



Plot 66458, Block A, Fairgrounds, Office Park  
Private Bag 00296, Gaborone, Botswana

T +267 364 5100  
F +267 390 5884  
[www.retirementannuityfund.co.bw](http://www.retirementannuityfund.co.bw)

July 2025

Dear Member

**RE: Botswana Life Retirement Annuity Fund - December 2024 Annual Member Communication**

This annual member communication covers important information relating to the Botswana Life Retirement Annuity Fund (BLRAF or the Fund). Additionally, please note that Benefit Statement and Projection Statements for the financial year ended December 2024 have already been sent to members.

It is important that you understand the information relating to your retirement annuity contract and your membership of the Fund. We urge you to go through this letter carefully and to keep it for future reference.

There are a variety of investment options available to members, so you are encouraged to seek out the advice of a financial adviser before making any decisions regarding your investment.

Should you have any queries or require further information, please contact the **Client Service Contact Centre on 362 3700**, Mondays to Fridays between 08:00 and 17:00, or email [clientservices@blil.co.bw](mailto:clientservices@blil.co.bw).

Yours sincerely,

A handwritten signature in black ink, appearing to read "DTH".

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(Signature)

Chairman/Principal Officer

Trustees: Lesego Ntebela \* (Interim Chairperson), Mavis Magosi\*\*, Kago Kimane, Refilwe Mogwe, Kagiso Mokgothu

\*\* Independent Trustee \*Chairman

Principal Officer: Duncan Hule

NBFIRA Registration Number: 10/1/2/6 (018)

BURS Registration Number: REG/23-24/007508/02



## A. INVESTMENT OBJECTIVE OF THE FUND

The Board of Trustees of the Botswana Life Retirement Annuity Fund (the Fund) is responsible for the Fund's investments and to provide investment information each year to Members.

The Fund is an individual member retirement annuity fund and as such, there is no information available on Member's salaries or income. However, most retirement funds aim for their members to retire with enough capital to be able to buy a pension at retirement of 75% or more of their last month's salary/ income. So, a Member with a salary of P10 000 per month (pm) at retirement should ideally be able to buy a pension of P7 500 pm. To help our Members build up their capital to the right level, the Trustees believe that the Fund should aim for investment returns above inflation, while not taking unnecessary investment risks.

## A. INVESTMENT PORTFOLIOS

Your current investment Portfolio is the Mompoti Retirement Fund (Medium Equity) which has an investment return target of inflation (CPI) plus growth of 4% over rolling three-year periods. If we assume long term inflation rates at 5%, the Portfolio return target is  $(5+4) = 9\%$ .

## B. PORTFOLIO(S) PERFORMANCE

The following is the investment performance for the Fund's Portfolio as of **December 2024** for the following periods:

Portfolio	1 Year	3 Years	5 Years
Mompoti Retirement Fund (Medium Equity)	12.70%	9.50%	10.30%
Fund's Performance Benchmark	14.10%	10.0%	10.60%

The appointed Portfolio manager is Botswana Insurance Fund Managers (BIFM). BIFM aims to outperform the Portfolio performance benchmark, which has been challenging to do for the last year, three years and five years. It is pleasing to note however that over 5 years, the Portfolio's long-term performance is above the long-term Portfolio Target of CPI + 4%, this can be partly attributed to the good returns coming from both local and global equities.

BIFM directly manages 46% of the Portfolio locally and invests the other 54% offshore through passive funds and offshore asset managers. This is in line with investment (Pension Fund Rule 2 – PFR2) guidelines.

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The following table lists the asset classes and the percentage of the Portfolio invested into each.

Asset Class	Percentage held
Local Cash	7.4%
Local Equity	12.1%
Local Bonds	18.9%
Local Property	7.7%
Global Cash	7.1%
Global Equity	35.6%
Global Bonds	10.2%
Global Alternatives	0.9%
Total	100.0%

## C. ECONOMIC REVIEW

The 2024 calendar year saw the Botswana economy shrink by 2%, mainly due to a decline in the Mining and Quarrying; and the Manufacturing and Agriculture sectors. All other industries recorded positive growth in 2024. Inflation averaged 2.8% in 2024 compared to 5.2% in 2023. This fall in inflation was mainly due to low consumer demand. The Botswana stock market produced a strong return of 22.6% for 2024, in line with global equity markets.

## D. FUND'S ASSET MANAGER

After review, the Fund continues to use BIFM as its principal asset manager. Established in 1975, BIFM is a member of the Botswana Insurance Holdings Limited (BIHL) Group and is the largest asset manager in Botswana.

## E. FUND'S ASSET CONSULTANT

After review, Strategic Wealth remains the Fund's asset consultant and continues to help the Fund to review its investment strategy and to select and manage asset manager(s). Strategic Wealth is a local, independent investment advisory firm.

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## F. CONCLUSION

The Trustees remain committed to looking after Members' best interests and to supporting the best possible financial outcomes at retirement. We trust this information shows that the Fund's investments continue to be managed in a thoughtful and prudent way.

Should you have any queries or need more information, please do not hesitate to contact us.

SUMMARY	
Current total Fund value on 31 December 2024	P2 629,909,844
Investment performance for the last 12 months	12.7%
Investment performance for the last 5 years	10.3%
Is investment performance above the 5-year Benchmark?	The Benchmark has done slightly (0.3%) better
Asset Manager	Botswana Insurance Fund Managers
Asset Consultant	Strategic Wealth
Fund's investment target for Members over time	Inflation Plus 4%

## G. RETIREMENT FUNDS LEGISLATIVE CHANGES

### RETIREMENT FUNDS ADMINISTRATIVE RULES, 2024

Effective 1<sup>st</sup> December 2024, Retirement Funds Administrative Rules, 2024 (issued in terms of section 64 of the Retirement Funds Act, 2022) came into effect and in addition to updating already existing rules, it introduces some new administrative rules notably as follows:

1. Pension Funds Regulation 12 (PFR12) Rule which gives details regarding payment of benefits by Pension and Provident Funds and,
2. Pension Funds Regulation 13 (PFR13) Rule which gives details regarding rights of members of Pension Funds.

The Income Tax Amendment Act, 2024 commenced on 15 January 2024. The Act has been amended at Section 32 and PART 2 of the Second Schedule. The purpose of the Amendment was to align the Income Tax Act with changes introduced by the Retirement Funds Act of 2022, which increased the amount of pension commutable at retirement and introduced enhancements to encashment by deferred members for purposes of settling medical bills and loans owed.

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## H. CHANGES TO LOCAL/ ONSHORE AND OUTSIDE/ OFFSHORE INVESTMENT LIMITS

There are proposed changes to both local/ onshore and outside/ offshore investment limit for retirement funds and these are to be implemented over time until 2027 such that by then, there will be equal split between onshore and offshore investment limit at 50% respectively for each. For 2024, the investment limit for retirement funds was 41% for local investment and 59% for offshore investment. BLRAF remains aligned to the investment guidelines.

## I. SUMMARY OF THE FUND RULES RELATING TO THE PAYMENT OF BENEFITS

### RETIREMENT

- You may retire from the Fund at any time after age of 55 years, by notifying the Fund in writing of your intention to retire.
- When you retire, you may take up to one half (50%) of the investment value as a cash lump sum. The balance must be used to purchase an annuity from an insurer of your choice.
- The cash lump sum was (partially) subject to tax as only one third (33.33%) of the fund benefit at retirement was tax free – that is, only 33.33% of the 50% until 14<sup>th</sup> January 2024 taken as cash was tax free, and thereafter the balance was taxable. As from 15<sup>th</sup> January 2024, the cash lump sum of up to 50% of the fund benefit at retirement is tax free. The Fund must apply to BURS for a tax directive before paying a lump sum or before buying an annuity.
- The annuity that you choose may be a life annuity, which provides a guaranteed income for your lifetime, or may be a living annuity where you can choose the underlying investment options with agreed drawdown from the capital (as recommended by the Regulatory Authority). The annuity is purchased from an insurer of your choice and is not provided by the Fund.
- Retirement Benefit Counselling is provided to all members when they retire, however it is still important to seek the advice of your own financial adviser on the various options available.

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## EARLY RETIREMENT

- You may retire from the Fund before the age of 55 years, if you have medical evidence to prove that you have become permanently incapable due to illness, infirmity of mind or body, of practising your own suited/ similar occupation.
- In the case of early retirement, the same requirements relating to normal retirement, as explained above apply.

## DEATH

- In the event of your death before retirement from the Fund, the allocation of the benefit will be made by the Trustees, who will distribute the benefit in such proportions that they deem fair and equitable based on the information provided to them.
- The Trustees have 12 months within which to decide, but the claim can be processed quicker if all required information is readily available and accessible by your family in the event of death.
- The beneficiaries must select whether they wish to receive the benefit as a cash lump sum or as an annuity. The cash lump sum may be subject to tax in the beneficiary's hands.

## WITHDRAWAL

- You may not withdraw any benefit from the Fund before retirement. There are some exceptions available ONLY to DEFERRED MEMBERS as follows:
  - Pay for personal and mortgage loans - may withdraw the full amount, or
  - Pay for medical expenses relating to critical illness/ condition – partial withdrawal of ONLY up to 50% of fund benefit.
- Withdrawals that are allowed may be subject to tax.

## TRANSFER TO AND FROM ANOTHER RETIREMENT FUND

- You may transfer your benefit from your employer pension fund to this Fund, if your employment has terminated. If you have retired from employment, and the employer fund rules allow this, you may transfer your retirement benefit to this Fund without having to retire from your employer fund. This transfer is tax free.

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- You may transfer your benefit in this Fund to another retirement annuity fund, should you so wish. The transfer will be tax free, although the Fund is still required to apply to BURS for a tax directive.

## J. IMPORTANT MATTERS THAT NEED YOUR REGULAR REVIEW

### REVIEW YOUR BENEFICIARY NOMINATION/ NOMINATED BENEFICIARIES

- a. The payment of death benefits from a retirement fund is governed by section 51 of the Retirement Funds Act. Trustees are required to determine who your dependents and nominees are, and based on their individual circumstances, pay out benefits in fair and equitable proportions.
- b. A beneficiary nomination by a member is NOT binding on the Trustees, but they can take it into account when determining a fair and equitable distribution. Your personal and financial circumstances may change over time, so it is important to review your beneficiary nomination every year. You can do this on the secure site at [www.botswanalifeecustomerportal.co.bw](http://www.botswanalifeecustomerportal.co.bw). or you may contact our Client Service Contact Centre.
- c. Your nominated beneficiary(ies) must be a natural person(s). You may nominate a trust to receive and hold the benefits on behalf of that person(s), but this is not binding on the Trustees. Please do not nominate your estate as a beneficiary as the Trustees may pay benefits to the estate only if there are no dependents or nominees, in this case they will wait for 12 months before making payment.
- d. If you wish to find out more on how you can further protect your beneficiaries with respect to your other assets and funds in your estate, please consider contacting **Botswana Life Fiduciary Services (Pty) Ltd (BLFS)**. BLFS is an estate planning company that offer clients solutions such as estate liquidity analysis, will drafting and trust drafting.

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- e. For more information call Botswana Life Fiduciary Services on 3714975/5201 or email [fiduciaryservices@blil.co.bw](mailto:fiduciaryservices@blil.co.bw). With the assistance of your financial adviser, you should regularly review whether you are saving enough to meet your retirement needs.

#### Review your Retirement Savings Goals

- f. The tax deductibility for contributions to retirement funding (including the Fund), up to 20% and 15% of taxable income or remuneration by your employer and yourself as an employee/ individual, is a great way of saving towards your retirement and reducing your income tax bill.

#### Review your Planned Retirement Date

- g. You may elect to retire from the Fund at any time after the age of 55 years. The longer your retirement capital remains invested in the Fund, the more it can grow.
- h. Investments within the Fund are exempt from income tax, capital gains tax and dividend withholding tax and as such a retirement fund is one of the most tax efficient ways to save.

#### Review Your Investment Options

- i. With the assistance of your financial adviser, you should regularly review whether your selected investment options are appropriate for your age and personal financial circumstances.
- j. Younger members can tolerate the risks in a more aggressive portfolio over a longer term of investment, while older members approaching retirement may consider a more conservative strategy that minimizes the potential for capital loss.





## K. IMPORTANT INFORMATION ABOUT THE FUND

Regulatory Information	Details
Registered name	Botswana Life Retirement Annuity Fund
Sponsor	Botswana Life Insurance Limited
Registration date	13 <sup>th</sup> September 2019
Registration number	10/1/2/6 (018)
Funding model	Defined Contribution Fund
The Fund's Reporting Period	1 <sup>st</sup> January to 31 <sup>st</sup> December
The Fund's Postal Address	Private Bag 00296 Gaborone
The Fund's Physical Address	1 <sup>st</sup> Floor, North Wing, Block A, Fairgrounds Office Park, Plot 66458, Gaborone, Botswana
Website	<a href="http://www.retirementannuityfund.co.bw">www.retirementannuityfund.co.bw</a>

## L. Fund Rules and Amendments

The Fund's rules are registered with the Non-Bank Financial Institutions Regulatory Authority (NBFIRA or the Regulatory Authority) and govern your membership of the Fund, as well as the Fund's management and operation. A copy may be viewed on the Fund's webpage.

## M. COMPLAINTS PROCEDURE

If you are not satisfied with the services from the Fund, a written complaint can be submitted to the Principal Officer using the contact details below. The Fund must respond to your complaint within specific days.

If you are not satisfied with the response from the Fund, you have the right to lodge a written complaint with the Regulatory Authority.

If you have a complaint about the advice given by your financial adviser, you have the right to address your complaint in writing to Botswana Life Insurance Limited.

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