

## **NASCAM MEMBER'S SOCIAL GRANT COMMITTEE**

The committee was tasked to explore the best options to benefit members through the NASCAM-MSG. This was due to the fact that the NASCAM-MSG was only benefitting member's when they die.

The committee met three times and together with consultant **Gerhard Kawete Abraham** explored the following options that seemed available to members, based on the 10% annual contribution to the social grant;

### **Risk Benefits Insurance**

Risk benefits offer financial protection against the heavy losses due to unforeseen situations. The insurance helps mitigate the risk and provide for either individual or family protection through the provision of death, disability, and funeral benefits.

**Life Insurance:** Life insurance is meant for family protection, payable to dependents in the event of a member's death.

**Disability insurance:** Disability insurance is taken out for individual protection should an event occur that will render the member partially or permanently disabled.

**Funeral Insurance:** Family funeral insurance caters for emergency funeral expenses and payable within 48 hours. This was the most pressing need identified by the benefits committee and it was the focus area of our analysis.

**Example:** A funeral benefit of 2500 members each considered to be contributing N\$10 per month resulting in a N\$ 300 000 annually contribution for all 2500 members.

<b>Contribution annually</b>	<b>Claims paid per year</b>	<b>Surplus</b>
N\$ 300 000 (N\$25 000 monthly for 2500 members)	N\$ 75 000	N\$225 000 (This amount would end up as profit for the insurance company and a loss to NASCAM)

### **Investment Plan**

Invest annually the 10% social grant fund with a prominent Wealth Investment manager. The investment in the name of NASCAM Investment Plan, will generate investment returns depending on the investment strategy adopted by the Board of Directors. Furthermore, the terms of reference on the operation and management of the account will be set by the Board of Directors through a statement of investment policy.

**Transactions:** Assumption that annually NASCAM withdraw from the account to assist members

Year	Balance @ beg of period	Initial 10% Investment	Financial assistance to members	Investment return per annum	Balance @ end of period
1		N\$ 388 000	-N\$ 60 000	N\$ 24 371	N\$ 352 371
2	N\$ 352 371	N\$ 411 280	-N\$ 80 000	N\$ 24 614	N\$ 708 265
3	N\$ 708 265	N\$ 435 957	-N\$ 100 000	N\$ 24 962	N\$1 069 183
4	N\$1 069 183	N\$ 462 114	-N\$ 120 000	N\$ 25 419	N\$1 436 717
5	N\$1 436 717	N\$ 489 841	-N\$ 140 000	N\$ 25 993	N\$1 812 551

### Retirement Plan

The retirement plan will allow members to save and invest for retirement. This will help ensure financial security after their music career years because people live longer and sometimes even for decades.

The proposed retirement plan will be set up at group scheme level but in the name of NASCAM. Members will contribute monthly and accessibility of the funds before retirement will be in accordance with the Terms of Reference to be adopted by the Board of Directors.

### Objective

Saving towards retirement provides financial security. It will ensure that members have financial means to support themselves when they are unable to generate income. Retirement savings therefore provides a safety net for the future needs and expenses.

### Constraint

The retirement savings plan will be held in the name of NASCAM, and the monthly contributions will be deducted from a NASCAM bank account. Should some members not make their monthly contributions on time, it may result in the policy lapsing and unnecessary bank overdraft charges. This process should therefore be managed properly.

### Results & Recommendations

- Having analysed the risk benefits offering using the funeral benefit as a base by comparing events that happened in the past with probability of similar events happening in the future. We are of the opinion that although there is a need for risk benefits, the scheme is not suitable for NASCAM as the probability of having claims worth N\$ 250 000 annually is most likely less than 1%. NASCAM will therefore not benefit from transferring the risk to an insurance company.
- Savings for retirement are essential because it provides financial security, independence, and the ability to enjoy your later years comfortably. Although members will not retire comfortably, it will ensure that they will be able to cover living expenses, health care costs and most probably unexpected costs if the money is

managed properly, however due to the nature of the society and its members, we are therefore recommending the retirement plan be implemented once at a later stage when investments have grown. An amount would be allocated towards this so that all members will benefit without members having to contribute monthly.

- The investment plan is the most viable option that is suitable at the moment for NASCAM compared to risk benefits and retirement plan. The Board of Directors must still adopt the terms of reference setting out conditions on how members can be assisted financially.

## **INVESTMENT OBJECTIVES**

The main objective of this investment plan is to actively support NASCAM's sustainability to continuously provide benefits for its membership. The investment plan is to stimulate and grow the 10% social contribution by members through earned royalties yearly.

The returns earned on funds invested is to benefit its members through the following disbursements from 2024 - 2027:

1. **Funeral grant:** This grant will be paid to the family in an event the member dies and/or paid to the member when their spouse or children dies. (A disbursement policy and procedure as well as eligibility is developed and will be made available by management).
2. **Recording studio:** As a way to enhance the quality of music production NASCAM will build a recording studio that full members can make use of at no cost.
3. **Workshops:** In order to boost the local music industry NASCAM will be hosting regular seminars and workshops, to help foster and develop creativity across all categories and genres of music, these workshops and seminars will focus on the following;
  - Music industry structures and processes
  - Understanding Contracts
  - Understanding Copyright, mechanical rights, performance rights
4. **Innovation & Technology:** Researching innovative ways to improve income generation and how to utilise technology to facilitate improved activity in the Namibian Music industry.

## **BENEFIT CONSIDERATIONS**

### **A. Medical assistance**

This will only be implemented once the fund has reached a one (1) million Namibian dollar threshold and a disbursement policy and procedure would need to be put in place. This is due to the high cost of healthcare

### **B. Retirement/pension**

This will also be considered after a three year period. Cost of retirement can be costly and without monthly contributions it can deplete the fund.

## **BENEFITS**

### **NASCAM MEMBER'S SOCIAL GRANT (NASCAM-MSG)**

A Funeral benefit will be given to members or their immediate family in an event a member or their spouse/partner or their children dies. (**NOTE:** financial assistance is strictly limited to children under the age of 18 years)

The **NASCAM -MSG funeral benefit** will pay as follows;

<b>Member (when the member dies)</b>	<b>N\$ 15 000</b>
<b>Spouse (when spouse dies)</b>	<b>N\$ 5 000</b>
<b>Child (when a child dies)</b>	<b>N\$ 3 500</b>

### **CLAIMS PROCEDURE**

1. Notification: The member or their family member should inform NASCAM promptly about the death and submit any required documentation, as requested.
2. Typically, the funeral death benefit is offered only if the death happens while a member is an active member of the society with a valid member's certificate.

### **PAY-OUT PERIOD**

NASCAM will pay-out within 48 hours once a valid claim has been submitted with all the requirements.

### **EXCLUSIONS AND LIMITATIONS:**

1. Any form of misrepresentation NASCAM may deny the Funeral Benefit.
2. No claim will be entertained 30 days after the date of death of a member or family member.

### **CLAIM REQUIREMENTS**

- Certified copies of the applicant's passport/Identity document (ID).
- Certified copies of the child or children's full birth certificates/ written confirmation of birth.
- Certified copy of your marriage certificate (if applicable)
- A certified copy of the member's death certificate .
- A certified copy of the spouse's death certificate.
- If not married but cohabitating, a written declaration from the partner confirming this is still the case with two immediate family members of the principal member as witnesses.
- Certified copy of your valid member's certificate

**CONTRIBUTIONS**

Contributions are made annually to the investment Fund on behalf of every member who earned royalties in any particular year by NASCAM. Contributions are invested by the fund to accumulate capital interest and deliver returns for each member.