

**WEST-CENTRAL AFRICA DIVISION OF
SEVENTH-DAY ADVENTISTS**

**2020 YEAR END MEETING
STRATEGIC PLANNING AND
BUDGETING MEETING
NOVEMBER 1, 2020**



**Report on
WAD Staff Retirement Benefit Plan
as at December 31, 2017**

**Presented by
Isaac Owusu-Dankwa**

2017 ACTUARIAL STUDY REPORT

WAD Working Policy Z Retirement

WAD WP Z05 05 WAD Retirement Funds

...The Division shall make provision for its retired and disabled employees, including interdivision employees sent from the Division territories, in harmony with legal requirements.... The Division maintains defined benefit plans and shall administer those plans in harmony with the general principles outlined in Z 10 through Z 55.

IAS 26 ACCOUNTING AND REPORTING BY RETIREMENT BENEFIT PLANS

For defined benefit plans, the objective of reporting is to provide information about the financial resources and activities of the plan that will facilitate an assessment of the relationships between the accumulation of resources and plan benefits over time.

PURPOSE OF THE REPORT

The principal purposes of the report are:

- i. To establish the actuarial liability of the scheme;**
- ii. To assess the funding status of the scheme; and**
- iii. To determine the information required to apply IAS 26 for the year end accounting.**

DATA USED FOR THE REPORT

- **A copy of the retirement plan documentation/policies**
- **Data on all active members of the Division as at December 31, 2017 showing for each member, the Staff Identity Number, Employee Name, Grade, Date of Birth, Date of Joining Service and the Current Salary Percentage.**
- **Data on all current retired members of the Division as at Dec. 31, 2017 showing their bio data, dependents and retirement benefits paid on their behalf during 2017**
- **2017 Financial statement of WAD Retirement.**

SUMMARY RESULTS OF ACTUARIAL VALUATION

- The WAD Retirement Plan recorded a membership of 3,771 for actives (57 Vested member and 3,714 Non-Vested member) and 784 for retirees thus bringing the total membership to 4,555 as at December 31, 2017
- The scheme recorded a total actuarial liability CFA 34,414,877,795 as at December 31, 2017. The breakdown in liabilities are as follows:

SUMMARY RESULTS OF ACTUARIAL VALUATION

- The scheme recorded a liability CFA 32,444,869,365 for the Retirement Benefit, representing 94.3% of the total liabilities;
- The scheme recorded a liability CFA 1,970,008,431 for the Post-Retirement Medical Benefit Scheme, representing 5.7% of the total liabilities;
- The scheme recorded an asset value of CFA 7,868,477,494 as at December 31, 2017;

SUMMARY RESULTS OF ACTUARIAL VALUATION

- The results indicated that a Net Employer Contribution rate of 182.2% of the Total pensionable salary is required to be made every year until the next actuarial valuation in order to return the Scheme to solvency.

OPINION

- The deficit accruing to the fund determined by comparing the actuarial liability to the net assets available for benefit is CFA 26,546,400,301: this brings the scheme to a funding level of 23%.
- The net assets available for benefit is insufficient to cover the actuarial liabilities at the valuation date

OPINION

- **The rule for computing the employer annual contribution is 182.2% of Pensionable Payroll. This is based on the plan membership used for this valuation, assuming an annual salary increase of 7%, and a valuation interest rate of 10%, both rates in “nominal” terms.**

RECOMMENDATION

WAD Working Policy Z 10 35 Funding

1. Source of Funding—The Division Retirement Plans shall be funded by contributions from participating denominational organizations. Employees do not contribute to Retirement Plan funds, except in countries that require employee participation.

RECOMMENDATION

2. Other Sources—When income from sources in paragraph 1. is inadequate to fund the Plan, the Division or unions may make appropriations from other sources.

3. Separate Funds—The Division may establish separate retirement funds as needed for various categories of employees.

RECOMMENDATION

4. Union Responsibility—The Division may subdivide the retirement funds by unions and require the unions to be responsible for the funding of their respective obligations.

RECOMMENDATION

OTHERS:

- 1. Increase the retirement contribution percentage for each entity**
- 2. Diversify the investment of retirement funds to ensure significant returns**



THE END

Questions and Suggestions

RECOMMENDATION

A vested member is old enough or has enough years of service to receive monthly benefits upon his/her retirement.