LA RETIREMENT FUND
Securing your retirement

HR NEWSLETTER

December 2022

NOTE FROM THE PRINCIPAL OFFICER

Dear HR Partner

We have come to the end of another busy year where we have seen much volatility in the investment markets. The Fund has continued to remain resilient through the tough market conditions to ensure that our Fund members, pensioners, and annuitants' assets have remained protected during this time.

We held the Q2 investment webinar on 13 September and the Q3 webinar on 28 November. For those HR partners who were unable to attend, we have recorded the webinars which are available on the Fund's website under "News / Webinar".

Please do try and watch the Fund's various webinars as they share important information relating to the Fund and its superior investment performance, which is essential information that you need to be able to advise the members and new employees.

Everything that you need regarding the Fund and its various options is available on our newly branded and easy-to-navigate website.

We would like to take this opportunity to thank our HR Partners, who have assisted us in reaching our members this year and for their co-operation at our visits. We look forward to engaging again with you early in the New Year when we start scheduling our visits to the various municipalities during 2023.

You should all soon receive the Fund's 2023 calendar and poster, and we look forward to seeing these bright items on your walls when we next visit you. A heads up: we are running a member competition that requires them to take a selfie in front of either the Fund's poster or calendar so please ensure that our posters and calendars are centrally placed and are visible.

We wish you a safe and joyful time with your loved ones over the holiday season and look forward to sharing more news with you in 2023.

"Persistence and resilience only come from having been given the chance to work through difficult problems." - Gever Tulley

Ilse Hartlief
Principal Officer

WEBSITE & FACEBOOK

The Fund has launched its new and easy-to-navigate website which we encourage you to visit (www.laretirementfund.co.za).

The website contains useful information relating to the Fund and previous communication is available on the website for you to reference at any time.

The Fund has also set up a Facebook page (www.facebook.com/LARetirementFund). We keep our stakeholders updated on Facebook regarding important Fund information and details in respect of our visits to the various regions. If you subscribe to Facebook, please "like" the Fund's page so that you receive notifications of our posts.

ANNUAL BENEFIT STATEMENT

We provided our members and In-Fund-Living annuitants with their 30 June 2022 benefit statements and projection statements at the end of September 2022.

We held two webinars on Tuesday, 4 October 2022 when Derek van Wyk from Verso Financial Services, the Fund's Administrator, discussed the details contained in the member benefit statement and annuitant projection statement. He also provided information on the updating of the Fund Confidential Beneficiary Nomination Form and the Funeral Benefit Beneficiary Nomination Form.

The two webinars have been recorded and are available on the Fund's website under "News / Webinars" should any member request you to assist them in finding the webinar.

FUNERAL BENEFIT BENEFICIARY NOMINATION FORM - WE NEED YOUR HELP

We have urged our members to complete the Funeral Benefit Beneficiary Nomination Form, but despite this, only 11% of the members have done so. As a result, we have encountered members who have passed away and whose families have not had the financial means to arrange the funeral.

We urge you to please ensure that our members at your municipality who have not completed the Funeral Benefit Beneficiary Nomination Form do so.

If a member has not completed the Funeral Benefit Beneficiary Nomination Form and they pass away, in terms of legislation, the insurer must pay the funeral benefit to their estate. This leaves the family in a terrible situation where they may not have the means to arrange the funeral of their loved one.

Members should nominate the person who will be responsible for the funeral on this form.

COMPETITION

We are running a competition for the first Local Authority that submits all their members' completed Funeral Benefit Beneficiary Nomination Forms to the Fund. The competition closes on Tuesday, 31 January 2023. The winning Local Authority will be announced soon thereafter.

The form can be found on the Fund's website under "Forms / Funeral Benefit Beneficiary Nomination Form", or you can contact the Fund's call centre and they will assist you.

PENSION INCREASE AND BONUS

The Trustees consider the Pension Increase Policy (which targets a pension increase of 70% of price inflation – including the value of any bonus), the investment returns and interest rates as well as the financial strength of the Fund when reviewing the granting of the defined benefit pension increase and bonus. The Pensioner Account is 111.6% funded as at 30 June 2022 and the Fund remains in a sound financial condition.

As a result, the Board of Trustees has been able to grant a pension increase in line with the Fund's Pension Increase Policy. Part of the targeted pension increase may be exchanged for a bonus. As there is surplus available, the Board resolved to apply part of the surplus towards funding a bonus in December.

We are pleased to advise that our pensioners will receive a pension increase of 5.2% with effect from 1 January 2023. In addition, they will receive a bonus to be paid during December 2022 amounting to 100% of their gross December pension.

THE TWO-POT SYSTEM

In previous newsletters, we have discussed National Treasury's proposals in respect of the two-pot system. Treasury has been engaged with various stakeholders and on 20 September 2022, it provided the Standing Committee on Finance with a Draft Response Document which included responses on comments received on the two-pot system.

While there are matters still to be decided by Treasury, they have given further insight into their thinking on several issues.

Treasury's responses and proposals are summarised as follows:

- The implementation date of 1 March 2023 has been changed to 1 March 2024.
- It will be mandatory for all funds to apply the two-pot system.
- Treasury stated that Government is, subject to conditions to be decided, open to allowing some of what has already been built up by a member in a fund before 1 March 2024 to be transferred into the member's savings pot so as to allow the member access to it. This proposal will still be discussed further, and it cannot be seen as a given at this stage.
- From 1 March 2024, one-third of net (i.e., after costs) contributions will on a mandatory basis go into the savings pot and the remaining two-thirds of net contributions into the retirement pot.
- As retrenchments are involuntary, Treasury has proposed that, subject to conditions related to Unemployment Insurance Fund benefits and the amount of income that the member is receiving, limited withdrawals, which will have to be paid as an annuity, might be permitted from the retirement pot if the member is retrenched.
- The minimum annual withdrawal from the savings pot remains R2 000 (before fees).

There are several matters that still need to be considered before this becomes final. At this stage and until legislated, a withdrawal from the Fund while the member is still employed is **not** allowed. If members submit such requests, please advise them accordingly.

FSCA CONDUCT STANDARD 1 OF 2022 - REQUIREMENTS RELATED TO THE PAYMENT OF PENSION FUND CONTRIBUTIONS

On 19 August 2022, the Financial Sector Conduct Authority (FSCA) issued new requirements for contributions, contribution statements and reporting around contributions. It wants to standardise the manner and format of reporting by funds regarding contribution matters. This Conduct Standard is effective from 19 February 2023.

We will hold a webinar early in the new year where the Fund will discuss these details with our HR partners.

Due date for contribution payment

Contributions relating to the member and employer contributions, which are payable in terms of the Fund rules must be paid into the Fund's bank account by no later than the 7th day of the month following the month in which they are due.

Interest on late payment of contributions

According to the Conduct Standard, interest is payable on the late payment of contributions or unpaid contributions, where contributions (or part of contributions) are paid after the prescribed period for payment. The late payment interest is currently prime plus 2 percent and will be regarded as investment income for the Fund.

The interest is payable to the Fund by no later than the end of the second month following the month in respect of which the amount is payable.

Contribution statements to be provided by the employer to the Fund

The minimum information to be furnished to the Fund by the employer is as follows:

(a) the name of the Fund;
(b) the Fund registration number;
(c) the period in respect of which the contribution is payable;
(d) the name and address of the employer;
(e) where an employer has multiple pay-points the pay-point which made the deduction;
(f) the contact person responsible at the employer or pay-point dealing with the enquiries relating to contribution statements and payment of contributions;
(g) the identity of the person envisaged in section 13A(8) of the Pension Funds Act (the Act), as requested from the employer by the Fund in terms of section 13A(9) of the Act (this is the person who will be held personally liable for the payment of the contributions) - this needs to be provided annually when requested to do so by the Fund;
(h) in respect of each member, the following:
    i. full name;
    ii. date of membership;
    iii. date of birth;
    iv. South African identity number or passport number;
    v. employer pay or industry number;
    vi. income tax number;
    vii. contact number, including (where available) cellular phone number;
    viii. e-mail address (where available);
    ix. postal address;
    x. residential address;
    xi. annual pensionable emoluments;
    xii. percentage and amount of contributions;
    xiii. split between member and employer contribution; and
    xiv. details of any additional voluntary contributions paid.
(i) The membership number allocated to each member of the Fund;
(j) an indication of any changes as compared to the contribution statement for the previous period showing any differences in the data, including additions as a result of new members, reductions as a result of membership terminations, adjustments as a result of changes in pensionable emoluments, the payment of additional voluntary contributions, corrections due to error or any other information that may be relevant.

Employers' obligations and enforcement

The Conduct Standard places the obligation on the employer to ensure that differences in membership data from month to month are provided to the Fund. In addition, the employer must provide any other information that may be relevant to the membership data.

It is important to note that the FSCA will be able to use its enforcement powers (in the Act and in the Financial Sector Regulation Act) to enforce employer compliance with this Conduct Standard.

The FSCA has also said that it will 'name and shame' employers and funds where contributions are unpaid/short-paid.

Employer's declaration

The FSCA has introduced a new requirement that all information to be provided by the employer in contribution statements must be accompanied by a declaration by the employer that all employees eligible to be members of the fund are accurately reflected in the contribution statement. Again, this places an obligation on the employer to ensure that all eligible employees appear on the contribution statements provided to funds.

Timing

The Act provides that contribution statements must be provided either at the time of paying contributions or not later than 15 days after the end of the month in respect of which the contribution payment is made.

FESTIVE SEASON OFFICE HOURS

The Fund's call-centre will remain open over the festive season from 08:00 to 16:00. We are here to assist you with any queries.
e-mail: support@laretirementfund.co.za
Tel: 021 943 5305
WhatsApp: 081 806 9959 (from 08:00 - 16:00)
Walk-in: Belmont Office Park, Twist Street, Bellville (from 08:00 to 16:00)

In addition, you may contact Glenda Kunene on 081 778 0923 for any Fund related matters.

FUNERAL CLAIMS

The call-centre will operate with skeleton staff from Tuesday, 27 December until Friday, 30 December 2022. In order to ensure that funeral claims are attended to timeously during the above-mentioned period, we ask that you please submit your claims directly to Sanlam over this period.

Sanlam Group Risk contact details

E-mail: sgrdeathclaims@sanlam.co.za.

*Please ensure that the subject header of the e-mail includes the code **15883** as this will expedite the identification of the e-mail as a LA Retirement Fund claim.*

Sanlam call centre number: 0860 726 526.

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.