HR NEWSLETTER

LA RETIREMENT FUND
Formerly known as the Cape Joint Pension Fund
Securing your retirement

DECEMBER 2024

NOTE FROM THE PRINCIPAL OFFICER

Dear HR Partner

We have come to the end of another busy year where the retirement fund industry's focus has largely been on all things related to the two-pot retirement system! We have kept our members well informed with communications that include a comprehensive two-pot retirement system question and answers guide, infographics, newsflashes and videos which can all be found in one easy-to-access place on our website (*click here*).

In addition to our Western Cape face-to-face sessions, member education sessions were conducted in the West Coast, the Southern Cape, the Northern Cape and the Eastern Cape.

The importance of long-term savings was discussed in our popular video "Navigating Savings" and the points raised (looking at various strategies, pitfalls, long-term benefits, how to look out for scams and phishing) should be considered, especially now with the introduction of the two-pot retirement system and the resulting savings pot withdrawals (*click here to watch the video*).

Although the introduction of the two-pot retirement system was at the forefront of many funds' attention, the Board of Trustees continued to focus on many other important factors such as investment strategies, investment returns, retirement benefits and risk benefit premiums (to name a few).

Simeka, a member of the Sanlam Group, and the Board of Trustees embarked on a journey to refine the Fund's investment strategy, resulting in an updated strategy, which is contained in the Investment Policy Statement (IPS). The new IPS came into effect on 1 July 2024. Overall, the LA Retirement Fund's investment portfolios continue to perform well, particularly when compared to our peers (*click here for recent performance comparisons*).

From 1 July 2024, the Fund implemented another option for retiring members to enable them to keep their retirement capital in the Fund when they retire. The Pooled Annuity Account (PAC) is either a single life pension (a pension calculated for the member) or a joint life pension (provision is made for a spouse's pension) that is calculated for life by the actuary. Retiring members can select from the Fund's In-Fund Living Annuity or the PAC (*click here for full details*).

The Board of Trustees regularly reviews their service provider agreements and tests the pricing in the market. We are committed to making sure that the insured death, disability, critical illness and funeral benefits add maximum value to our members at market related costs. The Board of Trustees was therefore very pleased to confirm that the insurers had substantially decreased their risk benefit rates for the funeral and lump sum death benefits with effect from 1 July 2024 whilst the disability income benefit and the voluntary critical illness benefit rates remained unchanged (*click here for full details*).

As a result of all of these important 2024 improvements and legislative changes included, the Fund released a new induction video for new employees on 8 August 2024 via a HR newsflash (*click here to view the induction video*). Should you require, we can also send a supply of Fund pamphlets to you to hand to new employees. These pamphlets provide a concise overview of the Fund's excellent and competitive offering.

We encourage all our HR Partners to register on the Verso Online Month-End portal as soon as possible as this online updating process will ease the workload for the HR and payroll officers (*click here to view the Online Month-End portal HR webinar*).

Please also look out for our beautiful 2025 Fund calendar and desk pad that are on their way to you.

The past 6 months have been extremely busy with the introduction of the two-pot retirement system. This has allowed us to engage more than ever with our members as well as yourselves. We have thoroughly enjoyed visiting and interacting with our HR Partners and we would like to take this opportunity to thank our HR Partners, who assisted us in reaching our members this year and for their co-operation. We look forward to engaging again with you early in the New Year when we start scheduling our visits to the various municipalities during 2025.

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 2025.

'It always seems impossible until it's done' – Nelson Mandela

Ilse Hartlief
Principal Officer

RISK BENEFIT PREMIUMS: DEATH IN SERVICE

The Fund distributed a newsflash to HR and Payroll Partners in July this year, reminding them to pay the full contribution in the last month of membership when a member dies in-service.

After in-depth consultation with the Fund, Momentum (the insurer) has agreed to apply the following concession:

Momentum will use the full pensionable salary paid in the month prior to death to calculate the death benefit if the premiums, based on the full pensionable salary, are up-to-date. If a pro-rata premium is received in the month of death, they will apply the previous month's full pensionable salary so as not to impact the calculation of the death benefit and ultimately negatively affect the family of the deceased.

This means that a pro-rata contribution, based on the reduced salary paid by the municipality during the month in which the member dies, can therefore be paid to the Fund without the calculation of the death benefit being impacted.

FUNERAL BENEFIT BENEFICIARY NOMINATION FORM – WE STILL NEED YOUR HELP

We have requested our members to complete the Funeral Benefit Beneficiary Nomination Form, but despite this, very few 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.

The form can be found on the Fund's website under "Forms / Funeral Benefit Beneficiary Nomination Form": you may contact the Fund's call centre or you can *click here*.

PENSION INCREASE POLICY, PENSION INCREASE AND BONUS

The Board of Trustees, at their meeting held on 27 February 2024, approved an improvement to the pension increase policy, whereby the pension increase target has been increased from 70% to 80% of the Consumer Price Index (CPI). This target includes the value of any bonus.

The Trustees have the discretion to review and revise the pension increase policy from time to time based on the circumstances of the Fund, after consultation with the Actuary.

The Trustees consider the Pension Increase Policy, the investment returns and interest rates as well as the financial strength of the Fund when annually reviewing the granting of the defined benefit pension increase and bonus. The Pensioner Account is 118.5% funded as at 30 June 2024 and the Fund remains in a sound financial condition.

The Board of Trustees is delighted that, due to the surplus, in the Pensioner Account, they were able to approve a higher pension increase and bonus for the pensioners. Pensioners will receive a pension increase of 5.1% as from 1 January 2025 as well as a bonus of 100% of their December 2024 pension. The value of the pension increase and bonus is equivalent to an increase of 121% of CPI.

FESTIVE SEASON OFFICE HOURS

The Fund's walk-in centre, call-centre and WhatsApp will remain open over the festive season from 08:00 to 16:00 (excluding weekends and public holidays). The Fund's offices will be closed on Friday 27 December 2024.

E-mail: support@laretirementfund.co.za
Tel: 021 943 5305
WhatsApp: 081 806 9959
Walk-in: Belmont Office Park, Twist Street, Bellville

FUNERAL CLAIMS

In order to ensure that funeral claims are attended to timeously during the holidays, we request that you copy Sanlam when submitting funeral claims 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.