LA RETIREMENT FUND
Securing your retirement

HR NEWSLETTER

JULY 2023

NOTE FROM THE PRINCIPAL OFFICER

Dear HR Partner

The helix shape (or spiral) is a symbol of resilience, which is found throughout nature. It is a symbol of evolution, growth and resilience. The Board of Trustees sees this as a symbol of adaptability, overcoming odds and creating foundations for prospering through adversity.

This is evidenced by the ongoing excellent Fund management through the outperformance of the Risk Profiled Investment Solutions, stable governance mechanisms and cost curtailment. Details of the Fund performance and governance mechanisms can be found in the Fund's Annual Report.

We have been visiting many of the HR offices as well as our members. Please keep an eye out for communication of when we will be in your area. Details of our visits are also posted on our Facebook page.

The Board of Trustees continues to work hard in ensuring that the Fund remains a retirement fund of CHOICE in local government. We encourage our HR partners to contact us with any suggestions that you may have and if you have specific training needs, as we would be delighted to assist you in this regard.

This has been quite a brutal winter for many people and we hope that you continue to stay safe and warm.

Ilse Hartlief
Principal Officer

"In my view, all that is necessary for faith is the belief that by doing our best we shall succeed in our aims: the improvement of mankind."

Rosalind Franklin

Annual General Meeting

The Fund held its third live virtual Annual General Meeting (AGM) on 26 May 2023. Again, this proved to be very successful as it allowed members and other stakeholders to attend virtually.

Thank you to those stakeholders who participated. If you were unable to attend, you can view the recorded AGM, which can be found on the Fund's website.

Annual Report

On 12 May 2023, the Fund emailed the link to the Annual Report and the summarised infographic for the year ended 30 June 2022 to all stakeholders.

This year's LA Retirement Fund Annual Report for the period ending 30 June 2022 provided details of the ongoing excellent Fund management through the outperformance of the Risk Profiled Investment Solutions, stable governance mechanisms and cost curtailment.

Fund members, retirees and pensioners can remain confident that the Fund continues to achieve its commitments to them to provide the best possible retirement outcome and to be a trusted financial and investment partner.

We hope that you have had the opportunity to read the Annual Report and have found the content to be informative.

Funeral Benefit Beneficiary Nomination Form – we need your help

We continue to urge our members to complete the Funeral Benefit Beneficiary Nomination Form, but despite this, not many 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.

As you work closely with our members - your employees, we request that you please liaise with those members who have not completed the Funeral Benefit Beneficiary Nomination Form and urge them to do so. Please contact us should you need an updated list of outstanding nomination forms.

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 their funeral arrangements.

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.

Online Month-End Employer Portal

We have exciting news!

The Verso Online Month-End portal has been developed to provide employers with access to import and export data and edit member records. A webinar will be held whereby we will provide training on how to use this portal.

The platform is web-based and it is accessible from all the major chromium browsers. The Online Month-End Employer portal not only secures communication between the employer and the administrator, but it also eliminates the need for the employer to send forms via email.

The system performs various validation checks on the data submitted and provides immediate feedback to the employer. The validation checks include, but are not limited to, for example, an employee being too young to join the Fund.

We also perform checks based on the SA ID number to ascertain if the new member already exists within the Fund. This may indicate a transfer from one participating employer to another.

This system conforms to FSCA Conduct Standard 1 of 2022, which we reported on in the December 2022 newsletter. The employer is therefore able to upload the mandatory information as prescribed in the Conduct Standard without having to complete additional forms or provide further schedules. One of the main and obvious benefits of the Verso Online Month-End portal are that the schedules accurately align with the contribution payment and most queries can be resolved in advance of the reconciliation process.

More details on the Conduct Standard and the minimum information to be provided by the employer will be distributed in a separate infographic.

Pensioner Trustee Election

One vacancy for a pensioner trustee needs to be filled by 01 January 2024 as Mr Jan van den Berg's term as pensioner trustee will end on 31 December 2023. Mr van den Berg will not be available for re-election. The elected pensioner trustee, who need not be a pensioner of the Fund, will hold office for 5 years from 1 January 2024.

This process will run over the next few months and will be implemented as follows:

- 31 August 2023: Closing date for nominations.
- 16 October 2023: Dispatch ballot forms
- 17 November 2023: Closing date for the return of ballot forms.
- 30 November 2023: Results confirmed by auditors and Board is informed.
- 6 December 2023: Inform all nominated candidates.
- 1 January 2024: Term of office begins.

Communication has been sent to the pensioners to nominate candidates to this position.

The Two-Pot System: An Update

National Treasury issued an updated version of the two-pot proposals on 9 June 2023 and the industry has been given until 15 July 2023 to submit responses thereon. The two-pot system is still to go ahead on 1 March 2024.

The latest proposals can be summarised as follows:

From 1 March 2024:

- One-third of the contributions will go into a **savings pot.**
- Two-thirds of contributions will go into a **retirement pot.**
- Investment return will be added to both pots.

Everything saved in the Fund before 1 March 2024 (plus investment return on this) will go into the member's **vested pot.**

An amount of 10% of the vested pot as at 29 February 2024, to a maximum of R25 000, will be allocated to the savings pot from 1 March 2024. This is called "seeding". This can be paid out of the Fund, at the member's request as from 1 March 2024. A member will be permitted one withdrawal from their savings pot every year of tax assessment (there is a minimum of R2000/withdrawal).

Please note that a member will lose the preferable retirement fund tax rates on these withdrawals as the withdrawals will be taxed as part of the member's income at their higher marginal tax rates. This, together with the lost compounding investment returns on this withdrawn money means that a member who withdraws from their savings pot before retirement will have **less money** on which to retire.

A member may also decide to move amounts into the retirement pot from their savings pot, but not the other way around.

These are still **proposals** and there could be several changes before the legislation is finalised. We will keep the members and yourselves updated as new information becomes available.

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

Email: support@laretirementfund.co.za

Glenda Kunene
(Client Liaison Officer)

081 778 0923

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.