

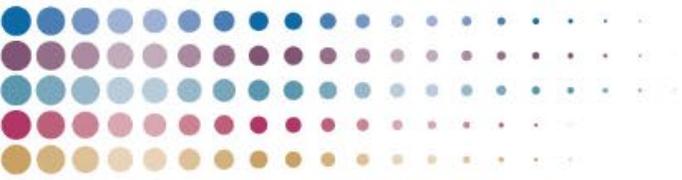
LA Retirement Fund

37th Annual General Meeting

Legal and Technical Review

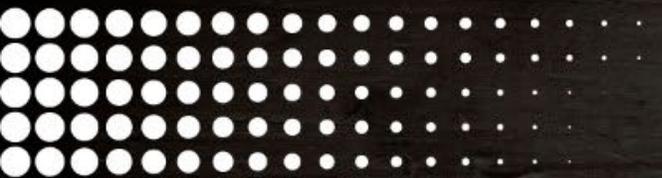
Braam du Plessis
Principal Consultant

28 May 2021

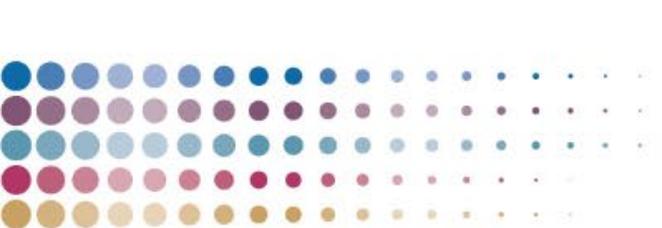


Agenda

1. Governance related activities
2. Rule amendments
3. Fund related trends and developments

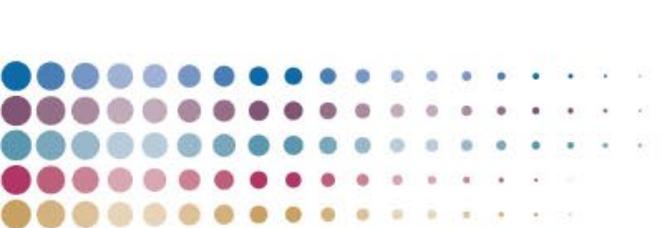


Governance related activities



Lockdown and Fund operations

- Virtual Board meetings since May 2020;
- 2020 provider assessment focused on Work From Home (WFH) to ensure that service delivery remains unaffected.
- *At the onset of the national lockdown basically all service providers reported that they had a robust business continuity plan and expected very limited disruption of their operational ability. Has this been your experience and please share with the Board any major challenges experienced and/ or any new or increases to existing risks identified during lockdown?*
- *Did you consider increased cybersecurity measures where “work from home” was implemented?*



Governance Activities 2020

Summary of the approach:

- **Prioritise** through the use of a year plan;
- **Monitor** with the governance checklist;
- **Communicate** through annual report and AGM;
- Biennial **review** of overall structure.

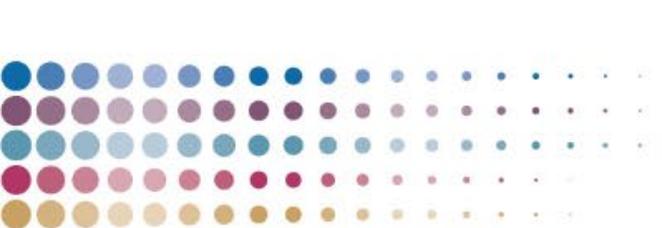
2020 activities

- Review of the Board Charter and Governance framework originally passed in 2018;
- Annual review of: Risk Matrix, Investment Policy statements, Code of Conduct, Gift Policy, Conflict of Interest Policy, Audit Committee mandate and appraisal.



Ethical and effective leadership, good performance, effective control and legitimacy.

Done through setting direction, approving policy, overseeing and monitoring and ensuring accountability.

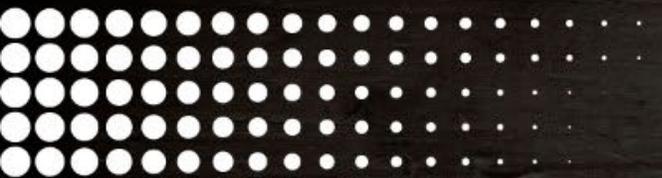


Trustee self-appraisal

- Performed annually alternating between a comprehensive appraisal and open-ended questions.
- In 2020 focused on the 12 open-ended questions
- Q12: *“I recommend that the Board adopts the following goals for the coming year”*

Results:

Grow membership / serve the membership / focus on pension increase / best possible risk adjusted investment returns / communicate / stay abreast of legislative changes



Rule amendments

Rule Amendment(s) during review period

Amendment no 4 (registered 19 June 2020)

Effective date: 1 June 2020.

Provided for temporary relief measures for in-fund living annuitants allowed by National Treasury (June to September 2020).

They could select between 0.5% and 20% during the relief period.



Home Benefits ▾ Investments ▾ Governance ▾ Pensioners ▾ News ▾ Q&A guides

Forms and glossary Retirement toolbox

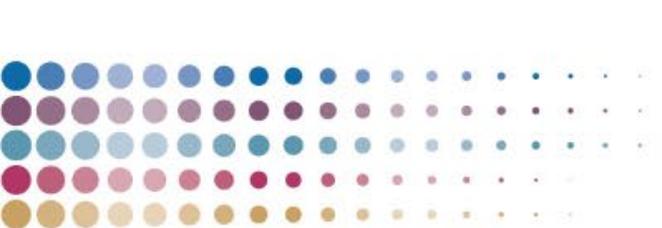
Rules and legislation

The rules of the LA Retirement Fund is the official "framework" which defines how the fund works. The rules specify the contributions made towards the fund, the benefits to be paid to members, the management structure of the fund etc.

You can click here to view the current [Fund Rules and Amendments](#).



Fund related trends and developments



1 March 2021 Income Tax changes

Harmonisation of retirement funds – retirement benefits

Introduction of vested and non-vested accounts



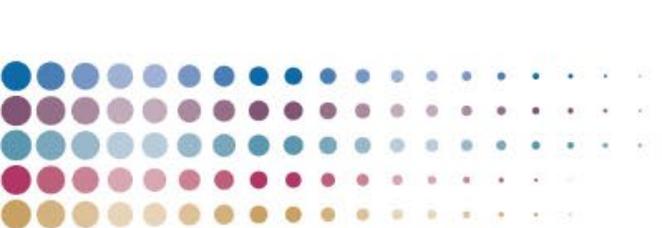
All contributions including investment growth **until 1 March 2021**



All contributions including investment growth **after 1 March 2021** until you retire

See Fund website under news:

- February 2021 member newsletter
- Budget speech 2021 infographic
- Tax Laws Amendment Act video



1 March 2021 Income Tax changes



You may take your full vested portion of your retirement benefit in cash

WHEN YOU RETIRE

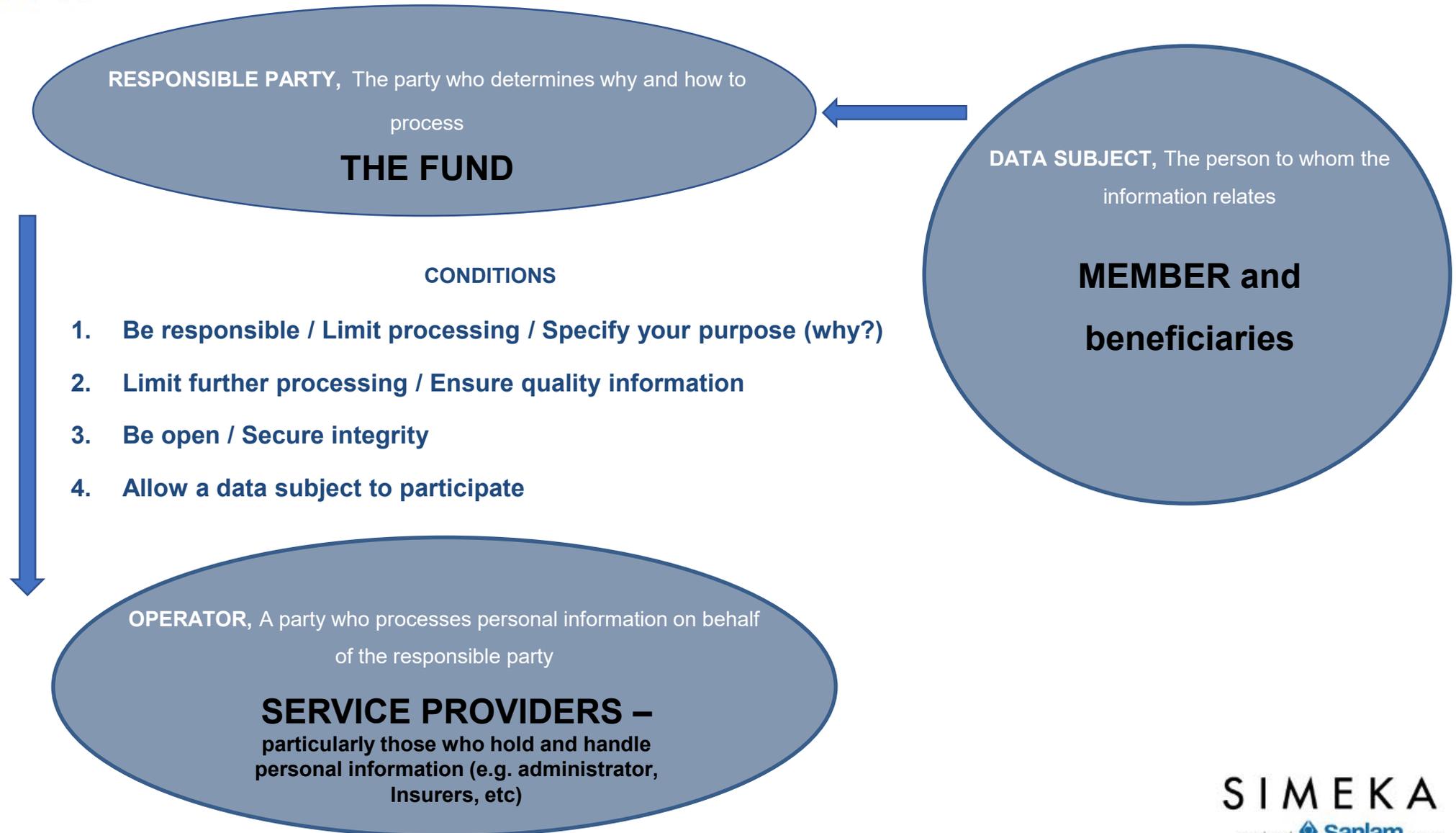
You will have to purchase a pension with a minimum of two-thirds of the non-vested portion at retirement



Notes:

- Fund keeps records of the two accounts;
- Both accounts grow with investment return post 1 March 2021;
- If non-vested account is less than R 247 500 – 100% cash option available;
- Fund members older than 55 on 1 March 2021 will only have VESTED ACCOUNT

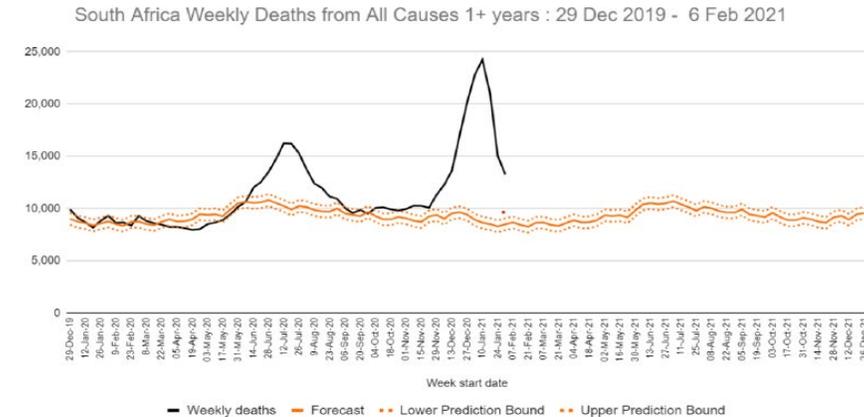
POPIA – taking full effect from 1 July 2021



Covid-19 claims experience and 2021 rate review

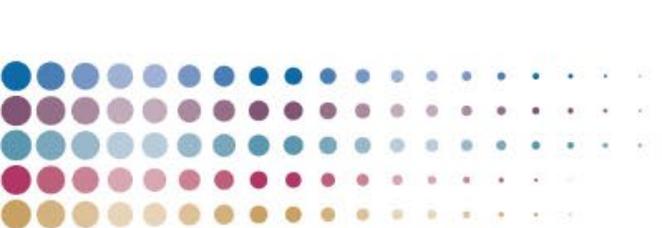
Correspondence from Insurers as part of 1 July 2021 rate review.

“Our rates are generally reviewed annually at each renewal date. Should there be any extraordinary change in the factors influencing the risk, such as COVID-19, and our view of future claims, we may be required to adjust the rates accordingly, in line with the scheme’s policy rate notification terms.” **Momentum**



Be on the lookout for a member newsletter with the 1 July 2021 rate review results

*“By all account the insurance industry, and group insurance in particular, is showing claim patterns that mirror the national experience. **Sanlam Group Risk’s** own mortality experience exhibits analogous deterioration in mortality experience and with a similarly substantial spike in death claims experience during the wave periods and more moderate worsening during the non-wave periods.”*



In-Fund living annuity (“IFLA”) (scrapping of GN 18)

Introduced with effect from 1 March 2021

Fund rules were amended to make provision for the increased flexibility

The in-fund living annuity can now be used in combination with another external compulsory pension (previously the IFLA was an all or nothing decision)

And finally – how much has changed since 2013?



Thank You

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