LA RETIREMENT FUND

Formerly known as the Cape Joint Pension Fund

Securing your retirement

HR NEWSLETTER

July 2026

Dear HR Partner

Welcome to our July 2026 HR Newsletter.

This year marks an important milestone for the Fund as we reflect on ten years since the Fund changed its name from the Cape Joint Pension Fund to the LA Retirement Fund in July 2016. Over the past decade, the Fund has continued to build on its strong foundations through sound governance, responsible investment and a commitment to serving the best interests of members, retirees and pensioners. This HR Newsletter provides our HR Partners with important updates on recent Fund developments, legislative matters and initiatives designed to support positive retirement outcomes.

The coming months will also see a change within the Board of Trustees. Mr. Johan Jacobs will step down as a Trustee and Chairperson with effect from 31 July 2026 after many years of dedicated service to the Fund. On behalf of the Fund, I would like to thank Johan for his leadership, professionalism and commitment, which have contributed significantly to the Fund's success and stability. We wish him every success for the future.

At the same time, we are pleased to welcome Mr. Braam du Plessis to the Board of Trustees with effect from 1 August 2026. Many of you will know Braam from his long association with the Fund during his career in the retirement fund industry. He served as the Fund's Benefit Consultant for nine years prior to his retirement in 2023 and brings extensive industry knowledge and experience to the Board. We look forward to his contribution as the Fund enters its next chapter.

In this newsletter, we share important updates on recent Pension Funds Adjudicator determinations relating to Section 37D deductions, changes affecting trustee-endorsed In-Fund Living Annuity members aged 75 and older and reductions in insured risk benefit premiums effective 1 July 2026. We also highlight key achievements from the Fund's 2024/25 Annual Report as we reflect on a decade of progress and continued commitment to delivering positive retirement outcomes for our members, retirees and pensioners. We also share an exciting funeral benefit improvement as communicated in our newsflash published on 18 June 2026. Members have an annual opportunity from 1 July 2026 to increase their funeral benefit cover. Members may apply to increase their cover between 1 July to 30 September every year.

Updates on our visits and activities are regularly posted on our Facebook page. We encourage our HR Partners to follow our Facebook page and contact us with any suggestions or specific training requirements, so we can continue to provide you with excellent support. With ongoing engagement, together we can continue to provide your employees with appropriate benefits and a secure retirement.

Thank you for your continued support and trust in the Fund.

Warm regards

Ilse Hartlief

Principal Officer

SECTION 37D DEDUCTIONS – RECENT ADJUDICATOR DETERMINATIONS

Section 37D of the Pension Funds Act permits certain deductions from a member's retirement benefit where financial loss has been suffered by the employer as a result of a member's dishonesty, fraud, theft or misconduct. However, correct legal process must be followed when attempting to recover these losses.

The procedures to follow can be found on the Fund's website under Fund Guides (Understanding S37D).

Recent determinations by the Pension Funds Adjudicator in *Nkosi v 10X Umbrella Fund* and *Singh v Old Mutual Superfund Provident Fund* highlight the importance of a properly executed acknowledgement of debt (AOD). In both matters, the Adjudicator confirmed that a valid AOD signed by the member can provide a basis for a Section 37D deduction. The determinations also confirmed that members are generally bound by agreements that they voluntarily sign and that allegations of duress must be supported by evidence.

A criminal case alone is not sufficient to justify the withholding of a member's benefit. For a Section 37D claim to be considered by the Fund, there must be either a valid AOD signed by the member or a civil judgment against the member. Where civil action has been instituted, the Fund may be requested to withhold a benefit for a reasonable time-period pending the outcome of the proceedings.

The Trustees are required to consider each request independently and balance the interests of both the member and the employer before deciding whether a benefit should be withheld or a deduction authorised. Supporting documentation and timely updates remain essential when a Section 37D matter arises.

Where a civil case is instituted, the Fund should be provided with regular updates regarding the progress of the matter.

TRUSTEE-ENDORSED IFLA MEMBERS AGED 75 AND OLDER

The Fund's May 2026 HR Newsflash provided an overview of the Fund's In-Fund Living Annuity (IFLA) and Pooled Annuity Account (PAC) retirement options. Please find this newsflash on the Fund's website under News / HR news or go to Fund Guides / IFLA/PAC Q&A for further information about our in-fund annuity options.

As part of the Board's ongoing review of the Fund's annuity strategy, the Board decided to implement a change that impacts retirees who have chosen the trustee-endorsed IFLA option. The Fund will liaise with these retirees shortly before their first IFLA anniversary following their attainment of age 75.

They will be requested to transfer their retirement capital to the PAC at this time to ensure that they will have an income for life that will maintain its buying power in the normal course of events. Those trustee-endorsed annuitants who do not wish to transfer to the PAC may transfer to the IFLA customised option.

Why has this change been introduced?

The trustee-endorsed option was designed to provide members with a simple and structured retirement solution. Investment and income or drawdown levels are determined by the Fund to support long-term sustainability. The option requires minimal decision-making by the annuitant. The PAC is designed to provide a pension for life and may be a more appropriate solution for annuitants seeking a sustainable retirement income **for life** in the later stages of retirement. Importantly, the change does not remove personal choice. Annuitants who do not wish to transfer to the PAC may remain in the IFLA by transferring to the IFLA customised option, which allows them to manage their investment strategy and drawdown rate.

The PAC also remains available as a voluntary option to all IFLA annuitants. Annuitants may elect to transfer **all or part** of their IFLA retirement capital to the **PAC at any stage** during retirement. All In-Fund Living Annuitants will continue to receive a PAC quotation along with their annual IFLA Projection statement that will enable them to see the level of pension that can be purchased from the PAC.

ANNUAL REVIEW OF INSURED RISK BENEFITS – 1 JULY 2026

The Board of Trustees undertakes regular reviews of the Fund's benefits and makes changes where they feel these are in the members' best interests. Risk benefits premium rates are largely affected by claims experience and changes in the membership profile (such as increased membership age).

The Board of Trustees recently announced **premium reductions** across all insured risk benefits effective from 1 July 2026. These reductions translate into an estimated annual saving of approximately **R2 million** across all members collectively.

The reduced rates enable a greater portion of the monthly contributions paid into the Fund to be directed towards members' retirement benefits, supporting improved long-term retirement outcomes.

An overview of the risk benefits premium rates as at 1 July 2026 is as follows:

Funeral Cover – Sanlam's rates have decreased by 5.2%!

Insurer – Sanlam

Rate per member per month effective 1 July 2026			
Benefit	**Option 1 – R30 000**	**Option 2 – R40 000**	**Option 3 – R55 000**
Funeral cover premium	R31.00	R41.33	R56.83

Death Benefits – rates decreased by a further 13.4%!

Insurer – Momentum

The rates were reduced by 14.5% and 13% with effect from 1 July 2023 and 1 July 2024 respectively – due largely to the reduction in claims since the pandemic. The rates have again reduced from 1 July 2026!

The rates are expressed as cents per R1 000 insured amount per age band.

Age bands	Unit rate from 1 July 2026 (cents)
Younger that 30	15.46
30–39	23.19
40–49	43.80
50–54	70.86
55–64	119.17
65–69	233.19
70–75	341.40

Disability Income Benefit – rates decreased by 11.05%!

Insurer - Momentum

The premium rate of 1.837% of pensionable salary has been unchanged for 6 years in a row. This rate has reduced to 1.634% effective 1 July 2026. This is a reduction of 11.05%. The maximum permissible monthly benefit remains unchanged at R220 000 p.m. The free cover limit has increased to R80 000, which is the maximum cover before medical underwriting is required.

Voluntary Critical Illness Benefit – rates decreased by 7.5%!

Insurer - Momentum

The rates for all 3 options have reduced. The premium rates remained unchanged for 7 years in a row and have now decreased from 1 July 2026.

	Age 40 years and younger*	Age 41 years up to 50 years*	Age 51 years up to age 65 years*
Option 1 – R100 000	R13.84	R47.14	R117.19
Option 2 – R200 000	R26.44	R90.10	R223.73
Option 3 – R300 000	R37.37	R130.44	R324.89

*Age is calculated initially at date of entry, and at the anniversary date (1 July) each year thereafter.

NEW ANNUAL OPPORTUNITY TO INCREASE FUNERAL BENEFIT

Members will have an annual opportunity from 1 July 2026 to increase their funeral benefit cover. Members may apply to increase their cover between 1 July to 30 September every year.

Prior to 1 July 2026, members selected one of the 3 available funeral benefit options (Option 1: R30 000, Option 2: R40 000 or Option 3: R55 000) when joining the Fund and were unable to change this option thereafter. Following requests from members and discussions with the insurer, additional flexibility has now been secured to better accommodate changes in members' personal circumstances over time.

From 1 July 2026, members may apply to increase their cover once a year.

A request to increase funeral cover must be received by no later than 30 September and will take effect from 1 July. Members may obtain the necessary form from our website under "forms".

ANNUAL REPORT

REFLECTING ON A DECADE OF PROGRESS

On 4 May 2026, the Fund emailed the link to the Annual Report for the year ended 30 June 2025 to all stakeholders.

The LA Retirement Fund's 2024/25 Annual Report marks an important milestone as the Fund celebrated ten years since its name change from the Cape Joint Pension Fund to the LA Retirement Fund.

Under the theme "Reflections", the Trustees looked back on a decade of growth, innovation and member-focused service while highlighting several achievements during the past financial year.

Despite ongoing market uncertainty, the Fund's investment portfolios continued to perform strongly, comfortably outperforming their inflation-related targets. The year also saw the successful implementation of the Two-Pot Retirement System and the introduction of the Fund's Pooled Annuity Account (PAC), giving retiring members additional retirement income options.

During the reporting year, members also benefited from a reduction in funeral benefit risk rates, resulting in more money being directed towards retirement savings. Pensioners received a 5.1% pension increase together with a discretionary bonus, and the Fund increased its long-term pension increase target to 100% of inflation.

The Trustees noted that these achievements reflect the Fund's continued focus on responsible governance, cost management, member education and long-term retirement outcomes.

As the Fund looks ahead to the next decade, it remains committed to helping members, retirees and pensioners achieve positive retirement outcomes through sound investment management and strong governance.

ANNUAL GENERAL MEETING

The Fund successfully held its 42nd Annual General Meeting virtually on 22 May 2026. The attendees were provided with an overview of the Fund's financial position as at 30 June 2025, investment performance, governance activities and developments affecting the retirement fund industry. The virtual format once again enabled Fund stakeholders from across the country to participate in the meeting and engage directly with the Board of Trustees and service providers.

It was reported that the Fund continued to perform well despite ongoing global economic uncertainty and market volatility. The Fund's diversified investment portfolios continued to outperform their investment targets and compare favourably with industry peer groups. Attendees were reminded of the importance of the Fund's low-cost in-fund annuity solutions for retirees at and during their retirement, which continue to provide significant value when compared to many retail retirement products. The Fund has successfully introduced its pooled annuity account (PAC), providing retirees with an additional in-fund annuity option alongside the existing In-Fund Living Annuity (IFLA).

The pensioner portfolio continued to show strength. The Trustees confirmed that pension increases continue to be granted in accordance with the Fund's Pension Increase Policy, while maintaining the sound financial position of the pensioner account. The Fund's Actuary, Mr. Sean Neethling of Momentum, reported that the pensioner account remained in a healthy financial condition with a funding level of 112.1% as at 30 June 2025.

A pensioner bonus equal to 100% of gross monthly pension was paid in December 2025 and a pension increase of 4.0% was granted with effect from 1 January 2026. Mr. Neethling also highlighted the significant progress made over recent years in improving pension increases relative to inflation. Following the continued strength of the pensioner account, the Trustees increased the Fund's pension increase target to 100% of price inflation during 2025, subject to affordability and actuarial advice.

The AGM also provided an opportunity to reflect on the Fund's journey over the past decade. As the Fund approaches ten years since its name change from the Cape Joint Pension Fund to the LA Retirement Fund on 1 July 2016, the Chairperson reflected on the substantial progress achieved during this period. The Board reaffirmed its commitment to protecting the retirement interests of members, retirees and pensioners through responsible investment, sound governance and prudent cost management.

The Trustees thanked all stakeholders for their continued support and expressed confidence that the Fund remained well positioned to continue delivering value and service excellence in the years ahead.

If you were unable to attend the AGM, the recording is available on the Fund's website and we encourage you to listen to this.

WHO TO CONTACT

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)
Tel: 021 943 5305
Email: support@laretirementfund.co.za

Glenda Kunene
(Client Liaison Officer)
Tel: 079 918 6187
E-mail: glendak@verso.co.za

OUR NEW WHATSAPP NUMBER!

The Fund's WhatsApp No **076 073 0997** enables all stakeholders to easily and effectively communicate with the Fund.

Please save this number to enable you to easily contact us.

P O Box 4300 | Tyger Valley | 7536 | Belmont Office Park | Twist Street | Bellville | 7530
WhatsApp 076 073 0997 (between 08h00 - 16h00) | Tel 021 943 5305 | Email support@laretirementfund.co.za
www.laretirementfund.co.za | https://www.facebook.com/LARetirementFund | Fund Registration No. 12/8/1278