



ELECTRICAL INDUSTRY KWA-ZULU NATAL PENSION FUND

ANNUAL TRUSTEE REPORT

2019



ELECTRICAL INDUSTRY KWA-ZULU NATAL PENSION FUND

Registration No: 12/08/14479

23 Lennox Road, Greyville, Durban, 4001

Annual Trustee Report (2019)

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1. CHAIRPERSON'S FOREWORD

Dear Members,

I wish you all a belated happy new year and hope the start of the year has been a good one.

At the beginning of 2020 nobody expected the year that was 2020 and the impact it would have on our lives. The pandemic and as we moved through the various levels of lockdown has had a dramatic impact on our way of life, affecting our health, our feeling of well-being (financially and mentally) and our sense of security which has been an extremely challenging year for everyone to survive.

Our Province of the Kwa-Zulu Natal was also the province that was effected the most by the second wave of the COVID-19 pandemic. Families were affected either by losing loved ones or loved ones contracting the virus. This further placed families under mental strain and affecting families. For all the families that lost loved ones, the Board of Trustees would like to express their deepest sympathy and condolences to you and your families.

The COVID-19 pandemic events of what was happening in the World had a direct and significant impact on the Fund's investments performance and as the World and South Africa went into lockdown, markets were under pressure and investment performance has been impacted negatively Worldwide as investors were uncertain of the impact the lockdowns would have on the World Economies. The impact of the pandemic could be seen in the Fund's investment performance.

The Fund and the investment markets saw a positive change during the last part of the year as investors started obtaining more certainty and started reinvesting in the markets. This had a positive impact on our Fund, and it started recovering. At the end of January 2020, the total Fund value was R412 032 629, 64. After a month of lockdown, the Fund value decreased to R388 436 510, 01 at the end of April 2020 and had recovered to R414 425 942, 31 at the end of December 2020. January 2021 also showed more positive growth for the Fund.



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Looking forward there will be more times of uncertainty in the investment markets as the World recover from the impact of the pandemic.

The Board of Trustees are in constant consultation with its expert advisors Simeka appointed as our Investment Consultant remaining sensitive to what is happening locally and globally. The Board of Trustees manage the investments in a prudent way, maintaining an appropriate level of risk with the support of its expert advisors to achieve its long-term objective.

The previous Principal Officer, Mandla Mbukwane, resigned due to ill health at the end of February 2020. A new Principal Officer, Lizané van der Merwe, was appointed effective from 1 June 2020. Lizané has many years of experience within the Pension Fund Industry and she has already shown that she will contribute to the Fund with the members best interest at the fore front.

All members are invited to contact the Fund if they have any queries regarding the Fund or their own investments or benefits. Contact can always be made through the National Bargaining Council for the Electrical Industry of South Africa (NBCEISA), by visiting their premises or contacting them telephonically.

Deon van Deventer
(Acting Chairperson)



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2. INTRODUCTION

The Trustees communicate annually with Members, by issuing Annual Benefit Statements providing Members with details of the benefits held in the Electrical Industry Kwa-Zulu Natal Pension Fund (*"The Fund"*), accompanied by a Trustee Report providing information about the Fund, any developments in the Fund in particular and in the Retirement Fund Industry in general for the Financial Reporting Year (2019). The Trustees and Principal Officer are bound by the Rules of the Fund, which are available for inspection at the Registered Office of the Fund.

Some of the information in this report has already been included in the Member Booklet but has been included again for completeness.

3. MANAGEMENT OF THE FUND AND SERVICE PROVIDERS

The Board of Trustees of the Fund are as follows and hold office for a period of three (3) years (01 July 2019 – 30 June 2022) and for the Independent Trustee (01 September 2019 – 30 November 2022):

FULL NAME		POSITION
Mr Sipho	Mayisela	Member Trustee*
Mr Deon	van Deventer	Member Trustee*
Mr Innocent	Nkabinde	Member Trustee*
Mr Amos	Madonda	Member Trustee*
Mr Derrick	Nzama	Employer Trustee
Mrs Shantonette	Pillay	Employer Trustee
Mrs Zinhle	Mfeka	Employer Trustee
Mr Bernie	Carr	Employer Trustee
Ms Duduza	Khosana	Independent Trustee

**The Fund has been granted a Pension Funds Act, Section 7B exemption in terms of the requirements of Section 7A which requires members of the Fund to elect Member Trustees. The Employee Parties to the NBCEISA therefore appoint the Member Trustees.*



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The Board of Trustees are not obliged to have all the expert skills necessary for the day-to-day operations of the Fund. The Board of Trustees engages its Expert Advisors as noted below for support in managing the affairs of the Fund.

PRINCIPAL OFFICER / FUND CONSULTANT	Ms. Lizané van der Merwe
AUDITORS	PricewaterhouseCoopers Incorporated ('PWC')
ACTUARY	Independent Actuaries and Consultants ('IAC')
VALUATOR	Mr. Asim Gani ('IAC')
INVESTMENT CONSULTANT	Simeka Consultants and Actuaries
SECRETARIAT	NMG Consultants and Actuaries
ADMINISTRATOR	Sanlam Corporate / NBCEISA
RISK BENEFITS INSURER	NestLife Assurance Corporation Limited ('NestLife')

4. BOARD OF TRUSTEES DUTIES

The legislated duties of Trustees include the following:

- Ensure that the interests of members are protected.
- Act with due care, diligence, and good faith
- Avoid conflict of interests
- Act with impartiality in respect of all members and beneficiaries
- Ensure that proper control systems are in place
- Communicate with members
- Ensure that contributions are paid timeously and in accordance with the Pension Funds Act
- Obtain expert advice where applicable
- Ensure that the Rules of the Fund as well as the operation and administration of the Fund comply with the Pension Funds Act
- Ensure that the assets are invested for the benefit of the members of the Fund and in a manner that is appropriate for the membership profile.
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The Fund carries Fidelity Insurance that provides cover against losses caused by wrongful acts (i.e. theft, fraud, dishonesty) of officials in carrying out their duties.

All Expert Advisors are required to carry Professional Indemnity Insurance that protects the Fund against losses arising out of errors, omissions, or negligence.

5. FUND BENEFITS AND RELATED ISSUES

Contributions:

Member contributions : **6%**

Employer contributions : **9%**

TOTAL : **15%**

The following deductions are made from the above contributions:

Death Benefit premiums	2,19%	(Monthly Pensionable Salary)
Disability Benefit premiums	1,40%	(Monthly Remuneration)
Funeral Cover Benefit premiums	0,25%	(R20 per member per month)
Fund Expenses (average for Financial Reporting Year)*:		
Administration Fee	0.45%	(R36.40 per member per month)
Contingency Reserve Account Allocation**	1.80%	(Monthly Remuneration)

NETT ALLOCATION TO RETIREMENT SAVINGS : **8,91%**

(average for Financial Reporting Year)

***Fund Expenses** refers to FSCA Levies, Audit Fees, Administration Fees, Contingency Reserve Account, etc.

****Contingency Reserve Account** means an amount of money retained from earnings which is established by the Actuary in consultation with the Board of Trustees from time to time to allow for unforeseen expenses.

Additional Voluntary Contributions:

Members may make additional voluntary contributions.

Option upon Resignation (Withdrawal):

- **Become a paid-up member:**

- When a member resigns from employment at their Employer, they can leave their Fund Credit in the Fund, no further contributions are payable and/or risk benefits apply (i.e. Death Benefit, Disability Benefit or Funeral Benefit).
- A paid-up member certificate must be provided.



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- **Transfer to a new Employer's Fund:**
 - Members have the option to transfer their Fund Credit to a new Employer's Fund.
- **Transfer to a Pension Preservation Fund:**
 - Members have the option to transfer their Fund Credit to a Preservation Fund.
 - Transfers to a Preservation Fund at retirement is not allowed.
- **Take the full Fund Credit as a cash lump sum:**
 - Although not recommended, members may take the full Fund Credit as a cash lump sum. Any cash lump sum is subject to tax (as illustrated in the table below).

Tax scales (1 March 2020 – 28 February 2021)

TAXABLE INCOME (R)	RATE OF TAX (R)
R1 – R25 000	0%
R25 001 - R660 000	18% of taxable income above R25 000
R660 001 - R990 000	R114 300 + 27% of taxable income above R660 000
R990 001 and above	R203 400 + 36% of taxable income above R990 000

Important Notes:

- The information illustrated should not be considered as advice as defined and contemplated in the Financial Advisory and Intermediary Services Act No 37 of 2002 ('FAIS Act') or the Financial Sector Regulation Act No 9 of 2017 ("FSR Act").
- The portion of your Fund Credit transferred to an approved Annuity will not be taxed. The monthly pension that you will receive thereafter will however be taxed as income.
- The tax relief provided by the South African Revenue Services ('SARS') is provided once in a lifetime, when calculating the tax payable by the member the total value of all the lump sum benefits and tax relief received by the member, will be taken into account. If any tax-free benefits have been received previously, a reduced amount will now be available.
- The tax implications for everyone may vary based on the income tax rate that applies, therefore we strongly encourage you to contact your personal financial advisor to discuss.

The illustrations contained herein do not constitute tax advice, the actual amounts payable will be determined by SARS on application for a tax directive by the Fund Administrator.



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Options at Retirement:

The following options are available when a Member retires from the Fund either, Early Retirement Age (55 years), Normal Retirement Age (65 years) or Late Retirement Age (70 years). Please note that Late Retirement is subject to an agreement between the Employer and Member. Membership and contributions will continue until 70 years. After 70 years the Member may elect to become a Deferred (Postponed) Retiree.

- **Deferred (Postponed) Retirement:**

- When a member retires from employment at their Employer, they can leave their Fund Credit in the Fund until the election date, no further contributions are payable and/or risk benefits apply (i.e. Death Benefit, Disability Benefit or Funeral Benefit).
- The election date is the date on which the member retires or advises the Fund that he/she elects to retire from the Fund.
- Members will remain invested in the portfolio in which they were before the retirement date. Alternative measures would have to be taken regarding an income from the retirement date from the Employer until the member can access their benefit from the Fund.

- **Purchase an Annuity (pension) with the full Fund Credit from this Fund:**

- The Fund adopted an In-Fund With-Profit Annuity Strategy.

- **Purchase an Annuity with the full Fund Credit from another provider:**

- Members may choose to purchase an Annuity from any other provider.

- **Take a portion as a cash lump sum and purchase an Annuity with the balance either from this Fund or another provider:**

- Although not recommended members may take up to 1/3rd maximum of their Fund Credit as a cash lump sum and the 2/3rd balance will be used to purchase an Annuity. Any cash lump sum is subject to tax (as illustrated in the table below).

- **Take the full Fund Credit as a cash lump sum:**

- Although not recommended members may take the full Fund Credit as a cash lump sum if the total Fund Credit is less than R247,500. Any cash lump sum is subject to tax (as illustrated in the table below).



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Tax scales (1 March 2020 – 28 February 2021)

TAXABLE INCOME (R)	RATE OF TAX (R)
R1 – R500 000	0%
R500 001 – R700 000	18% of taxable income above R500 000
R700 001 – R1 050 000	R36 000 + 27% of taxable income above R700 000
R1 050 001 and above	R130 500 + 36% of taxable income above R1 050 000

Important Notes:

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- The portion of your Fund Credit transferred to an approved Annuity will not be taxed. The monthly pension that you will receive thereafter will however be taxed as income.
- The tax relief provided by the South African Revenue Services ('SARS') is provided once in a lifetime, when calculating the tax payable by the member the total value of all the lump sum benefits and tax relief received by the member, will be taken into account. If any tax-free benefits have been received previously, a reduced amount will now be available.
- The tax implications for everyone may vary based on the income tax rate that applies, therefore we strongly encourage you to contact your personal financial advisor to discuss.

The illustrations contained herein do not constitute tax advice, the actual amounts payable will be determined by SARS on application for a tax directive by the Fund Administrator.

Unclaimed Benefits:

In the event a member or beneficiary does not claim the Fund Credit, the Fund Credit must be transferred to the Unclaimed Benefits Portfolio after 24 (twenty-four) months from the date of exit. Members are encouraged to submit all documentation timeously upon resignation or at retirement to prevent any benefits from becoming unclaimed.



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Insured Benefits:

The following benefits are offered to employees who are members of the Fund:

- Group Life Assurance ('GLA') – Death Benefit
- Permanent Health Insurance ('PHI') – Disability Benefit
- Funeral Cover Benefit

(Death Benefit)

The benefit is an approved benefit which means that the Fund is the policyholder, and the Trustees will decide on the distribution of the benefits in accordance with Section 37C of the Pension Funds Act (as amended) and the Rules of the Fund. The benefit will be taxed as per the tax scales noted below and the monthly premiums are not taxed (tax deductible).

Pays a multiple of two (2) times the annual pensionable salary. Upon the death of a member the benefit plus the Fund Credit is payable to the beneficiaries of the deceased member.

Example:

R10, 000 (Monthly Pensionable Salary)

R100,000 (Fund Credit at date of death)

$R10, 000 \times 12 = R120,000$ (Annual Pensionable Salary)

$R120,000 \times 2 = R240,000$ (Insured Death Benefit payable – GLA)

R100,000 (Fund Credit) plus R240,000 (GLA)

= R340,000 (Total benefit distributed according to Section 37C)

Tax scales (1 March 2020 – 28 February 2021)

TAXABLE INCOME (R)	RATE OF TAX (R)
R1 – R500 000	0%
R500 001 – R700 000	18% of taxable income above R500 000
R700 001 – R1 050 000	R36 000 + 27% of taxable income above R700 000
R1 050 001 and above	R130 500 + 36% of taxable income above R1 050 000



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- The portion of your Fund Credit transferred to an approved Annuity will not be taxed. The monthly pension that you will receive thereafter will however be taxed as income.
- The tax relief provided by the South African Revenue Services ('SARS') is provided once in a lifetime, when calculating the tax payable by the member the total value of all the lump sum benefits and tax relief received by the member, will be taken into account. If any tax-free benefits have been received previously, a reduced amount will now be available.
- The tax implications for everyone may vary based on the income tax rate that applies, therefore we strongly encourage you to contact your personal financial advisor to discuss.

The illustrations contained herein do not constitute tax advice, the actual amounts payable will be determined by SARS on application for a tax directive by the Fund Administrator.

Beneficiary Nomination Form

In terms of the provisions of the Pension Funds Act, benefits arising on the death of a fund member are excluded from the estate of such member. The member therefore does not have the right to determine how this amount will be dealt with. The Beneficiary Nomination Form, although a valuable tool to assist the Trustees in determining a fair distribution of the benefits, is not legally binding on the Fund or Trustees for purposes of benefits distribution.

Members are encouraged to update their beneficiary nomination form at least once annually but more importantly as/when their personal circumstances change (i.e. when a potential beneficiary pass away or are no longer a dependent, marriage, divorce, adoption etc.). The information provided on the beneficiary nomination form must always be truthful and accurate.



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Members must ensure that the details of all their children (including any child born outside of wedlock) are provided.

If a child is over the age of 18 years members must indicate whether they are being supported on a regular basis and indicate how they are supported.

(Disability Benefit)

The benefit is an unapproved benefit, which means that the NBCEISA is the policyholder. The benefit will be paid out tax-free, however the monthly premiums are taxed as a fringe benefit in the hands of the employee and will increase annually by 5% (escalation rate). The Fund Credit will remain invested in the Fund and contributions to the Fund will continue until recovery, retirement (55yrs – Early; 65yrs – Normal; 70yrs – Late) or death, whichever event occurs first.

Pays a monthly income of 55% of monthly remuneration after the waiting period in the event an employee is incapable of engaging in their own or in another occupation for which they are or could reasonably be expected to become qualified for in terms of their knowledge, training, education, ability, or experience.

The monthly income benefit will be paid until recovery, retirement (55yrs – Early; 65yrs – Normal; 70yrs – Late) or death, whichever event occurs first. You will be required to undergo annual (or more regular) medical reviews, to prove to the Insurer that you still qualify for the benefit.

The waiting period means the period that applies before the insurer is liable to start paying the benefit. The waiting period is six (6) months from the date the insured person is unable to perform the inherent job requirements or was accommodated at work due to illness or injury.

Example:

R10, 000

(Monthly Remuneration)

R10, 000 x 55% = **R5, 500**

(Insured Disability Benefit payable – PHI)



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(Funeral Cover Benefit)

The benefit is an unapproved benefit, which means that the NBCEISA is the policyholder. The benefit will be paid out tax-free as the monthly premiums are taxed as a fringe benefit in the hands of the employee.

BENEFICIARY	BENEFIT PAYABLE
Member	R20,000
Spouse	R20,000
Child: 14years – 21years*	R10,000
Child: 6years – 13years	R7,500
Child: 1year – 5years	R3,500
Child: Stillborn – 11months	R3,500

**Up to 21 years if the child is unmarried.*

**Up to 26 years if the child is studying full time at a recognised educational Institution.*

**Up to the date the membership ceases for the Principal Member or Spouse (if later) if the child is mentally handicapped or totally and permanently disabled.*

Retirement Planning:

Deciding on what to do with your retirement savings is an important financial decision to make, it is the high point of a working lifetime of saving. It is prudent to find an accredited Financial Advisor well in advance to assist you in taking a holistic view in selecting the appropriate savings/investment option.

(Retirement Benefit Counselling)

Retirement Funds are required to offer members Retirement Benefit Counselling services, this also applies upon resignation, to allow Members to be provided with the relevant information to make an informed decision.

This service is provided to Members of the Fund free of charge. A Retirement Benefit Counsellor may not provide advice as defined and contemplated in the Financial Advisory and Intermediary Services Act No 37 of 2002 ("FAIS Act") or the Financial Sector Regulation Act No 9 of 2017 ("FSR Act"), although they may be qualified/accredited. Members will be provided with further details in a separate communication.



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(Financial Advisor)

Members are encouraged to find an accredited Financial Advisor well in advance to assist them in taking a holistic view in selecting the appropriate savings/investment option. It is important to remain vigilant against "Fly-by-night advisors" who may prejudice your retirement savings. Legislation has been put in place to protect the public from such individuals. Always request that the Financial Advisor confirms that he/she is accredited in terms of FAIS legislation. This is the first step to ensure that your interests are protected.

An accredited Financial Advisor must be registered with the Financial Sector Conduct Authority ("FSCA"), previously known as the Financial Services Board ("FSB") as an Advisor.

If you do not have an accredited Financial Advisor, you are welcome to contact the Financial Planning Institute of Southern Africa ("FPI") on the contact details stated below to obtain the details of an accredited Financial Advisor in your area:

Tel : (011) 470 6000

Website : www.fpi.co.za

6. INVESTMENTS

Simeka Consultants and Actuaries are the Fund's Investment Consultants and advise the Board of Trustees on investment related matters. The fair value* of the Funds' assets was R409, 711,104 as at 31 December 2019 (31 December 2018: R394, 402,271).

Fair value means the estimate of the potential market price of an asset.

The table on the next page illustrates the Asset Managers and Asset Allocation per portfolio as at 31 December:



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YOUNGER MEMBER PORTFOLIO		OLDER MEMBER PORTFOLIO		PENSIONER PORTFOLIO	
Coronation Houseview Equity	16,4%	Coronation Houseview Equity	5,9%	Coronation Houseview Equity	6,1%
Mazi Asset Management Equity	19,9%	Mazi Asset Management Equity	7,2%	Mazi Asset Management Equity	7,4%
Old Mutual Swix Equity Index Tracker	10,6%	Old Mutual Swix Equity Index Tracker	3,8%	Old Mutual Swix Equity Index Tracker	3,9%
Vunani Active Bond	3,1%	Vunani Active Bond	14,5%	Vunani Active Bond	14,1%
Momentum Development Bond	2,2%	Momentum Development Bond	6,1%	Momentum Development Bond	5,6%
BlackRock World Sub Index Equity	6,1%	BlackRock World Sub Index Equity	5,2%	BlackRock World Sub Index Equity	5,4%
Momentum Money Market	0,0%	Momentum Money Market	0,0%	Momentum Money Market	0,0%
Momentum Investments Property Equity	4,4%	Momentum Investments Property Equity	4,0%	Momentum Investments Property Equity	3,8%
ACPI Balanced Portfolio	18,0%	ACPI Balanced Portfolio	15,0%	ACPI Balanced Portfolio	14,8%
Momentum Money Market	0,3%	Momentum Money Market	0,3%	Momentum Money Market	0,3%
Prescient Low Liquidity	0,3%	Momentum Active Cash Fund	22,6%	Momentum Active Cash Fund	22,7%
Momentum Active Cash Fund	8,3%	Sanlam Inflation Plus	15,5%	Sanlam Inflation Plus	15,9%
Sanlam Inflation Plus	10,3%				
100%		100%		100%	

Default Investment Strategy:

The Fund's Default Investment Strategy is a Life-Stage Model which comprises of a Younger and Older Member Portfolio and two (2) transition steps take place to move members from the Younger Member Portfolio to the Older Member Portfolio up to Normal Retirement Age ("NRA") of 65 years. Member Individual Choice is not allowed.



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PORTFOLIO	MEMBER'S AGE	TRANSITION (GLIDE PATH)
Younger Member Portfolio (100%)	Up to 60 years	Not applicable
Younger Member Portfolio (50%) and Older Member Portfolio (50%)	From 60 years (≥5 years to NRA)	On 01 January annually of the year in which a member will reach the age of 60 years: <ul style="list-style-type: none"> 50% of the member's accumulated fund credit is switched from the Younger Member Portfolio to the Older Member Portfolio; and All future contributions are directed towards the Older Member Portfolio.
Older Member Portfolio (100%)	From 62 years (≥3 years to NRA)	On 01 January annually of the year in which a member will reach the age of 62 years: <ul style="list-style-type: none"> The balance of the member's accumulated fund credit is switched from the Younger Member Portfolio to the Older Member Portfolio.

Investment Performance:

The declared investment returns of the Fund as at 31 December 2019 for the 1-year, 3-year and 5-year period is illustrated below:

PORTFOLIO	1-YEAR	3-YEAR	5-YEAR
Younger Member	10,3%	5,3%	5,3%
Older Member	11,1%	7,4%	7,1%
Pensioner	11,1%	7,4%	7%

Noted below is a brief Economic and Market Overview Summary as at December 2019, extracted from the Fund's Investment Advisors communication (Simeka Consultants and Actuaries).



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7. FINANCIAL REPORTING (31 DECEMBER 2019)

The table below illustrates a brief summary of the Audited Annual Financial Statements which confirms the income received by the Fund and the benefits paid out to Members/Beneficiaries during 2019.

The fair value of the Fund's investment, administered by the investment administrator at the end of the year was:

	FSCA Registration number	31 December 2019 R	31 December 2018 R
Momentum Outcome-Based Solutions (Pty) Limited	19840	409,711,104	394,402,271
Total value of investments managed		409,711,104	394,402,271

MEMBERSHIP

	Active members	Pensioners	Unclaimed benefits
Number at the beginning of year	4,575	119	6,861
New spouses	-	4	-
Additions	368	11	1,419
Withdrawals	(170)	-	-
Retirements	(11)	-	-
Retrenchments	(340)	-	-
Deaths	(14)	(7)	-
Unclaimed benefits paid	-	-	(887)
Number at the end of the year	4,408	127	7,393
South African citizen at the end of the year	4,408	127	7,393

Membership in terms of citizenship

The Financial Sector Conduct Authority now requires the Fund to analyse the membership of the fund in terms of citizenship. The fund, together with the administrator is in the process of compiling the relevant member information.

8. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES

Membership:

The total number of members as at 31 December 2019 was 7,393 (2018: 6,861)



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Rule Amendments:

A Rule Amendment to make provision for a Paid-Up Member Category in terms of Regulation 38 was effective 01 March 2019 and approved by the Authority ("FSCA") on 18 February 2019.

Member Website:

In terms of Pension Fund Circular Number 86, the Fund is required to provide a member benefit statement to all Members, at least annually. Members are provided with an Annual Benefit Statement to ensure amongst other things that they are satisfied that all the static information reflected is correct and current (i.e. Full Name, Date of Birth, Pensionable Salary, etc.).

The Fund's Financial Year-End is 31 December annually, and Members can expect to receive their Annual Benefit Statements in July annually following the finalisation of the Annual Financial Statements. During 2020, due to the COVID-19 lockdown restrictions the Financial Sector Conduct Authority ("FSCA") granted an extension up to 30 September 2020 to provide the Annual Financial Statements, Members can therefore expect to receive their Annual Benefit Statements during October 2020.

The Member Website is Administered through Sanlam and Members may register on the Member Website to access more regular information as per the process noted in the Member Booklet.

9. SUBSEQUENT EVENTS

COVID-19 Pandemic:

Subsequent to the Fund's Financial Year-End (31 December 2019), a National State of Disaster was announced by the President on 23 March 2020 effective from 26 March 2020 due to the global COVID-19 pandemic outbreak.

The COVID-19 pandemic has had a significant impact on markets (locally and globally), which in turn have impacted and placed investment markets performance under pressure. The Fund is a Defined Contribution Pension Fund ("DC") and a fixed percentage of contributions as defined in terms of the Rules of the Fund are paid



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towards retirement savings and are subject to market returns.

Subsequently the FSCA released Communication 11 of 2020 to serve as guidance and recognising the impact the COVID-19 pandemic may have on Employers and Employees who are financially distressed in light of the unprecedented financial challenges the pandemic presents, which may impact Employers' and Employees' ability to comply with the full and/or any payment of contributions in terms of Section 13A of the Pension Funds Act. In addition, Retirement Fund were required to ensure that the full risk benefit premiums are paid to ensure that the risk benefits will continue to be provided.

In light hereof, the implementation of temporary contribution relief measures was discussed at the National Council meeting of the NBCEISA and the Board of Trustees in consultation with the Fund Actuary, approved the temporary contribution relief for the months of April and May 2020. Fund Expenses and GLA Benefit premiums (Death Benefit) would be deducted from the Contingency Reserve Account ("CRA") for this period to avoid any operational requirements disruptions. In compliance with the conditions of the Insurer of the GLA policy the pensionable salaries would remain unchanged for the purpose of the calculation of the GLA Benefit premiums.

The Board of Trustees is in constant consultation with its Expert Advisors to assess the potential impact of the COVID-19 pandemic on the Fund and its members and remain sensitive to developments locally and globally.

Appointment of new Principal Officer and Fund Consultant:

The Fund appointed Ms Lizané van der Merwe with effect from 01 June 2020 as the new Principal Officer and Fund Consultant who replaced Mr Mandla Mbukwane (Principal Officer 29 February 2020) and Mufaro Employee Benefits (Fund Consultant 31 January 2020).

10. PENSION FUNDS ADJUDICATOR

The Office of the Pension Funds Adjudicator ('OPFA') is a statutory body established in terms of Section 30B of the Pension Funds Act, 24 of 1956. The OPFA was established to



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investigate and decide on complaints lodged in terms of the Pension Funds Act ("PFA") and in terms of the Financial Sector Regulation Act ("FSR Act").

The OPFA on 23 June 2020 published the OPFA Communication 2 of 2020 (Internal Dispute Resolution Procedures) which all retirement funds must adhere to effective from 01 August 2020 and is summarised as follows in terms of the PFA:

- Complainants must lodge their complaints with the Fund first and exhaust all internal dispute resolution processes first, before approaching the OPFA for resolution of their complaints.
- Complainants must first approach organisations approved by the FSCA for the purpose of resolving pension complaints, such as bargaining councils.
- Proceedings instituted at accredited Councils or the Labour Court, which would constitute the subject matter of a complaint to be investigated by the OPFA (i.e. non-payment of contributions by the employer), would prevent the OPFA from investigating the complaint if such proceedings have already commenced.

Who can complain to the Adjudicator?

- A member or former member of a fund,
- A beneficiary or former beneficiary of a fund,
- An employer who participates in a fund,
- The Board of Management of a fund, or any member of the board can also lodge a complaint.

What must you do before you complain to the Adjudicator?

Before you submit your complaint to the Adjudicator address your complaint with the party against whom you are complaining in writing and wait for a response. If after 30 days, you have not received a response, or you have received a response, but you are still not satisfied you can submit your complaint to the Adjudicator.

How to submit a complaint to the Adjudicator?

Any complaint to the Adjudicator must be in writing. The Pension Funds Adjudicator will not accept complaints on the telephone.



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You can submit your written complaint to Adjudicator, either by:

- Post: P.O. Box 580, Menlyn, 0063
- Fax: 086 693 7472
- E-mail: enquiries@pfa.org.za or
- In person: 4th Floor; Riverwalk Office Park, Block A, 41 Matroosberg Road, Ashlea Gardens, Pretoria, 0181

Where can I contact the Pension Funds Adjudicator?

The Pension Funds Adjudicator can be reached telephonically on 012 346 1738, or on e-mail enquiries@pfa.org.za.

What can I do if I am not satisfied with the Pension Funds Adjudicator's ruling?

Should you not be satisfied with the decision of the Pension Funds Adjudicator, you may, within six (6) weeks, apply to the High Court for relief.

11. REGISTERED OFFICE OF THE FUND

Address : 23 Lennox Road, Greyville, Durban
Tel : (031) 306 8100 or (031) 309 1325 / 1326 / 1307 / 1279

12. CONCLUSION

Members are encouraged to review their information available on the Fund records to ensure you receive the relevant communication and you can be contacted when a benefit becomes due and payable. The increase in unclaimed benefits funds remain a concern as these are benefits which are due to members and/or beneficiaries. Beneficiary Nomination Forms should be updated at annually but most importantly as/when any of the information change. This is a valuable tool to assist the Trustees in determining a fair distribution of the benefits to the beneficiaries.

Upon resignation or at retirement all the relevant documents must be completed and submitted to prevent any unnecessary delays in processing claims.

Deciding on what to do with your retirement savings is an important financial decision to make, it is the high point of a working lifetime of saving. It is prudent to find an accredited Financial Advisor well in advance to assist you in taking a holistic view in



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selecting the appropriate savings/investment option. Legislation has been put in place to protect the public from “*Fly-by-night advisors*” who may prejudice your retirement savings. Always request that the Financial Advisor confirms that he/she is accredited in terms of the FAIS Act. This is the first step to ensure that your interests are protected.

The Default Regulations have been implemented to improve the outcomes for members by aiming to improve the retirement outcomes of members making it easier to preserve their accumulated Fund Credit and be better prepared for retirement and by addressing member's apathy towards making investment choices.

The COVID-19 pandemic has had a significant impact on market locally and globally, however the Board of Trustees is in constant consultation with its Expert Advisors to assess the potential impact of the COVID-19 pandemic on the Fund and its members and remain sensitive to developments locally and globally.
