investment decisions are done on behalf of the funds by the insurance company. That notwithstanding, the trustees of insured funds are required to put in place investment mandates and investment policy statements to define the fund's investment policy, risk appetite and performance benchmarks for the Insurer.

Coverage

The scheme provides coverage to employees of the employers with such voluntary occupational pension scheme. Due to the increasing growth of the informal sector and the call for enhanced financial inclusion, the schemes have extended to offer coverage to individuals without requiring the presence of an employer as a sponsor.

Contributions

The contributions vary in accordance with their respective pension fund rules and are often expressed as a percentage of pensionable salary/income. For employer sponsored funds, the employer's contributions normally exceed or equal those of the employees. More so, employees may make additional voluntary contributions without limit.

Benefits

Pension plans are either defined benefit or defined contribution or hybrid. The scheme rules must specify the benefit and contribution structure.

Taxation

Pension benefits are taxed as income. Lump sum benefits resulting from one-third commutation are tax exempt. Contributions are tax deductible up to a maximum limit which is specified through the Income Tax Act.

PERSONAL VOLUNTARY PRIVATE PENSIONS

These are pension plans that are set up by life insurers targeting individual members not necessarily tied to any employer or any formal setting. Such schemes are ideal for those in the informal sector.

MARKET INFORMATION

Occupational VOLUNTARY

As of 30 September 2021, there were 982 registered funds, 621 were active, thus constituting 63.24% of the industry funds. The industry's asset base was ZW\$241.65 billion. When applying the official exchange rate, the industry's asset base translates to US\$2.76 billion.

MARKET INFORMATION

Occupational voluntary / Personal voluntary

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RECENT REFORM

- Statutory Instrument 91 of 2020, Pension and Provident Funds (Amendment)

Regulations, 2020 (No. 25)

- Statutory Instrument 80 of 2017 Pension and Provident Funds (Amendment) Regulations, 2017 (No. 24)
- Guideline for Adjusting Insurance and Pension Values in Response to Currency Reforms
- Income Drawdown Framework
- Investment Guidelines for the Pensions Industry
- Expenses framework

REFERENCE INFORMATION

KEY LEGISLATION

- Insurance and Pensions Commission Act [[Chapter 24:21](#)]
- Pension and Provident Funds Act [[Chapter 24:09](#)];
- Money Laundering and Proceeds of Crime Act [[Chapter 09:24](#)];
- Finance Act [[Chapter 23:04](#)];
- Public Entities and Corporate Governance Act [[Chapter 10:31](#)]; and
- Public Finance Management Act [[Chapter 22:19](#)].

KEY REGULATORY AND SUPERVISORY AUTHORITIES

- Insurance and Pension Commission ([IPEC](#))
- Securities and Exchange Commission of Zimbabwe ([SECZIM](#))
- Reserve Bank of Zimbabwe ([RBZ](#))
- Zimbabwe Stock Exchange ([ZSE](#))
- National Social Security Authority ([NSSA](#))

KEY OFFICIAL STATISTICAL REFERENCE AND SOURCES ON PENSIONS

- Insurance and Pension Commission ([IPEC](#))
- Zimbabwe Statistics Agency ([ZIMSTAT](#))