

Cape Joint Pension Fund

Summary of the Actuarial Valuation as at 30 June 2015

1. Objectives of the valuation

The main objectives of the actuarial valuation are to:

- Determine the financial condition of the Fund by comparing the actuarial value of the assets to the value of past service benefits as at the valuation date;
- Calculate the future service contribution rate required to fund benefits in the defined benefit (DB) section;
- Review the investment return allocations for active members of the DC Section;
- Determine the level of pension increases that may be afforded; and
- Determine the balance of the contingency reserves necessary to protect the Fund.

The previous valuation was performed as at 30 June 2014.

2. Membership statistics

	30 June 2015	30 June 2014
Active members (DB Section)		
Number	29	959
Annual pensionable salaries (Rm)	4.9	175.8
Salary weighted average age (years)	51.8	48.0
Salary weighted average service (years)	22.2	22.4
Active members (DC Section)		
Number	1 521	717
Annual pensionable salaries (Rm)	295.1	128.8
Salary weighted average age (years)	49.7	48.2
Salary weighted average service (years)	20.9	18.2
Non-contributory members	5	5

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Directors: MJN Njeke (Chairman) JP Burger (Deputy Chairman) NAS Kruger (Chief Executive Officer) FW van Zyl (Deputy Chief Executive Officer) PE Speckmann (Finance Director)
NDL Motsei (Executive) L Crouse RB Gouws F Jakoet SC Jurisich JD Krige PJ Moleketi SA Muller V Nkonyeni SE Nxasana KC Shubane FJC Truter BJ van der Ross
JC van Reenen M Vilakazi Company secretary: FD Jooste Reg. No. 1904/002186/06 Underwritten by Metropolitan Life Limited Reg. No. 1949/032491/06
Momentum, a division of MMI Group Limited, an authorised financial services and credit provider

	30 June 2015	30 June 2014
Pensioners and DB Deferred Members		
Number	4 218	4 467
Annual pension (Rm)	197.0	196.7
Average pension (R)	46 656	44 025
Pension weighted average age (years)	75.4	74.8

3. Financial condition of the Fund

DB Section

Financial condition	30 June 2015	30 June 2014
DB Section	R 000	R 000
Value of assets	2 136 012	3 631 518
Less Rule 17(5) amounts paid		(39 429)
	2 136 012	3 592 089
Pensioner Account		
Value of assets	2 072 712	2 172 447
Pensioner liabilities	(1 984 926)	(1 985 229)
Solvency Reserve	(59 771)	(59 902)
Surplus	28 015	127 316
Funding level (Pensioner Account)	101.4%	106.2%
DB active members		
Value of assets	63 300	1 419 642
Active member liabilities	(41 352)	(1 395 916)
Paid-up members	-	(383)
Surplus	21 948	23 343
Funding level (DB active members)	153.1%	101.7%

DC Section

Financial condition DC Section	30 June 2015 R 000	30 June 2014 R 000
	Interest rate 9.05% p.a.	Interest rate 17.48% p.a.
Assets of the DC Section	1 932 720	566 689
Members' Shares	(1 924 363)	(566 689)
Contingency Reserve Account	(8 864)	0
Processing Error Reserve Account	507	0
DC Section Surplus	0	0
Funding level (DC Section)	100.0%	100.0%

Investment returns allocated to Members' Shares	% p.a.
- Accumulation portfolio	7.0
- Consolidation portfolio	12.0
- Preservation portfolio	10.4
- Cash Plus portfolio	6.2

4. Future service contribution rate (remaining DB active members)

The required future service contribution rate only applies in respect of the remaining 29 DB Section active members. The required employer contribution rate of 32.11% exceeds the current contribution rate of 26.77% of pensionable salaries effective 1 July 2015. The shortfall of 5.34% of pensionable salaries amounts to about R262 000 a year.

5. Conclusions

- The Pensioner Account has a surplus of R28.0 million and a funding level of 101.4%.
- The balance of the DB Section for DB active members has a surplus of R21.9 million and a funding level of 153.1%.
- The DC Section has a funding level of 100.0% and is in a sound financial condition.
- A pension increase of 3% effective 1 January 2016 was awarded.
- A bonus of 75% of monthly pension was granted to pensioners in December 2015.
- Pro-rata pension increases and bonus apply for pensions in payment for less than one year.



Sean Neethling BSc CFP[®] FASSA FIA
Fellow of the Actuarial Society of South Africa
in my capacity as Valuator to the Fund and
as an employee of MMI Group Limited

The Actuarial Society of South Africa is the primary regulator in my professional capacity.

23 March 2016