

GOVERNMENT OF ZAMBIA

STATUTORY INSTRUMENT NO. 72 OF 2019

The National Pension Scheme Act
(Laws, Volume 15, Cap. 256)

**The National Pension Scheme (Informal Sector)
(Membership and Benefits) Regulations, 2019**

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IN EXERCISE of the powers contained in sections 11 and 53 of the National Pension Scheme Act, the following Regulations are made:

1. These Regulations may be cited as the National Pension Scheme (Informal Sector) (Membership and Benefits) Regulations, 2019. Title
- (2) A person referred to in the Second Schedule who successfully lodges an application with the Scheme shall be a member from the date of registration.
2. (1) These Regulations apply to a person listed in the Second Schedule. Application
- (2) A person referred to in the Second Schedule who successfully lodges an application with the Scheme shall be a member from the date of registration.
- (3) A person to whom these Regulations apply is not liable to pay the penalty specified under section 15 (2) of the Act.
3. In these Regulations unless the context otherwise requires— Interpretation
- “Authority” means the National Pension Scheme Authority established under section 3 of the Act;
- “beneficiary” means the registered spouse, child or dependant of a member and includes a child conceived within nine months preceding the deceased member’s death;
- “child” has the meaning assigned to the word in the Intestate Succession Act; Cap. 59
- “dependant” has the meaning assigned to the word in the Intestate Succession Act; Cap. 59
- “household” means an individual or a group of individuals who normally live together, have a common provision for food or other essentials for living and they have only one person whom they all regard as the head of the household, regardless of whether those persons are blood related;
- “informal sector” means a group of production units comprised of unincorporated enterprises by households including own account enterprises;
- “member” means a self-employed person registered as a member under these Regulations; and
- “selfemployed worker” means a person engaged in work on their own account or in an enterprise of informal employees.

Eligibility to become member	4. A person listed in the Second Schedule is eligible to become a member of the Scheme.
Contribution rate	5. A member shall pay a monthly contribution at the rate of 5.4% of self employed workers annual average earnings in the base year subject to the annual review in line with earnings growth in the formal sector as shall be determined by the Minister by guidelines.
Crediting contributions	6. The Authority shall credit a contribution from a member in the year or month in which the contribution is made, except that a member who joins the scheme during the course of the year is not required to make a contribution retrospectively.
Portability of accrued rights	7. A member may convert the accrued rights and benefits under these Regulations to the rights in the Scheme by a conversion ratio of 2:1 from the informal to the formal sector at retirement or invalidity.
Concurrent membership	8. A member of the Scheme may voluntarily become a concurrent member of the Scheme under the formal and informal sectors under these Regulations.
Benefits	9. The Authority shall pay retirement, early retirement, invalidity, survivors, maternity and family funeral benefits to a eligible member under these Regulations.
Retirement pension	10. (1) The Authority shall pay a retirement pension to a member who— <ul style="list-style-type: none"> (a) has attained pensionable age; (b) has made not less than one hundred and twenty monthly contributions or ten years contributions; and (c) is within five years before attaining the pensionable age and has made at least one hundred and twenty monthly contributions or ten years contributions. <p>(2) The amount of the pension paid under sub- regulation (1) (c) shall be calculated in accordance with the formula set out under paragraph 5 of the First Schedule.</p>
Early retirement pension	11. (1) A member qualifies for early retirement pension if that member is within five years before attaining pensionable age and has paid at least one hundred and twenty months contributions. <p>(2) The amount of pension paid on early retirement under this regulation is the amount payable under paragraph 5 of the First Schedule.</p>

(3) An early retirement pension is not payable if the amount of pension calculated in accordance with the provisions of sub-regulation (2) is lower than the minimum pension under regulation 13.

(4) An early retirement pension is not payable if the amount of the pension calculated in accordance with the provisions of regulation 10(1)(c) and sub-regulation (2) is lower than the minimum pension under regulation 13.

12. The Authority shall pay a retirement pension as set out in paragraph 1 of the First Schedule. Computation of retirement pension

13. The minimum monthly pension for a member shall be calculated based on the formula set out in paragraph 2 of the First Schedule. Minimum pension

14. A member who has attained pensionable age but does not meet the qualifications for a pension under regulation 10 is entitled to the payment of a lump sum calculated in accordance with the formula set out in paragraph 7 of the First Schedule. Retirement lump sum

15. (1) The Authority shall pay an invalidity pension to a member who— Invalidity pension

(a) has suffered permanent invalidity as determined under sections 27 and 28 of the Act; and

(b) is under pensionable age and has either—

(i) made one hundred and twenty monthly contributions or annual equivalent contributions; or

(ii) made at least sixty monthly contributions, of which twelve or more were paid in the period of thirty-six months immediately preceding the date the invalidity began.

16. The Authority shall compute an invalidity benefit with the formula set out in paragraph 6 of the First Schedule. Computation of invalidity pension

17. The Authority shall pay a lump sum invalidity payment to a member if that member— Invalidity Lump Sum

(a) has applied for an invalidity benefit;

(b) has not reached pensionable age; and

(c) does not meet the requirements for invalidity pension as provided in regulation 15 (1).

Computation
of invalidity
lump sum

18. The invalidity lumpsum shall be calculated as set out in paragraph 7 of the First Schedule.

Maternity
benefit

19. (1) The Authority shall pay a maternity benefit to an eligible member in accordance with these Regulations if that member—

(a) has been a member of the scheme for at least twenty-four months preceding the date of that member's delivery; and

(b) the member has made at least twelve months contributions or an equivalent of the annual minimum contribution applicable in that year in the last thirty-six months preceding the date of delivery.

(2) A member is only entitled to the maternity benefit if that member makes a claim within six months from the date of that member's delivery.

(3) The maternity benefit shall be restricted to a maximum of six claims per contributing member.

(4) A member shall only be entitled to be paid a maternity benefit once every two years.

(5) A maternity benefit will provide a fifty percent computation of income replacement based on the monthly average earnings of self-employed workers for a duration of three and half months being maternity leave as provided under section 41 of the Employment Code Act, 2019.

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2019

Survivor's
benefit

20. (1) The Authority shall pay a survivor's benefit to an eligible member under these Regulations based on the deceased member's earning records as set out in paragraph 8 of the First Schedule.

(2) The available sum on a deceased member's computation of earning record shall be divided into shares of survivors as set out in paragraph 9 of the First Schedule.

Survivor's
pension
benefit

21. (1) A survivor's pension shall be paid to a survivor's family member or a registered pension dependant if, at the time of death, the member—

(a) was in receipt of a retirement pension or an invalidity pension; or

(b) would have been entitled to an invalidity pension for permanent invalidity at the time of death;

(c) had reached pensionable age and was entitled to a retirement benefit.

(2) A person shall be eligible to receive a survivor's pension benefit as follows:

- (a) a spouse who is fortyfive years old or above at the time of a member's death, shall receive a pension equal to two shares for life or until remarriage;
- (b) a spouse who is below forty-five years at the time of death of a member and who has the care of one or more minor children by the deceased member shall receive a pension equal to two shares for life or until remarriage;
- (c) a spouse who is below forty-five years at the time of death of a member and who does not have the care of a minor child by the deceased shall receive a pension equal to two shares for two years from the date of the member's death;
- (d) a child of the deceased member below the age of eighteen years at the time of death of a member and any child conceived within the nine months preceding the deceased's death shall receive a pension equal to one share until the attainment of the age of eighteen, or so long as the child remains in full time instruction at an educational institution, but not beyond the age of twentyfive;
- (e) children of a nonsurviving spouse by the deceased member shall, in addition to the share allocated under subparagraph (d), divide one share equally among themselves until the attainment of the age of eighteen, or so long as the child remains in full time instruction at an educational institution, but not beyond the age of twenty- five, except that where there is only one child by a deceased spouse, that child shall receive the benefit of the entire share;
- (f) any child of the deceased who is receiving full time instruction at an educational institution and who is above the age of eighteen years but below the age of twenty-five years at the time of the deceased member's death shall receive a pension equal to one share until the child ceases to receive instructions at an educational institution or attains the age of twentyfive, whichever occurs first;
or
- (g) any child who is physically or mentally handicapped.

Survivor's
lump sum

22. (1) A survivor's lump sum shall be paid to a family member or a dependant if, at the time of that member's death, the member did not satisfy the qualifying conditions for a survivor's pension specified in Regulation 21.

(2) A person is eligible to receive a survivor's lump sum benefit as follows:

- (a) a spouse who is fortyfive years or older at the time of the deceased member's death shall receive a lump sum equal to two shares;
- (b) a spouse who is below the age of fortyfive years at the time of the deceased member's death and has the care of one or more minor children by the deceased shall receive a lump sum equal to two shares;
- (c) a spouse who is below the age of fortyfive years at the time of the deceased member's death and does not have the care of any minor child by the deceased shall receive a lump sum equal to two shares;
- (d) any child below the age of eighteen years and any child conceived within the last nine months preceding the deceased member's death shall receive a lump sum equal to one share;
- (e) children of a deceased spouse by the deceased member shall, in addition to the share allocated under subparagraph (d), divide equally among themselves a lump sum equal to one share, except that where there is only one child of the deceased member by a deceased spouse, that child shall enjoy the lump sum benefit of the entire share.
- (f) a child of the deceased member who is receiving full time instruction at an educational institution and is above the age of eighteen years but below twentyfive years shall receive a lump sum equal to one share; or
- (g) a physically or mentally challenged child who was incapacitated both before the age of eighteen years and the death of the member shall receive a lump sum equal to one share.

Payment and
adjustment
of pension

23. (1) Where a survivor gives consent, the Authority may pay a survivor's pension quarterly or at any other interval as may be determined.

(2) A survivor's benefit shall be paid to the person entitled unless the person entitled to the survivor's benefit is a child under the age of sixteen years, or is an adult who is unable by reason of physical or mental incapacity to receive the survivor's benefit.

(3) Where the person entitled to receive a survivor's benefit is a child under the age of sixteen years, the survivor's benefit shall be paid to the parent or guardian having care of that child.

(4) Where the person entitled to receive a survivor's benefit is an adult who is unable by reason of physical or mental incapacity to deal with one's affairs, the survivor's benefit shall be paid to an individual appointed to exercise any right to which the person may be entitled.

24. (1) The Authority shall pay a family funeral grant to a family member on the death of the member's registered spouse or children and dependants.

Family
member

(2) For purposes of this regulation, "family member" means a deceased member's surviving spouse in the absence of which shall mean the deceased member's child.

(3) In the case of an unmarried deceased member, "family member" means the father or mother, brother or sister or any other person as the Authority may determine in consultation with the deceased's administrator or executor.

(4) For purposes of this part, a member means—

- (a) a contributing member who has made at least twelve months contributions or an equivalent of the annual minimum contribution applicable in that year in the last thirty-six months preceding the member's death; or
- (b) a person in receipt of a retirement or invalidity pension.

25. (1) The Authority shall pay, on the death of a member, a family funeral grant provided that a member has made at least twelve monthly contributions or an equivalent of the annual minimum contribution applicable in that year in the last thirty-six months as provided under section 34 of the Act or, if, at the time of death, the deceased member was in receipt of a retirement or invalidity pension.

Family
funeral grant
of member

(2) The Authority shall pay a family funeral grant to a contributing member on the death of a registered spouse or registered child or dependant below the age of eighteen, or below the age of twentyfive if in full-time instruction in an educational institution.

Computation
of family
funeral grant

26. (1) The amount of the family funeral grant payable on the death of a member or registered spouse is twenty percent of the prevailing funeral grant under the Act.

(2) The amount of the family funeral grant payable on the death of a contributing members' registered child or dependant shall be ten percent of the prevailing funeral grant under the Act.

(3) The family funeral grant payable to a member on the death of a family member shall be up to a maximum of six family members.

Payment and
adjustment
of pension

27. (1) Any pension payable under these Regulations shall be paid monthly from the date the beneficiary becomes eligible.

(2) A pension shall cease in the month in which the beneficiary's entitlements cease or in the month following the month in which the beneficiary dies if that beneficiary remains entitled.

Payment to
a person
residing
abroad

28. The Authority may pay a benefit to a person abroad or on behalf of a person residing abroad who is eligible to a benefit under these Regulations.

Responsibi-
lity of the
Authority
and
beneficiary

29. (1) The Authority shall notify a pensioner of the responsibilities arising under the Act and these Regulations as follows:

(a) when the determination is that a claimant is entitled to a survivor's pension;

(b) the amount of the benefit.

(2) When the award is an invalidity pension, the beneficiary shall—

(a) notify the Authority immediately of any improvement in a pensioner's impairment that would allow engagement in substantially gainful employment;

(b) report earnings to the Authority within fourteen days of their receipt of the earnings.

(3) The award is the survivors benefit—

(a) if the survivor is a spouse below the age of fortyfive years with a minor child or a spouse above forty-five years and the requirement to notify the Authority within fourteen days of remarriage;

(b) if the survivor is a child between eighteen and twentyfive years of age receiving full time instruction at an educational institution and the requirement to inform the Authority on ceasing or completing that instruction within fourteen days;and

(c) if the survivor is a child with a physical or mental incapacity, the guardian or other representative shall inform the Authority of the earnings and of any improvement in the capacity that would allow the child to engage in substantial gainful employment.

(4) The Authority may enter into arrangements with external institutions for the better carrying out of these Regulations and to enhance benefits to members.

FIRST SCHEDULE
(Regulation 10 (2))

CALCULATION ON BENEFITS

Retirement
pension

1. The monthly retirement pension due to a member is calculated as follows:

$$G = \frac{\text{AIME} \times (40) \text{ M}}{30 \times 12 \times 200}$$

Where:

“G” is the monthly pension

“AIME” is the average indexed
Monthly Earnings; and

“M” is the number of months of pensionable self-employment.

Minimum
pension

2. The minimum monthly pension (G_m) for a member is calculated as follows:

Where:

$$G_m = \frac{\text{MMP}}{3}$$

MMP is the minimum monthly pension as provided in the Act,

G_m is the minimum monthly pension for members,

NAE is National Average Earnings

Where $G < G_m$, G_m is the monthly pension payable.

Average
Indexed
Monthly
Earnings

3. For the purpose of these Regulations Average Indexed earnings are calculated by adding a member's indexed monthly earnings over the entire period of contribution and dividing them by the total number of months of contribution.

Average
Indexed
Monthly
Earnings

4. The index (I) applied to arrive at the indexed earnings under subregulation (2) are determined as follows:

$$I = \frac{Q_n}{Q_m}$$

Where:

Q_n is the national average earnings figure applicable in the year in which the member retires;

Q_m is the national average earnings figure applicable each year of the members service period from the year

$m = 1$ to $m = j$ where j is the year preceding the year for Q_n .

5. The early retirement benefit due to an eligible member is calculated as follows: Early Retirement pension
- $$P = G \cdot 0.005 (M) G$$
- Where:
- “P” is the early retirement pension;
- “G” is the monthly pension
- “M” is the number of months between a member’s date of retirement and the attainment of the age of fifty-five.
6. (1) The invalidity pension due to a member is calculated as follows: Invalidity pension
- $$P = C + \text{MAX}(G, G_m)$$
- “P” is the monthly rate of the invalidity pension to be determined for the member;
- “C” is the compensation for the lost years, equal to $0.005 (\text{AIME})N$ where
- “AIME divided by 3” is the average indexed monthly earnings
- Indexed Monthly Earnings and “N” is the number of years lost from work as a result of invalidity;
- “G” is the monthly pension
- “G_m” is the minimum pension for a member; and
- “MAX(G, G_m)” is the greater of G and G_m.
- (2) The rate at which a member whose invalidity payment has been converted to a retirement benefit shall be paid as that of the member’s invalidity payment or the retirement pension, whichever is greater.
7. (1) A lump Sum benefit payable to a member is calculated as follows: Retirement lump Sum
- $$L = S_c + 11 + 12 \dots 1n$$
- Where:
- L is the lump sum payable
- S_c is the number of indexed monthly contributions;
- n is the number of months of pensionable self employment; and
- “11, 12 .. 1n” is the total interest on the contributions made in the first, second and subsequent months of pensionable employment beginning with the month in which it is paid, through to the last month in which any contribution attracts interest and this being the last month before the month in which the lump sum is payable.

(2) The calculation of the interest accumulated between the month in which the first contribution is made and the last month before the month in which the lump sum is payable shall be based on the following formula

$$Li = ci(1+ij) (1 +ij+2) \dots (1 +im1)(1 +im)$$

Where:

“*i*” is the total interest on contributions made in the *i*th month beginning with the month in which it is paid continuing to the final month in which interest accrues;

“*C_j*” is the raw contribution rate for the *i*th month;

“*ij*” is the nominal monthly interest charge for the *j*th month beginning with the *i*th month continuing to the *m*th month;

“*im*” is the nominal monthly interest charge for the *m*th month which is the final month in which interest accrues.

8. The available sum on a deceased member’s earnings record is—

(a) if the deceased member was receiving a pension on the date of death, the amount of the member’s monthly entitlement at the time of death; or

(b) if the deceased member was not receiving a pension on the date of death, and if that member was—

(i) of pensionable age, the monthly retirement pension for which the member was eligible at the time of death; or

(iii) not of pensionable age, the monthly invalidity pension computed as though the member was disabled using the date of death as the date of onset of the invalidity.

9. (1) The available sum on a deceased member’s Survivor’s earnings record is divided into shares by pension or lump sum employing the formula dependent—

$$N = P1 + P2 + P3 + P4 + P5 + P6 \text{ shares}$$

Where:

“*N*” is the number of available shares

“*P1*” is the number of all surviving spouses including pregnant spouses multiplied by two;

“*P2*” is the number of surviving children under the age of eighteen “*P3*” is the number of surviving children below the age of twentyfive who are receiving full time instructions at an educational institution;

“*P4*” is the number of pregnant surviving spouses;

“*PS*” is the number of nonsurviving spouses with at least one minor child by the deceased;

“P6” is the number of children of the deceased of any age who are either physically or mentally incapacitated both by the age of eighteen and the death of the member.

SECOND SCHEDULE
(Paragraph 2)

MEMBERS

The list of occupations specified in this Schedule is based on the International Standard Classification of occupations of 2008. The members specified who are in the informal sector are eligible members for the purposes of these Regulations.

1. Managers
2. Professionals
3. Technicians and Associate Professionals
4. Clerical Support workers
5. Service and Sales workers
6. Skilled Agricultural, Forestry and Fishery workers
7. Crafts and Related Trades workers
8. Plant and Machine operators and assemblers
9. Primary occupation.

LUSAKA
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