



# ABOUT NAPSA



NATIONAL PENSION SCHEME AUTHORITY



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## **CORPORATE BACKGROUND**

The National Pension Scheme Authority (NAPSA) was established by an Act of Parliament, the National Pension Scheme (NPS) Act Number 40 of 1996.

NAPSA became operational on 1<sup>st</sup> February 2000 following the closure of the then Zambia National Provident Fund (ZNPf) which had been in existence since 1966. All assets and liabilities of the ZNPf were vested in NAPSA.

The formation of NAPSA was also in response to the changing labour market and was aimed at creating an efficient social security institution that would deliver quality services and contribute to national development.

## **MANDATE**

NAPSA was formed to provide income security through payment of benefits to all workers when they reach retirement age or become invalid, or to a member's family in the event of death of the member.

## **VISION STATEMENT**

A trusted partner that protects people's future and brings pride to the Nation.

## **MISSION STATEMENT**

Securing the social and economic wellbeing of the people of Zambia.

## **CORE VALUES**

Integrity - "Do the Right Thing"

Collaboration - "Work Together"

Accountability - "Be Responsible for Your Actions"

Respect - "Listen to Every Voice"

Excellence - "Perform at Your Best"

## CORPORATE GOVERNANCE

The Scheme is administered by a tripartite Authority - The Board - composed of members drawn from Government, employees and employers' representatives as well as other independent entities as prescribed by the Act.

The Board is appointed by the Minister of Labour and Social Security. Their role involves providing board oversight and policy direction to Management.

The Board is entrusted with the fiduciary responsibility of investing and protecting members' funds.

The Director General is appointed by the Minister of Labour and Social Security and is the Chief Executive Officer (CEO) of the Authority. He is responsible for the day to day administration of the Authority.

## DIRECTORATES AND FUNCTIONS

The operations of the Authority are overseen by the Director General who is the CEO and he is assisted by Directors and Heads of functions. The following Directorates and Departments carry out the day to day functions of the Authority.

### 1. STRATEGY AND BUSINESS PERFORMANCE

The Directorate champions change management in the Authority to support realization of the Corporate Strategy, enhanced performance and focus on the Vision, Mission and Core Values. It ensures that all the resources of the Authority are aligned and focused on the attainment of corporate objectives.

### 2. CONTRIBUTIONS AND BENEFITS

This Directorate is responsible for registration of members and employers, collection of contributions and payment of benefits. As at 31<sup>st</sup> December 2022, the Authority had a cumulative total of 56,266 registered employers and 2.7 million members. The total number of pensioners on payroll stood at 22,580. The Average compliance rate stood at 84%.

#### Extension of Coverage to the Informal Sector

In line with the Authority's mandate and the country's Eighth National Development Plan (ENDP) on poverty alleviation through extension of social protection, NAPSA has continued to focus on extending social security coverage to the uncovered groups in the informal sector. Priority areas include; domestic workers, bus and taxi drivers, sawmillers, marketeers and traders, and small-scale farmers among others.

To demonstrate this commitment, the Authority in 2017 established a Project Unit called Extension of Coverage to the Informal Sector (ECIS) which focuses on development of strategies and initiatives aimed at extending social security coverage to the informal sector. Between the year 2017 and 2023, the Authority registered over 60,000 new members from the informal sector. The rollout of the Statutory Instrument (SI) number

72 of 2019 which provides flexible conditions for members of the informal sector will see more members of the informal sector being enrolled onto the scheme.



### **3. INVESTMENTS**

The Investments Directorate ensures that funds that are not immediately required to settle pension obligations are invested in various portfolios in order to add value and make a positive return so that the Authority can pay meaningful benefits when they fall due and also to ensure that the fund is actuarially sound.

The National Pension Scheme Act no. 40 of 1996 of the Laws of Zambia provides for investment of funds of the scheme not immediately required to meet any charges or obligations in a range of assets.

The following are the allowable investments as per Statutory Instrument Number 19 of 2017 (Investments Guidelines):

- Government Securities
- Listed Equities
- Bank Deposits
- Listed Corporate Bonds
- Private Equity
- Infrastructure
- Collective Investment Schemes
- Socially and Economically Targeted Investments
- Real Estate - both directly and indirectly
- Special Purpose Vehicles - strategic companies created by the Authority itself
- Underwriting of Transactions
- Green Field Investments

Each asset class must meet the minimum benchmark and criteria as set in the Statement of Investments Policy, Operational guidelines and must in be in line with the Investments Guidelines, other regulations and international best practices that guide the investment of pension funds.

### **4. PROJECTS**

The Directorate is mandated to enhance the prudent implementation of the Authority's real estate projects within agreed time, budget and quality. The Directorate provides overall supervision of the projects including planning, implementation, monitoring and evaluation.

### **5. LEGAL & SECRETARIAL SERVICES**

The Legal Directorate provides legal advisory services to the Authority and ensures compliance with government standards and regulations. It is responsible for dispute resolution and also provides secretarial services to the Board of Trustees.

### **6. HUMAN RESOURCES & ADMINISTRATION**

The Human Resources Directorate employs, develops and ensures that the Authority has adequate staff to execute its mandate. It provides policy direction on all matters relating to human resource management. It also provides support in terms of security, transport, logistics and office services.

### **7. FINANCE**

The Finance Directorate facilitates effective resource management and ensures the Authority funds are utilized in a prudent manner. It is responsible for overall budget management.

## 8. INFORMATION COMMUNICATION TECHNOLOGY

The Directorate provides information technology systems and solutions to facilitate the efficient operations of the Authority. Riding on robust IT infrastructure, the Authority has integrated its systems to ensure that most of its operations are done online.

### Special Projects - Enterprise Resource Planning(ERP)

The Authority has implemented the Enterprise Resource Planning (ERP) Project whose purpose is to integrate all functions in the Authority (integrated database) with the following benefits:

- Integration of various systems and member information
- Remove misinformation and duplication
- Real time reflection of information
- Improve efficiency and communication
- Reduce carbon footprint
- Issue payslip via the system
- Employee self-service

### Claim Benefits Online

NAPSA has an e-Benefits module on the eNAPSA platform for submission of self claims (i.e., retirement and invalidity benefits) and for renewal of pension life certificates online. The online application process has been simplified to allow members to fill in very few details because the digital application form comes already populated with pre-validated information from the claimant's account. Further, NAPSA recently launched a dedicated Pre-Retirement Benefits (PRB) claim processing online portal to guarantee high availability and service efficiency for all members claiming their Pre-retirement Benefits. These online claiming portals can be accessed through the NAPSA website [www.napsa.co.zm](http://www.napsa.co.zm) by clicking on online services then member services and finally selecting the appropriate link (i.e., eNAPSA portal or Pre-Retirement Benefit Claim Portal) to initiate their respective claims.

These online claim initiation and processing portals have a number of additional benefits which include;

- The solutions are easy to access & use, secure, convenient, reliable and fast.
- Members don't have to queue up to initiate their self-claims thus promoting adherence to the healthy regulations and guidelines in light of the prevalence of Covid-19,
- Members get to save on fuel and travel time to and from NAPSA offices, thus supporting environmental sustainability and cost-saving on the part of the member, and ultimately allow our members time to focus on other economy productive ventures
- Members can tracked, in real time, their claim status and further get alerts on the progress status of their claims.
- The solutions promote enhanced efficiency in claim processing and reduced the turnaround time, thereby increasing customer satisfaction.
- The multi-layered security systems implemented by the Authority also provide the required extra protection against cyber threats.

With these innovation, members who retire and/or seek to submit their claim online from the comfort of their home or office, after working hours and during weekends and holidays anywhere in the world can initiate their claims through the website link <https://www.napsa.co.zm/online-services/>. Members can further access the step-by-step user guides on the website via the link <https://www.napsa.co.zm/guides/>.

## 9. AUDIT DIRECTORATE

The Audit Directorate undertakes internal audit functions to ensure compliance with various policies, procedures and guidelines.

## 12. RISK AND ASSURANCE

The Risk and Assurance function provides independent objective assurance to the Authority in its various transactions. It assists the Authority to achieve its objectives by evaluating and improving the effectiveness of the risk management, control and governance processes.

## 10. PROCUREMENT DEPARTMENT

The department is responsible for procuring all goods and services in line with the stipulated procurement guidelines and regulations. It provides secretarial services to the Management Procurement Committee which is the highest decision making body for all Authority procurements.

It also provides advisory services to the Authority on matters of procurement.

## 11. CORPORATE AFFAIRS

The Corporate Affairs Department is the strategic corporate communication hub of the Authority. It is responsible for the formulation and implementation of strategies to promote the public image of the Authority through well-coordinated corporate communication activities. The department assists in the creation and sustenance of positive relations with customers, the media, the community and all relevant stakeholders.

The Corporate Affairs Department is also responsible for events management and corporate branding. The Department is equally tasked to plan, manage and promote the Authority's Corporate Social Responsibility programmes.

## MAIN FEATURES OF NAPSA

- a) Membership to NAPSA is compulsory for all regularly employed persons including those joining the Civil Service and Local Authorities after 1<sup>st</sup> February 2000.
- b) The Scheme is financed by both the employer and employee contributions at the rate of 5% each subject to a ceiling determined annually using National Average Earnings (NAE).
- c) The Scheme is earnings related for the purpose of both contributions and benefits.
- d) Pensions are reviewed annually and are adjusted in line with changes in the NAE.
- e) The statutory ceiling is pegged at four times the NAE.
- f) Pensioners enjoy convenient access to their monthly pension benefits through designated banks, a simplified process enabled by the memoranda of understanding signed between the Authority and various banks.



## **BENEFITS PAID BY NAPSA**

Under the formal sector scheme, NAPSA pays out four principal benefits: pre-retirement lumpsum, retirement, invalidity and survivors. In addition to these, NAPSA provides a funeral grant to survivors of the deceased member.

### **A) PRE-RETIREMENT LUMP SUM BENEFITS**

On the 17th of April 2023, The President of the Republic of Zambia, His Excellency, Mr. Hakainde Hichilema announced the signing into law of the National Pension Scheme Amendment Bill 2023 which allows for the partial withdrawal of pensions.

Here is what you need to know about the Pre-retirement benefit.

1. **Qualifying criteria;** 60 months contributions regardless of age but before retirement or 45 years and above regardless of the number of contributions.
2. **Entitlement;** 20% of total contributions. Each contribution will be indexed and interest will be added.
3. **Frequency;** One-off. Once you claim you can not claim again.
4. **Claim process;** All claims are done online. You do not need to visit a NAPSA office to claim. To claim you must first sign up on [enapsa.napsa.co.zm](http://enapsa.napsa.co.zm).
5. **What you need to sign up;** A phone number that is correctly registered in your name (check your mobile money registration with your mobile service provider), copy of NRC (both sides) and passport size photo (less than 6 months old) .

### **B) RETIREMENT BENEFITS**

Following the recent assent of the National Pension Scheme Amendment Act No. 7 of 2015 on 14<sup>th</sup> August 2015, pensionable age for members of NAPSA was revised as follows;

- **Early retirement age** - previously 50 years, now 55 years
- **Normal retirement age** - previously 55 years, now 60years.
- **Late retirement age** - 65 years.

### **C) INVALIDITY BENEFITS**

Any registered member with a minimum of 60 months of contributions and has become disabled to an extent that he/she can no longer work (as determined by a medical board), is eligible for invalidity pension provided they have 12 contributions within 36 months of becoming invalid. A registered member with less than 12 contributions within 36 months of becoming Invalid or with less than 60 months of contributions is eligible for Invalidity lump sum.

### **D) SURVIVOR'S BENEFITS**

If a member passes away, their spouse(s), biological and legally adopted children are eligible to receive a survivor's lump sum. If a retirement or invalidity pensioner passes away, their spouse(s), biological and legally adopted children are eligible to receive survivor's pension.

### **E) FUNERAL GRANT**

If a registered member passes away, NAPSA provides a funeral grant to help cover the costs of the funeral. The member must have made at least 12 monthly contributions during the last 36 months of their life. In the event that a retirement or invalidity pensioner passes away, the funeral grant is paid whether the member made at least 12 monthly contributions during the last 36 months of their life or not.



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# NAPSA INFORMAL SECTOR BENEFITS

## Social Protection for the Informal and Rural Economy Workers (SPIREWORK) Project

All Informal Sector members who are registered with NAPSA are entitled to the following benefits:



### RETIREMENT PENSION

- Registered member
- Payable at age 60
- 120 contributions or more
- Minimum monthly pension for informal sector members shall be one third of the minimum pension prescribed in the Act
- Lump sum payment will be made to members who do not make 120 or more contributions.

### INVALIDITY PENSION

- Below retirement age of 60
- Certified permanent invalidity by medical board of health
- Made a minimum of 60 contributions
- 12 or more contributions should have been paid in the 36 months before contingency
- Lump sum payment will be payable to members who do not meet conditions of eligibility for invalidity pension



### SURVIVOR'S PENSION

- Paid upon death of a pensioner or member entitled to a pension
- Spouse, child or registered dependant of the deceased member may receive this pension
- Total benefit is shared amongst all eligible beneficiaries
- Eligible children below 18 (Including a child in utero), and up to 25 if in school



## MATERNITY BENEFIT

- Paid to female members who have made at least 12 contributions in last 36 months preceding the birth of a child
- The benefit will be computed at the rate of 3.5 months multiplied by 50 percent of the monthly average income applicable in a respective year
- 24 months in between births
- Claimable to a maximum of 6 times by an eligible member

## FAMILY FUNERAL BENEFIT

- Paid upon death of contributing member, registered spouse, registered child or dependant of member or if at time of death, the deceased registered member was in receipt of retirement or invalidity pension
- All beneficiaries must be registered
- Entitlements are 20 percent for member, 20 percent for spouse, and 10 percent per child or registered dependants of the prevailing funeral grant
- Maximum of 6 family members under age 18 and up to 25 years for those in school
- Family funeral grant is nullified for dependents once the contributing member dies



## WEATHER INDEX INSURANCE BENEFIT

- NAPSA will out source the provision of this service to an Insurance Company through an MOU
- Membership to the NAPSA Informal Scheme is a prerequisite
- Weather Index Insurance will be paid out in cases of bad weather conditions such as drought, dry spells and excessive rainfall
- Weather Index Insurance covers the above weather risks ONLY. It does not cover the actual crop or other risks such as pest and disease
- Registration for Insurance cover can start between 21st December to 31st March
- A gross premium amount of K50 will have a maximum payout of K500
- Claim payments are done automatically based on weather conditions. There is NO need for farmers to report claims as the claim payments are on the basis of bad weather conditions, as monitored by the satellite.



## ACCESS TO CREDIT BENEFIT

- NAPSA will out source the provision of this service to a Financial Institution through an MOU
- Membership to the scheme is a prerequisite



## PENALTY WAIVER

NAPSA was granted authority to waive penalties for outstanding or delayed contributions following the enactment of the National Pension Scheme (Amendment) Act No 20 of 2022.

### CATEGORY 1 – PENALTIES INCURRED PRIOR TO 6TH DECEMBER 2022

All penalties incurred prior to 6th December 2022 shall have a two-year waiver period which will run from 8th January 2024 to 7th January 2026.

### CATEGORY 2 – PENALTIES INCURRED AFTER 6TH DECEMBER 2022

The waiver of penalties incurred after 6th December 2022 shall run until the revocation or amendment of the Penalty Waiver Regulations.

## MODALITIES

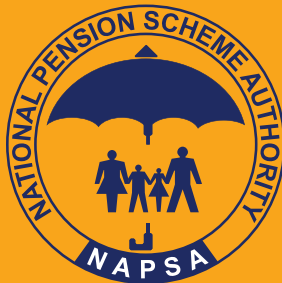
1. For periods between February 2000 to 13th March 2020 and 9th September 2022 to 5th December 2022 (Periods outside the covid period).
  - a. 75 percent waiver if the principal is paid within 12 months (by 7th January 2025)
  - b. 60 percent waiver if the principal is paid between 8th January 2025 and 7th January 2026)
2. For the period from 14th March 2020 to 8th September 2022 (Covid period)
  - a. 100 percent waiver if principal is paid within 12 months (by 7th January 2025)
  - b. 75 percent waiver if the principal is paid between 8th January 2025 and 7th January 2026)
3. For penalties incurred after 6th December 2022 at reduced rate of 10 percent (special waiver).
  - a. The employer can get up to 100 percent waiver depending on the extenuating circumstances adduced in the application for the waiver.

For detailed guidelines, and terms & conditions for the penalty waiver, please visit [www.napsa.co.zm/guides](http://www.napsa.co.zm/guides)

## CORPORATE SOCIAL RESPONSIBILITY



As a good corporate citizen, NAPSA recognises the importance of Corporate Social Responsibility (CSR) as a mechanism for supporting and helping to uplift the local communities in which it operates. NAPSA uses CSR as a social investment tool to boost social activities that stimulate economic growth, reduce poverty, and foster inclusive and sustainable socio-economic development. NAPSA endeavours to support initiatives that have potential to foster both economic and social development in the short and long term through appropriate empowerment programmes.



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