



NAPSA BENEFITS GUIDE

BE SMART, SECURE YOUR FUTURE



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 1st 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"

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 funeral grant is meant to give a befitting burial to the member. its not meant for the survivors of the deceased.

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 of 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.
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 of the NRC should be a single document) and passport size photo (less than 6 months old) .

RETIREMENT BENEFITS

Following the recent assent of the National Pension Scheme Amendment Act No. 7 of 2015 on 14th 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.

Members who joined NAPSA after 14th August 2015 can claim their benefits at 55 (Early retirement pension only), 60 or 65 years of age for Normal and Late retirement benefits respectively, while members who joined NAPSA before 14th August 2015 have accrued rights to claim their benefits at 50 (Early retirement pension only) and 55 years for Normal retirement benefits, and can also opt to retire at 60 or 65 years of age for Normal and Late retirement respectively .

Any registered member who has reached the age of 55, 60 or 65 years and has made a minimum of 180 months of contribution qualifies for a pension.

ADDITIONAL QUALIFYING CRITERIA

Members need to provide proof of retirement in the form of any one of the following;

- Retirement letter issued by employer
- Resignation letter
- Acceptance letter from employer stating they have retired
- Dismissal letter issued by employer
- Letter of Termination of contract

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, and member should be below pensionable age.

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 an invalidity lump sum.

Recency of work test does not apply to a member who has made 180 contributions at the time of becoming invalid.



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. Where there are no spouse(s) or children the administrator appointed by the court for the deceased's estate will be eligible to receive a survivor's lump sum.

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

The amount payable is divided among the following eligible beneficiaries (2 shares for a spouse and 1 share per child)

- Spouse
- Child under the age of 18 years
- Child under the age of 25 years in formal education
- Unborn child (at the death of member)
- Child of any age physically or mentally incapacitated by the age of 18 and at the death of the member.

FUNERAL GRANT

If a registered member passes away, NAPSA provides a funeral grant to help cover the costs of the funeral. To qualify for this grant, the member must have made at least 12 monthly contributions during the last 36 months preceding the date of death of member.

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.





Be smart, secure your future

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

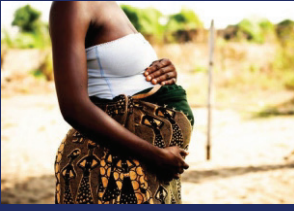
- Paid upon death of a pensioner or member entitled to a pension
- Spouse, child or registered dependant of the deceased member may receive this pension
- Total benefit is shared amongst all eligible beneficiaries
- Eligible children below 18 (Including a child in utero), and up to 25 if in school



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health and welfare

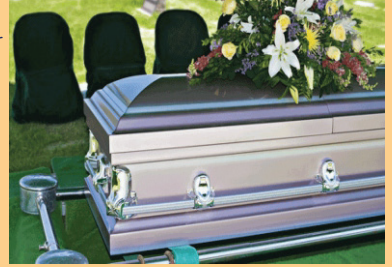


MATERNITY BENEFIT

- 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



FREQUENTLY ASKED QUESTIONS

CAN I GET ANY OTHER BENEFITS APART FROM THE MONTHLY PENSION?

Members who do not meet the qualifying criteria for a pension are paid either retirement lump sum, invalidity lump sum or survivor's lump sum.

HOW ARE BENEFITS CALCULATED?

All lump sum benefits are calculated using the following components;

- Total employee contributions
- Total employer contributions
- Index amount (compensation for loss of value)
- Interest amount

Formula :

Lumpsum = Total contribution + indexation + Interest

Normal retirement pension benefits are determined using the following components;

- Average Indexed Monthly Earnings.
- Replacement rate (0.001111 x M)
Where M=Months of pensionable employment

Formula :

Normal Retirement Pension= Average Indexed Monthly Earnings X 0.001111xM

Early retirement pension benefits are determined using the following components;

- Average Indexed Monthly Earnings.
- Replacement rate (0.001111 x M), where M=Months of pensionable employment.
- Number of months between Early Retirement and attainment of Normal Retirement.

Formula :

Early Retirement Pension = Normal Retirement Pension - (0.005 x Normal retirement Pension x M)

Invalidity pension benefits are determined using the following components; Average Indexed Monthly Earnings.

- Compensation for lost years
- Average Indexed Monthly Earnings.
- Number of years lost from works because of invalidity
- Greater of monthly pension and minimum pension.

Formula :

Invalidity Pension =(0.005 x Average Indexed Monthly Earnings x No. of years lost from work due to invalidity) + the greater of Normal Retirement Pension or Minimum Pension.

WHAT IS COMPENSATION FOR LOSS OF VALUE?

Compensation for loss of value of a member's contributions to National Average Earning (NAE) which counters the effect of wage inflation, and the **indexation factor applied to each**

year of contributions is calculated as follows;

$$\frac{\text{NAE in year of statutory retirement/invalidity/death}}{\text{NAE in year of contributions}}$$

WHAT IS THE LOWEST PENSION NAPSA PAYS?

The NPS Act provides for a minimum pension. This is the lowest monthly retirement pension payable in a given year and is computed as follows:

20% of National Average Earnings (NAE) applicable in the year of retirement, as obtained from the central Statistical Office. For example;

$$2016 = 20\% \text{ of } 4,219.86 = 843.97$$

$$2017 = 20\% \text{ of } 4,473.04 = 894.61$$

$$2018 = 20\% \text{ of } 4,975.00 = 995.00$$

$$2019 = 20\% \text{ of } 5,369.00 = 1,073.80$$

$$2020 = 20\% \text{ of } 5,748.00 = 1,149.60$$

$$2021 = 20\% \text{ of } 5,797.00 = 1,159.40$$

$$2022 = 20\% \text{ of } 6,109.00 = 1,221.80$$

$$2023 = 20\% \text{ of } 6,710.00 = 1,342.00$$

$$2024 = 20\% \text{ of } 7,454.00 = 1,490.80$$

HOW LONG ARE PENSIONS PAID FOR?

NAPSA monthly pensions are paid to the member for life and are converted to a survivor's pension when the member passes away.

Invalidity pensions are converted to retirement pensions when the member attains normal retirement age.

Continued payments of the pension are dependent on annual submission of a pension life certificate by all pensioners (retirement, invalidity, and survivor's).

DOES THE RATE OF PENSION REMAIN THE SAME OVER THE YEARS?

All NAPSA pensions in payment are adjusted annually in line with changes in NAE (wage inflation).

WHAT HAPPENS TO MY CONTRIBUTIONS IF I PASS AWAY?

Survivor's benefits are paid when a member passes away, regardless of their age.

HOW IS FUNERAL GRANT CALCULATED?

Funeral grant is computed as follows:

10 x the minimum pension applicable in the year of the member's death.

Example

$$2020 = 10 \times 1,149.60 = 11,496.00$$

$$2021 = 10 \times 1,159.00 = 11,590.00$$

2022 = 10 x 1,221.80 = 12,218.00

2023 = 10 x 1,342.00 = 13,420.00

2024 = 10 x 1,490.80 = 14,908.00

HOW WILL I KNOW HOW MUCH I WILL BE PAID?

NAPSA contribution statements provide the principal amount payable, consisting of employee and employer contributions. The principal amount will be indexed to wage inflation (compensation for loss of value of the contributions over time), and interest will be added at the time of computing the claim.

HOW DO I APPLY FOR BENEFITS?

Once a member reaches retirement age, and provides proof of retirement, becomes invalid, or passes away, the member or surviving beneficiaries should visit their nearest NAPSA offices or mobile office with an original Identity Document for advice on how to claim their benefits. Once eligibility is determined, a claim form will be issued together with instructions on the completion and guidance on supporting documents.

HOW LONG DOES IT TAKE TO GET MY BENEFITS?

It takes up to 14 days to pay a retirement lump sum benefit if all beneficiary details and contributions are made available and the necessary documents have been submitted. In the case of survivor's benefits, payment is made within 21 days.

Missing contributions and beneficiary data tend to delay processing of benefits. Members are encouraged to regularly check their contribution statement and update details of their spouse(s), biological, and legally adopted children.

HOW ARE BENEFITS PAID?

All benefits are paid by bank transfer. Monthly pensions are paid into pension accounts that are opened for the pensioners by NAPSA.

HOW DO I VERIFY MY BENEFITS?

Benefits payable can be verified from the nearest NAPSA office where the payments voucher can be obtained.

CAN I CONTINUE CONTRIBUTING TO NAPSA AFTER I RECEIVE A BENEFIT?

A member who has claimed a benefit cannot rejoin the scheme and is encouraged to formally notify their employer if they continue working or enter employment again.

WHAT HAS HAPPENED TO THE CONTRIBUTIONS I MADE TO THE ZNPF?

NAPSA has continued paying benefits on behalf of the ZNPF. Benefits payable under ZNPF are:

1. Age - payable to a member with a minimum age of 36 years.
2. Retirement - payable to a member with a minimum age of 36 year.
3. Survivor's and funeral grant.
4. Physical disability.
5. Mental disability
6. Home ownership - withdrawal for building or purchasing a house-requires the member of 24 months of contributions.
7. Supplementary savings - voluntary contributions.
8. Emigration

ARE ZNPF BENEFITS ADJUSTED TO INFLATION?

ZNPF benefits are not adjusted to inflation. Interest is however paid on all contributions.

CAN I CLAIM MY ZNPF BENEFITS TOGETHER WITH MY NAPSA BENEFITS?

Members can claim their ZNPF and NAPSA benefits at the same time if they meet the qualifying criteria for both benefits. Members will have to complete the respective claim forms.

NAPSA further provides for the conversion of ZNPF contributions, to NAPSA contributions, to enhance the chances of qualifying for a pension at a rate of 12 ZNPF months to 3 NAPSA months. Conversion of contributions is possible if a member has not claimed House Ownership Benefit under ZNPF.

<ul style="list-style-type: none">- Normal retirement pension payable at 55/60 years with a minimum of 15 years of contribution/180 months- Early retirement payable at 50/55 years- Late retirement payable at 65 years	Invalidity Pension <ul style="list-style-type: none">- Any age before pensionable age- Five years of contribution- At least 12 contributions must have been made in the last 36 months prior to being declared invalid- Declared mentally or physically ill and cannot do any kind of work	Survivor's Pension <ul style="list-style-type: none">- Pensioner dies- Spouse and biological/legally adopted children are paid	Funeral Grant <ul style="list-style-type: none">- At least 12 contributions in the last 3 years of deceased members life.- Paid to Spouse/administrator when a member who is already a pensioner dies.
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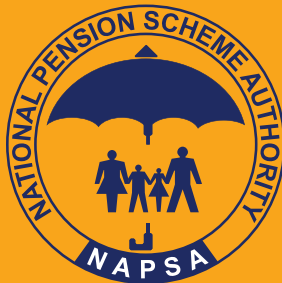
CLAIMING BENEFITS ONLINE

As a customer centric organization, 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 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 track, 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 reduce 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/>.



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