

HR NEWSLETTER

July 2022

NOTE FROM THE PRINCIPAL OFFICER



Dear HR Partner

We are already half-way through another busy year. The good news is that with the lifting of the stringent Covid-19 restrictions, face-to-face contact with our members and yourselves as our trusted HR partners can resume.

Despite the many challenges related to the pandemic, the Fund continued to deliver on its vision of providing the best possible retirement outcome for all its members, retirees, and pensioners.

The Fund remained resilient during this time and withstood the financial impact of the pandemic and delivered exceptional investment returns during the previous financial year.

We have started to visit the HR offices as well as our members and are planning more visits for the rest of the year. Please look out for the details of these visits as we would be

delighted to meet with you again and discuss any questions you and our members may have relating to the Fund and retirement fund legislation.

The Fund communicates regularly with members and pensioners in respect of Fund matters as well as investment reporting. These newsletters and newsflashes are also sent to the HR offices and to municipal managers. We hope that you enjoy reading them to stay abreast of the good benefits and returns that our Fund offers to its members and potential new members.

The Board of Trustees will continue to work hard in ensuring that the Fund remains a retirement fund of choice in local government by providing optimal benefits to its members. We thank you for your ongoing support.

As we traverse through the winter months, stay warm and we hope you enjoying reading this newsletter with a mug of hot coffee.

Ilse Hartlief
Principal Officer

IMPORTANT NOTICE: FUNERAL BENEFIT NOMINATION FORM

We wish to remind you about the change in legislation regarding the payment of the funeral benefit.

Previously, where there was no beneficiary nomination completed by employees on an unapproved funeral policy, employers would advise to whom the funeral benefit was to be paid. This change in legislation will now prevent employers from making these decisions.

The Insurance Act 2017 (the Act) now defines a “beneficiary” as:

- (a) In the case of an insurance policy other than a group insurance policy, the person stated in the insurance policy, or a person nominated by the policyholder as the person in respect of whom the insurer should meet the insurance obligations; or
- (b) In the case of a group insurance policy -
 - (i) a member of the association or fund, or an employee; or
 - (ii) a person nominated by the member referred to in subparagraph (i) in respect of whom the insurer should meet the insurance obligations, which person is not the association, fund or employer.

WHAT DOES THIS MEAN?

The new definition of “beneficiary” means that when there is no nomination form in respect of the funeral benefit, the benefit must be paid to the deceased employee's estate.

This could result in financial hardship for the family if the employee passes away and the funeral policy proceeds are paid to the estate. The family might be unable to finance the cost of the funeral, since the payment of the insurance proceeds will have to await the lengthy processes involved in winding up an estate and if there is no Will, the process could be even longer.

WHAT ACTION IS REQUIRED?

It is important that members urgently complete the Funeral Beneficiary Nomination Form and return it to the Fund. This form must be kept up to date as their details change. The form is available on the Fund's website or from the Fund's office.

We would appreciate your assistance in ensuring that all members complete the Funeral Nomination Form.



WHY DOES THE FUND HAVE TWO NOMINATION FORMS?

1. The funeral Nomination form is the first one and is described above.
2. The second one is the Fund Beneficiary Nomination form and is the one you are used to seeing. It provides members with an opportunity of letting the Board know who should be considered in the allocation of the death benefit (i.e. the member share value plus any life cover chosen) in the event that the member dies in service. The nominations provided for in this form cannot be used when the insurer pays the funeral benefit - the separate form as described in 1 above is necessary.



Each day, pursue intentional learning,
meaning, enthusiasm, well-being,
optimism, resilience, and triumph.

—Ty Howard—

IMPLEMENTATION OF THE COLLECTIVE AGREEMENT IN RELATION TO RETIREMENT FUND PARTICIPATION IN LOCAL GOVERNMENT

The Fund has sent out several communiques regarding the legal proceedings which have been initiated by the Municipal Retirement Organisation (MRO). As you are aware, the Fund is represented by the MRO in these legal proceedings.

On 30 June 2022 we advised HR and Municipal Managers of the interdict handed down in the Pretoria High Court on 26 June 2022. The interdict applies to the implementation of the collective agreement generally and it requires that the municipalities do not participate, implement, or take any action in terms of the collective agreement as long as the interdict remains in force (i.e. until the review application has been heard in court). This includes ceasing all so called “Freedom of Association” presentations by funds.



THE TWO-POT SYSTEM

National Treasury previously announced that government is working on a “two-pot system”, which aims to provide a solution for members to access part of their retirement savings in an emergency, while still ensuring that members preserve the bulk of their retirement savings.

Mr Ismail Momoniat, Deputy Director General at National Treasury who serves as head of the Tax and Financial Sector Policy division, recently addressed the Pension Lawyers' Association on this topic.

The two-pot system proposal entails creating a savings portion and a preservation portion in each retirement “pot”. Mr Momoniat stressed that this was necessary to prevent employees from resigning to gain access to their retirement savings to pay off debt.

The proposal is to split contributions into two pots for all retirement funds:

- One-third accessible savings pot and two-thirds retirement pot.
- The two-thirds retirement pot would be subject to full preservation until retirement - resigning members will not be able to access this pot.

The proposals suggest that in practice, a member could withdraw a lumpsum once a year from their savings pot, subject to a minimum amount, but they will incur the cost of the withdrawal and a tax liability.

A draft bill on the two-pot system proposal is expected to be published in July when the annual tax amendment bills are circulated for comment. National Treasury initially proposed that the two-pot system would be implemented by 1 March 2023, however, this is likely to be delayed. A more realistic time horizon is probably three to five years, as administrators' systems will need to be changed and liquidity in funds' investment portfolios will have to be addressed.

At this stage, members are unable to access their retirement savings as a cash lump sum prior to leaving the Fund.

ANNUAL GENERAL MEETING

The Fund held its second live virtual Annual General Meeting (AGM) on 27 May 2022. This was again a resounding success, which enabled members and other stakeholders who otherwise would not have been able to attend the meeting, to attend virtually.

If you attended, we would like to thank you for your participation. If you were unable to attend, you can view the recorded AGM which can be found on the Fund's website.

On 17 May 2022, the Fund emailed the link to the Annual Report and the summarised infographic for the year ended 30 June 2021 to all stakeholders. We hope that you have had the opportunity to read the Annual Report and have found the content to be informative. The Fund has remained resilient through the last 2 years of the pandemic and details of the excellent investment returns achieved over this period were set out in the Annual Report.

MEMBER CONTACT

We have reminded our members to ensure that the Fund has their current contact details (cellphone and email address) so that we can keep them updated on visits to their areas and to keep them informed of future webinars and important Fund information.

We would appreciate it if you could keep reminding our members of this and advise them to download the Verso Insight mobile App from the respective App Stores (either Apple or Android). The link to the App can be accessed on the Fund's website.

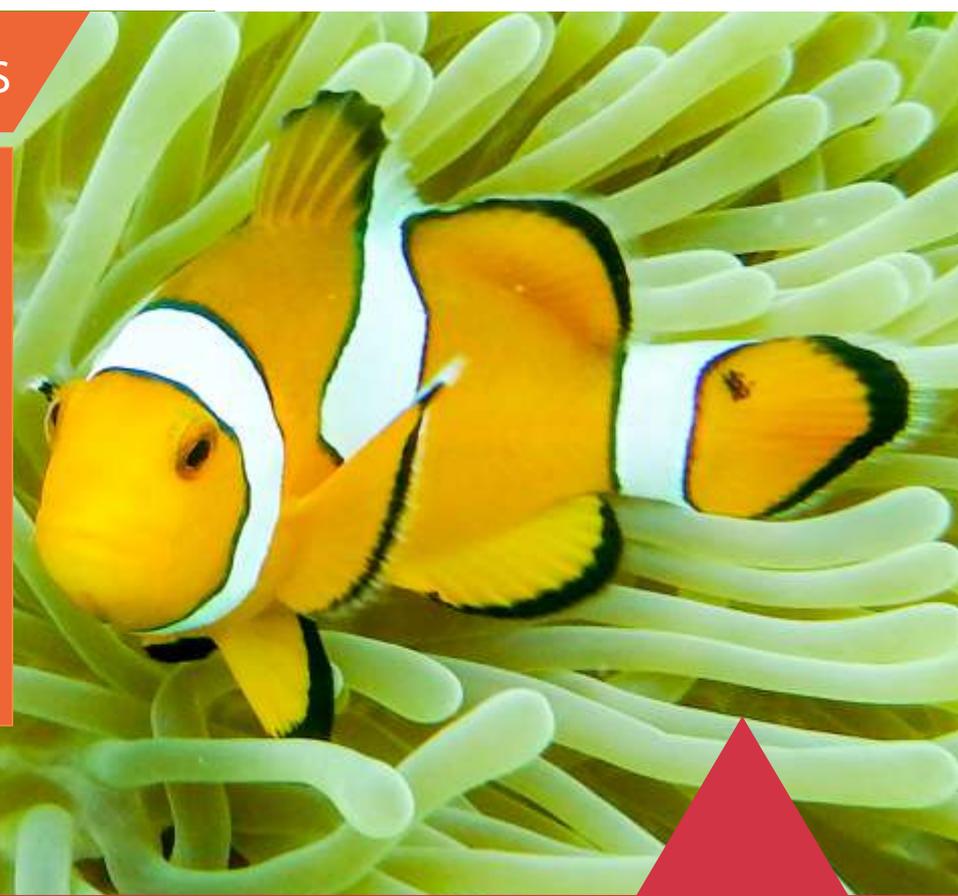
There are exciting enhancements being made to the mobile App and the member access to the Fund's website and further details will be sent later in the month to members who are already registered advising them of their new log-in credentials. Members will be able to access more information and make changes to their static information and keep their beneficiary nominations up to date.

MEMBER BENEFIT STATEMENTS AS AT 30 JUNE 2022

These annual benefit statements provide confirmation of each member's member share value and Fund benefits they have chosen. In addition, the statement includes each member's retirement planning status which aims to give them an indication of the amount of their monthly pension at retirement in today's money i.e. the value of their future monthly pension if they bought it today.

The Fund also issues annual projection statements as at 30 June to all our In-Fund Living Annuitants. These statements confirm the balance of their retirement capital, their draw down rate, their monthly pension and the impact of their drawdown rate on the balance of their retirement capital, given future investment return assumptions. The Fund will be sending these statements out during the 3rd quarter of this year.

PAYMENT OF CONTRIBUTIONS



We refer you to the Fund's letter dated 15 March 2022, wherein we advised that the full risk premium for the last month of membership must be paid to the insurer in terms of the risk policy. Therefore, when a member dies in service, it is important that the full contribution for that month is paid to the Fund.

Premiums cannot be pro-rated, and the full risk premium must be paid to the insurer during the last month of service, irrespective of the date on which the member exits employment. If a pro-rated contribution is received for a member who passed away, the insurer will base the death benefit cover on a reduced salary related to the premium paid. This will reduce the group life death benefit payable to the deceased's dependants.

TWO ADDITIONAL FREE BENEFITS

In the Member Newsletter, Vol 02 / June 2022, which was emailed to stakeholders on 22 June 2022, we advised the details of two additional free benefits. These are:

1. All members automatically have access to a free support service called the Family Assistance Service or Reality Access from Sanlam. This is a lifestyle and rewards programme designed to reward members for living a financially responsible life and it empowers them with the knowledge and tools they need to get financially fit.
2. Members who have chosen Fund death cover which is provided by Momentum also have access to a free benefit that provides support to them and their immediate family (including parents-in-law) during traumatic life events, such as bereavement, hijacking, and sexual assault.

More information regarding these 2 additional free benefits is available on the Fund's website under "Benefits" / "Family Assistance Service".



WEBINAR - JULY 2022

The Fund will be running a webinar in July 2022 where we will showcase the Fund's Disability Income Benefit, Critical Illness Benefit and Funeral Benefits. Our recent member visits indicated that both members and the HR officers require more information in this regard.

Please look out for the invitation and we encourage you and the members to attend to ensure that you are abreast of the good risk benefits offered by the Fund.

RETIREMENT BENEFITS COUNSELLOR / CLIENT LIAISON OFFICER

The Fund's Retirement Benefits Counsellor, Grant Greenfield and the Client Liaison Officer, Glenda Kunene are available to assist with any questions you may have about the Fund.

They can be contacted as follows:

Grant Greenfield
(Retirement Benefits
Counsellor)
021 - 943 5305,
or email:
support@laretirementfund.co.za

Glenda Kunene
(Client Liaison Officer)
081 778 0923,
or e-mail:
glendak@verso.co.za

The Fund has a WhatsApp No:
081 806 9959 to enable
stakeholders to have easy
access to communicate
effectively with the Fund.

Trustees

Mr DL Carstens (Chairperson) | Mrs M Van Zyl (Deputy Chairperson) | Adv CJ Franken | Mr J Jacobs | Mr J Lawack | Mr WR Meiring
Mr S Philander | Mr JAH van den Berg
Principal Officer | Mrs IT Hartlief

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