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

20/11/2025

Pooled Annuity Account

Pension Increase – 1 January 2026

Dear Pooled Annuitant

Your pension increase effective on 1 January 2026 takes, amongst other things, the following into account:

1. The Fund's Pension Increase Policy for defined benefit pensioners and pooled annuitants
2. Investment returns
3. The financial strength of the Pooled Annuity Account

Pension Increase Policy:
The Fund's Pension Increase Policy formally confirms the rationale underpinning the annual increase granted to defined benefit pensioners and pooled annuitants.

Earlier this year we advised that the Board of Trustees approved an improvement to the Pension Increase Policy, whereby the pension increase target was increased from 80% to **100%** of the Consumer Price Index (CPI) to the preceding 30 June. The increase target of 100% of CPI takes into account the value of any bonus awarded by the Board of Trustees. The pension increase is subject to affordability as determined by the Actuary having regard to investment returns and the financial strength of the Fund.

Investment returns:
The investment return on pensioner assets was 9.4% p.a. for the year ending 30 June 2025. The Fund needed to earn a return of 6.4% p.a. to support level pensions from investment returns alone. Investment return thus contributed 3.0% towards the pension increase.

Financial strength of the Pooled Annuity Account:
When the Board of Trustees considers the annual pension increase, financial soundness is always foremost in mind. The Fund's actuary has confirmed that the Pensioner Account and the Pooled Annuity Account are financially sound as at 30 June 2025.

Pension increase and bonus

I am pleased to confirm that the Board granted a pension increase of **4%** * with effect from 1 January 2026. This pension increase represents an increase of 100% of year-on-year CPI to June 2025 plus an additional 1% special pension increase. Your January 2026 pension payslip will reflect your increased pension.

In addition, the Board granted a bonus to be paid during December 2025 amounting to 100% of gross December pension. Your December pension payslip will reflect your bonus payment. Please note that there is no requirement for the Fund to pay bonuses and there should be no expectation for these to necessarily be repeated in future.

*Please note that if your life annuity (i.e. pooled annuity) commenced during the year under review, you will receive a pro-rata pension increase and bonus as your annuity has been paid for less than a year.

The pension increase (before pro-rata) and bonus are equivalent in value to an increase of 167% of CPI to June 2025. This exceeds the target of 100% of price inflation.

The Board reminds Pooled Annuitants that the Pension Increase Policy remains unchanged and the awarding of a higher pension increase this year does not set a precedent. Pooled Annuitants should therefore not expect future pension increases to automatically exceed the Fund's Pension Increase Policy as various factors, mentioned above, are considered in determining the pension increase each year.

On behalf of the Trustees, I extend our best wishes to you and your family over the festive season and for the coming year.

Yours sincerely

Johan Jacobs
Chairperson