COVERING
THE PEOPLE THAT BUILD
ZAMBIA
A Guide to Social Protection for
MSMES in the Construction Sector

REPUBLIC OF ZAMBIA
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WHAT IS SOCIAL PROTECTION?

Social protection are policies and programs that are put in place to reduce poverty and vulnerability of a workforce. This is done by making the places of work safer and by providing steps to manage economic and social risks. These risks can include unemployment, exclusion, sickness, injury, disability and old age.

The two main institutions providing social security to both the private and public sector in Zambia are the National Pension Scheme Authority (NAPSA) and the Workers’ Compensation Fund Control Board (WCFCB).

Both institutions have policies in place that greatly benefit the Zambian workforce in addition to providing pensions and compensation for work related injury. This guide responds to frequently asked questions regarding social security in the construction sector.
BUILDING YOUR FUTURE
MONTH BY MONTH
WHAT IS THE NATIONAL PENSION SCHEME AUTHORITY?

The National Pension Scheme Authority (NAPSA) was established in February 2000 by the National Pension Scheme Act no. 40 of 1996 of the Laws of Zambia. This Act in turn replaced the act under which the Zambia National Provident Fund (ZNPF) fell. This means that NAPSA has replaced ZNPF and all people who are eligible to receive pensions from ZNPF continue to do so under NAPSA.

NAPSA was formed to provide income security when members of the working public would reach retirement age (55 years of age currently). They also provide income security if a registered member has become an invalid or to a registered member’s spouse in the event of death.

The registering of members to NAPSA and monthly contributions to the fund are the responsibility of the employer. However it should be noted that the contribution is drawn from both the employee and employer at 5% each accordingly.
WHAT ARE THE BENEFITS OFFERED BY NAPSA?

RETIREMENT BENEFITS
Any registered member who has reached the minimum age of 55 years old and has made a minimum of 180 months of contributions is eligible to receive a monthly pension. The value of the monthly pay out is dependant on the following factors:
- Average monthly earnings
- Months registered to NAPSA with successful monthly contributions

INVALIDITY BENEFITS
Any registered member with a minimum of 60 monthly contributions who has become disabled and can no longer work is eligible to invalidity benefits if they have contributed 2 months pension within 36 months of claiming. Payment is worked out based on the following:
- Average monthly earnings
- Workable years lost to disability

SURVIVOR BENEFITS
If a registered member passes away, their family members are eligible to receive survivor benefits (which can be either a monthly pension or a lump sum payout). There are several factors that will be taken into account to determine who is eligible and which form of payout is applicable:
- Eligible beneficiaries
- Average monthly earnings
- Monthly contributions made
- Percentage payable to each eligible beneficiary

FUNERAL GRANT
If a registered member passes away, NAPSA provides a funeral grant to help cover the costs of the funeral. They are eligible if they have made at least 12 monthly contributions during the last 36 months preceding the death of the member.
FREQUENTLY ASKED QUESTIONS

Is registration with NAPSA mandatory?
NAPSA is a compulsory scheme for all workers in the country except those who are exempted under National Pension Scheme Act no.40 of 1996 of the Laws of Zambia. All employees above the age of 16 and below 55 years should register with NAPSA.

How do I become a member of NAPSA?
You can become a member of NAPSA by first ensuring that your employer is registered with NAPSA, and thereafter completing and submitting the Member Registration/Amendment Form no. NPS 421 at your nearest NAPSA Office or mobile office.

Why should I register with NAPSA?
NAPSA is an institution aimed at providing Social Security to its members. It provides three main benefits namely; Retirement benefit (at age 55), Invalidity (when a member is physically incapacitated), Survivors benefit (in case of death of a member). These benefits seek to protect the members against destitution in retirement and other situations.

Who is eligible to register with NAPSA?
Since membership to the Scheme is compulsory, all employees who are below the age of 55 and above the age of 16 years are eligible to register with NAPSA. These include:

- Employees engaged on part time
- Employees on probation or casual basis
- Employees engaged on contract basis
- Employees engaged on permanent basis
- Domestic workers
- Non Zambian engaged by local institutions
- Public service workers who joined civil service after 1st February, 2000.

Only persons exempted from the provisions of the National Pension Scheme Act no. 40 of 1996 are not mandated to register with NAPSA. These include:

- An employed person whose monthly earnings are less than K15.00
- The spouse of the employer
- A member of the family of the employer who ordinarily resides with the employer
- Members of the armed forces
- Workers workers above pensionable age of 55 years and those below 16 years of age.
- Public service workers that joined central or local government on or before 1st February 2000.
- An employee of a foreign government who is accorded diplomatic or equivalent status and who is not a citizen of Zambia.

When do I get my benefits from NAPSA?
Different kinds of benefits are paid by NAPSA:

- Retirement benefits are paid when a member reaches the age of 55
- Invalidity benefit is paid when a member is not able to continue in employment due to ill Health as determined by the medical Board appointed by NAPSA
- Survivors benefit when a member dies
- Funeral Grant when a member dies having contributed 12 months of contributions in the last three (3) years from the date of death

**Can I get other benefits apart from the Pension?**
Members who do not meet the qualifying condition for a pension are paid either:
- Retirement lump sum; or
- Invalidity lump sum; or
- Survivors lump sum

**Will I get my benefits if I do not meet the 180 months contributions required to quality for pension benefit?**
Members who fail to make 180 monthly contributions will be paid a lump sum made up of their total indexed contributions plus interest.

**How do I apply for my retirement benefits?**
Once a member has reached retirement age of 55, the member should apply for their retirement benefit by completing a claim which must be lodged with NAPSA within six months from the date of retirement at any of the NAPSA office country wide.

**How are the benefits calculated?**
NAPSA pays a monthly pension that is calculated as:
Pension = AIME x 0.001111xM;
Where
AIME = the Average Indexed Monthly Earning
M= months of pensionable employment

**How do I verify my benefits?**
The benefits payable could be verified by the formula previous formula or by visiting NAPSA office of mobile office.

**Will I receive the whole amount reflected on the contributions?**
No, the amount reflected on the contributions statement does not represent the benefit payable to the member. The benefits paid include interest or are indexed to national average earnings to return value of the pension given.

**How long does it take to get benefits?**
It takes 30 working days to pay a benefit under NAPSA if all the necessary documents have been submitted and all the information is made available such as beneficiaries’ details and contribution data. Employers and workers are encouraged to maintain records of employment. This will facilitate processing of speedy processing of benefits.

**Can my benefits be affected by inflation?**
All pensions in payment are adjusted annually to reflect changes in inflation. The adjustment is automatic and is done at the beginning of each year. Lump sum benefits consist of indexed contributions and interest.

**When does an employee cease registration with NAPSA?**
A member does not cease registration with NAPSA while they are still below 55 years of age and still in the service of an employer. However, once a member reaches 55 years of age, they cease to make monthly...
contributions to NAPSA and begin to receive their monthly pension that is paid until death.

What happens to my contributions when I die?
Survivors benefits are immediately paid when a member dies regardless of the age.

How do I know my contribution have been remitted to NAPSA?
You can know your contributions have been remitted to NAPSA by your employer by visiting any NAPSA office countrywide and requesting for your pension contribution statement.

When do we commence contributions?
An employer is required to register with NAPSA within one month of engaging an eligible employee and immediately commence contributions to NAPSA in respect of that employee.

What is the contribution rate? (backed by practical example /simulation)
The employee contributes 5% and the employer contributes 5% of the gross earnings subject to the contribution ceiling in each prevailing year. For example: A K500 salary would require a contribution of K50 per month, with K25 contributed by the worker and K25 being paid by the employer.

What will happen to my contributions when I stop contributing to NAPSA?
The contributions will be kept and will keep earning interest until when the member reaches age 55 and a retirement benefit is payable.

What happens to my workers contributions when I am not in business? (for employers)
Contributions are maintained in the individual member’s account held with NAPSA under the member’s social security number. The contributions will be kept and will keep earning interest until when the member reaches age 55.

What happens to contributions when one changes employment?
Contributions are maintained (kept) in the individual member’s account held with NAPSA under the member’s social security number.

What are penalties for defaulting social security contributions?
There’s no limit to what you can lose if you don’t have social protection. If any contribution is not paid at the end of each month, a sum equal to twenty (20) percent of the amount unpaid is added as a penalty for that month or part thereof after the date the payment was due. Most importantly the cost of defaulting social security registering can lead collapse of business.

What is the minimum salary for one to contribute to NAPSA?
The minimum monthly salary for one to contribute to NAPSA is 15.00

Can I also register my workers with WCFCB despite contributing to NAPSA?
Yes, you are mandated to register your workers with WCFCB despite contributing to NAPSA
Can I access my benefits if I stop contributing/working before retirement age of 55?
If an employee stops work before attainment of age 55 either by resignation, redundancy, dismissal or any other form of exit, the benefits under NAPSA will not be paid but the contributions will be kept and will keep earning interest until when the member reaches age 55.

How do I get to learn more about WCFCB other than visiting the Head office or the branch?
Information can be obtained via our website using the address below:

The Public Affairs Office
National Pension Scheme Authority
P.O. Box 51275
Levy Business Park
Cnr. of Church &amp; Kabelenga Roads
LUSAKA, ZAMBIA
+260 211 221 667
www.napsa.co.zm
A Workplace Accident Could Be Around the Corner

Make Sure You’re Covered
WHAT IS THE WORKER’S COMPENSATION FUND CONTROL BOARD?

The Workers’ Compensation Fund Control Board (WCFCB) is a social security institution established by Act No. 10 of the Laws of Zambia.

WCFCB was formed to administer a fund that would provide compensation to the Zambian workforce in the event that they would be disabled through occupational accidents or diseases. They also provide payment of compensation to dependants of workers who die as a result of occupational accidents or diseases.

The registering of members to WCFCB and yearly contributions to the fund are the responsibility of the employer. WCFCB also make regular inspections and free Occupational Safety and Health training services at request of employers to ensure that workplaces are kept to a high safety standard.
WHAT KIND OF EVENTS ARE COVERED BY WCFCB?

DEATH
If a workplace accident results in the death of a worker, survivor’s benefits are paid to the spouse, children and/or guardian.

TEMPORARY DISABLEMENT
When a worker is temporarily disabled and cannot return to work following an accident, they are entitled to receive monthly payments for up to eighteen months.

PERMANENT DISABLEMENT
If a worker’s injuries are assessed to be severe enough to prevent them from returning to work and leaves them permanently disabled then they will be entitled to payment dependant on the severity of the disability.

COMMUTATION OF PENSION
In certain cases, the pension maybe substituted as an investment into a business venture or any undertaking that would provide a lasting benefit to the beneficiary.

MEDICAL REFUNDS
WCFCB will refund any expenses reasonably incurred in the treatment and hospitalisation of injured workers.

CONSTANT ATTENDANCE ALLOWANCE
WCFCB will pay an allowance to persons taking care of paraplegic or bedridden pensioners.

PERIODIC MEDICAL EXAMINATIONS
WCFCB will meet costs for pensioners to undergo regular examinations at the Occupational Health and Safety Research Bureau in Kitwe.

MEDICAL AID
WCFCB will provide assistive medical devices such as artificial limbs, wheelchairs, crutches etc. to its beneficiaries.

VOCATIONAL TRAINING
If a worker cannot no longer return to their former occupation, then the WCFCB will provide vocational training that will assist the worker to resume work in a different occupation.
FREQUENTLY ASKED QUESTIONS

What is WCFCB?
A Social Security Institution whose mandate is to compensate workers who get injured or contract diseases or die in the course of duty.

Who is eligible to register with WCFCB?
All employers carrying out business activities in Zambia with the exception of the civil service, defence forces and the police service.

Is WCFCB registration mandatory?
WCFCB registration is mandatory for all categories of employers other than the ones mentioned above.

Am I an employer covered under WCFCB?
Employers are covered by WCFCB provided your earnings are included when submitting the declaration of earnings for the rest of the workers.

How do I become a member of WCFCB?
By registering your establishment with WCFCB within 14 days of commencing business, this should be followed by the submission of estimates of earnings in respect of your workers.

Where do I go to register for WCFCB?
WCFCB has a network of 19 branches dotted around the country where information on registration and other clarifications on operations of the fund can be obtained.

What are the advantages of joining WCFCB?
The employer gets to avoid law suits bound to be taken by injured workers provided negligence on the part of the employer is not the cause of the accident. The worker gets to be compensated for the disability suffered following the accident. Registration with WCFCB will also promote your business growth by contributing to productivity of workers and reduced business costs incurred due to workers injuries and sicknesses. The members can also benefit from rehabilitation programmes were workers are trained with the view of integrating them to work.

What does assessment of disablement mean?
This is an act of determining how much disability an injured worker has suffered following the accident. The disability is expressed in percentage terms and denotes the loss of function of the part of the body affected by the accident.

What cash benefits are paid by WCFCB?
The following benefits are paid to the worker
- Lump sum payments
- Life pension payments
- Periodical payments
- Survivors benefits
- Children allowances
- Constant Attendance Allowances
and to the employer as follows
- 100% medical expense reimbursement
- Periodical payments reimbursement
When do I get my benefits from WCFCB?
A member is eligible to get the prescribed benefits as soon as the assessment of disablement is determined.

How can I get compensation from WCFCB?
Employers and workers are required to report accidents that happen at the places of work to WCFCB using the prescribed forms.

How are accident victims compensated? Is it short or long term?
The type of compensation whether short term or long term depends on the degree of disablement suffered by the worker as a result of the accident. A degree of disablement awarded to the injured that is 10% and less attracts a one off payment known as a Lump sum. For the degree of disablement awarded that is more than 10%, a life pension is given to the injured on a monthly basis.

Can I still register my workers who are above 55 years? What is the package for this category of members?
Yes you can and the package is the same for all age categories of workers. WCFCB offers a uniform package across all workers.

Is there a minimum number of contributions required for one to get benefits from WCFCB?
There is no minimum number of contributions required for one to get benefits from WCFCB, what is key is the registration of the employer with WCFCB and declaration of earnings for assessment purposes.

What is the minimum salary for one to contribute to WCFCB?
Currently, there is no minimum salary for one to contribute to WCFCB. However, there is a maximum amount of K800 that can be declared in respect of the worker per month.

My workers are not paid on monthly basis; can I still register them with WCFCB?
Yes you can. What is of paramount importance is for the employer to be registered with WCFCB and declaring of earnings for their workers regardless of the frequency of the remuneration.

What is the contribution/assessment rate?
This is the rate that is applied on the assessable earnings for a business activity falling in a certain business class to arrive at the assessment (contribution) to be made by respective employers into the WCFCB fund e.g. A business enterprise in the Construction/Building sector with 10 workers whose basic pay per individual per month is K800 would be required to contribute K8,240.40 per year for all the ten workers. The computation is as follows:

- **Assessable earnings**
  - K800x10 workersx12months= K96,000
- **Add:** 12.5% of a)
  - K96,000x0.125=K12,000
- **Total of a) and b)**=K108,000

Note:
- 12.5% is mandatory for contributors and carters for food & quarter relating to their workers.
• 7.63% is assessment rate applicable to business in the construction building industry.

**How often are employers required to make contributions to the WCFCB?**
Employers are assessed once a year and therefore only a single contribution is made by the employer on behalf of the workers into the WCFCB Fund.

**Is there a grace period for payment of the contributions following computation of the assessment payable?**
The assessment is paid by the employer within 30 days following the assessment computation.

**How do I know my contributions have been remitted to WCFCB?**
The worker does not make contributions to the WCFCB, instead the employer contributes to WCFCB based on the number of workers they have or project to have, the earnings they anticipate to pay their workers in a financial year taking into account the ceiling of K800.00 per month.

**Can my workers be compensated when my enterprise is not in business?**
If the enterprise is not having business then workers won't be required to report for work, so if they happen to be involved in an accident elsewhere, they will not qualify for compensation under the Workers' Compensation Act.

**Can my workers be compensated when they get employed by another employer?**
Workers who get employed by another employer can still be covered by WCFCB, provided this other employer is registered with WCFCB and the accident occurs whilst they are performing duties relating to the business of the other employer.

**Can I access my benefits if I stop contributing to WCFCB?**
The contributions that are made by the employer on behalf of the workers to the WCFCB are meant to cover workers against injuries, diseases and death that are related to the work being done by the workers. It is not meant to be drawn as a benefit at some point in time unless the worker suffers one of the three risks itemised above.

**What happens to my contributions when I die?**
If the death arises out of work, then the benefits will be paid to the surviving spouse under the survivors’ benefits. If the death is not related to work, then WCFCB will not pay any benefits.

**What are consequences of concealing a work related accident?**
Protected workers are productive workers. Concealing work related accidents can hinder growth of your business as the employer will spend more on hidden costs. Workers have a right to compensation. Any employer who conceals a work related accident is liable for prosecution under the WCFCB Act.
Does WCFCB have any prevention programmes aimed at minimising accidents at places of work?
Under the Department of Occupational Health and Safety, WCFCB conducts work place inspections with a view to ensuring that employers and workers adhere to the standard safety procedures, sensitising employers and workers on the good safety practices of work and also offering other programmes related to safety at places of work which are done free of charge at the request of the employer involved.

How do I get to learn more about WCFCB other than visiting the Head office or the branch?
Information can be obtained via our website using the address below:

Workers’ Compensation Fund
Head Office, Compensation House
Corner Broadway/Moffat Rd
P.O Box 71534, Ndola Zambia
Telephone: 260-212-610481/8
Fax: 260-212-612072
E-mail: compensation@workers.com.zm
www.workers.com.zm