



ECIS - EXTENDING SOCIAL SECURITY COVERAGE TO THE INFORMAL SECTOR



We Pay:

- ✓ Domestic Workers
- ✓ Bus Drivers
- ✓ Taxi Drivers
- ✓ Sawmillers
- ✓ Marketeers and Traders
- ✓ Small Scale Farmers

"Be smart, secure your future"

WHAT IS THE NATIONAL PENSION SCHEME AUTHORITY?

The National Pension Scheme Authority (NAPSA) is a statutory body that was established in February 2000 through enactment of the National Pension Scheme Act No. 40 of 1996 of the Laws of Zambia.

NAPSA was formed to provide income security when members leave employment on account of age, invalidity and death.

WHAT IS EXTENSION OF SOCIAL SECURITY COVERAGE?

Extension of social security coverage refers to bringing on board new members to NAPSA with the aim of ensuring that every worker in Zambia is socially protected.

WHY THE EXTENSION OF SOCIAL SECURITY COVERAGE TO THE INFORMAL SECTOR?

According to the Central Statistics Office, over 80% of employed labour in Zambia is in the informal sector. However, the informal sector is characterized by low incomes, high poverty levels, absence of unionism, and lack of social security.

Thus, informal economy workers are highly vulnerable to the ills of poverty and social exclusion in the event of old age, invalidity or death.

Further, social security is a human right as enshrined in the Universal Declaration of Human Rights (1948), and the International Convention on Economic, Social and Cultural rights (1966)

Therefore, the National Pension Scheme Authority as an institution mandated to provide social security to all workers in the country has embarked on a robust project of extending social security coverage to the informal sector.

WHAT ARE NAPSA'S PRIORITY SECTORS FOR EXTENSION OF SOCIAL SECURITY COVERAGE?

Owing to the vast nature of the informal economy, the following five (5) sectors have been identified as priority areas;

1. Domestic Workers

The ILO convention 189 defines domestic work as work performed at a household. Thus, examples of domestic workers include:



- Nannies
- Maids
- Gardeners
- Cleaners
- Security Guards
- Drivers

NAPSA is leveraging partnership with maid centres, domestic workers union and association for employers of domestic workers

2. Bus and Taxi Drivers



Encompasses all bus and taxi drivers.

NAPSA is working in partnership with RTSA and Bus and taxi drivers association.

3. Sawmillers



Includes sawmillers that deal in soft and hard wood. The majority of sawmillers deal in soft wood like pine and eucalyptus, and are concentrated in the Copperbelt region and surrounding areas.

NAPSA is collaborating with ILO on the Zambia green jobs programme targeted at sawmillers.

4. Marketeers and Traders



All Marketeers and Traders including those operating in designated trading areas and the streets.

NAPSA working in partnership with marketeers and traders associations.



5. Small Scale Farmers



Includes all Small Scale Farmers trading in any type of crop for their livelihood.

NAPSA has partnered with the Government of Finland to extend social security coverage to the Small Scale Farmers through a project called Social Protection for Informal Rural Economy Workers (SPIREWOKS)

WHO IS RESPONSIBLE FOR REGISTERING INFORMAL SECTOR EMPLOYEES?

Where employer – employee relationship exists, it is the employer's legal obligation to register all its eligible employees with NAPSA. E.g. domestic workers, employed bus and taxi drivers and sawmillers.

On the other hand, for self-employed workers, the responsibility to register lies with the workers themselves. E.g. marketeers and traders, and small scale farmers, including some bus and taxi drivers.

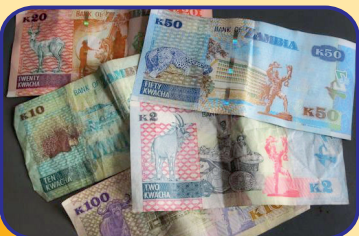
The registration can be done through;

- Completion of member registration forms (obtainable from nearest NAPSA office or downloadable from the website on **www.napsa.co.zm**) in respect of each employee which are submitted to NAPSA within one month of employment.
- eNAPSA online registration platform.

Once NAPSA processes the applications, each employee shall be given a unique social security number as well as a membership card.

HOW MUCH IS AN EMPLOYER REQUIRED TO REMIT FOR EACH EMPLOYEE?

For employed informal sector workers like domestic workers, bus and taxi drivers and sawmillers, an employer is required to remit an amount equal to 10 percent of an employee's Gross Earnings subject to the applicable contribution ceiling.



Similarly, self-employed workers such as marketeers and small scale farmers are required to remit an amount equal to 10 percent of the declared monthly earnings subject to the ceiling.

FOR EMPLOYED INFORMAL SECTOR WORKERS, HOW MUCH SHOULD AN EMPLOYER DEDUCT FROM AN EMPLOYEE'S GROSS EARNINGS?

The employer is only permitted to deduct half of the total contributions payable for the employee. Example: An Employee's Monthly Gross Earning is K1,000.00. Total contributions will be calculated as follows:

Employees share: $K1,000.00 \times 5\% = K50.00$

Employers share: $K1,000.00 \times 5\% = K50.00$

Total Contribution: $K1,000.00 \times 10\% = K100.00$

WHEN ARE CONTRIBUTIONS DUE FOR PAYMENT?

Contributions are due for payment at the end of each month, with a given 10 days grace period into the following month. i.e contributions in respect of June earnings should be paid by 10th July. Where the 10th day of the following month falls on a weekend or public holiday, the grace period shall be extended to the next working day.



HOW TO COMPLETE A MONTHLY RETURN

Employers and self-employed workers are required to use the excel template provided by NAPSA to prepare and file their monthly returns using the eNAPSA online platform.

WHAT CONSTITUTES A VALID MONTHLY RETURN?

A monthly return shall be considered to be valid if all the columns in the return contain valid data, and the data is presented in the prescribed format as illustrated below.

- All social security numbers are reflected in the correct format. Example, 103258476 and not 103 258 476 nor 103-258-476
- All NRC numbers are captured in the correct format i.e. 156329/16/1
- Names are recorded in the applicable columns
- Date of birth is in the format CCYYMMDD Example: 12 Feb 1980 should be captured as 19800212
- Gross wage reflected and corresponding employee and employer shares.

HOW TO REMIT MONTHLY CONTRIBUTIONS

Contribution payments to the scheme can be in cash or cheque using Over the Counter payment option on eNAPSA.



The other option which is easy convenient and highly recommended is bank transfer using on net banking on eNAPSA.

Below is the sequence of return filing and payment of contributions on eNAPSA online platform;

1. Get signed up on eNAPSA
2. Upload valid return (as prescribed above) on eNAPSA
3. Download NPIN Voucher
4. Choose payment mode (on net banking or over the counter)
5. Make payment.

NAPSA E- CHANNELS

NAPSA has developed various e-channels that members of the scheme can use to access information at their convenience:

eNAPSA

Web based Employer and Member portal that members and employers can use to access a wide range of services that includes:

Member Portal

- Check contributions account balance
- Download full contribution statement
- Check member beneficiary details
- Report online any anomalies noted on member account
- Track claims
- NAPSA calculator

Employer Portal

- Register employees
- Upload monthly returns.
- Make payment using over the counter or on net banking options
- Access member information.

Members and employers must thus sign up for eNAPSA service by logging on to www.napsa.co.zm

NAPSA Mobile App

Search for NAPSA on google play store, install it on gadget (phone, tablet, etc.) and access a range of options from checking member statement balance, getting full member statement, to viewing beneficiary details at your convenience.

NAPSA Mobile *677#

1. Dial *677# on your phone and then press ok/yes
2. Activate your account by following the validation instructions
3. On the sub menu, select:
 - a. For contributions to view contributions member statement, account balance and member beneficiary details.
 - b. For Benefits to track a logged in benefit claim
 - c. To leave Feedback for any anomalies noticed on the member account.
 - d. For our Locations to track the nearest NAPSA office from the member's present position.

NAPSA BENEFITS

NAPSA pays the following benefits to its members from both formal and informal sectors;

1. Retirement Benefits.



Following the ascent of the NPS Amendment Act No. 7 of 2015 on 14th August 2015, pensionable age for members was revised as per table below;

Benefit Type	Before 14 th August 2015	After 14 th August 2015
Early Retirement	50	55
Normal Retirement	55	60
Late Retirement	-	65

Note: Members who joined NAPSA after 14th August 2015 can claim their benefits at 55 years (early retirement pension), 60 or 65 years of age. Whereas members who joined NAPSA before 14th August 2015 can claim their benefits at 50 (early retirement only) and 55 years, or 60 or 65 years.

Any registered member who has reached the ages of 55,60 or 65 years, and has made a minimum of 180 months of contributions or qualifies under the reduced criteria of the sliding scale is eligible to receive a monthly pension.

The sliding scale was designed to enable members who would have not met the 180 months contributions to qualify for normal retirement subject to their age on 1st February 2000.

Age as at 1 st February 2000	No. of months required	No. of years required
39	168	14
40	156	13
41	144	12
42	132	11
43	120	10
44	108	9
45	96	8
46	84	7
47	72	6
48	60	5

Any registered member who has reached the ages of 50(for member who joined NAPSA before 14th August 2015) and 55 years (for members who joined after 14th August 2015) years of age, and has made a minimum of 180 months of contributions is eligible for early retirement pension provided that the calculated pension exceeds the minimum pension payable in the year of retirement.

2. Invalidity Benefits



Any registered member with a minimum of 60 months of contributions and has become disabled to an extent that they can no longer work(as determined by a medical board) is eligible for invalidity pension provided they have 12 months contributions within 36 months of becoming invalid

A registered member with less than 12 contributions within 36 months of becoming invalid or with less than 60 months of contributions is eligible for invalidity lump sum which is a one off payment.

3. Survivor's Benefits



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

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

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

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

Where there are no spouse(s) or children, the court appointed administrator of the deceased's estate will be eligible to receive a Survivors Lump sum.

4. Funeral Grant



If a registered member passes away, NAPSA provides a Funeral Grant to help cover the costs of the funeral. The member must have at least 12 monthly contributions during the last 36 months of their life.

In the event that a Retirement or Invalidity pensioner passes away, the Funeral Grant is paid whether the member made at least 12 monthly contributions during the last 36 months of their life or not.

FREQUENTLY ASKED QUESTIONS

Is membership to NAPSA voluntary for employed workers in the informal sector such as Domestic Workers, Bus and Taxi Drivers, Saw Millers etc.?

No, membership to NAPSA is compulsory for employed informal sector workers in the country, except for those exempted under the NPS Act.

It is the legal responsibility of the employer to register the employed worker using the eNAPSA online platform or by completing and submitting employer and member registration forms at any nearest NAPSA office

How much should a worker in the Informal Sector contribute to NAPSA?

Like formal sector workers, it is 10 % of the employee's gross earnings shared equally between the employer and the employed worker like domestic servant or bus and taxi driver.

For self-employed informal sector workers, the whole 10% of declared monthly earnings is paid by the worker.

What is the minimum salary for one to contribute to NAPSA?

K15.00 gross monthly income

How long are pensions paid for?

NAPSA monthly pensions are paid to the member for life, and are converted to a Survivor's pension if the member passes away. Similarly, Invalidity pensions are converted to Normal retirement pensions when the member attains normal retirement age of 60 years.

How much is the pension amount that NAPSA pays?

Pension is calculated using a formula. However, informal sector workers such as domestic workers and bus and taxi drivers tend to benefit more as they are uplifted to the minimum pension amount which increases every year. e.g in 2018, minimum pension is K995.00.

What happens to my contributions if I die?

Survivor's benefits are paid if the member dies, regardless of their age at the time of death.

What is the benefit to the employer for registering their worker with NAPSA?

Relieves the employer of financial burdens in terms of funeral expenses in the event of death of the worker.

Further, workers tend to be more productive if their social security contributions are being remitted to NAPSA.

What short term benefits does NAPSA pay to informal sector workers?

NAPSA pays a Funeral Grant as a short term benefit when a member dies, and the amount paid changes every year e.g. in 2018 Funeral Grant is K9, 950.00



Can one contribute to NAPSA if they are not in formal employment?

Yes. Even those in the informal sector employment can contribute to NAPSA. This therefore means that domestic servants and other informal sector players should also be registered.

In the case of self-employed workers, they can register themselves as both an employer and employee and be able to contribute for oneself.

What happens when the employer is not remitting contributions; can the employees be paid their NAPSA benefits?

Yes they will eventually be paid their benefits. However, this will depend on the employer remitting the outstanding contributions

How does an employer deregister an employee who stops work?

By informing NAPSA in writing of the disengaged worker.

Are foreigners also required to register as members with NAPSA?

Yes. Foreigners also have to register as members and contribute to the scheme. Only those foreigners with diplomatic status are exempt

What does NAPSA do with the money that it collects?

In order to pay a decent benefit, NAPSA invests the funds that it collects in accordance with the investment guidelines set. NAPSA invests in a diversified portfolio of listed equities, real estate, corporate bonds, Government bonds, Treasury bills, cash and cash equivalents.

How do I get to learn more about the National Pension Scheme Authority?

By visiting any nearest NAPSA office, logging onto our website on www.napsa.co.zm, or by contacting our call center on toll free number 677 or +260 211 395677. You can also email us on info@napsa.co.zm, or follow us on twitter and facebook.

SOME FACTS ON CONTRIBUTIONS AND BENEFITS UNDER NATIONAL PENSION SCHEME AUTHORITY

1. NAPSA pays four benefits – Retirement, Invalidity and Survivors and Funeral Grant.
2. NAPSA pensions are payable for life and are adjusted upwards annually, in line with changes in wage inflation.
3. NAPSA adjusts its benefits payments to wage inflation.
4. NAPSA pensioners are required to submit pension life certificates every year, for them to continue receiving their monthly pensions.

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