

MIDLANDS STATE UNIVERSITY



FACULTY OF COMMERCE

DEPARTMENT OF INSURANCE AND RISK MANAGEMENT

AN ANALYSIS OF THE EFFECTS OF CURRENCY REFORMS ON PENSIONERS' BENEFITS PAYOUT. A CASE STUDY OF THE MINING INDUSTRY PENSION FUND.

BY

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A DISSERTATION IS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE BACHELOR OF COMMERCE INSURANCE AND RISK MANAGEMENT HONOURS DEGREE (HIRM) AT THE MIDLANDS STATE UNIVERSITY, ZIMBABWE.

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I, **Lillian Ndebele**, hereby sign and declare that I am the author of this dissertation and that this dissertation has never been put before or submitted in any academic institution before by me or anyone else for a degree or any other related academic achievements.

Dedication Form

I dedicate this project to my late grandmother, Febbie Rukato, my strong pillar, my source of inspiration and whose encouragement saw me pushing through and with a vision of becoming an outstanding woman as per her wish. Furthermore, I also dedicate this project to my great companion the late Dunamoo whom who passed on this year and would have loved to see me screaming with joy after completion. Unfortunately, I have managed to finish the journey alone that we started together. May their souls rest in peace.

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Abstract

The focus of the study was to analyse the effects of the currency reforms on pension benefits payout at the Mining Industry Pension Fund (MIPF). The problem was that purchasing value or power of pension benefits payout was less than what the pensioner had contributed. This study was necessary to discover the real effects of the mismatch between the value of pension contributions and benefits payout in order to sustain the value. This would then uplift the livelihood of pensioners. The problem is premised on the conversion of USD contributions to RTGs pension benefits payout. The researcher reviewed related literature to open up the research gap and learn from the existing body of knowledge from previous studies. Appropriate methodologies were used to gather data from the field. In this COVID19 era, there were challenges in gathering data from the field but the researcher used electronic means to administer the instruments to complete the study. The researcher used a questionnaire and interview to collect data from MIPF pensioners, MIPF staff, mine administration and IPEC managers. The findings of the study indicated that currency reforms were adversely affecting pension benefits payout. The low pension benefits payout impacted the standard of living of pensioners to improvise. The study concluded that inflation, conversion and other economic conditions were devaluing the earnings of pensioners. The study recommends the Government device policies that protect the value of pension benefits payout from falling. Again the Government must allow the contributions made by pensioners to be invested in the foreign markets so that MIPF can also invest in offshore accounts. The pension benefits payout must be paid at the prevailing interbank rate and be inflation-indexed as this will ensure there is value preservation of pension benefits. Finally, the study suggested future research area to focus on assessing a comparative study on the impact of currency reforms on Pension Fund versus insurance products in Zimbabwe.

List of Tables and Graphs

Figure 1 Conceptual Framework	14
Table 1 Sample Size, Primary Source Data 2021	21
Table 2 Response Rate, Primary Source Data 2021	25
Table 3 Responses of Mine Administrators Currency Reforms effects, Primary Source Data 2021.....	35
Figure 2 Gender of Pensioners, Primary Source Data 2021	26
Figure 3 Gender of MIPF Staff, Primary Source Data 2021	26
Figure 4 Gender of Mining Administrators, Primary Source Data 2021.....	27
Figure 5 Age of Pensioners, Primary Source Data, 2021	28
Figure 6 Age of MIPF Staff, Primary Source Data 2021	28
Figure 7 Mine Administrators' Age, Primary Source Data 2021	29
Figure 8 Work Experience of MIPF, Primary Source Data 2021	29
Figure 9 Work Experience for Mine Administrators, Primary Source Data 2021	30
Figure 10 Effects of Currency Reforms on pension benefit Payout, Primary Source Data 2021	31
Figure 11 Effects of Inflation on monthly pension, Primary Source Data 2021	32
Figure 12 Effects of currency reforms on purchasing power, Primary Source Data 2021	33
Figure 13 Effects of Currency Reforms on accessing hard cash, Primary Source Data 2021.....	33
Figure 14 Perception of Currency Reforms effects on pension benefit payout, Primary Source Data 2021	34
Figure 15 Range of Queries received by MIPF staff related to conversions, Primary Source Data 2021	34
Figure 16 Ability to meet pensioners expectations after Currecy conversions, Primary Source Data 2021	36
Figure 17 Resistance of employees to contribute towards pension fund, Primary Source Data 2021.....	36
Figure 18 Effects of currency reforms on pensioners' welfare, Primary Source Data 2021	38
Figure 19 Perception of MIPF Staff on benefit adequacy, Primary Source Data.....	39
Figure 20 RBZ Interbank rate exchange for a pension benefit, Primary Source Data 2021 ...	39
Figure 21 Investing pension benefit in offshore markets, Primary Source Data 2021	40

Table of Contents

Approval Form.....	i
Release Form	ii
Declaration Form	iii
Dedication Form	iv
Acknowledgements.....	v
Abstract.....	vi
List of Tables and Graphs	vii
CHAPTER ONE	1
INTRODUCTION.....	1
1.0 Introduction	1
1.1 Background of the Study.....	1
1.2 Statement of the Problem	4
1.3 Research Objectives	4
1.3.1 Research Questions	5
1.4 Assumptions.....	5
1.5 Importance of the study.....	5
1.5.2 To Mining Industry Pension Fund	5
1.5.3 To the Regulatory Authority (IPEC).....	5
1.5.4 To the university	6
1.5.5 To the student.....	6
1.6 Delimitation of the study.....	6
1.7 Limitations of the study.....	6
1.7.1 Time constraints	6
1.7.2 Access to information.....	7
1.8 Definition of terms	7
1.9 Chapter summary	7
CHAPTER TWO	8
LITERATURE REVIEW	8
2.0 Introduction	8
2.1 Perception of the Pension Fund and Currency Reforms	8
2.1.1 Pension Fund	8
2.1.2 Benefits payout.....	9

2.1.3	Currency reforms	11
2.2	Theoretical review	12
2.2.1	Lifecycle Hypothesis	12
2.2.2	Permanent Income Hypothesis	13
2.2.3	Unified Theory of Personal Finance by Scott Adams	13
2.3	Conceptual framework	13
2.4	Effects of currency reforms on the benefits of payout of pensioners.....	14
2.4.1	The effects of currency reforms on the welfare of pensioner.....	15
2.5	Empirical framework.....	16
2.5.1	The research gap analysis	17
2.6	Chapter summary	18
CHAPTER THREE.....		19
RESEARCH METHODOLOGY		19
3.0	Introduction	19
3.1	Research Design.....	19
3.2	Population of the study.....	20
3.3	Sample size and sampling procedure	20
3.4	Sources of data	21
3.4.1	Primary data	21
3.4.2	Secondary data	22
3.5	Research instruments.....	22
3.5.1	Questionnaire	22
3.5.2	Interview	23
3.6	Pilot study.....	23
3.6.1	Validity	23
3.6.1	Reliability.....	23
CHAPTER FOUR.....		25
DATA ANALYSIS AND PRESENTATION.....		25
4.2.1	Gender.....	26
4.2.2	Age.....	28
4.2.3	Work Experience	29
4.3.1	Pensioners	31
4.3.2	Responses of MIPF staff.....	34
4.3.3	Responses of mine administrators on the effects of currency reforms	35
4.3.4	Resistance of employees to contribute towards the Pension Fund.	36

4.3.4	Interview responses from IPEC and MIPF managers.....	37
4.4	Effects of Currency Reforms on Pensioners’ welfare.....	37
4.4.2	Responses of MIPF Staff.....	39
4.4.4	Responses of MIPF Staff.....	40
4.4.5	Responses from Mines administrators.....	40
4.5	Interviews from MIPF and IPEC managers.....	40
4.6	Proposed Strategies to Sustain or Match Contributions to benefit payout.....	41
4.7	Chapter Summary.....	42
CHAPTER FIVE	.....	43
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	.....	43
5.0	Introduction.....	43
5.1	Summary of the findings.....	43
5.1.1	To discover how pension benefits payout were affected by currency reforms..	43
5.1.2	To determine the effects of currency reforms on the pensioners' welfare.	44
5.1.3	To propose the strategies to sustain and match value contributions with pension benefits payout.....	44
5.2	Conclusion of the study.....	45
5.3	Recommendations of the study.....	46
5.4	Future Research Studies.....	48
REFERENCES.....	.....	49
APPENDIX A: QUESTIONNAIRE FOR PENSIONERS.....	.....	52
APPENDIX B: QUESTIONNAIRE FOR MIPF STAFF.....	.....	54
APPENDIX C: QUESTIONNAIRE FOR MINE ADMINISTRATORS.....	.....	57
APPENDIX D: INTERVIEW STRUCTURED QUESTIONS FOR IPEC.....	.....	59
APPENDIX E: INTERVIEWER-STRUCTURED QUESTIONS FOR MIPF MANAGEMENT.....	.....	62

CHAPTER ONE

INTRODUCTION

1.0 Introduction

In certain countries, the payment of pensions is provided by a mandatory public scheme known as a social security scheme. Occupational pension plans are also used to complement it. The aim of this research is to look into the impact of currency on pensioners' pay-out benefits at MIPF. The chapter is made up of the background of the study, statement of the study, the purpose of the study, research objectives, and questions. Significance of the study, assumptions of the study, delimitations of the study, and limitations to the study are also discussed. It comes to a close with a chapter description.

1.1 Background of the Study

After working for several years every employee has to retire. In retirement, a former employee will not be in a position to receive a regular income as before. It is of much importance that monies are set aside for the employee during his or her working days for his or her benefits. It is in this vein that the Mining Industry Pension Fund (MIPF) was constituted and mandated to attain. MIPF was founded in 1952 for the benefit of mining employees. MIPF is a self-administered defined contribution pension fund governed by a Board of Trustees appointed by the Association of Mineworkers Union of Zimbabwe (AMWUZ) and Chamber of Mines in Zimbabwe (COMZ). The goal of MIPF is to pay retirement income on time to members when they retire (MIPF 2017 internal records).

As previously stated, MIPF was developed to provide retirement pension benefits after collecting monthly pension contributions and investing them in various investment portfolios. Money market instruments, bonds, and real estate are among the investment portfolios. Resignation, retrenchments, ill-health, disability, and additional death benefits are among the benefits offered by the fund.

It has multiple divisions, including the pension department, investment department, and property department, all of which are relevant to this study. The pensions department ensures that members' benefits are measured accurately and on time, while the investment department

oversees the fund's entire investment portfolio. The property department is in charge of the real estate properties of the fund. The Insurance and Pension Commission (IPEC) is in charge of overseeing this industry. The Insurance and Pensions Commission is empowered to issue recommendations and requirements in the event of currency conversions under Section 3 (1) (a) of Statutory Instrument 69 of 2020.

Every government sets regulations for controlling operations of pension schemes so that justice, fairness, and independence are enhanced. MIPF is expected to operate within the confines of the law in its pursuit to fulfil a set mandate. A Pension Fund is described by the Pension and Provident Fund Act (chapter 24: 07) as "any scheme or arrangement upon retirement due to age or ill health."

Provisions for departments or nominees of deceased members are included in the system. It is undeniable that everyone requires necessities of life to live, but there comes a period in one's life when old age prohibits one from working to earn a living. Age does not prohibit one to need food, clothing, and shelter, or other necessities. Instead, the persistence of these needs encourages workers to save for retirement and ensure a lifetime income by contributing to pension plans during their working years. IPEC is the enforcement authority to the manner and governs the insurance and pension sector.

Pension plans, which provide employees with some certainty that they will be able to purchase necessities for a living when they retire, are part of retirement financial planning. Pension plans are a form of mandatory and disciplined pension plan that allows participants to save money for their retirement income needs as they reach the end of their working lives. Occupational benefits are also represented by pension funds.

Pension funds are critical to the economy because they turn existing pension savings into investments in capital assets, which are then transformed into a predictable post-employment income for many people. Zimbabwe experienced several currency reforms which affected most sectors. The insurance and pension industry is not an exception, instead, IPEC reiterates the series of reforms in its circular of 13 March 2020, which traced the reforms from 2009 to 2020. In the years leading up to 2008/2009, Zimbabwe experienced hyperinflation and a loss of value for policyholders and members of the Pension Fund.

On 1 February 2009, the old Zimbabwe Dollar (ZWD) was phased out and replaced by a USD-dominated multi-currency system. The insurance and pensions sector was then presented with

yet another challenge to the value of pensioners and policyholders. After the introduction of the USD-dominated multi-currency regime in February 2009, insurance companies and pension funds began writing business and transacting primarily in USD.

In October 2016, the Reserve Bank of Zimbabwe (RBZ) issued Bond Notes at par with the US dollar as an export opportunity to help alleviate cash shortages. In its October 2018 Monetary Policy Statement, the RBZ announced the separation of RTGS balances and FCA Nostro accounts for different foreign currency balances while maintaining the 1:1 exchange rate between USD and RTGS balances.

The new policy caused uncertainty in the foreign exchange market because the public interpreted it as the government admitting that the Bond Note was not at par with the USD. The majority of products were then re-priced in RTGS to represent the current USD exchange rate. The central bank launched a new currency, the RTGS dollar, and implemented a controlled floating exchange rate system in its February 2019 Monetary Policy Statement, abandoning the 1:1 parity exchange rate between the USD and the RTGS. This was issued by the Ministry of Finance in Statutory 33 of 2019 section 4 (2) where it stated that:

"(2) From the effective date the bond notes and coins referred to in the Reserve Bank of Zimbabwe Amendment Act, 2017 (No. 1 of 2017) shall continue to be legal tender within Zimbabwe, exchangeable with the RTGS dollar at parity with each bond note unit, that is today, at a one-to-one rate."

On February 20, 2019, the initial exchange rate was 1:2.5, and the Bond Note/RTGS has continued to depreciate against the USD since then. Among other monetary policy initiatives, the creation of an official trading system for RTGS balances and Bond Notes in foreign currencies via the interbank market was intended to restore price stability, domestic competitiveness, and economic growth. However, the above-mentioned policy measures had unintended negative consequences, including a negative impact on the insurance and pensions industries, as well as accounting and valuation problems in the recognition of assets and liabilities in financial statements.

The RTGS and Bond Notes were renamed the Zimbabwean Dollar on June 24, 2019, and became the sole legal tender (ZWL). All other currencies, except for qualifying foreign payments, have been phased out and are no longer accepted as payment for local transactions. Foreign currency bank accounts remain legal for companies and individuals who receive

foreign currency, but the use and transfer of deposits in these accounts are limited to payment for foreign goods and services.

All sums covered by insurance contracts, all pension balances in insurance company deposit administration and defined contribution accounts, and all benefit amounts in insurance company annuity contracts, all benefit amounts for cash in lieu of funeral policies, and all benefits in pay status for insurance companies and pension funds were converted at a 1:1 scale from USD to ZWL as a result of currency reforms and other government initiatives.

In light of this, the researcher was inspired to conduct this analysis to determine how currency reforms influenced pensioner benefits in the case of MIPF. The prejudice is premised on the mismatch between contributions and payouts benefits, which the study seeks to address to uplift the welfare of disadvantaged pensioners to get what is equal to their contributions in terms of the value of purchasing power of the currency of the day.

1.2 Statement of the Problem

Zimbabwe government introduced several currency reforms that had adverse effects on the benefits payout of pensioners. The monthly payout amount received by most pensioners is less than what they contributed and expected in terms of purchasing power or value. As a result of this, the pensioners are not only regretting the lost value of their contributions but are wallowing in abject poverty. It is then suspected that the currency reforms adversely affected the monthly payouts of pensioners. The researcher is keen to reveal how currency reforms impact the benefits payout of pensioners so that persistence of the problem is brought to an end.

1.3 Research Objectives

The following goals will be met by the research:

- a) To discover how the monthly benefits payout of pensioners is affected by currency reforms at MIPF.
- b) To measure the effects of the actual benefits payout on the welfare of pensioners.
- c) To propose effective remedies to sustain the value of what is contributed to benefits payout.

1.3.1 Research Questions

The study will answer the following questions:

- a) How monthly benefits payout of pensioners are affected by currency reforms at MIPF?
- b) What are the effects of the actual benefits payout on the welfare of pensioners?
- c) What are the effective remedies to sustain the value of what is contributed to benefits payout?

1.4 Assumptions

The assumptions of the study are

- Management of MIPF is keen to meet its obligation within the confine of the law
- The respondents will cooperate and complete the questionnaire truthfully
- The research instruments are suitable to gather data that answer research questions.

1.5 Importance of the study

The following are some of the reasons why the research is relevant:

1.5.2 To Mining Industry Pension Fund

The findings and results of the study will help MIPF to equate pay-out benefits to what was contributed by the pensioners. The techniques or approaches to be deduced from the study will mitigate prejudice while improving pension benefits as per presume of the vision and mission of MIPF.

1.5.3 To the Regulatory Authority (IPEC)

The study's recommendations would add to the body of information that regulatory authorities will need to recognize legislative gaps relating to retirement savings governance and ensure that members' pension benefits are paid as planned, including in the current currency of changes due to the economic environment's volatility.

1.5.4 To the university

The whole study after completion will be put in the depository of the university adding to sources of information for references to other scholars to retrieve for academic and further researches. It will become part of the university's intellectual property, and both lecturers and students will be able to use it to research similar or related topics.

1.5.5 To the student

This research is crucial to the researcher because it will provide the author with a thorough understanding of the subject matter. The study is also being conducted as part of the Midlands State University's Bachelor of Commerce Honors degree in Insurance and Risk Management.

1.6 Delimitation of the study

The period of the research stretches from 2020 to 2021 and it is situated at the head office of MIPF in Harare only. The respondents of the study are limited to MIPF staff, pensioners, and enforcement agents. The concept scope is limited to the determination of conversion rate methods due to reform of currency for payment of monthly pension benefits payout, its effects on pensioners, and remedies to address the mismatch of value between what was contributed and payouts.

1.7 Limitations of the study

The study's drawbacks are as follows:

1.7.1 Time constraints

The researcher is employed full-time, as a result, she only has a small amount of time to devote to the research. Because of the limited time, she may end up leaving grey areas, however, she will resort to endure sleeping late and make use of off days to compensate for lost time while creating time for further research digitally in this Covid era. This was done to make time for this research to complete successfully.

1.7.2 Access to information

Any information may be considered sensitive or confidential by respondents, and the researcher may not be able to access it. The researcher will ensure the respondents, however, that the knowledge they provide will be used solely for academic purposes.

1.8 Definition of terms

Pension Fund- is a pool of assets that form a self-regulating legal body that is introduced to a pension plan for the primary purpose of funding post-retirement living costs (Brown, 1993).

Pension - An sum set aside by an employer, an employee, or both to ensure that there is enough to fall back on as income in retirement.

Dollarisation- is the transition from using domestic currency as the basis of transactions to using the US Dollar to fulfil the three primary functions of money: store of value, unit of account, and medium of exchange (McJames, 2011).

Conversion- The process of transforming one type of currency into a currency that can be used in another country (Turner, 2011).

De-dollarisation- is the reintroduction of the domestic currency after having sought to hedge the effects of declining value as a result of hyperinflation by using the US Dollar as the basis of transacting.

1.9 Chapter summary

The study's context, statement of the problems, research goals, key research questions, assumptions and justification, delimitations, and limitations were all presented in this chapter.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

After the problem of the study is defined in the previous chapter, the purpose of this chapter is to review related literature on analysing the effects of currency reforms on benefits payout of pensioners in the case of MIPF. It is significant to demonstrate and communicate the findings of early researchers on the study. The chapter review perception of the Pension Fund and currency reform, theoretical framework, conceptual framework, effects of currency reforms on benefits payout, and effects of benefits payout on the welfare of pensioners. It also discusses the strategies of sustaining value of contributions to benefits payout, empirical framework, and situating the research gap analysis. It ends up with a chapter summary.

2.1 Perception of the Pension Fund and Currency Reforms

This section defines key terms of this study to relate understanding of their relationships and effects. The key terms are Pension Fund, benefits payout, and currency reforms.

2.1.1 Pension Fund

Pension Funds are sponsored both by individual employees and companies to provide employees with income to keep them living post-retirement. This concurred with the definition of Wyatt (2003) and Brown (2007) which postulated that a Pension Fund is an establishment by a company, government institution or labour union to cater for the payment of pension benefits of retired employees in the future. According to Arunajatesan and Viswanathan (2009), a pension plan focused on the deferred wage principle is promised. A pension is a part of a salary that has been deferred and put into retirement planning. Instead of paying it as compensation or wages right away, the company builds a fund and transfers it to the employee as a retirement bonus.

According to the Organisation for Economic Cooperation and Development (OECD) (2005), a Pension Fund is a legally divided pool of assets that forms an autonomous legal body that is purchased with contributions to a pension scheme to support a pension plan profit. Everyone

wants security and not to rely on families for support and be a burden for the rest of their lives when they retire.

According to Schultz (2012), the pension scheme is a financial service vehicle that assists employees in protecting themselves and their elderly relatives as they retire by offering compensation in exchange for contributions made during their working time. Ganguly (2012) agreed with Schulz that the problem is how to accommodate the ageing population, preserve and boost elderly people's well-being, and strengthen their contribution to economic and social growth. What is needed is a paradigm shift away from the notion that old age equals dependence and a willingness to accept the complexities of active ageing. Pension plans are intended to serve as a financial motivator for employees, resulting in improved performance outcomes that facilitate the achievement of company objectives.

2.1.2 Benefits payout

Schultz (2012) perceived payout benefit as an annuity to receive income from a defined benefit pension plan. The benefits payout depends on the pension schemes but normally they are categorised into three namely defined benefit schemes, defined contributions schemes, and hybrid defined schemes.

a) Defined Benefit Schemes

A fixed benefit plan, according to Will (2001), requires employees to receive a regular monthly payout from the time they retire until death, or in some cases, until the death of their spouses. According to Arunajatesan and Viswanathan (2009), attributed that the payout benefit is fixed by the employer in advance concerning the last salary the employee was paid. This scheme has less risk as compared to a defined contribution scheme.

It ensures a predictable and safe lifetime income retirement. According to Dorfman (2004), the pension is predetermined under a defined benefit agreement, and the employer must have enough input to achieve the promised outcome. An employee who remains a member of their company pension scheme during their career receives a pension in retirement at their regular retirement date that effectively represents investments that have been hedged against salary up to that point (Mason, 2000). On the other hand, for an employee who switches jobs often during

their career, the situation is very different, and this is increasingly becoming more commonplace as a result of a lack of portability. Final salary pension schemes require an open-ended commitment from the employer's viewpoint, and they are gradually being subject to further regulations. The value of a final salary scheme is understood, but not the cost.

b) Defined Contribution Schemes

According to Yermo (2003), is a plan in which participants are solely responsible for their contributions. The company invests in mutual funds or unit trusts that the employee can use to save for retirement. The Government requires employees to contribute to a mutual fund account before paying taxes, and there is space for the employer to contribute as well. Employee contributions are deducted directly from their pay and are based on a percentage of their earnings.

Sonnastine, Murphy, and Zorn (2007) state that when an employee retires, he or she earns the balance of all the input sums plus interest. If the employer has a defined contribution plan, each employee has a separate account and assumes the investment risk. In general, DC proposals have become scalable due to the low cost of administration and the ease with which the sponsor's liability can be determined.

c) Hybrid Schemes

This is a pension scheme that bears the characteristics of both defined benefit schemes and defined contribution schemes. It can be defined as a scheme that includes DC pension design (Sedgwick, 2000) alluded that, its structure combines both finally salary and money purchase principles.

Hybrid schemes, according to the Pensions Authority (n.d.), are those that are neither fully DB nor fully DC but have certain characteristics of both. In hybrid systems, the risks are shared between the employer and the employee. A hybrid system incorporates elements of both the DC and DB pension designs (Sedgwick, 2000).

According to Sonnastine, Murphy, and Zorn (2007), several plans have implemented compensation arrangements that incorporate both final salary and money purchase principles in order to meet the pension aspirations of various categories of workers. This may be in the

form of a money purchase "underpin" to a final salary advantage, in which a member receives a pension based on a money purchase formula if it is greater than the final salary formula.

2.1.3 Currency reforms

Zimbabwe experienced several currency reforms that affected most sectors. The insurance and Pension Industry is not an exception, instead, IPEC reiterates the series of reforms in its circular of 13 March 2020, which traced the reforms from 2009 to 2020. In the years leading up to 2008/2009, Zimbabwe experienced hyperinflation and a loss of value for policyholders and members of the Pension Fund.

On 1 February 2009, the old Zimbabwe Dollar (ZWD) was phased out and replaced by a USD-dominated multi-currency system. The insurance and pensions sector was then presented with yet another challenge to the value of pensioners and policyholders. Insurance firms and pension funds started writing business and transacting mainly in the USD after the introduction of the USD-dominated multi-currency regime in February 2009. The Reserve Bank of Zimbabwe (RBZ) launched Bond Notes at par with the US dollar in October 2016 as an export opportunity to help alleviate cash shortages. The RBZ announced the separation of RTGS balances and FCA Nostro accounts for different foreign currency balances in its October 2018 Monetary Policy Statement, while retaining the 1:1 exchange rate between the USD and RTGS.

The new policy caused uncertainty in the foreign exchange market because the public interpreted it as the government admitting that the Bond Note was not at par with the USD.

The majority of products were then re-priced in RTGS to represent the current USD exchange rate. The central bank launched a new currency, the RTGS dollar, and implemented a controlled floating exchange rate system in its February 2019 Monetary Policy Statement, abandoning the 1:1 parity exchange rate between the USD and the RTGS.

The initial exchange rate on February 20, 2019, was 1:2.5, and the Bond Note/RTGS has continued to depreciate against the USD since then. Among other monetary policy initiatives, the establishment of an official trading system for RTGS balances and Bond Notes with foreign currencies through the interbank market was intended to restore price stability, domestic competitiveness, and promote economic growth. However, the above-mentioned policy measures had unintended negative consequences, including a negative impact on the insurance

and pensions industries, as well as accounting and valuation problems in the recognition of assets and liabilities in financial statements.

On June 24, 2019, the RTGS and Bond Notes renamed the current Zimbabwean Dollar and became the sole legal tender (ZWL). Except for qualifying foreign payments, all other currencies have been eliminated and are no longer accepted as payment for local transactions. For companies and individuals who receive foreign currency, foreign currency bank accounts remain legal, but the use and transfers of deposits in these accounts are restricted to pay for foreign goods and services.

As a result of currency reforms and other Government measures, insurance companies and Pension Funds converted all insurance contracts' sums insured, all pension balances in insurance company deposit administration and defined contribution funds, all benefit amounts in insurance company annuity contracts, all benefit amounts for cash in lieu of funeral policies, and all benefits in pay status for defined benefit funds from USD to ZWL at a 1:1 rate.

2.2 Theoretical review

A theoretical framework is a well-defined collection of laws, truths, or concepts that the thesis is based on. In the theoretical framework, the researcher used the lifecycle hypothesis, the permanent income hypothesis, and the unified theory of personal finance by Scott Adams.

2.2.1 Lifecycle Hypothesis

The lifecycle hypothesis by Ando & Modigliani (1963) premises how a household can make savings for future use. It provides the basis for economic decisions on why one makes retirement savings and their expectation to maximize utility over a lifetime. It postulates that households invest in retirement during their active time hoping to have wealth thereafter. The retirement saving of behaviour allows households to spread their additional utility of consumption over the lifecycle. As a matter of fact, it's an economic theory with the following assumptions about human behaviour. Their key contribution was the formalisation of the principle into a formal model, which they evolved in various directions and incorporated into a well-defined and proven economic theory. The following assumptions about human behaviour are made in this model.

Humans are forward-thinking in their lives; they can predict how much money they will have, how much money they will need at various points in their lives, and how they will spend it. This theory is suitable for this study because it views that pensioners expect that their contribution should yield the same value of benefits payout as on the time they start to contribute. This premise the study analysis of how currency reforms affect benefits payout value whether it is going to increase or decrease.

2.2.2 Permanent Income Hypothesis

The permanent income hypothesis by Friedman (1957) relates the pre-and post-retirement living standards in “straightening out the consumption stream”. Individuals should base their spending on a long-term view of an income metric, such as lifetime wealth or wealth over a reasonable period of time, according to the theory. The basic hypothesis posited is that individuals consume a fraction of this permanent income in each period and this is the average. The propensity to consume would equal the marginal propensity to consume.

2.2.3 Unified Theory of Personal Finance by Scott Adams

Scott Adams came up with a nine-point formula for all personal finance decisions. The formula states the procedure to be followed by the individuals and households in managing their resources . the procedure include;

- Make a will, pay off your credit cards;
- If you have a family to help, get life term insurance;
- Optimise your retirement and IRA contributions;
- If you want to live in a house and can afford it, buy one.
- Open a money market account for six months' worth of expenses;

2.3 Conceptual framework

The conceptual framework parallels the theoretical framework and is an in-depth analysis of one element of the theoretical framework. A conceptual structure depicts what one would hope to learn from a research sample. It describes the variables that are important to your research and demonstrates how they might be linked (Ridum 2010). Variables are the attributes or properties that you want to examine. The framework is made up of an independent variable, which means an expected cause and a dependent, variable, which mean the expected effect.

The independent variable is the one that affects the other variable and the dependent variable explains the results of being affected. The independent variable in this analysis is currency reform, while the dependent variable is benefits payout. The system of currency reforms on benefits payout is depicted in Figure 1 below:

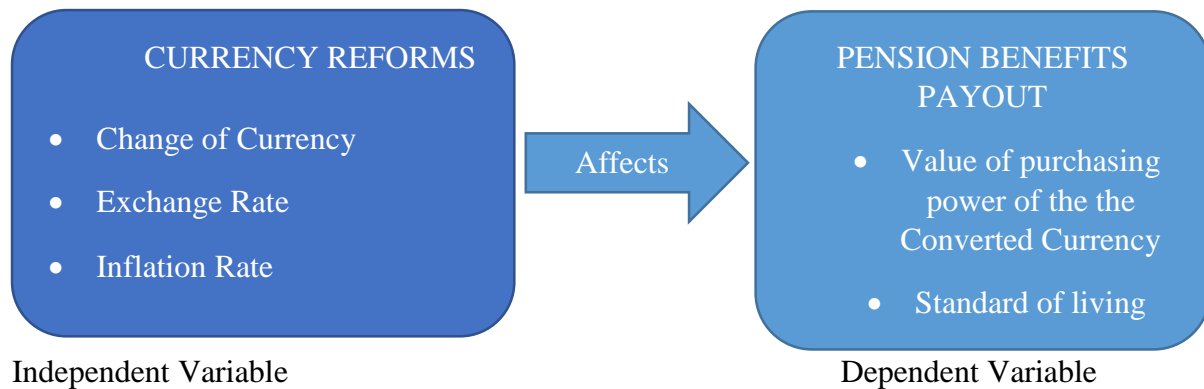


Figure 1 Conceptual Framework

Framework of currency reforms on benefits payout.

The independent variable is the currency reform which affects pay out benefits to be received by pensioners for them to survive. As currency reform mean a reorganisation of the monetary system, it has the potential to affect the value incomes of the public and firms(Pensium 2013). The composite of currency reform as in Figure 1 include change of currency, exchange rate and inflation rate. Inflation is characterised as a rise in the cost of goods and services in a country. The dependent variable is benefits payout to be received by pensioners, which relates to the present value or purchasing power of money in use, whether notes or coins. This will then affect the standard of living or welfare of pensioners as an outcome after currency reform has been introduced. All this is done to come up with strategies to match the value of what was contributed to what is earned by pensioners whenever there is currency reform.

2.4 Effects of currency reforms on the benefits of payout of pensioners.

The currency reforms can impact the benefits payout of the pensioner. The benefits payout of pensioners refers to monthly income earned by pensioners after retirement. It is this income that is affected by currency reforms. The benefits payout is the source and means for pensioners' live hood. For the pensioners to survive the following is needed:

- Food to eat,

- Cloths to put up,
- Accommodation to stay
- Travel to access essential services
- Medical service
- Taking care of dependents.

This sum up the attention of the Pension Fund's focus when they predetermine monthly benefits payout of pensioners in the future (Clark 2004). The benefits payout are subject to changes in macro-environmental factors such as the value of currency and inflation. This impact purchasing power of benefits payout to increase the value or depreciate the value. An increase in the value of the pension benefits payout can improve the standard of living of pensioner, but if the value decreases then the standard of living will be improved (Pensium 2013). Most currency reforms in Zimbabwe contributed to hyperinflation and throws its citizens in abject poverty.

Normally currency reforms is an omnibus of financial impacts on the pricing systems, especially in developing countries. It can cause a liquidity crunch in the market or oversupply of money, either impact results in inflation that is cost-push inflation or demand-pull inflation respectively. According to (ZIMSTAT, 2017) in Zimbabwe they are three tie prices due to economic doldrums as a result of monetary changes, the price of foreign currency usually in United States dollars, which is the lowest and acts as a benchmark to ties, there hard cash in notes which follows the foreign currency rate and the last one is electronic money, which mobile money or bank transfer (Pensium 2013).

Inference to the above quotes and citation, the study seeks to analyse currency reforms as to how they will affect monthly incomes earned by mining pensioners. The impact on the interest rate, exchange rate, inflation and prevailing tiers of prices. The outcomes stretch to gauge the relationship between the poverty datum line and monthly income earned as benefits payout. This pre-determines level of welfare and standard of living of pensioners.

2.4.1 The effects of currency reforms on the welfare of pensioner.

The welfare of pensioners is determined by the performance of the macroeconomic which can sustain the value of incomes or erodes it, if not increasing the value. The exhibit of it is on Poverty Datum Line (PDL) which describes the theoretical minimum costs of living and it

estimates the possible cost for maintaining a household in health and decency under certain conditions. The poverty datum line (PDL) is the cost of a given standard of living that must be met for anyone to be considered not poor (ZIMSTAT, 2017). The food poverty datum line (FPL) is the minimum consumption expenditure required to ensure that each household member would eat a minimum food basket of 2 100 calories (if all expenses were devoted to food). If a person's overall consumption expenditure does not meet the food poverty line, they are considered very low.

2.5 Empirical framework

The empirical study derives insight from experience rather than theory or belief and is focused on observed and measured phenomena. This section analysis previous research study that has been carried out in the same sector and related to this study this is done to identify research gaps.

Abebrese et al (2016) carried out a research study titled assessing the impact of macroeconomic variables on pension benefits in Ghana. The study acknowledged that one of the most pressing phases for all economic agents is the post-retirement standard of living. Irrespective of the higher returns on the pension contribution and varied pension reforms, there are possible factors that can render these pension benefits inadequate which can affect the longevity of retirees. Studies conducted in other countries have concluded that inflation deteriorates the value of the pension. The aim of the study sought to assess the impact of some major economic indicators in the Ghanaian environment on pension benefits. It was carried from 2000 to 2014. The Autoregressive Distributed Lag Model was utilised to examine the long run and short-run dynamics of some major economic indicators and pension benefits. On results, the empirical evidence indicated that inflation deteriorates total pension benefits. Increasing monetary policy rate and depreciation of the domestic currency should be an issue to contend with only in the short run rather than in the long run. The study also found the prominence of the implementation of the National Pension Reform in 2008.

Mitchell and Turner (2009) also had a study on labour market uncertainty and pension system performance. The researcher was inspired to research because of the financial market downturn, which caused policymakers to pay close attention to how capital market risks affect

pension results, but few analysts have looked at how human capital shocks affect retirement well-being. Human capital risks, such as wage volatility, work instability, and survival, may have a direct effect on pension accumulation and payouts. This paper reviews previous research and proposes a structure for considering how human capital risk affects pension outcomes. Finally, we discuss how prospective analysts can better measure the vulnerability of pension plan results to changes in labour income.

The OCED (2007) carried a research study on benchmarks for pension performances. These include the following:

Performance Target: Adequacy.

One widely used benchmark in the West compares benefits received (or expected to be paid) by a pension scheme to some minimum criterion, which is typically a country's income-based poverty line, minimum wage level, or national average earnings measure. Citro and Michael (1995) used adequacy metrics of this kind to compare pension system income payments over time or across countries, typically for a hypothetical "normal" or representative person chosen by the authors.

Performance Target: Income Replacement Rate.

A different and widely used concept for measuring pension system performance is the so-called income replacement rate. In the literature, a replacement rate refers to the amount of income a retiree receives from his pension compared to some active worker income level (OECD 2007, 2009). Financial planners frequently suggest target replacement rates of 75 per cent or higher for clients who can't predict how much money they'll need in retirement (Palmer 2004; VanDerhei 2006).

Performance Target: Efficiency. Another way to evaluate pension performance is to look at the system's effectiveness, which can be calculated in several ways. The amount of charges imposed by the pension fund is one method (Mitchell 1998; Turner and Witte 2008).

2.5.1 The research gap analysis

The literature review opens the research gap this study seeks to fill. The other previous similar research study has been carried in other countries different from Zimbabwe. This means the

environment is different. Again the research has been done some years ago which gives a time gap to compare what we going to get from this study with the body of knowledge existing now. In addition to that, some researchers were not focusing on how the benefits payout of pensioners were affected by currency reforms. This research is also unique in the sense that it was done in the Covid 19 era which made the researcher suit methodologies to WHO regulations upon collecting data. In conclusion, research gaps range from environment, the period of research, concept and methodologies.

2.6 Chapter summary

The chapter discussed the perception of Pension Fund and currency reform, theoretical framework, conceptual framework, effects of currency reforms on benefits payout, and the effects of benefits payout on the welfare of pensioners. It also discusses the strategies of sustaining value of contributions to benefits payout, empirical framework, and situating the research gap analysis. It ends up with a chapter summary.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

Despite the literature review, this chapter offers an overview of the research methods that were used in this report. The researcher discusses why the researcher chose this particular research design for this study. It contains details about the respondents, such as the study's eligibility requirements, who the respondents were, and how they were sampled. The instruments that were used to collect data are also identified, as well as the procedures that were followed to complete the analysis. The techniques used to analyse the data are also discussed by the researcher. Finally, the ethical considerations that were taken into account during the review are addressed.

3.1 Research Design

Generally, research design implies a framework to organise and conduct specific research (Punch, 1998). (Punch, 1998). The study design is the key part of the research as it includes all the four essential factors, the strategy, the conceptual structure, the selection of whom and what to study on and the instruments and procedures to be used for collecting and analysing data (Punch, 1998). The research design aims to combine research techniques that apply to the study's purpose with cost-effective research procedures to generate accurate research results (Holmes, 2005).

To uncover the effect of currency reforms on benefits payout of pensioners at MIPF, the study used a descriptive research design. This allows collection and analysis of data to show the relationship between key variables of the study, that is the impact of currency changes on paid benefits of pensioners. According to Whiteford and Whitehouse, these incentives are often regular payments to retirees (2006). As a result, the focus is put on the importance of these benefits as opposed to contributions after the government's currency reforms. This study used a descriptive research design because it was the most fitting for providing an accurate profile of the issue under investigation (Saunders et al,2009).

3.2 Population of the study

The population is a statistical concept that refers to the entire material (all possible observations) of the random variable under investigation (Wegner 2010). Normally, a sample of the population is drawn from which data is obtained. The target population's frame must be complete, that is, it must include all things in the population so that no one is left out (Sandders 2009).

The population of the study includes the following categories of respondents, pensioners, MIPF staff, Mine Administrators, MIPF managers and IPEC staff. Pensioners are the ones who receive benefits payout and are the ones to provide data on the effects of currency reforms on their benefits payout. MIPF is responsible to manage the contributions of active members through investing them in various investment vehicles and pay the pensioners upon retirement as per the plan. The mine administrators are the employers who represent contributing members and employers who also contribute towards their employees. IPEC is the regulator of the insurance and pension sector. According to MIPF records (2020) pensioners are 8773 and MIPF have 50 employees, mines that are managed by MIPF are 143 on which we need managers only, and IPEC has 10 members that were under study this gives a total sum of 8976 potential respondents in the target population.

3.3 Sample size and sampling procedure

A sample is a portion of a larger group (Best et al 2009). The sample was chosen because it is small and therefore manageable, cost-effective, and improves the accuracy of the results. The sample the researcher to conclude the whole population. The sample size is depicted in Table 1.

Category of Respondents	Population	Sample size
Pensioners	8773	50
MIPF staff	50	30
MIPF management	5	4
Mines Administrators	143	20
IPEC	10	2
Total	8981	106

Table 1 Sample Size, Primary Source Data 2021

The researcher used both probability and non-probability sampling methods to select the sample from the population. The pensioners and MIPF staff were selected using a simple random sampling method whereby a lottery system was used. The name tag of each respondent was put in a box which was reshuffled and they randomly picked from the box without replacement until several sample size was reached. This had the advantage of giving equal chance to potential respondents in that category, both pensioners and MIPF staff. The managers of mines and IPEC staff, the researcher used convenience sampling to select them. Although convenience sampling, as a non-probability method, is suspected to bias to the researcher, it is justified that all managers have similar data with regards to the study. Again it was suitable because being in COVID 19 era and given the busy schedules of managers, whoever available is included in the sample.

3.4 Sources of data

Primary data sources and secondary data sources are the two main types of data sources (Saunders et al., 2009). The study used both secondary and primary sources of data to analyse the effects of currency reforms on the benefits payout of pensioners at MIPF.

3.4.1 Primary data

Field analysis data is another name for primary data. The information is fresh and exclusive, as it was gathered from the respondents by the researcher. The primary source of data refers

to the fieldwork that is carried out by the research for this particular study (Best et al 2009). The instruments that would be used are questionnaires and an interview guide to gather the information. The use of primary data in this study merited the study to collect current, up to date and for solving the study.

3.4.2 Secondary data

Secondary data refers to data that has been already collected in different sources (Wegner 2010). The secondary sources included textbooks, journals, the internet, libraries, and company documents. The main benefit of using secondary data is that it confirms what happened especially on contributions and benefits payout of pensioners. Again secondary data has the advantage of saving both time and costs in collecting the data.

3.5 Research instruments

The study used questionnaires and the interview to collect information from the respondents.

3.5.1 Questionnaire

A research questionnaire meant questions, which are systematically structured to collect data for revealing the problem and come up with the solution (Saunders et al 2009). The design and setting of questions depend upon respondents and data needs. There are two types of questionnaires: self-administered and interviewer-administered. Self-administered questionnaires are sent to study respondents for them to complete themselves, and interviewer-administered questionnaires are completed by the interviewer or researcher based on the responses provided by the respondents (Saunders et al 2009). The researcher used an interviewer-administered questionnaire because we are in Covid era 19. The questioners for online distribution using google docs.

The questionnaire is going to collect information from the pensioners, mine administrators and MIPF staff except for the managers and IPEC who will be interviewed. The questionnaire is suitable to be used for these respondents because the data collected is just to confirm what is happening on the ground. Data to discover how benefits payout are affected by the currency reforms can only be sufficiently collected using a questionnaire. The questionnaire is not only cost-effective to gather data from pensioners and staff of MIPF in this Covid 19 era but also offers ample time to respondents to answer it at a convenient time. The questions on the questionnaire are mostly composed of closed type of questions and only the last section is left

open. This posits the instrument to serve the intended purpose. The questionnaire has the weakness of failing to capture in-depth data such as the question of why the government is failing to protect pensioners' benefits payout.

3.5.2 Interview

Following the administration of questionnaires, the interview would be used to clarify any remaining questions. In essence, an interview is a dialogue between the researcher and the respondents in which the researcher asks questions and the respondents reply (Zikmud et al, 2010).

The interview will be used to collect data from managers of MIPF and IPEC. The interview response tries to answer emerging issues raised from the use questionnaire. The advantage of using the interview is that it allows the researcher to probe respondents to provide in-depth data. This allows triangulation of data collected by the questionnaire and this interview. Reasons, why the trends of the causes and effects are happening, would be revealed. The researcher has access to visualize facial expression and exhaust areas of concern than the questionnaire.

3.6 Pilot study

The researcher conducts a pilot analysis to ensure the instruments' validity and reliability.

3.6.1 Validity

The wording on the questionnaire and interview should be proper to mean what the researcher intends to ask. The meaning of the question should be the same of the researcher and the respondents. The researcher does this by taking 10 questionnaires and test them on 10 respondents so that an anomaly could be corrected on time.

3.6.1 Reliability

The capacity of data collection methods and data analysis procedures to yield accurate and reliable study results is referred to as reliability (Saunders et al, 2009). When the research results accurately reflect what is being researched regarding the phenomena under

investigation, they can be trusted. (Leedy and Armored 2010). The research instruments must yield clear and accurate results. To ensure that the questionnaire and interview guide measure what they claim to measure, the researcher sends the instruments to five experts to double-check and ensure accuracy.

3.7 Data collection procedures

The researcher will first seek permission from the managers of MIPF to distribute the questionnaire both to the pensioners and staff. After given the permission the researcher, on the agreed day and time will be punctual to get there on time. Distribution of the questionnaires will be done through the assistance of respective heads of department from which respondents selected belong to. The distribution of the questionnaire to pensioners will be done with assistance from the Claims and Public Relations department of pension. The questions were sent using the internet that is emails and the use of the Google platform and WhatsApp because we are collecting during the COVID19 era. This is going to be complemented through the use of a telephone to follow up completion of the instruments were need be. On conducting the interview the researcher will first make an appointment with the managers and agree day and time of the interview. The researcher will adhere to the etiquette of interviewing including preparations such as dressing properly and have an interview guide to use during the interview.

3.8 Data presentation and analysis

The use of organised techniques to display patterns, trends, attributes, and features of the data set collected is known as data presentation (Best et al, 2009). To make sense of the data presented and form the basis of assumptions, data analysis is needed (Saunders et al 2009). The researcher will present and analyse the data obtained using Google Forms. Percentiles, graphs, pie charts, and tables will be used to display the answers. This is done to show responses, interpret and relate them as per the study in order to come up with recommendations.

3.9 Chapter Summary

The research design, population, sample size, and sampling procedure were all discussed in this chapter. It also provided information on research instruments, a pilot project, data collection methods, and data presentation and interpretation. It comes to a close with this chapter description.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.0 Introduction

To properly complete this analysis, the data obtained must be analysed in order to address the research questions. The data is interpreted descriptively, as mentioned in the previous chapter. This chapter begins by analysing the respondents' demographic information to determine their response rate and context. The observations and review of the results, as well as the interpretation, come next. The findings and study focused on four broad themes: effects of currency reforms on benefits payout, effects of currency reform on pensioner welfare, and strategies to maintain the value of contributions to benefits payout in the face of currency reforms. Finally, a summary of this chapter is provided.

4.1 Response rate

Measurable Instrument	Category of Respondents	Targeted Respondents	Actual Respondents	Response Rate
Questionnaire 1	Pensioners	50	50	100%
Questionnaire 2	MIPF Staff	30	30	100%
Questionnaire 3	Mine Administrators	20	16	80%
Interviewer- Structured	IPEC	2	2	100%
Interviewer- Structured	MIPF Management	4	4	100%

Table 2 Response Rate, Primary Source Data 2021

The response rate of instruments used to collect data to answer the study's research questions is shown in Table 2. The response rate of all questionnaires and the structured interview was 100% except for the questionnaire to mine administrators which was 80%. As Bryman and Bell (2003) said, a response rate of more than half of the sample is a valid representation of the target population. The researcher managed to achieve this response because of the use of

google docs, which were easier to send an online email and Whatsapp. This was also augmented by effective follow-up and proper time management in adhering to set schedules.

4.2 Demographic Data

The gender, age, and experiences of the respondents were all covered in this segment of the survey. Even though personal data was not central to the report, it helped contextualise the results and formulate effective guidelines for maintaining and equating the importance of pension contributions to benefits payment even in the face of currency reforms.

4.2.1 Gender

a) Gender of Pensioners

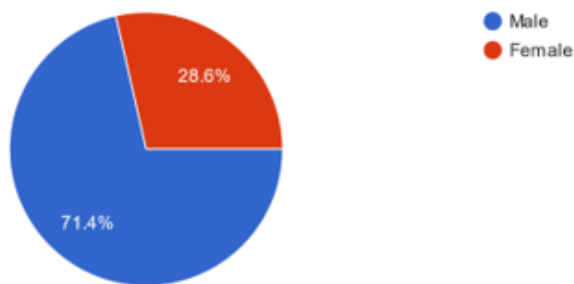


Figure 2 Gender of Pensioners, Primary Source Data 2021

The gender of the retirees who completed the questionnaires is depicted in this graph. Male pensioners outnumber female pensioners by a large margin. It is a true reflection of the employee gender ratio in the mining sector.

b) Gender of MIPF Staff

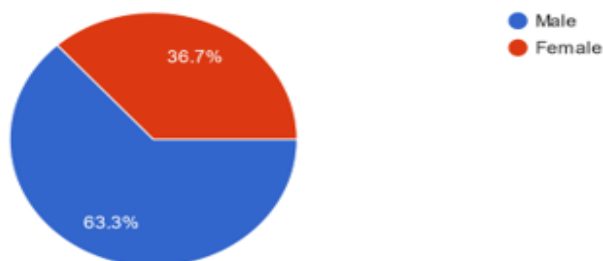


Figure 3 Gender of MIPF Staff, Primary Source Data 2021

The gender of MIPF employees who completed the questionnaires is depicted in Figure 3. Male pensioners outnumber female pensioners by a large margin. This illustrates the fact that MIPF's job trends are similar to those of the mining industry they represent. Although the essence of the job, which is office work, is supposed to be gender-balanced, males control the organisation. This also is reflective of the total number of pensioners that are going to be expected to retire as the staff are also contributing members towards the pension fund and will become pensioners when they retire.

c) Gender of mining administrators

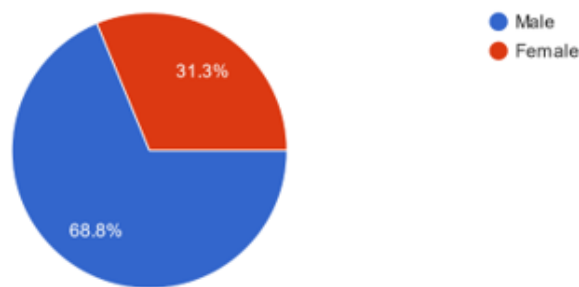


Figure 4 Gender of Mining Administrators, Primary Source Data 2021

Males account for 68.8% of the total survey mining managers who completed the questionnaires, while females account for 31.3%. The percentage of this figure shows that males are more than females. This reflects that posts of mining administrators are dominated by males. It is a true reflection of gender imbalances in the mining sector in favour of males.

4.2.2 Age

a) Age of Pensioners

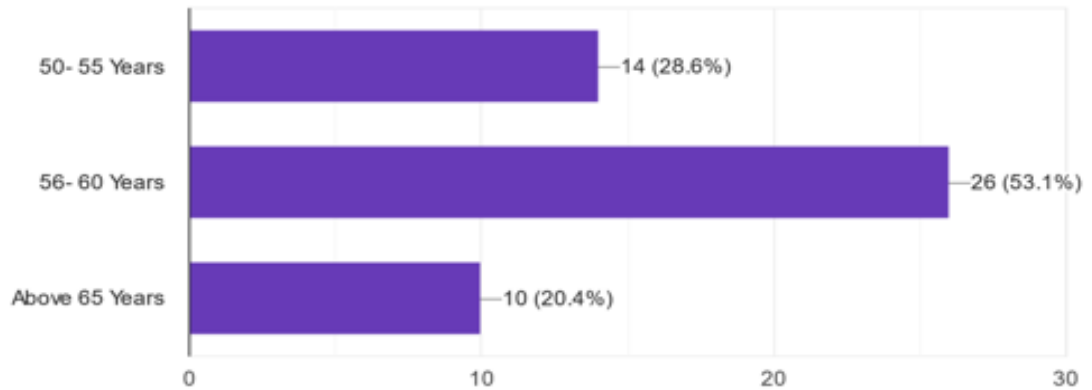


Figure 5 Age of Pensioners, Primary Source Data, 2021

The majority of the retirees were between the ages of 56 and 60, accounting for 51,3 percent, followed by those between the ages of 50 and 55, 28,6 percent, and those over 65, 20.4 percent. The percentage in Figure 5 shows that bias has no impact on how questionnaires are distributed to various classes. It a true reflection of the researcher's impartiality in the distribution of questionnaires.

b) Age of MIPF Staff

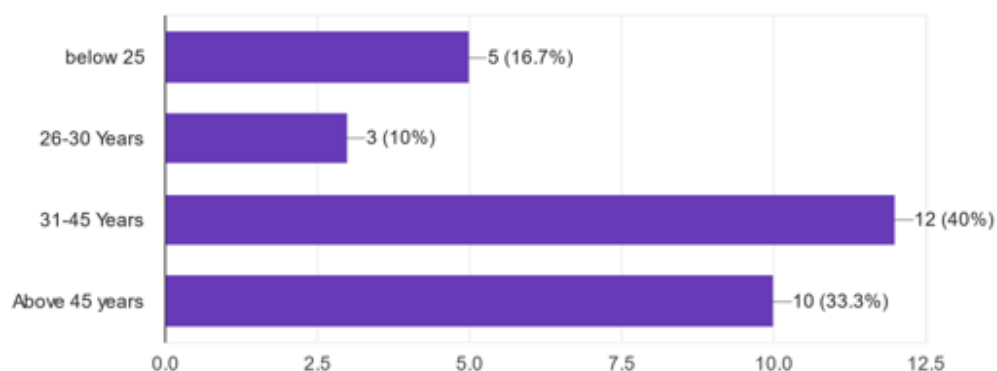


Figure 6 Age of MIPF Staff, Primary Source Data 2021

This graph depicts the age range of MIPF employees who completed the questionnaire. The percentage on the graph shows that the distribution of questionnaires to various groups was not

influenced by bias. More respondents are over the age of 31. This demonstrates that MIPF staff are mature enough to answer the question reliably.

b) Age of Mine Administrators

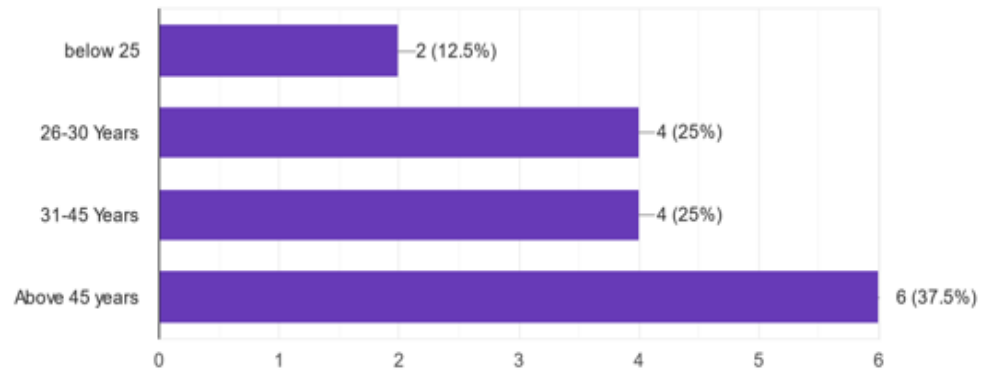


Figure 7 Mine Administrators' Age, Primary Source Data 2021

The majority of mines administrators cover a wide spectrum of ranges depicted in Figure 7. The findings show that views capture views of different age groups. Those above 45 years are the most signifying that those who participated were mature to give credible responses. Given that at MIPF, some pensioners who have served in the mining industry for 15 years and are 50 years old are eligible for a pension. This means that the questionnaire responses will be reflective of the research because the administrators will respond as concerned members who are aware of what their contributions will be when they retire.

4.2.3 Work Experience

a) Work experience of MIPF Staff

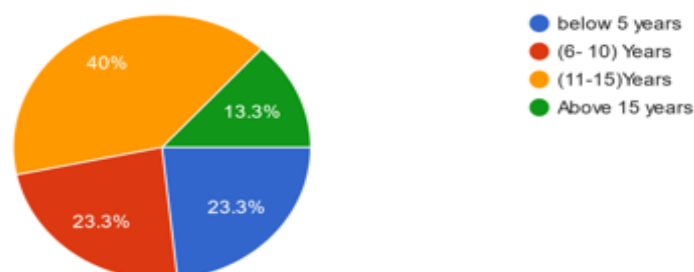


Figure 8 Work Experience of MIPF, Primary Source Data 2021

Of the respondents, 40% have been working at MIPF between 11 years to 15 years, followed by those below 5 years and above 15 years with the same percentage of 23.3%. This implies that MIPF staff have experience enough to understand the effects of currency reforms on benefits payout. The staff must be competent enough to apply conversion formulas to affect the changes of currency in determining benefits payout of pensioners.

b) Work experiences of Mine Administrators

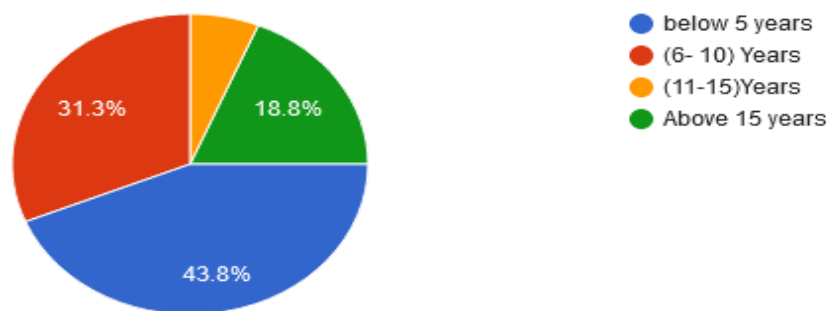


Figure 9 Work Experience for Mine Administrators, Primary Source Data 2021

Figure 9 shows that 43.8% of the respondents are below 5 years experience at work, 31.3% have experienced between 6 to 10 years, 18% are above 15 years. This means that mining administrators are less experienced as compared to MIPF staff. It is a true reflection that the sector is open for new entrants or players.

4.3 Effects of Currency Reforms on benefit payout

This section presents analyses and discusses data obtained from all of the study's respondents. This order of presentation starts with pensioners, followed by MIPF staff and mines administrators. The emerging issues raised from questionnaire responses will be augmented with interview responses from IPEC and MIPF administrators.

4.3.1 Pensioners

Figure 12 below shows the data presented in tabular form of the effects of currency reforms on the pension benefit payout. These effects had a great impact on the pensioners' benefit and to have a clearer understanding of their impacts, these have been further split and explained further in percentages.

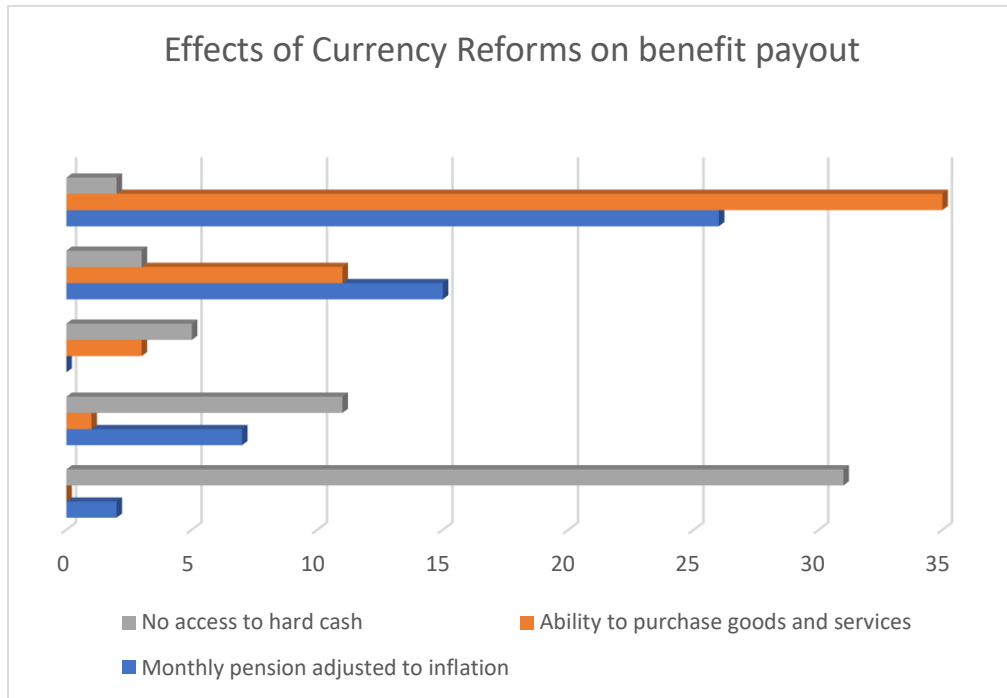


Figure 10 Effects of Currency Reforms on pension benefit Payout, Primary Source Data 2021

Out of the total pensioners who responded to the questions, 52% strongly disagreed that their benefits payout were adjusted according to inflation, and 30% also disagreed. This shows that the pensioners are perceiving that in presence of currency reforms their purchasing power or value of their monthly pay decreased. Inflation caused by currency has adverse effects on the benefits payout of pensioners. The perception of pensioners acknowledges what Friedman (1957) coined in his theory of the permanent income hypothesis. This has been illustrated in Figure 11 below.

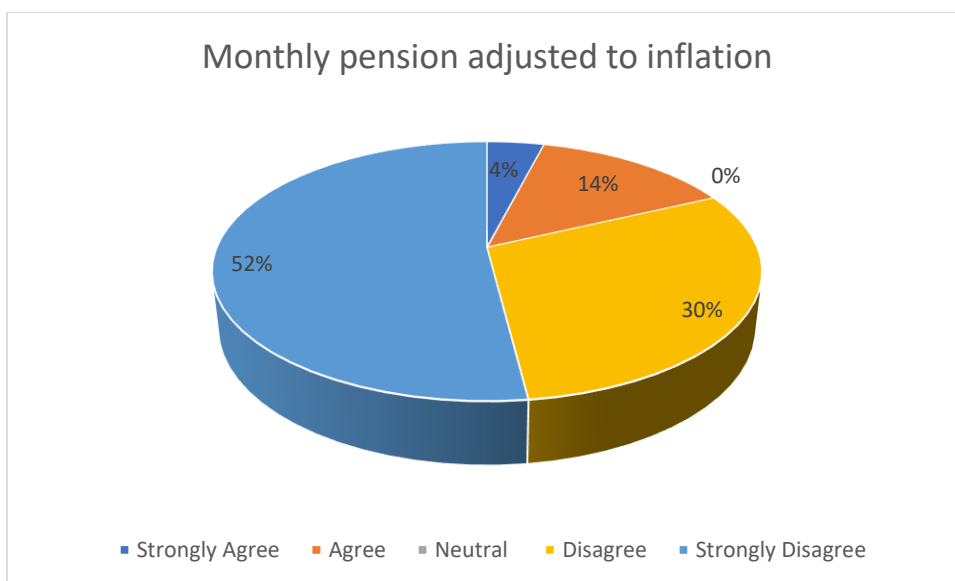


Figure 11 Effects of Inflation on monthly pension, Primary Source Data 2021

In Figure 12, the majority of the pensioners in their response strongly disagreed 70%, that after conversion from USD to RTGS they could not purchase the goods and services as shown by the percentages above. This means that their standard of living was going down because they could not afford goods and service.

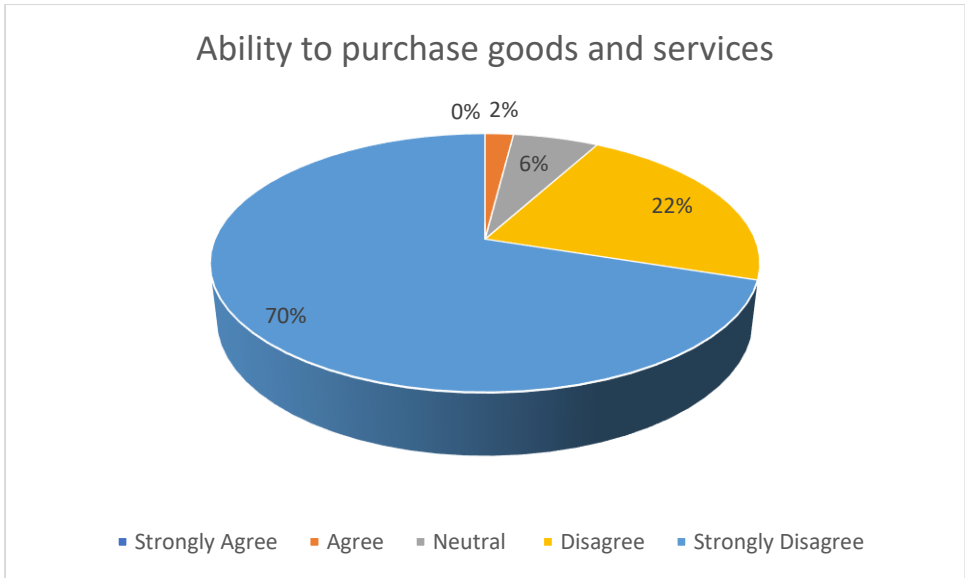


Figure 12 Effects of currency reforms on purchasing power, Primary Source Data 2021

The majority of the pensioners as illustrated in Figure 13 responded that there is no access to hard cash. It is a true reflection that the value of benefits payout was not only depreciating but also had problems accessing hard cash. The reflection is not good especially for the elderly as they are not able to cope with the changing trends of currency reforms or the use of electronic funds due to illiteracy. The major cry out from pensioners on using electronic funds was the issue of bank charges where their benefit continued to be trimmed down which would further affect their survival.

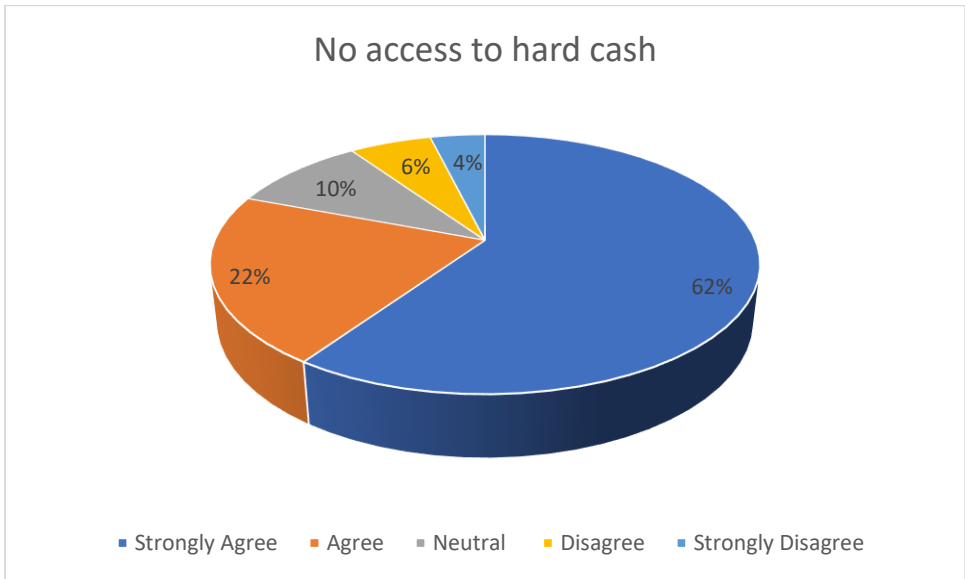


Figure 13 Effects of Currency Reforms on accessing hard cash, Primary Source Data 2021

4.3.2 Responses of MIPF staff

a) Perception of the effects of Currency Reforms on pension benefit payout

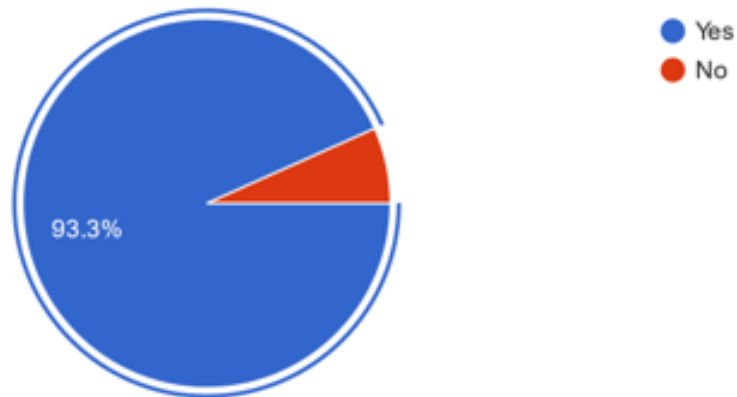


Figure 14 Perception of Currency Reforms effects on pension benefit payout, Primary Source Data 2021

The majority of the respondents 93,3 %, accepted that the currency reforms introduced has an impact on benefits payout. It is a true reflection that currency reforms were adversely affecting benefits payout given the responses of pensioners above. This agrees with Pensium (2013) who stated that reorganisation of monetary systems has the potential to affect the incomes of the public and firms.

b) Range of queries received by MIPF staff associating with conversions

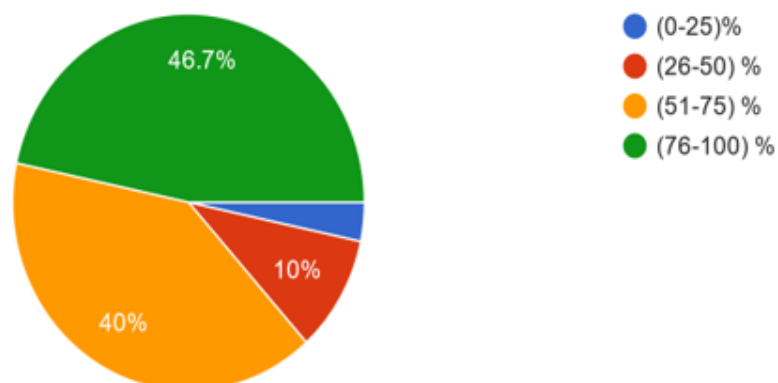


Figure 15 Range of Queries received by MIPF staff related to conversions, Primary Source Data 2021

The MIPF staff observed that most of the queries associated with low benefits payout raised after conversion from USD to RTGs by the pensioners were as follows; 76 to 100 had 46,7%, followed by 51 to 75 had 40%, 26 to 50 had 10% and below had 3%. This shows how evil was the currency reforms on the expectations of pensions. The rate of queries is the best indicator of the degree of how adversely the currency reforms were affecting pension benefits payout.

4.3.3 Responses of mine administrators on the effects of currency reforms

Effects of Currency Reforms on pension benefit payout	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Pension benefit payout were affected by currency reforms	12	4	0	0	0
Pension benefit payout after conversion from USD to RTGs meets the expectation of pensioners	2	0	2	2	10
The conversion from USD to RTGs benefited pensioners benefit payout	2	0	2	5	7

Table 3 Responses of Mine Administrators Currency Reforms effects, Primary Source Data 2021

The majority of the mining administrators acknowledged that the currency reforms introduced had an adverse effect on the benefits payout of pensioners. This confirms that currency reforms were prejudicing the value of the monthly payout of pensioners.

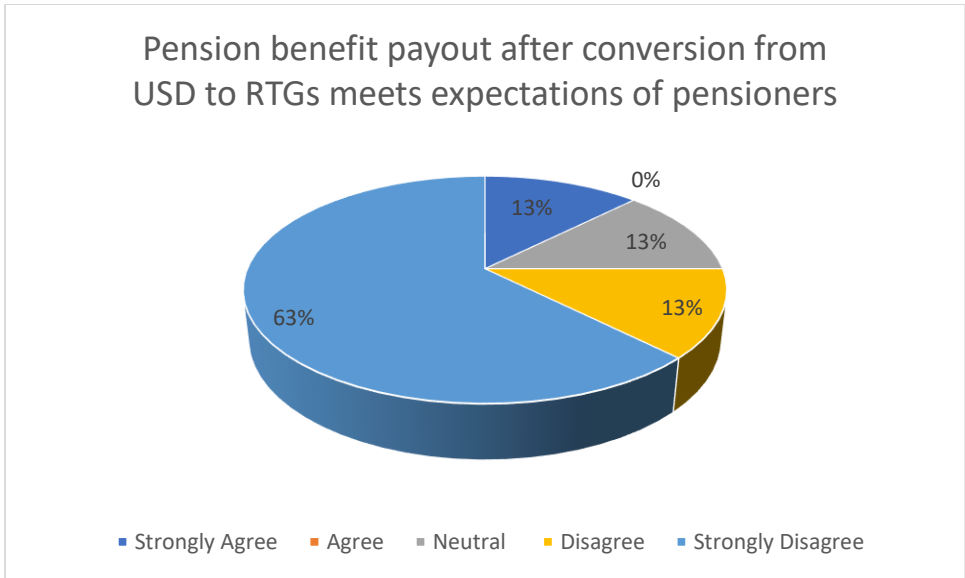


Figure 16 Ability to meet pensioners expectations after Currency conversions, Primary Source Data 2021

Out of all mining administrators who responded to the question, 63% strongly disagreed that the expectations of pensioners were met after conversion as shown in Figure 16 above. This supports what was said by both the pensioners and MIPF staff.

4.3.4 Resistance of employees to contribute towards the Pension Fund.

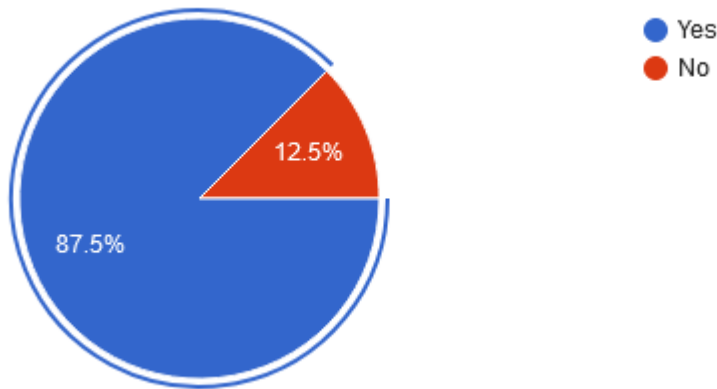


Figure 17 Resistance of employees to contribute towards pension fund, Primary Source Data 2021

Of the mine administrators who responded to this question, 87,5% attributed that employees of mines were no longer interested to contribute pension fund because there was no any benefit given the ills of the economy as a result of currency reforms. This shows the gravity of how currency reforms affected the value of pension benefits payout. This could have been influenced by how they view those who have retired.

The mines administrators went on to give reasons why their employees were resisting to contribute pension fund. The reasons include, the members believe their contributions before the currency reforms have lost value, and they have lost faith in the pensions system altogether because it failed to preserve the value that they would have initially contributed. Second the low benefit payout after retirement. The low benefits are compared to exchange rates to check the value. Agin members feel pension is not enough for survival after retirement. Most members have been complaining about how the multi-currency system affected their pension benefits. Other members were contesting for the deduction of pension which loses value with currency instability.

4.3.4 Interview responses from IPEC and MIPF managers

Most managers from IPEC and MIPF agreed with the pensioners, MIPF staff and mines administrators that the currency reforms were affecting pension benefit payout adversely. The managers also confirmed that the pensioners were receiving low pension payout benefits as a result of currency changes. The inflation and pricing regime contributed to harm the stability of the economy. This did not spare value of income earnings of pensioners. This agrees with what Clark (2004) postulated about the effects of currency reforms on the pension funds.

4.4 Effects of Currency Reforms on Pensioners' welfare

Data for this was collected from pensioners, MIPF staff and managers of IPEC only. Mines administrators advised that after the pensioners retire, they won't be in touch with pensioners, therefore they had no conclusive response as to how the reforms were affecting the pensioners' well being.

4.4.1 Responses of pensioners

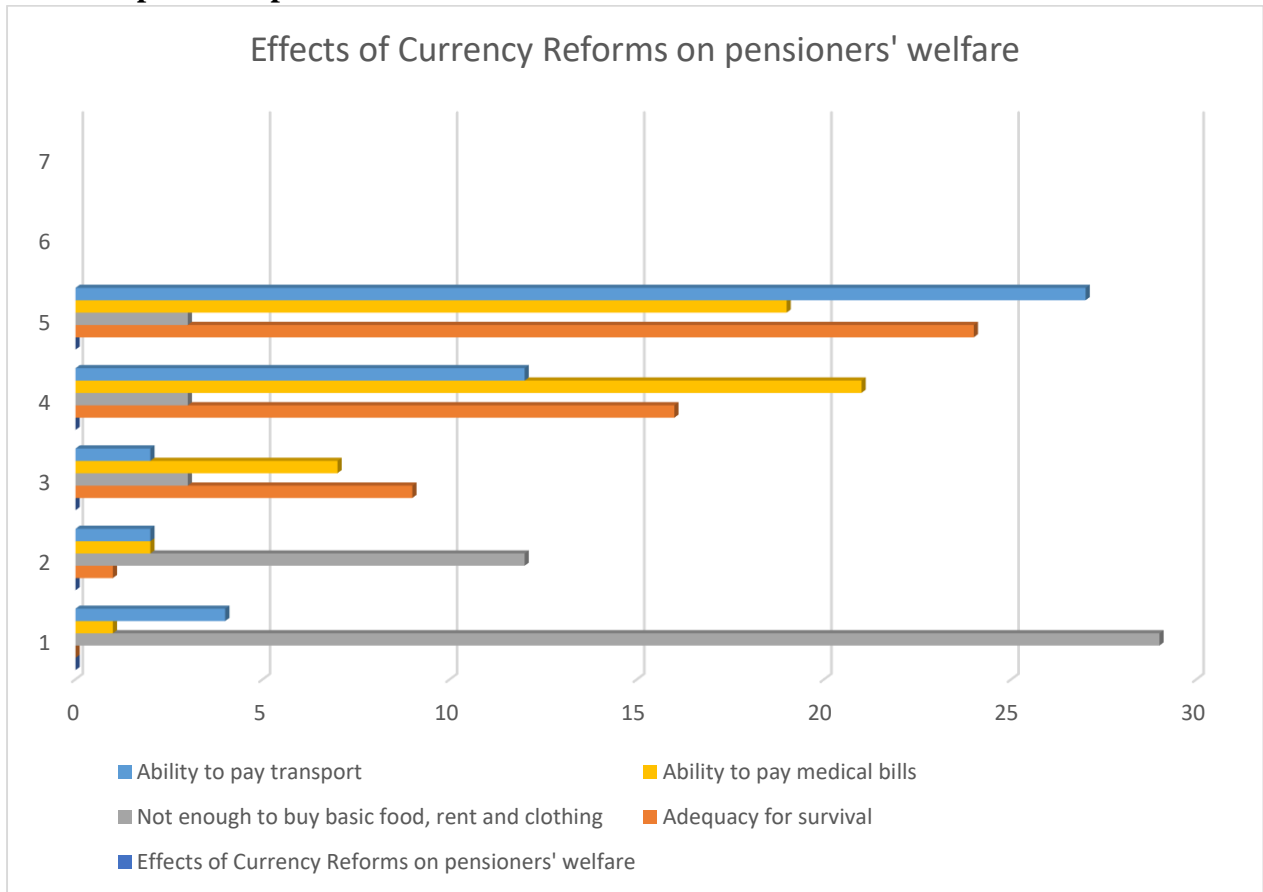


Figure 18 Effects of currency reforms on pensioners' welfare, Primary Source Data 2021

The majority of pensioners who responded to the questions; strongly disagreed that the pension benefit payout was not enough to buy food and pay medical bills. It was not also adequate to survive. Pensioners who stay in rural areas could not be able to pay both buses to access banks to withdraw cash and make shop food for the months or pay their bills.

4.4.2 Responses of MIPF Staff

a) Perception of MIPF Staff on adequacy of pension benefit on pensioners' welfare

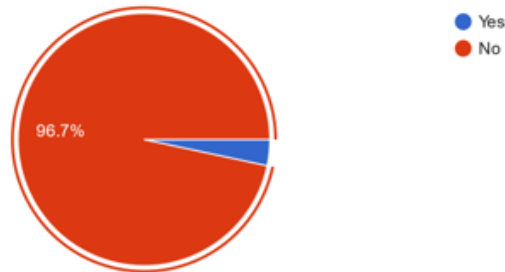


Figure 19 Perception of MIPF Staff on benefit adequacy, Primary Source Data

Out of the MIPF staff who responded to the question, 96,7% denied that the monthly pension after the introduction of RTGs was adequate for their survival. This implies that the value of benefits payout had decreased.

4.4.3 Responses of pensioners

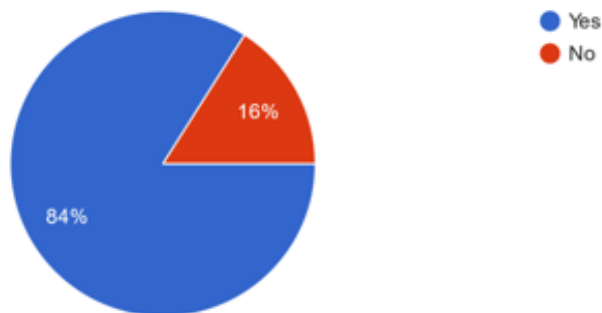


Figure 20 RBZ Interbank rate exchange for a pension benefit, Primary Source Data 2021

Majority of the pensioners 84% accepted that benefit payout could be better if exchanged at a bank rate. Pensioners perceived that affixed RTGs amount which is not adjusted to changes of the exchange rate was devaluing their earnings. It is a timely reflection of how currency reforms adverse effects could be mitigated given the economic situation in Zimbabwe.

4.4.4 Responses of MIPF Staff

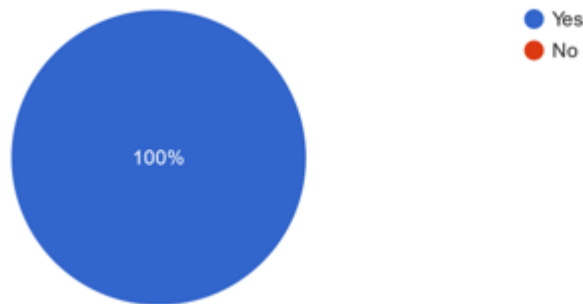


Figure 21 Investing pension benefit in offshore markets, Primary Source Data 2021

All the MIPF staff proposed that MIPF must be allowed to invest in offshore accounts if there are such currency reforms as illustrated in Figure 21.

4.4.5 Responses from Mines administrators

The mines administrators proposed that pension benefits payout must be paid in the same currency it was contributed. Again if there are any changes let the pension benefits payout be indexed to inflation and paid at the RBZ interbank rate.

4.5 Interviews from MIPF and IPEC managers

The interviews responses of the managers show that the standard of living of most pensioners regardless of their grades has deteriorated due to economic ills that emanate from currency reforms. All acknowledged that while the value of pension benefits payout was decreasing, the overall prices of goods and services were shooting up. The pensioners could no longer afford to spend on essential services thereby living them to live in abject poverty. Their contribution towards a decent living that could sustain their standard living remained a dream that never came to reality due to currency reforms. Even though at old age it is known that medical attention is needed most for the pensioners to live a healthy life, but the managers made testimonials that pensioners were not even able to acquire basic health attention because the pension benefit was too low. This shows that pensioners' payout incomes were being prejudiced by currency reforms after extensive research had been made and it could be noted that most medical aids are rating their contributions to be made towards medical expenses. This

was also aggravated by the absence of a policy to protect the incomes of elderly people like them. This confirms what ZIMSTAT (2017) had put when it attributed that currency reform was an omnibus of financial adverse impacts on the economy.

4.6 Proposed Strategies to Sustain or Match Contributions to benefit payout

This section present strategies proposed by all the respondents. The strategies zero into how to sustain and match contributions with pension benefits payout.

The interview responses from the MIPF administrators proposed several strategies to be adopted by various stakeholders inclusive of government being represented by the Ministry of Finance and IPEC, MIPF management, mines administrators and pensioners. The majority of respondents opted that the Government must come up with a policy that allows the Pension Fund to be deposited in foreign markets. This would allow value preservation of pension benefits payout. This would then allow MIPF to invest in offshore accounts. If the permission of investing Pension Fund in the foreign market is granted, this will then allow pension benefits payout to be paid at the RBZ interbank rate. The value of the benefits payout won't be affected by the currency reforms. The employees in the mining sector who is a contributor to MIPF must have financial literacy that guides one to invest. This would encourage the employees to make a voluntary contribution which will increase the monthly pension payout on retirement. The employees and pensioners in the mining sector were encouraged to start new projects both as reactive and proactive solution to the effects of currency changes on income earned. Revenue that will be generated from these projects will be used to supplement their incomes to maintain a good standard of living.

IPEC response was also attributing indexation of prescribed assets so that they move in line with inflation. Furthermore, they advised that the government should ensure the revised Pension and Provident Funds Bill be approved into an Act to protect against lawsuits. Again they advised the continuous application of the Guidance Paper on Conversion of Insurance and Pension values till the economy stabilizes. The regulator also went on to add that IPEC as a Commission must be fully capacitated, HR wise and financial wise so that they can fully supervise regulated entities. Another strategy proposed was the adoption of risk-based supervision. Again the Government must carry out impact assessments before implementing regulatory changes that might have effects on member values. Last but not least establishment of

a policyholder protection fund to protect the policyholders from fund/insurer's insolvency must be done on time.

4.7 Chapter Summary

This chapter presented, analysed, and discussed the findings of data collected in order to summarise and conclude the findings that would serve as the foundation for recommendations in the following chapter. The following subtopics were covered in the chapter: the response rate, demographic data, the effects of currency reforms on pension benefit payout, the effects of currency reforms on pensioner welfare, and finally, strategies to sustain and match the value of contributions with pension benefit payout. Triangulation of data collected by the questionnaire and interview were done under each subtopic. Discussion were done comparing insights from the literature review with the field data.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter summarises the findings, conclusions, and recommendations based on the data examined in the preceding chapter. The summary is based on the findings of a study that looked at how currency reforms affected pension benefit payouts at MIPF. The conclusion was based on the study's purpose, research questions, and findings. Recommendations were based on the conclusion and purpose of the study. Recommendations were made based on the study's conclusion and purpose.

5.1 Summary of the findings

The study's goal was to examine the effects of currency reforms on pension benefits payout at MIPF. The problem was that purchasing value or power of pension benefits payout was less than what the pensioner had contributed. The problem is premised on the conversion of USD contributions to RTGs pension benefits payout. The researcher reviewed related literature to open up the research gap and learn from the existing body of knowledge from previous studies. Again literature review acts as a base for comparison with the findings of the study and contributes to recommendations. Appropriate methodologies were used to gather data from the field. In this COVID19 era, there were challenges in gathering data from the field but the researcher used electronic means to administer the instruments to complete the study. The researcher findings have been organized according to the sequences of research objectives or questions. Each of the research objectives has been organized as a subtopic to express brief relevant findings. The conclusions are derived from these findings. The findings per each objective are summed up below.

5.1.1 To discover how pension benefits payout were affected by currency reforms.

The study discovered that the currency reforms were affecting pension benefits payout to lose purchasing power. In reality, the impact of currency reforms devalued the income-earning of

the pensioners. Using the time value of money, the contributions which were done in foreign currency could not be matched and bear the same value as the pension benefit payout received by those who have retired. The purpose of having a pension scheme safety net for survival to pensioners no longer make sense. The response of pensioners, MIPF staff, mines administrators and IPEC reflected that there is an inverse relationship between currency reforms and pension benefits payout. This was due to the way the contributions were invested by the MIPF as directed by the regulator IPEC.

Apart from what is above, the currency reforms triggered a three price tie in the economy of Zimbabwe, which was foreign currency price, hard cash price and electronic money price. Of the three price tier system, the foreign currency price was the lowest, followed by hard cash and then electronic transfer, which include EcoCash, One Money, Telecash and bank transfers. The pensioners had difficulties in accessing hard cash and this made them worse off as compared to the time before currency reforms were introduced.

5.1.2 To determine the effects of currency reforms on the pensioners' welfare.

The findings of the study reveal that the welfare of the pensioners has gone down. The pensioners could not sustain the same standard of living they had when they were employed even though they have invested in pension savings for future use. Failure to buy food that enhances a balanced diet, pay medical bills and even travel from rural areas to withdraw money in town and do shopping. As it is known that when someone is old he or she needs greater attention to health but these pensioners were incapacitated by converting their contribution from USD to RTGs. The purpose and intent of having pension schemes have been tampered with by the currency reforms to lose their essence.

5.1.3 To propose the strategies to sustain and match value contributions with pension benefits payout.

The respondents proposed many strategies to be adopted. The pensioner preferred pension benefits payout to be paid at the RBZ interbank rate that prevails on the day and at the time of payment. Some pensioners also proposed that the currency pensioners contributed should not change to any other currency on paying pension benefits regardless of currency reforms. The MIPF staff, mines administrators and IPEC managers converged that government should allow for investment in the foreign markets. In addition to that, the regulator should advocate for laws

and regulations to protect pensioners' values. Pensioners should be educated to know factors that affect their pensions so that they have financial literacy in pension savings for them to invest wisely. The employees in the mining sector should be encouraged in engaging in other projects whilst employed given the effects of currency reforms on their pension benefits payout. Voluntary contributions are also essential because increase pension benefits payout, therefore it was proposed to encourage active employees to go for it in the sector. MIPF should also be allowed to invest in offshore accounts. IPEC should and advise the Ministry of finance that Pension Funds should be allowed to trade in foreign currency.

5.2 Conclusion of the study

Assuming that statistically significant results can be used to support noteworthy conclusions, the researcher concludes the main findings based on demographic data first, and then findings based on each study objective. The study's findings include the following:

5.2.1 The respondents of the study were a true representative of the population. The demographic data of the pensioners, MIPF staff mines administrators and IPEC managers reflected the right attributes to answer the research questions. The findings on demographic data show that respondents of this were masculine biased on gender, mature and experienced. It was noted in conclusion that the respondents of the study could answer the research question and competent enough to analyse the effects of currency reform on pension benefits payout. The respondents were representative of the population and able to provide reliable and valid answers to the research questions.

5.2.2 The respondents also indicated that pension benefits payout were affected adversely by the currency reforms. The currency reforms triggered inflation to escalate making goods and services to be too expensive. This was compounded by traders who responded by coming up with a three tie price system. The main findings also reflect that while prices of goods and services were going up the value of pension benefits payout was depreciating. The conversion was a transfer of financial woes to the pensioners. The financial problems of pensioners were aggregated again by a shortage of hard cash. This demeans the purpose and intent of having a pension scheme in the first place when the purchasing value of monthly earning could be eroded overnight virtue of currency conversion. Therefore the study can conclude that currency reforms were a peril that consumes the purchasing value of pension benefits payout and attention to mitigate the mismatch between contributions and pension benefits payout was long overdue.

5.2.3 Based on the research findings it is clear that currency reforms also impacted the welfare of pensioners negatively. The pensioners were failing to buy food that enhances a balanced diet, pay medical bill and travel. Access to goods and services that meet the biogenic needs of pensioners was a nightmare. This provides reason to attend such effects from IPEC, MIPF and Chamber of mines to lobby the government to find a lasting solution.

5.2.4 All respondents of the study seemed to be very scared with the treatment of pensioners on receiving their pension benefits payout whenever there are currency reforms. Proposed strategies are done by the respondents to mitigate the mismatch between contribution and pension benefits payout save to show their concern. The strategies were proposed to many stakeholders including the Ministry of Finance, IPEC, MIPF, mine administrators and pensioners. The strategies are in the summary of findings and forms the base for recommendation underneath. Therefore the study can conclude that respondents devised several strategies to be adopted by several stakeholders who matter in this sector.

5.3 Recommendations of the study

Despite the limitations, the conclusions do suggest practical strategies that the Ministry of Finance, IPEC, MIPF, Mines administrators and pensioners could employ to sustain and match the value of what pensioners contributed with pension benefits payout in the presence of currency reforms. The researcher makes the following recommendations for these stakeholders to embrace;

- **Ministry of Finance and IPEC**

It is recommended that the Ministry of Finance in consultation with IPEC must devise appropriate policies that prevent the value of pension benefits payout to depreciate due to currency reforms. The government must allow 50% of pension contributions to be invested in the foreign markets. This would allow MIPF to invest in offshore accounts. The role of IPEC is to advise and ensure compliance with such policy.

If the government allows Pension Funds to invest in foreign markets, the researcher recommends that pension benefits be paid at the RBZ interbank rate or in foreign currency. This will enable pensioners to sustain their standard of living and prolong their life span after retirement.

In the context of Zimbabwe economy and its environment, it is recommended that active member, who are employees in the mining sector should be developed mentally to have financial literacy for them to make pension savings with a strategic view of what would happen to benefits payout if currency changes at the retirement time. The Government must come up with a policy to make sure the Pension Fund association educate its clients. It must be a prerogative to all pension fund to educate and inform their active members through the use of both manual and electronic means. This will encourage active members to invest in voluntary contribution or make some projects to complement their income-earning during retirement time.

- **MIPF Management.**

It is recommended that the management of MIPF must carry out researches on how to curb these problems. It must provide newsletters that give insights into the lifestyles of pensioners. The merits and woes the pensioners face together with remedial measures MIPF take to assist. The success and sad story will save active members to be conscious of their retirement life and engage in other retirement savings such as private savings. Active members will contribute wisely if there is a need to have additional voluntary contributions.

Informatics is now important in the financial sectors, therefore the researcher recommends MIPF management to keep on investing in knowledge management that makes it comply with regulatory and enhancing transparency systems in its transactions. This calls management to get feedback about their service pretty much on their conversion and calculation of benefits payout. The conversions and calculations should be as the organisations intend pensioners and actives members to view it. Complaints and compliments register must be kept properly for market and financial intelligence. This will enhance to relate concerns of pensioners to the regulator who then forwarded them to responsible authorities. This will make MIPF responsive to the pensioners needs all the times even during currency reforms. This will also leverage the lobbying strategies that they forward to the government on sustaining and matching the value of contributions to pension benefits payout.

- **Mining employees and Pensioners**

It is recommended that contributing active mining employees must start projects now so that their live hood will be sustained on retirement. It is now a fact that pension benefits payout is prone to be affected by the condition of the economy, which usually trigger currency reforms. This call for active members to have a supplement project to beef the eroded income as a

proactive strategy to maintain their standard of living. The employees must also understand the calculation of pension benefits payout, conversion system so that they invest from an informed point of view. Pensioners are encouraged to make start projects now either as an individual or a club to overcome depleting monthly incomes, which are eroded by changes in the currency

5.4 Future Research Studies

Future studies obvious need to be much more broadly based; the better to add generalisation, but in this study some suggestion has been made that can be more fully explored. The researcher suggested that future research should focus on assessing the impact of currency reforms on Pension Fund versus insurance products in Zimbabwe.

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APPENDIX A: QUESTIONNAIRE FOR PENSIONERS

1. What is your gender?

- Male
 Female

2. What is your age?

- 50- 55 Years
 56- 60 Years
 Above 65 Years

How Pensioners' benefits payout were affected by currency reforms for Mining Industry Pensioners

3. May you indicate by ticking.

Column1	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
My monthly pension was adjusted in line with the inflation rate changes to RTGs					
After conversion from USD to RTGs, I am still able to purchase goods and services?					
Hard cash of RTGs (which has more value) is difficult to be accessed from the bank, which has more value than electronic money (such as ZIPIT, Ecocash and Bank transfers).					

The currency reforms affected the welfare of pensioners

4. May you tick to show your response on the effects of payout benefits after conversion from USD to RTGs on the welfare of pensioners

Column1	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The monthly pension paid by MIPF is adequate for my survival					
The monthly pension is unable to buy food, pay rent and clothing					
The monthly pension can able to pay medical bills					
The monthly pension can pay for travelling expenses					

5. Do you think your pension could be better if exchanged at an Inter-bank rate?

Yes

No

APPENDIX B: QUESTIONNAIRE FOR MIPF STAFF

Questionnaire Participation Request

<https://docs.google.com/forms/u/0/d/1vSCJ0STGvMrP8VtUEHrcIBR1k...>

Questionnaire Participation Request

Dear Sir/Madam,

REF: REQUEST FOR VOLUNTARY PARTICIPATION IN A RESEARCH STUDY

My name is Lillian Ndebele. I am pursuing a Bachelor of Commerce (Honours) degree in Insurance and Risk Management at the Midlands State University (MSU). I am carrying out a research on the Effects of currency reforms on pensioners' benefits pay out in Zimbabwe.

I kindly request you to voluntarily participate in this research. The study will assist in getting a better understanding of how currency reforms have affected the pensioners' monthly benefits in order for recommendations to be made to ensure that pensioners get value in their pension benefits.

Should you choose to participate in this research study, kindly note that your responses will be completely confidential, and the results will only be used for research purposes.

If you have any questions about this study, please do not hesitate to contact me on my mobile number and email address below:

Mobile number: +263 772 935 719/ +263 718 935 719

Email address: lkwachenera@gmail.com

Questionnaire For the Mining Industry Pension Fund (MIPF)
Staff

Personal
information

1. 1. What is your gender?

Mark only one oval.

Male

Female

2. 2. What is your age?

Tick all that apply.

- below 25
- 26-30 Years
- 31-45 Years
- Above 45 years

3. 3. For how long have you worked at MIPF?

Mark only one oval.

- below 5 years
- (6- 10) Years
- (11-15)Years
- Above 15 years

Questionnaire For the Mining
Industry Pension Fund Staff

How queries received from Pensioners are
associated with low benefit payouts

4. 4. Do you think the currency reforms introduced has an impact on pensioners' benefits?

Mark only one oval.

- Yes
- No

5. 5. To what percentage do the queries raised by pensioners associate with low benefits payout after conversion from USD to RTGs?

Mark only one oval.

- (0-25)%
 (26-50) %
 (51-75) %
 (76-100) %

6. 6. Do you think the monthly pension for pensioners after introduction of RTGs is adequate for their survival?

Mark only one oval.

- Yes
 No

7. 7. Do you think the investing in offshore markets can improve the pension value preservation in future after Currency reforms?

Mark only one oval.

- Yes
 No

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Google Forms

APPENDIX C: QUESTIONNAIRE FOR MINE ADMINISTRATORS

1. What is your gender?

- Male
 Female

2. What is your age?

- below 25
 26-30 Years
 31-45 Years
 Above 45 years

3. For how long have you worked at your organisation?

- below 5 years
 (6- 10) Years
 (11-15)Years
 Above 15 years

How Pensioners' benefits payout were affected by currency reforms for Mining Industry Pensioners

4. May you rate the comments underneath that explain effects of currency reforms on benefits payout. Indicate by ticking.

Column1	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Pensioners' benefit was affected by currency reforms					
Being the former employer, the expectations for pensioners on benefit payout is met					
Conversion from USD to RTGs benefited pensioners' benefit payout					

5. Have you faced any resistance from contributing members after the conversion of benefits from USD to RTGs?

- Yes

No

6. If your answer to Question 5 is Yes, what are the major reasons for resistance?

.....
.....
.....

7. What do you think can be done to ensure that Pensioners' benefits are preserved after Currency Reforms?

.....
.....
.....

APPENDIX D: INTERVIEW STRUCTURED QUESTIONS FOR IPEC

questionnaire participation request

<https://docs.google.com/forms/d/0/0/1p49KRU0Zr04w10mW1urM1g...>

Questionnaire Participation Request

Dear Sir/Madam,

REF: REQUEST FOR VOLUNTARY PARTICIPATION IN A RESEARCH STUDY

My name is Lillian Ndebele. I am pursuing a Bachelor of Commerce (Honours) degree in Insurance and Risk Management at the Midlands State University (MSU). I am carrying out a research on the Effects of currency reforms on pensioners' benefits pay out in Zimbabwe.

I kindly request you to voluntarily participate in this research. The study will assist in getting a better understanding of how currency reforms have affected the pensioners' monthly benefits in order for recommendations to be made to ensure that pensioners get value in their pension benefits.

Should you choose to participate in this research study, kindly note that your responses will be completely confidential, and the results will only be used for research purposes.

If you have any questions about this study, please do not hesitate to contact me on my mobile number and email address below:

Mobile number: +263 772 935 719/ +263 718 935 719

Email address: lkwachenera@gmail.com

Questionnaire For the Insurance and Pensions Commission
(IPEC)

Personal
Information

1. 1. What is your gender?

Mark only one oval.

Male

Female

2. 2. What is your age?

Tick all that apply.

- below 25
- 26-30 Years
- 35-45 Years
- Above 45 years

3. 3. For how long have you worked at your organisation?

Mark only one oval.

- below 5 years
- (6- 10) Years
- (11-15)Years
- Above 15 years

Questionnaire For the Insurance and Pensions Commission (IPEC)

Regulator's View on Effects of Currency Reforms on Pensioners' benefits payout

4. 4. Do you agree that among other factors, the Pensioners' benefits payout have been affected by Currency Reforms?

Mark only one oval.

- Yes
- No

5. Has the regulator devised any measures to alleviate pensioners' challenges and sustain the value of benefits payout to contributions?

Mark only one oval.

Yes

No

6. If the answer to Question 5 is yes, What are the recommendations to ensure value preservation in the benefits payout and improve pensioner's welfare given the economic situation in Zimbabwe?

7. What is your position on offshore investments for Pension Funds to diversify from country risk?

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APPENDIX E: INTERVIEWER-STRUCTURED QUESTIONS FOR MIPF MANAGEMENT

Questionnaire Participation Request

<https://docs.google.com/forms/u/0/d/1p49Rkru62FU4WiGmw1urln1Tg..>

Questionnaire Participation Request

Dear Sir/Madam,

REF: REQUEST FOR VOLUNTARY PARTICIPATION IN A RESEARCH STUDY

My name is Lillian Ndebele. I am pursuing a Bachelor of Commerce (Honours) degree in Insurance and Risk Management at the Midlands State University (MSU). I am carrying out a research on the Effects of currency reforms on pensioners' benefits pay out in Zimbabwe.

I kindly request you to voluntarily participate in this research. The study will assist in getting a better understanding of how currency reforms have affected the pensioners' monthly benefits in order for recommendations to be made to ensure that pensioners get value in their pension benefits.

Should you choose to participate in this research study, kindly note that your responses will be completely confidential, and the results will only be used for research purposes.

If you have any questions about this study, please do not hesitate to contact me on my mobile number and email address below:

Mobile number: +263 772 935 719/ +263 718 935 719

Email address: lkwachenera@gmail.com

Questionnaire For the Insurance and Pensions Commission (IPEC)

Personal Information

1. 1. What is your gender?

Mark only one oval.

Male

Female

2. 2. What is your age?

Tick all that apply.

- below 25
- 26-30 Years
- 35-45 Years
- Above 45 years

3. 3. For how long have you worked at your organisation?

Mark only one oval.

- below 5 years
- (6- 10) Years
- (11-15)Years
- Above 15 years

Questionnaire For the Insurance and Pensions Commission (IPEC)

Regulator's View on Effects of Currency Reforms on Pensioners' benefits payout

4. 4. Do you agree that among other factors, the Pensioners' benefits payout have been affected by Currency Reforms?

Mark only one oval.

- Yes
- No

5. 5. Has the regulator devised any measures to alleviate pensioners' challenges and sustain the value of benefits payout to contributions?

Mark only one oval.

Yes

No

6. 6. If the answer to Question 5 is yes, What are the recommendations to improve pensioner's welfare given the economic situation in Zimbabwe?

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