

The background of the newsletter cover is a photograph of a wooden boardwalk leading towards a beach and the ocean under a cloudy sky. The image is framed by large, overlapping geometric shapes in black and grey. On the left and right sides, there are orange chevron arrows pointing outwards. In the top-left and bottom-right corners, there are solid orange rectangular blocks.

Newsletter Q2 2024

**VMPF**

Vrystaat Munisipale Pensioenfonds

May 2024

A cup of coffee on a saucer next to financial documents and a calculator.

A word from the

# Board of Trustees and Principal Officer

**Welcome** to the second newsletter of the Vrystaat Munisipale Pensioenfonds (the Fund) for 2024.

**In this newsletter we update you on the much anticipated and reported on “two-pot system” which comes into effect on 1 September 2024.**

Read on to find out more about how the Fund is being managed as well as information about, the board composition and other pertinent information .

Please contact us should you wish to update your details, have any questions or concerns you would like to discuss with your Board of Trustees.

Hazel Hopkins (Principal Officer) on behalf of the Board of Trustees

05.2024



The background of the slide features a close-up, shallow depth-of-field photograph of various coins (pennies, nickels, and dimes) scattered on a surface. Overlaid on this image are several large, white, semi-transparent geometric shapes: a large triangle on the left side and a large 'V' shape on the right side. A solid yellow horizontal bar is located in the top-left corner.

# What's Covered

1. The Two-Pot System
2. Board of Trustees Composition and Rule Amendments
3. Investment Update
4. Fund Contributions
5. Death Benefits
6. Fund Matters and Updates

## The 2-Pot System

We finally have clarity and highlight the following important points:

- The effective date is **1 September 2024**
- After this date you have **access to withdraw Savings** from your Seeding capital (as at 31 Aug 2024)
- Members who were **55 or older** as at 1 March 2021 are excluded but **can choose to opt in**
- Pensioners are **not impacted** by 2-Pot System

Please refer to the information and diagram below on how your **seeding capital** will be calculated

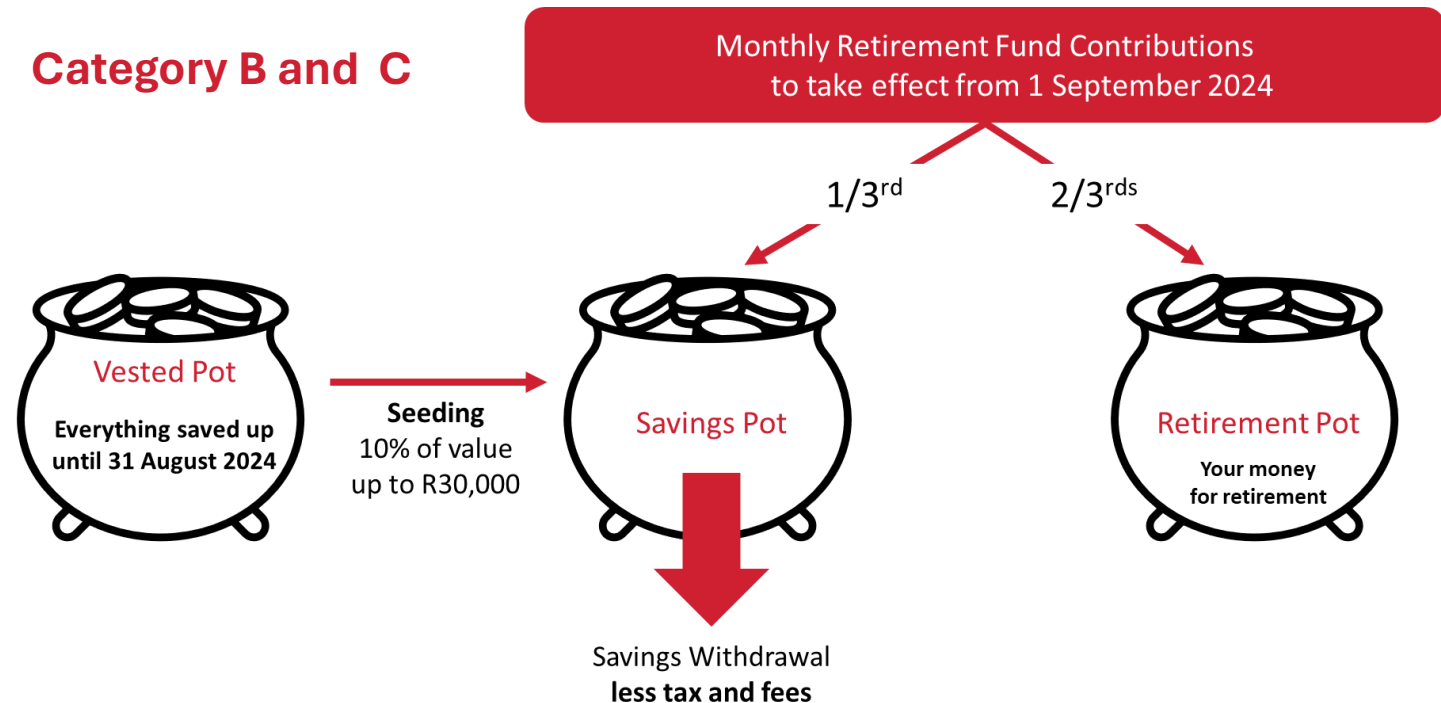
**“Seeding Capital” – 10% will be available on 1 September 2024 but only if you **were age 55 or younger on 1 March 2021****

You will be able to access a part of your savings component after 1 September 2024.

**Category B and C Members** - 10% of your savings on 31 August 2024 limited to R30,000 will be transferred (“seeded”) from your Vested Component to your Savings Component on 1 September 2024.

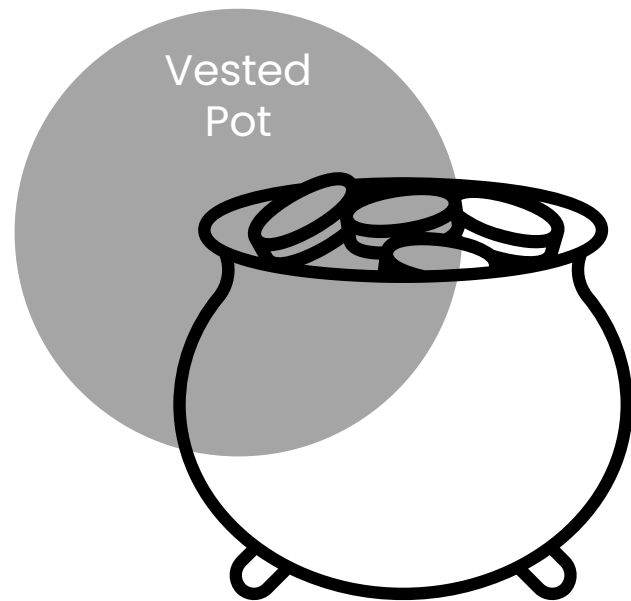
**Category A Members** – 10% of your allocated surplus allocation will be transferred (“seeded”) from your Vested Component to your Savings Component on 1 September 2024.

### Category B and C

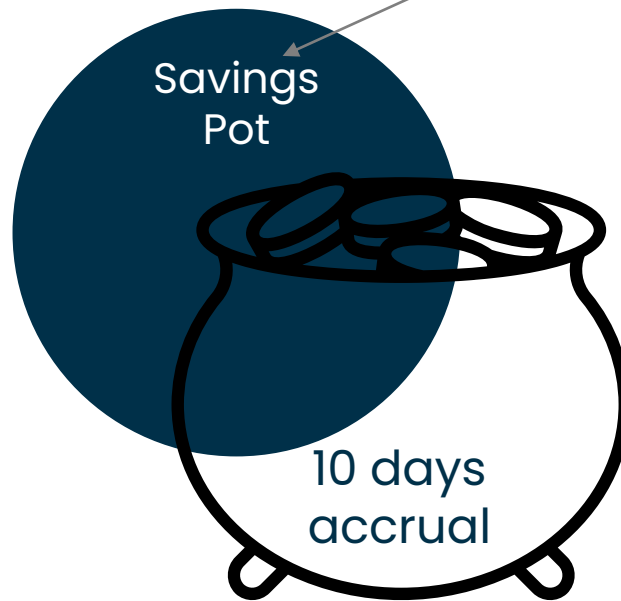


The Fund is in the process of scheduling “in person” communication sessions to explain the changes in more detail.

## Category A members younger than age 55 @1 March 2021



24 years of pensionable service (ARV)  
plus any surplus and demutualization  
(less seeding capital of R30,000)



**R30,000**  
ESSENTIALLY THIS IS THE FULL VALUE OF  
GRATUITY PLUS A SMALL PORTION OF  
PENSION TO MAKE UP 1/3





# Board of Trustees Composition & Fund Rule Amendment

## Board of Trustees Composition

The following six persons are confirmed as your Trustees:

Name of Trustee	Type of Appointment
Mr. Roelof Ter Stege (Chairman)	Member-Elected
Mr. Malcolm Campbell	Independent
Mr. Petrus Faber	Member-Elected
Mr. Ewan Eloff	Member-Elected
Ms. M Setabela	Employer-Appointed
Mr. Terence Cunningham	Alternate Member-Elected

## Fund Rule Amendment

Rule Amendment Number 7 was recently drafted and submitted to the Financial Sector Conduct Authority (FSCA). We await approval from the FSCA.

The reasons for the rule amendment are confirmed as follows:

- (a) *To provide for the calculation of a Pension from the Fund to take account of whether there is an Eligible Spouse.*
- (b) *To change the registered address of the Fund.*
- (c) *To provide that after 1 March 2024 a Member may elect a Pension which does not include provision for an Eligible Spouse.*

The Board is supported by the Principal Officer in ensuring that the Fund acts in the best interests of its members, pensioners and beneficiaries. The Principal Officer implements all Board decisions and gives effect to the Board's strategy as well as supports the Board with day-to-day operations.

# Investment Update



## Market Values

as at 31 March 2024

Asset Managers	Market Value in R Million
Allan Gray Global Balanced	384
Coronation Global Balanced	444
Ninety-One Global Balanced	217
Ninety-One Opportunities	148
Prescient Balanced	131
<b>Total Growth Portfolio</b>	<b>1 324</b>
Ninety-One Cautious Managed	18
Prescient Defensive Fund	3
Prescient Income Provider Fund	3
Abax Absolute Prescient Fund	12
<b>Total Cautious Portfolio</b>	<b>36</b>
AFI Banker	131
SIM Cash Fund	121
<b>Total Cash Portfolio</b>	<b>252</b>
<b>DB Active – Colourfield</b>	<b>277</b>
Pensioners	Market Value
Colourfield LDI	866
	<b>Market Value</b>
<b>Total Investments</b>	<b>2 756</b>

## Fund Growth (before fees)

as at 31 March 2024

Active Members	1 Month	Quarter	1 Year	3 Years	5 Years	10 Years
Allan Gray Global Balanced	1.72%	2.08%	11.92%	12.10%	9.11%	8.23%
Coronation Global Balanced	1.41%	3.97%	15.61%	10.09%	11.08%	8.84%
Ninety One Global Balanced	1.60%	1.43%	5.14%	7.15%	7.37%	7.63%
Ninety-One Opportunities	-0.55%	2.42%	13.39%	11.75%	10.46%	9.10%
Prescient Balanced	1.27%	1.95%	11.52%	9.04%	9.67%	8.66%
<b>Total Growth Portfolio</b>	<b>1.25%</b>	<b>2.52%</b>	<b>11.00%</b>	<b>9.71%</b>	<b>8.84%</b>	<b>8.08%</b>
Ninety One Cautious Managed	0.11%	2.27%	10.55%	8.54%	8.17%	7.92%
ABAX Absolute	0.58%	2.42%	9.95%	9.62%	8.95%	8.78%
Prescient Income Provider Fund	0.06%	1.17%	8.59%	7.80%	6.89%	7.88%
Prescient Defensive Fund	0.44%	1.48%	9.22%	8.51%	7.98%	-
<b>Total Cautious Portfolio</b>	<b>0.23%</b>	<b>1.98%</b>	<b>9.63%</b>	<b>7.74%</b>	<b>7.54%</b>	<b>7.74%</b>
AFI Banker	0.71%	2.28%	9.50%	7.16%	7.03%	7.51%
Cash Portfolio	0.65%	2.16%	8.88%	6.59%	6.45%	6.95%





## Life Stage Model Reminder

### CATEGORY B AND C MEMBERS

The Life Stage model takes into account the different risks and needs of Active Members i.e. those

- close to retirement (5 years or less to retirement); and
- younger members still further from retirement age (more than 5 years).

Because of the distinct difference in the risk appetite of members close to retirement (5 years or less) and younger members (more than 5 years from retirement), there are two separate portfolios utilised for both Category B and C members. **The two separate portfolios are set out below:**

#### Free State Growth Portfolio

This portfolio focuses on long term capital growth and aims to achieve returns of inflation plus 5% over 5-year periods. This portfolio is utilised to manage members’ assets that are more than 5 years from retirement. In other words, all members aged 60 years or younger are fully invested into this portfolio.

#### Free State Cautious Portfolio

This portfolio is more focused on capital protection given the shorter investment horizon (for members who are closer to retirement age). In addition to the primary objective of protecting capital, the portfolio still aims to achieve returns of inflation plus 3% over 3-year periods. This portfolio is utilised to manage member’s assets that are less than five (5) years from retirement.

**The table below explains how the life stage works:**

Up to age 60	Age 60 to 63	From age 63
<b>100% Free State Growth Portfolio</b>	<b>Transition quarterly over 3-year period</b>	<b>100% Free State Conservative Portfolio</b>
<b>Capital Accumulation</b>		<b>Capital Protection</b>

It is an important consideration of the Board of Trustees that each member has different needs. For this reason, you have the option to not have your investments form part of the default lifestage.

Should you choose not to participate in the default (de-risking into the cautious portfolio), you have the option to “opt out” of this and remain in the growth portfolio up until your retirement age.

If you do not specifically “opt out”, your investments will be a part of the de-risking approach described alongside.

If you are considering the option to “opt out”, we encourage you to obtain financial advice to ensure that you are making a decision that will ultimately benefit you financially going forward





# Fund Contributions – Active members

**Monthly contributions for Active Members (are required by law) to be paid by your Employer.**

(Section 13A of the Pension Funds Act states that both monthly contributions and their respective schedules must be paid & submitted by 7<sup>th</sup> of the following month).

Your monthly contributions and applicable fees are shown below as a percentage of your salary:

Category	A Defined benefit	B Defined contribution	C Hybrid
Employer Contributions	18.07%	18.07%	18.07%
Employee Contributions	8.50%	8.50%	8.50%
Life Cover Premium	N/A	-4,67%	-4.67%
Disability Cover Premium	N/A	-0.71%	-0.71%
Total Contributions Invested	26.57%	21.19%	21.19%

As at end March 2024, the municipalities below were in arrears or had not submitted their contribution schedule:

Municipality	Amount Paid (no schedule submitted)	Amount Due	Term Outstanding
Kopanong	R229 739.65	R9 987.80	7 months
Mafube	R186 774.31	R119 559.70	57 months
Masilonyana	R800 745.71	R155 021.51	24 months
Mohokare	R9 554.44	R101.71	1 month
Phumelela	R74 437.36	R1 182.28	2 months
Nketoana	R17 057.30	R367.10	3 months

The Fund is focused on following up on all non-compliant Municipalities and continues to address these.

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## Death Benefits

If you pass away while still employed and you are a Member of the Fund, your death benefits will be paid out to your Beneficiaries as shown alongside...



### Beneficiary nomination form

Please ensure that you have completed your beneficiary nomination form by visiting the Fund's website (where all forms can be found) –

<https://vrystaat-mun-pensionfund.co.za>

**Without a completed form, your wishes cannot be taken into account!**

## Membership Category

### Category B and C

There are 2 parts to your lump sum benefit (**Insured** and **Retirement Death Benefit**):

#### Insured Benefit

As part of the benefit of your membership (Category B and Category C members) of the retirement fund, you have group life cover in place, provided you are under age 60, that will pay out if you pass away.

#### Retirement Fund Death Benefit

In addition to the benefit described above, your Member's Fund value, will be paid out.

### Category A

In addition to the **lump sum death benefit** which is payable to your dependents and/or nominees, there are also **monthly pensions payable** to eligible spouses and children as set out in the Rules of the Fund.

**All death benefits are subject to tax.**

**Therefore, tax will be deducted before the benefit is paid out.**

Your death benefits are paid in accordance with Section 37C of the Pension Funds Act. All factual and financial dependency on you is taken into account when determining the distribution of your death benefits.

In a case where there are no factual and financial dependents, death benefits will be distributed to your nominees. Your will (although considered) has no effect in respect of the actual distribution of these benefits.



## Fund Matters and Updates

### Treat your clients fairly

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The Board of Trustees and service providers to the Fund have an obligation to you as a member to ensure that you are treated fairly and high standards are set and adhered to in the provision of benefits to you. To this end, the Board of Trustees have formally adopted a Treating Customers Fairly (TCF) policy with the following 6 important principles:

Culture and  
Governance

Product  
Suitability

Disclosure

Suitable Advice

Performance  
and service in  
line with  
expectations

Claims,  
Complaints and  
Changes

**The term “customer” refers to you as a member of the Fund in accordance with the TCF requirements, the policy aims to ensure the following outcomes are achieved:**

- Customers are confident that they are dealing with the fund where the fair treatment of customers is central to the fund’s culture
- Products and services are designed to meet the needs of identified customer groups and are targeted accordingly
- Customers are given clear information and are kept appropriately informed before, during and after the time of contracting
- Customers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect
- Where customers receive advice, the advice is suitable and takes account of their circumstances
- Customers do not face unreasonable post-sale barriers to change product, switch provider, submit a claim or make a complaint



# Fund Matters and Updates

## We Need Your Details

To ensure that we can provide you, our member, with the necessary updates to all matters affecting you as a member of the Fund, we need your updated contact information.

## Members going on pension

To ensure that you receive the best advice on what to do with your pension when you retire, speak to a financial advisor. The Fund offers a pension option in the Fund which should also be considered against all other options.

## Complaints / Dissatisfaction

In the event of a complaint regarding the Fund, please raise your complaint in writing to the Fund. The Fund is obligated to respond to your complaint within 30 days. Should you receive no response, or are not satisfied with the response, you can lodge your complaint with the Pension Funds Adjudicator.

## Fund Website

**The Fund website for you to access general information and forms:**  
**<https://vrystaat-mun-pensionfund.co.za>**

## Unclaimed Benefit Challenges

Although we have traced many former members who had benefits owing to them, there remains money in the Fund owing to former members i.e. unclaimed benefits. We urge members to assist by informing former Fund members that they should check the database managed by the **FSCA** where all unclaimed benefit's owing to former members of any retirement fund in South Africa.

[Click here for the FSCA's database](#)

Should a former member identify that he/she has money due to them from the Fund – the member should reach out to any of the Fund contacts.

## IRP5's

Reminder to all our pensioners that they will get 2 IRP5s for Feb 2024. One will come from Sanlam and one from Robson Savage, we are planning to issue both in June 2024. Sanlam will cover period 1 March 23 to 31 August 23 and the IRP5 that will come from Robson Savage will be from 1 September 23 to 29 Feb 24.

**NB Both IRP5s must be submitted for your tax return.**





# Fund Matters and Updates

## Important Fund Updates - Pensioners

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The Fund still has many pensioners who want their monthly pension statement sent by post. This is no longer viable given the concerns with the Post Office.

Pensioners are urged to provide the Fund with your email address where your monthly statement can be sent.

## Retirement Benefit Quotes

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Category A Members will be provided with only 2 retirement benefit quotes until a decision is made on the options available. This is to ensure that time and costs applicable are kept to a minimum as far as possible.

## Your Contact Details

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It is important that we have current email addresses and mobile numbers so that the Fund can communicate directly with you.

Please advise the Fund of your current contact details by sending the Principal Officer your details

**[Hazel@axiomatic.co.za](mailto:Hazel@axiomatic.co.za)**



# Fund Matters and Updates

## Service Providers

The Fund makes use of service providers to assist the Board in fulfilling its fiduciary duties. All service providers are appointed through a competitive bidding process in accordance with the Fund's procurement process.

The current service providers used by the Fund are as follows:

Function	Service Provider
Actuarial Services	Simeka Consultants
External Auditor	PwC
Benefit Administration	Robson Savage (as of 1 September 2023)
Investment Advisor	GraySwan
Investment Managers	<ul style="list-style-type: none"><li>- Alexander Forbes</li><li>- Allan Gray</li><li>- Coronation</li><li>- Colourfield</li><li>- Ninety-One</li><li>- Sanlam</li><li>- ABAX</li></ul>
Risk Assurer	Sanlam (as of 1 September 2023)

The Board of Trustees reviews the effectiveness and value provided by each of the service providers on an ongoing basis to ensure appropriateness and that as a member, you are getting the best possible value.

## Contact Details

The Fund's front office remains closed and we are operating remotely. Please use the email addresses and contact numbers below should you need any assistance.

### Front Office

Telephone number: +27 (0)56 212 6161

Email address: [freepen@e3.co.za](mailto:freepen@e3.co.za)

### Fund Administrator (Robson Savage)

Telephone number: +27 (0)11 643 4520

Email address: [sunithar@robsav.com](mailto:sunithar@robsav.com)

### Principal Officer

Email address: [hazel@axiomatic.co.za](mailto:hazel@axiomatic.co.za)