



FAQS

NATIONAL PENSION SCHEME ACT, 2026



A. GENERAL PURPOSE AND RATIONALE

1. WHY HAS THE NATIONAL PENSION SCHEME ACT BEEN REPEALED AND REPLACED?

The current National Pension Scheme Act of 1996 has become inadequate due to economic, demographic and labour market changes. The new Act addresses gaps in coverage, weak enforcement, inadequate benefits, limited flexibility for members, and governance challenges, while modernising the Scheme to be more inclusive, sustainable and responsive.

2. DOES THIS ACT ABOLISH NAPSA?

No. The Act continues the existence of the National Pension Scheme Authority (NAPSA) as a statutory body. It clarifies and strengthens its functions, governance framework, and oversight mechanisms.

3. WILL EXISTING MEMBERS LOSE THEIR BENEFITS UNDER THE NEW LAW?

No. All accrued rights, benefits, and contributions of existing members are fully protected under the savings and transitional provisions of the Act.

B. MEMBERSHIP AND REGISTRATION

4. WHO IS REQUIRED TO BE A MEMBER OF THE SCHEME?

Any person aged 16 to below 65 years who earns income above the minimum threshold prescribed by the Minister and is not exempt under the Act is required to be registered.

5. WHO IS EXEMPT FROM THE SCHEME?

Exemptions include:

- Employees earning below the prescribed minimum threshold.
- Members of the Defense Force and national security services
- International organisations and foreign governments with diplomatic status
- Certain public officers appointed before the earlier pension reforms.

6. WHY IS THE MINIMUM EARNING THRESHOLD NO LONGER FIXED IN THE ACT?

To ensure flexibility. Allowing the threshold to be prescribed by statutory instrument enables adjustment in line with inflation, minimum wage changes and economic conditions, while protecting low-income earners.

7. CAN INDIVIDUALS REGISTER WITHOUT AN EMPLOYER?

Yes. Individuals can register even before securing employment, improving access and inclusivity.

C. EMPLOYERS AND COMPLIANCE

8. WHEN MUST AN EMPLOYER REGISTER WITH NAPSA?

An employer must register within one month of employing their first employee.

9. WHAT PENALTIES APPLY FOR FAILURE TO REMIT CONTRIBUTIONS?

Late contributions attract a 10% penalty per month. Persistent non-compliance can lead to audits, attachment of debt, prosecution, and personal liability of directors or managers.

10. CAN NAPSA RECOVER UNPAID CONTRIBUTIONS FROM THIRD PARTIES?

Yes. The Director-General may attach up to 50% of amounts owed to an employer by a third party to recover unpaid contributions.

11. CAN AN EMPLOYER TEMPORARILY STOP PAYING CONTRIBUTIONS?

Yes. Employers who suspend operations for more than six months may apply for temporary suspension. However, all prior liabilities remain payable.

D. CONTRIBUTIONS

12. HAS THE CONTRIBUTION RATE BEEN INCREASED?

No. The contribution rate remains 10%, shared equally between employer and employee.

13. CAN WORKERS WITH MULTIPLE EMPLOYERS CONTRIBUTE?

Yes. Each employer must remit contributions based on earnings from that employment.

14. CAN INFORMAL SECTOR WORKERS CONTRIBUTE?

Yes. Voluntary contributions remain available for informal sector workers and those not in formal employment.

E. BENEFITS AND RETIREMENT

15. HAS THE RETIREMENT AGE CHANGED?

No. The normal retirement age remains 60 years, with options for early retirement at 55 and late retirement at 65.

16. WHAT IMPROVEMENTS HAVE BEEN MADE TO RETIREMENT BENEFITS?

- Minimum pension increased from 20% to 25% of National Average Earnings
- Income replacement rate improved from 40% to 45%.
- These improvements are achieved without increasing contribution rates.

17. HAS THE MINIMUM PENSION AMOUNT INCREASED?

Yes. Based on current national earnings, the minimum pension increases from ZMW 1,861 to ZMW 2,327 (in 2026), subject to annual adjustment.

18. WHAT IS THE PRE-RETIREMENT LUMP SUM?

Eligible members may access 20% of their indexed contributions after either:

- Sixty monthly contributions, or
- Attaining the age of 45

19. WHAT IS THE NEW 30% LUMP SUM AT RETIREMENT?

Members may access 30% of their indexed contributions and interest within three months prior to retirement.

20. WILL TAKING A LUMP SUM REDUCE MY PENSION?

Yes. Accessing lump sums reduces future pension amounts. However, minimum pension safeguards remain in place.

F. INVALIDITY BENEFITS

21. WHO QUALIFIES FOR INVALIDITY PENSION?

A member certified as permanently invalid, below retirement age, with:

- At least 60 contributions, including 12 in the last 36 months.

22. CAN INVALIDITY PENSIONERS BE RE-EXAMINED?

Yes. The Act allows periodic and ad hoc re-examinations to confirm continued eligibility while also enabling recovery and reintegration where possible.

G. SURVIVORS AND FUNERAL BENEFITS

23. WHAT HAPPENS WHEN A CONTRIBUTING MEMBER DIES?

Eligible survivors (spouses and children) may receive a survivor's pension if the member was fully insured (180 contributions). If the member was not fully insured the family would receive the lump sum.

24. HOW LONG WILL A SURVIVING SPOUSE RECEIVE A PENSION?

- For life or until remarriage (in certain cases)
- Or for two years, depending on age and dependency status.

25. HAS THE FUNERAL GRANT CHANGED?

No. The Act provides for funeral grants for both deceased pensioners and contributing members.

26. WHO CAN RECEIVE THE FUNERAL GRANT ON BEHALF OF THE DECEASED MEMBER?

Eligible recipients include:

- Spouse
- Children
- Parents
- Siblings
- Nominated persons.
- Administrators or executors

H. DIASPORA AND VOLUNTARY SAVINGS

27. CAN ZAMBIANS IN THE DIASPORA CONTRIBUTE TO NAPSA?

Yes. The Act enables the creation of sub-schemes, including voluntary savings platforms for the diaspora.

28. WHAT ARE SUB-SCHEMES?

Sub-schemes are ring-fenced pension or savings arrangements established by statutory instrument to cater for specific groups such as:

- Diaspora Zambians
- Informal sector workers
- Voluntary contributors

I. NEW INVESTMENT POWERS

29. IS NAPSA ALLOWED TO ENTER JOINT VENTURES?

Yes. This is to enhance investment returns, diversify income streams, and strengthen long-term sustainability while applying professional governance and risk management standards.

30. WHAT IS THE ZAMBIA KUCHALO WEALTH FUND?

It is a planned co-investment platform allowing Zambians, including those abroad, to invest alongside NAPSA using its investment expertise.

J. GOVERNANCE AND OVERSIGHT

31. HOW HAS THE NAPSA BOARD CHANGED?

- Greater private sector representation
- Mandatory inclusion of an investment expert and actuary
- Minimum academic and professional qualification standards introduced.

32. HOW DOES NAPSA ENSURE ACCOUNTABILITY AND CORPORATE GOVERNANCE?

Oversight is provided through:

- The Board
- The Minister
- Actuarial valuations
- Auditor-General audits
- Parliamentary reporting

K. INSPECTION AND ENFORCEMENT

33. HOW HAS ENFORCEMENT BEEN ENHANCED?

Inspectors may enter premises without prior notice where there are reasonable grounds, subject to safeguards and identification requirements.

34. WHAT OFFENCES ARE CREATED UNDER THE ACT?

Offences include:

- Failure to register workers.
- Failure to remit contributions.
- Obstructing inspectors
- Providing false information
- Unauthorised disclosure of confidential information

L. TRANSITIONAL ISSUES

35. WHAT HAPPENS TO EMPLOYEES AND EMPLOYERS ALREADY REGISTERED?

All existing employers, employees, contributions and records automatically transition into the new system without requiring re-registration.

36. WILL PREVIOUS PENALTIES STILL APPLY?

Yes. Penalties incurred before the new Act remain payable, subject to applicable waivers under the law.



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