

Date: 8th January 2016; 27th/28th Rabi Al Awwal 1437; Source1: <http://www.investopedia.com/terms/p/pensionfund.asp>; Source2: www.muslimaccess.com/sunnah/sahabah/ABDUR_RAHMAN_IBN_AWF.htm; Source3: <http://lolliesplace.wordpress.com/2011/02/20/wealthy-sahaba-abdur-rahman-bin-auf/>

ISLAMIC AL-JUMUAA REMINDER AND LEGACY GROUP (<http://aljumaareminder.com/>) discusses richness and Zakat from Pension funds:

Note: This one heavy topic has forced us to re-arrange our normal one page pattern for this week. It has come to our attention that many Muslims have not realized or have forgotten that they have to pay Zakat from their pension funds. Let us first begin by seeing how it is not a sin to be rich in a Halal way.

IT IS NOT A SIN TO BE RICH IN A HALAL WAY – (Note: Allah Alone is Rich and we are poor; a so called-rich person doesn't who doesn't believe this fact, let him try to help all the poor people in the world and then see how rich that person really is.)

It is not a sin to be rich in a halal way because some people can't help being rich because Allah planned it that way. For example Abdur Rahman Ibn Auf a sahaba (companion) of Prophet Muhammad (SAW) was one of the wealthiest and used his wealth as a means to attain the pleasure of Allah rather than an end in itself. He was one of the first eight persons to accept Islam and one the ten who were given the glad tidings of Paradise. He was also one of the six persons chosen by Umar to form the council of shura to choose the Khalifah after his death.

Abdur Rahman Ibn Auf was one the wealthiest in Mecca before being forced out of Mecca with the Prophet and other Sahaba. When they arrived at Madinah the Prophet in his unique manner began pairing off the Muhajirin and the Ansar which established a firm bond of brotherhood and was meant to strengthen social cohesion and ease the destitution of the Muhajirin. Abdur-Rahman was linked by the Prophet with Sad Ibn ar-Rabi'ah. Sad in the spirit of generosity and magnanimity with which the Ansar greeted the Muhajirin, said to Abdur-Rahman:

"My brother! Among the people of Madinah, I have the most wealth. I have two orchards and I have two wives. See which of the two orchards you like and I shall vacate it for you and which of my two wives is pleasing to you and I will divorce her for you."

Abdur-Rahman must have been embarrassed and said in reply: "May Allah bless you in your family and wealth. But just show me where the suq (traditional market) is."

Abdur-Rahman went to the market place and began trading with whatever little resources he had. He bought and sold and his profits grew rapidly. Soon he was sufficiently well off and was able to get married. He again became one of the wealthiest people in Madinah.

Woe to every slanderer and backbiter. Who has gathered wealth and counted it. He thinks that his wealth will make him last forever! Nay! Verily, he will be thrown into the crushing Fire. And what will make you know what the crushing Fire is? The fire of Allah kindled, which leaps up over the hearts, verily it shall be closed upon them, in pillars stretched forth. (Qur'an 104:1-9)

It is not sinful to be rich as we saw with Abdur-Rahman; but the sin is on those who don't give for the sake of Allah and those who think that their wealth will make them last forever. Allah also says:

Never will you attain Al-Birr (piety, righteousness etc, it means here Allah's reward) until you spend [in the way of Allah] from that which you love. And whatever you spend – indeed, Allah is Knowing of it. (Qur'an 3:92)

Notice Allah didn't say you have to give out all that you love but from that which you love. We also stated that some people can't help but be rich like Abdur-Rahman above; Allah says:

See how We prefer one above another (in this world) and verily, the Hereafter will be greater in degrees and greater in preference. (Qur'an 17:21)

Whatever of mercy (i.e. of good), Allah may grant to mankind, none can withhold it; and whatever He may withhold, none can grant it thereafter. And He is the All-Mighty, the All-Wise. (Qur'an 35:2)

And if Allah touches you with harm, there is none who can remove it but He, and if He intends any good for you, there is none who can repel His Favour which He causes it to reach whomsoever of His slaves He wills. And He is the Oft-Forgiving, the Most Merciful. (Qur'an 10:107)

And if Allah touches you with harm, none can remove it but He, and if He touches you with good, then He is Able to do all things. And He is the Irresistible (Supreme) above His slaves, and He is the All-Wise, the Well-Acquainted (with all things). (Qur'an 6:17-18)

You can't escape whatever good or bad Allah has decreed for you. Other examples of wealthy and righteous slaves of Allah are Prophet Dawud, Prophet Suleiman and even Dhul-Qarnain. Let us see what Allah says:

Truly, your Lord enlarges the provision for whom He wills and straitens (for whom He wills). Verily, He is Ever Well-Acquainted, All-Seer of His slaves. (Qur'an 17:30)

Allah enlarges the provision for whom He wills of His slaves, and straitens it for whom (He wills). Verily, Allah is the All-Knower of everything. (Qur'an 29:62)

Do they not see that Allah enlarges the provision for whom He wills and straitens (it for whom He wills). Verily, in that are indeed signs for a people who believe. (Qur'an 30:37)

Do they not know that Allah enlarges the provision for whom He wills, and straitens it (for whom He wills). Verily, in this are signs for a folk who believe! (Qur'an 39:52)

To Him belong the keys of the heavens and the earth. He enlarges provision for whom He wills, and straitens (it for whom He wills). Verily, He is All-Knower of everything. (Qur'an 42:12)

EXTRA, IMPORTANT: *In this world many people try to find wealth from many haram sources and the most prevalent seems to be through the worship of jinns. In the Surah 34 below, Allah informs us very few people know that it is Allah who provides. After informing us twice that He (Allah) is the one who enlarges and restricts provisions; in the very next two ayats 40 and 41 we find in the hereafter that many people used to seek assistance from the jinns to get their provisions when they were living in the world.*

Say (O Muhammad SAW): "Verily, my Lord enlarges the provision to whom He wills and restricts, but most men know not." (Qur'an 34:36)

Say: "Truly, my Lord enlarges the provision for whom He wills of His slaves, and (also) restricts (it) for him, and whatsoever you spend of anything (in Allah's Cause), He will replace it. And He is the Best of providers." (Qur'an 34:39)

And (remember) the Day when He will gather them all together, then He will say to the angels: "Was it you that these people used to worship?" They (the angels) will say: "Glorified are You! You are our Wali (Lord) instead of them. **Nay, but they used to worship the jinn; most of them were believers in them.**" (Qur'an 34:40-41)

And most of mankind will not believe even if you desire it eagerly. (Qur'an 12:103)

And most of them believe not in Allah except that they attribute partners to Him. (Qur'an 12:106)

ARE YOU AND YOUR FAMILY PAYING YOUR ZAKAT AS PER YOUR PENSION FUNDS?

WHAT IS A PENSION FUND: A fund established by an employer to facilitate and organize the investment of employees' retirement funds contributed by the employer and employees. The pension fund is a common asset pool meant to generate stable growth over the long term, and provide pensions for employees when they reach the end of their working years and commence retirement.

And of them are some who made a covenant with Allah (saying): "If He (Allah) bestowed on us of His Bounty, we will verily, give Sadaqah (Zakat and voluntary charity in Allah's Cause) and will be certainly among those who are righteous." Then when He gave them of His Bounty, they became niggardly [refused to pay the Sadaqah (Zakat or voluntary charity)], and turned away, averse. **So He punished them by putting hypocrisy into their hearts till the Day whereon they shall meet Him, because they broke that (covenant with Allah) which they had promised Him and because they used to tell lies.** (Qur'an 9:75-77)

IARLG Comments: Allah has instructed us to pay Zakat on every Islamic year if we have met the minimum requirements. Sadly many Muslims have not realized or forgotten that they have to pay Zakat from their pension funds. It is our duty as Muslims to at least urge one another on the feeding of Al-Miskin (the needy).

Have you seen him who denies the Recompense? That is he who repulses the orphan (harshly), and urges not the feeding of Al-Miskin (the poor). So woe unto those performers of Salat (prayers) (hypocrites), who delay their Salat (prayer) from their stated fixed times, those who do good deeds only to be seen (of men), and refuse Al-Ma'un (small kindnesses e.g. zakat, salt, sugar, water, etc.). (Qur'an 107:1-7)

Nay! But you treat not the orphans with kindness and generosity. And urge not one another on the feeding of Al-Miskin (the needy)! (Qur'an 89:17-18)

Verily, he used not to believe in Allah, the Most Great, and urged not on the feeding of Al-Miskin (the poor). (Qur'an 69:33-34)

In the past if we (all Muslims) had taken a stand and said to the ones responsible for managing our pension funds the following: "Listen, you want to take our funds every month from our salary and to return all the collected funds when we retire and we are old, right? That is okay; but only if you allow us to pay Zakat from those accumulated funds on every Islamic year when the minimum requirements have been met. Even if we were to set funds aside to pay for Zakat we would reach a point where the Zakat due might be equal to our salary or take a large part of our salary and hence we will not be able to pay the Zakat. The best way is to ensure Zakat is taken out of those pension funds of ours."

This would probably have ensured that all that wealth stored as pension funds would have blessings from Allah. We (IARLG) have prepared the proposal below for all of mankind. All the Prophets and previous generations that submitted to the will of Allah paid Zakat from their wealth.

Yes! In our times it might seem to be tough to implement the Zakat proposal below. Yes! Most of us have been born where many if not all managers of pension funds don't recognize and value Zakat; but Allah says and Prophet Muhammad (SAW) advises:

Allah burdens not a person beyond his scope...(Qur'an 2:286)

Anas Ibn Malik reported that the Prophet (SAW) said, "If the Final Hour comes while you have a palm-cutting in your hands and it is possible to plant it before the Hour comes, you should plant it."

We (Muslims) sincerely wanted to live during the lifetime of Prophet Muhammad (SAW). But Allah put us in this time because we have our part as Muslims to play in this period of time. We should be grateful for Allah choosing us to be followers of Prophet Muhammad (SAW). Pounder and think of how Allah favored us: Prophet Musa (SAW) sincerely wanted to be just a follower of Prophet Muhammad (SAW) instead of a Prophet.

Allah does not need us to ensure Islam goes on; we need to try our best so that Allah can allow us to be the ones to pass on Islam. Let us belittle no good deed, be it the passing on of the Quran, nor the teachings and practice of Islam. We are Muslims and we are proud of being Muslims.

O you who believe! Whoever from among you turns back from his religion (Islam), Allah will bring a people whom He will love and they will love Him; humble towards the believers, stern towards the disbelievers, fighting in the Way of Allah, and never fear the blame of the blamers. That is the Grace of Allah which He bestows on whom He wills. And Allah is All-Sufficient for His creatures' needs, All-Knower. (Qur'an 5:54)

And they were commanded not, but that they should worship Allah, and worship none but Him Alone, and perform As-Salat (Iqamat-as-Salat) and give Zakat, and that is the right religion. (Qur'an 98:5)

Not giving Zakat is like a fast spreading cancer; would you wait till you retired to try to pay it out? Worshipping Allah Alone, As-Salat and Zakat are on the same level. You have to pay Zakat as soon as the time arrives just like how you pray as soon as the time arrives. If the managers of the pension funds won't allow you to pay Zakat from you pension funds, then it was your duty to convey the message. You should keep trying to convince them and conveying the message to other Muslims to ensure the spirit of Zakat giving does not go down any further.

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PROPOSAL FOR IMPLEMENTING ZAKAT DEDUCTIONS IN ABCXYZ

WHY ZAKAT SHOULD BE DEDUCTED FROM ABCXY FUNDS

[The Managers of the Pension Funds - (ABCXYZ)] mainly helps its members to save for the future. ABCXYZ also provides a lot of benefits to its members. Many people have benefited from ABCXYZ and one can safely say that ABCXYZ has largely met its objectives.

It has come to our attention that most Muslims have not been calculating and paying Zakat al Mal from their ABCXYZ funds mostly due to accidentally overlooking it. Zakat is one of the five major pillars in Islam.

Since Zakat al Mal is compulsory we (Muslims) would like to be given an option to have 2.5% of our accumulated wealth in ABCXYZ to be paid as Zakat. Zakat al Mal is paid on accumulated wealth over an Islamic year but is not required to be paid by all Muslims because those Muslims that fall below a certain wealth threshold, called Nisab are excused.

Another reason as to why Zakat should be deducted from ABCXYZ is that even if one tries to pay Zakat from his/her own funds (not ABCXYZ's funds) he/she will eventually reach a point where the Zakat will be larger than the salary.

This new Zakat package will meet the needs of many Muslims. Many Banks have introduced an Islamic banking package which tries to avoid usury (interest) as much as possible; this attracted more Muslims and also non Muslims.

Truly those who believe, and do deeds of righteousness, and perform As-Salat (Iqamat-as-Salat), and give Zakat, they will have their reward with their Lord. On them shall be no fear, nor shall they grieve. (Qur'an 2:277)

And he [Isma'il (Ishmael)] used to enjoin on his family and his people As-Salat (the prayers) and the Zakat, and his Lord was pleased with him. (Qur'an 19:55)

And perform As-Salat (Iqamat-as-Salat), and give Zakat and obey the Messenger (Muhammad SAW) that you may receive mercy (from Allah). (Qur'an 24:56)

And those in whose wealth there is a recognized right for the beggar who asks, and for the unlucky who has lost his property and wealth (and his means of living has been straitened). (Qur'an 70: 24-25)

INTRODUCTION TO ZAKAT AL MAL

The literal meaning of Zakat is 'to cleanse' or 'purification'. In the Islamic faith, Zakat means purifying your wealth for the will of Allah; to acknowledge that everything we own belongs to Allah and to work towards the betterment of the Muslim Ummah. Prophet Mohammad (peace be upon him) has said "Whoever pays the Zakat on his wealth will have its evil removed from him" (Ibn Khuzaimah and at-Tabaraani).

Some people might think Zakat is a form of tax. It is not. Zakat and tax are two entirely different things. One is a spiritual act and an obligation as a caring human being and the other is a requirement of secular law. The concept of Zakat is to assist the poor and those who are suffering in order to help them end their suffering and get back on their feet.

Zakat al Mal: Zakat al Mal is paid on accumulated wealth over a year (Islamic year). So it's not based on earnings like income tax. Instead, the amount to be paid is based on whatever amount of wealth a person has in their possession. This would usually entail savings, gold and silver jewelry, stocks, produce, cash, livestock, etc. Muslims then must pay 2.5% of this accumulated wealth as Zakat. But not all Muslims are required to pay Zakat. Those people that fall below a certain wealth threshold, called Nisab, are excused. *{In Islamic law Nisab is the minimum amount for a Muslim net worth to be obligated to give Zakat}*. Zakat has to be paid as soon as it becomes due; just like you can't postpone the five obligatory prayers or fasting in the month of Ramadan you can't postpone paying Zakat as soon as it becomes due.

Zakat is an Obligation on All Muslims: Finally, it must be clear that Zakat is an obligation on all Muslims. Those who can pay the Zakat, and deliberately neglect it, are committing a major sin. In fact, Abu Bakr, may Allah be pleased with him, was the first Caliph of the Muslim world after the death of Prophet Muhammad (pbuh). However, some of the tribes that were originally aligned with the Muslims refused to pay the Zakat when Abu Bakr became the leader. Abu Bakr gathered his army and went to war with these tribes until they submitted and resumed paying Zakat. This story should make it clear how important the Zakat is in Islam.

BENEFITS OF ZAKAT TO THE SOCIETY

Zakat of 2.5% Could Probably Change The World.

One can probably imagine how much good would come to the world if the wealthy gave part of their fortune to the poor.

- This generosity would improve national economies, reduce crime, and bring better opportunities for all.
- Zakat is more than just a tax. And it's more than charity. Zakat is a tool that fosters social harmony and justice.
- For the wealthy, Zakat purifies their wealth and brings humility and gratitude.
- For the poor, Zakat brings hope and satisfaction, and removes enmity for the rich.

What Can 2.5% Zakat Do?

How much can Zakat help the poor people of the world? Let's find out. Let us take an example of Bill Gates; one of the richest men in the world, worth \$58 billion *{as of 2011}*. Now, just imagine if he gave away 2.5% of his money to the poor people of America. How many people could that help?

Time to do some quick math:

- And let's assume the average American family can get by with \$30,000 per year.
- So, if 2.5% of \$58 billion is \$1.45 billion, how many families could be housed, fed, and educated for one year? That's 48,333 families! Not individuals. Families!
- Continuing with the scenario, assuming each family consisted of 2 children and 2 adults. That brings to total number of people to 193,333.
- That's more people than the entire population of Orlando. This is amazing! One man could literally care for an entire city of poor people.

BENEFITS OF GIVING ZAKAT TO THE GIVER

Do they not see that Allah enlarges the provision for whom He wills and straitens (it for whom He wills). Verily, in that are indeed signs for a people who believe. (Qur'an 30:37)

So give to the kindred his due, and to Al-Miskin (the poor) and to the wayfarer. That is best for those who seek Allah's Countenance, and it is they who will be successful. (Qur'an 30:38)

And that which you give in gift (to others), in order that it may increase (your wealth by expecting to get a better one in return) from other people's property, has no increase with Allah, but that which you give in Zakat seeking Allah's Countenance then those, they shall have manifold increase. (Qur'an 30:39)

Us Muslims do not grieve nor regret when Zakat is taken out from our yearly funds each year for the sake of Allah. The aim of putting our funds in **ABCXYZ** is so that we can have better savings and life when we retire. But what would be the point if we receive those retirement savings which would have no blessings. What would be the point of not paying the yearly Zakat from our pension funds and have to pay for it in this world and in the Hereafter.

THE HARMS WHICH MIGHT AFFLICT ONE WHO WITHHOLDS GIVING ZAKAT

And let not those who covetously withhold of that which Allah has bestowed on them of His Bounty (Wealth) think that it is good for them (and so they do not pay the obligatory Zakat). Nay, it will be worse for them; the things which they covetously withheld shall be tied to their necks like a collar on the Day of Resurrection. And to Allah belongs the heritage of the heavens and the earth; and Allah is Well-Acquainted with all that you do. (Qur'an 3:180)

On the Day when that (Al-Kanz: money, gold and silver, etc., the Zakat of which has not been paid) will be heated in the Fire of Hell and with it will be branded their foreheads, their flanks, and their backs, (and it will be said unto them):-"This is the treasure which you hoarded for yourselves. Now taste of what you used to hoard." (Qur'an 9:35)

We Muslims are also eager to give out Zakat as soon as possible to free ourselves from Allah's punishment. We treat Zakat as a cancer which needs to be taken out as soon as possible; the more we delay the Zakat the more blessings we deprive ourselves and the more we draw the wrath of Allah in this world and in the Hereafter.

WHO RECEIVES ZAKAT

Zakat cannot be paid to just any charitable cause. The recipients of Zakat are made clear in both the Quran and the statements of Prophet Muhammad, peace be upon him. Zakat can be given to people in the following categories:

- **The Poor** – Those who are definitely poor and ask for help;

- **The Needy** – Those who are poor, but do not ask for help;
- **Those employed to administer the Zakat;**
- **Newly converted Muslims;**
- **Slaves;**
- **Those in debt;**
- **Wayfarers** – Travelers who are cut off from their own resources.
- **Those in the path of Allah** – Muslims who are struggling or teaching for the sake of Allah.

Of course, it is permissible to give charity to causes or organizations beyond those listed above. Muslims are encouraged to give voluntary charity, or sadaqah, whenever they can. But only those who fit into the above categories can actually receive the yearly Zakat payments. Zakat cannot be used for building mosques; burying the deceased and to clear the debt of the deceased.

As-Sadaqat (here it means Zakat) are only for the Fuqara' (poor), and Al-Masakin (the poor) and those employed to collect (the funds); and for to attract the hearts of those who have been inclined (towards Islam); and to free the captives; and for those in debt; and for Allah's Cause, and for the wayfarer (a traveler who is cut off from everything); a duty imposed by Allah. And Allah is All-Knower, All-Wise. (Qur'an 9:60)

SUGGESTIONS ON HOW ZAKAT DEDUCTION CAN BE IMPLEMENTED IN ABCXYZ:

- New registration forms can be created and presented where people are given an option to choose whether to have Zakat deducted from their funds or not. People will not be forced to have Zakat deducted but Muslims are highly encouraged to ensure that they choose to have Zakat deducted from their **ABCXYZ** contributions.
- Therefore new members can have an option when filling in their **ABCXYZ** forms to choose whether they want to have their Zakat deducted. Current **ABCXYZ** members can have the option of requesting **ABCXYZ** to deduct any due Zakat in the past and to also deduct Zakat in their future funds.
- **ABCXYZ** can form a department that will calculate Zakat and ensure that the Zakat goes to the right place(s) as per the Islamic law. Since the calculation is based only in the actual funds submitted the calculations will be easy to implement both manually and within the systems. Consulting a sincere Islamic scholar will be necessary.
 - If it will be too much for **ABCXYZ** to ensure that Zakat goes to the right places as per the Islamic law such Zakat can be sent back to the **ABCXYZ** member {i.e. Via their Account number} so that he/she can pay the Zakat himself/herself. A notice will have to be sent to the member. The cost of transferring the funds and informing the **ABCXYZ** member may be taken from the Zakat itself.
 - Another option would be to send all the **ABCXYZ** members' Zakat from **ABCXYZ** to an Islamic Institution which will ensure that the Zakat is distributed accordingly as per Islamic laws. The cost of transferring the funds may be taken from the Zakat itself.

Final and Important Notes:

- Zakat Al Mal is calculated using the Islamic/Lunar/Hijr calendar.
- Those people that fall below a certain wealth threshold, called Nisab, are excused from Zakat. Those people that fall on or above a certain wealth threshold, called Nisab, must pay Zakat if they have chosen so in the form.
- **ABCXYZ** will have to choose to stick to one source for checking the Nisab. There are different rates for gold and silver worldwide.
- All Muslims are supposed to pay Zakat when able.
- Consulting a sincere Islamic scholar will be necessary.