



THE SALGBC AGREEMENT

Dear Members and Stakeholders,

This newsletter is the 4th special edition communique. If you have not yet read the Fund's October 2020, March 2021 and April 2021 special edition newsletters; I recommend that you read them. These can be obtained from the Fund's website www.laretirementfund.co.za under the News and Member News icons – tab to 2020 and 2021 newsletters.

It has come to the Fund's attention that the Collective Agreement between the Trade unions (IMATU and SAMWU) and SALGA on the restructuring of the Pension Fund landscape in the Local Government Sector was signed by the above parties as part of the salary increase agreements in the South African Local Government Bargaining Council (SALGBC) retrospective 01 July 2021.

The members of the Fund have been kept up to date with the initiatives and developments in the SALGBC and the impact that the Collective Agreement on the Restructuring of Retirement Funds in the Local Government Sector could have on members in the future.

Should you not agree with the actions taken by the Trade Unions of accepting and signing the Collective Agreement, you must inform the Trade Unions in writing that you are not in agreement and that you object to the signing and implementation of the collective agreement. We also urge you to voice your opinion by indicating your dissatisfaction, with the signing of the Collective Agreement by the parties, in writing to the Fund. Please send your e-mails to support@laretirementfund.co.za and address them to the Principal Officer, Ms Ilse Hartlief.

You must take note that the implementation of the agreement; whilst it will allow for "Freedom of Association" may result in losses in benefits such as death, disability, funeral cover, loss of vested rights, lackluster investment performance and reduced employer contributions in the future, to name just a few. The vested rights of all members who are 55 and older on 01 March 2021 and who transfer to another fund before retirement will be negatively impacted. As indicated above, the decisions taken by the parties to the Collective Agreement will impact all Fund members in several ways. The cost of regulation and Fund compliance will increase and will ultimately be borne by members in defined contribution retirement funds.

The Fund, in conjunction with the Municipal Retirement Organisation (MRO) and other funds, who are also opposed to the pension fund restructuring, are in the process of obtaining legal advice from Senior Counsel to take legal action through the Courts, to protect the interests of the Fund and its members.

The Fund reiterates that it is not averse to the principle of "Freedom of Association" but this can be achieved outside of a collective agreement and should not be linked to the accreditation of retirement funds by them having to meet arbitrary criteria determined by SALGBC and the resulting control of retirement funds by SALGBC. Retirement funds in South Africa are regulated by legislation (Pension Funds Act as amended, its regulations, and other related legislation) and by the Financial Sector Conduct Authority (FSCA). There is no need for further regulation in the industry. The Board of Trustees is in favour of Freedom of Association that allows local authority employees to choose a retirement fund of their choice but they will not place control of your future retirement benefits in the hands of the bargaining council.

You are once again cautioned not to panic and not to make hasty decisions regarding your retirement. The Board of Trustees has a fiduciary duty to safeguard your retirement benefit - leave the control of your fund with the Board of Trustees and the numerous professional service providers who assist them in protecting and growing your retirement nest egg.

We will continue to keep you updated on any future developments. Should you seek further clarity you are more than welcome to contact the Fund.

Kind Regards



Danie Carstens

Trustees: Mr DL Carstens (Chairperson), Mrs M van Zyl (Deputy Chairperson), Adv CJ Franken, Mr J Lawack, Mr J Jacobs, Mr WWR Meiring, Mr S Philander, Mr JAH van den Berg,
Principal Officer: Mrs IT Hartlief



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