



BOTSWANA PENSIONS SOCIETY 2017 ANNUAL CONFERENCE



The Botswana Pensions Society (BPS) who held a historic two-day conference in Kasane, in February 2016, this year, conducted its annual conference in Gaborone under the theme “Majority of members in Botswana retirement funds retire with insufficient incomes. Where / what is the solution?”

The BPS is a non-profit making independent organization, whose operative mandate is that of a lobby group in respect of any legislative or other matter which affects the retirement industry; it promotes awareness amongst pension fund members as to their rights and responsibilities and demonstrates the benefit of retirement schemes to employees, employers and to the economy of Botswana.

The well attended conference held on 27th February 2017 at the Gaborone International Convention Centre, featured various industry participants, ranging from pension funds, fund administrators, asset managers, insurance companies, banks and other interested stakeholders.

Mr Peter Hikhwa, the BPS Chairman, in his welcome remarks was not hesitant to start by thanking all the BPS sponsors, and firstly, Kgori Capital (previously, Afena Capital) who he congratulated for the two-year stint as the

lead sponsor. He went on to acknowledge other sponsors - Stanbic Bank, Alexander Forbes Financial Services, Botswana Insurance Fund Management (Bifm), Botswana Life, Allan Gray, African Alliance, Investec, Stanlib, AON, Metropolitan Life and IPRO Botswana, whose valuable support he said had made the conference possible.

Hikhwa proceeded to explain the conference theme and in the process tabled some statistics relevant to the dilemma depicted in the theme, as he revealed that “in Botswana it is estimated that pension fund members retire at 52 on average, with a pension of 30% of their final salary”. As he concluded, Hikhwa remarked that the BPS was of the view that the Botswana average replacement ratio, which indeed was very low compared to the ideal, could be managed and that boards of Trustees had a very pivotal role to play in this respect.

In delivering the official opening address, Botswana Stock Exchange Chief Executive Officer, Mr Thapelo Tsheole, began to touch on the issues which he said come across as challenges faced by retirement funds, and speak to potential solutions. He highlighted “the onset of the global financial crisis in 2008, which affected the investment savings, showed us there is need to complement and supplement public pensions with voluntary private

pensions”. “This calls for voluntary enrolment of employees in schemes that encourage participation and savings in voluntary pension plans, such as umbrella funds, retirement annuities and preservation funds”. Mr Tsheole further stated that “Statistics published by Bank of Botswana show us that if all our discretionary spending in the form of ‘other loans – other than mortgages, motor vehicles and credit card’ account for more than 64% of total household loans, then we clearly have the capacity to save by channeling these ‘installments’ into saving instruments and savings schemes”. “This can indirectly help improve the adequacy of our pension benefits”.

Tsheole concluded by making a call to all concerned parties to review their pension contribution rates and where necessary to increase the contributions which he said are “kept at a particular rate forever, with the escalation of contributions only depending on salary increments”.

The BPS 2017 annual conference featured economic gurus in the likes of Mr Keith Jefferis, former Bank of Botswana Deputy Governor, currently Econsult Botswana (Pty) Ltd Managing Director.

A key note speaker at the conference, Jefferis also echoed similar sentiments, in his presentation titled “Retirement with inadequate pensions: why and what can

be done?”

Jefferis pointed out that “most pension fund members in Botswana belong to defined contribution (DC) funds” and that “inadequate pensions for pension fund members are therefore due to gaps in the operation of DC schemes”. He further pointed out that “most people of course are not members of pension funds, so we also need to consider these adults”.

Jefferis described the “pension process” through both the accumulation and drawdown stages and further outlined the five factors that he indicated were contributors to low pensions in Botswana. These factors, were identified to be inadequate contributions, poor investment returns, early retirement, high cash withdrawals and low annuity rates. Jefferis concluded by giving a comparative between the Botswana Pension Pillars and the World Bank Pension Pillars and proposing how pensions could be improved at accumulation and drawdown phases, as well as possibly through a national pension fund and raising the current state pension.

The conference closed with a panel discussion, facilitated by Ms Edna Dambe, Managing Director of Money Matters (Pty) Ltd, together with panelists drawn from the various conference sponsors.



CAPTIONS
1. Phenyio Moroka-Master of Ceremonies, **2.** Peter Hikhwa-BPS Chairman, **3.** Thapelo Tsheole-CEO of Botswana Stock Exchange (Official Opening Address), **4.** Mosimangape Molefi-Independent Actuary, **5.** Key Note Speaker-Keith Jefferis, MD of Econsult Botswana, **6.** Bopelokgale Soko-Director, Retirement Funds Dept, NBFIRA, **7.** Alphonse Ndzinge-Chief Investment Officer, Kgori Capital, **8.** Hennie Snyman-Co-Head of Standard Bank Global Markets' Client Solutions for Institutional Investors, **9.** Frank Dalo-Actuary, Botswana Life Insurance, **10.** Kago Petso-Associate Director, Alexander Forbes Financial Services, **11.** Edna Dambe-MD of Money Matters, Facilitator of Panel Discussion, **12.** Edna Dambe and the Panel Discussion Team, **13.** Delegates from MFDP, **14.** Delegates at Kgori Capital (formerly Afena Capital) Stand, **15.** Neo Pule-BPS Treasurer, Giving Closing Remarks.