



Natal Joint Municipal Pension KwaZulu-Natal Joint Municipal Provident Funds

"Your Fund, Your Savings, Your Future"



"KEEPING YOU INFORMED"

NEWSLETTER DECEMBER 2014

SPECIAL POINTS OF INTEREST:

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KNOW YOUR FUND

- Pension backed home loan
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Message from the CEO/Principal Officer



Mr. Sam Camilleri - CEO/Principal Officer

As this year comes to an end, your Fund has continued to maintain "best practices" in all activities affecting the Fund. In this last issue of the Natal Joint Municipal Pension/Provident Funds (NJMPF) newsletter for 2014, I would like to provide a summary report of the Annual Report which was delivered at the 72nd Annual General Meeting and a status update on recent activities undertaken by the NJMPF.

1. Summary report of the 2014 Annual Report to the General Committee

On the 28th of November 2014, the NJMPF held its Annual General Meeting at the Sinodale Centre in Pietermaritzburg. The Chairperson, Mr. Xolani Dube, delivered his Annual Report to the General Committee. Below, in a summary form, are important points that were covered during the Chairperson's address.

- 1.1 Clean Audit Report: The NJMPF is one of a few Government/Municipal enterprises to receive a clean/unqualified audit report from the Auditor General for the year ending 31 March 2014.
- 1.2 Maintenance of good governance: The NJMPF in 2014, once again achieved an overall result of AAA, which is the highest score achievable in the Institute of Directors Governance Assessment Instrument from the Institute of Directors in Southern Africa.
- 1.3 Retirement industry awards: The NJMPF during 2014 was recognised for undisputed excellence. The NJMPF received six industry awards from the Institute of Retirement Funds Africa. This is the fourth year in a row that the NJMPF has received awards, confirming its status of being an industry leader.
- 1.4 Saving for retirement improved: In the Provident Fund, members may contribute 5%, 7% or 9.25%. The NJMPF's educational campaign to encourage members to contribute at the highest rate of 9.25% is increasingly being recognised. The NJMPF's Actuary has informed that members contributing at a rate of 9.25% increased from 22.0% in 2013 to 25.0% in 2014.
- 1.5 Retirement Reform update: The implementation of the tax regulations regarding the treatment of retirement fund contributions has been delayed; the implementation of the law which was originally set for 1 March 2015 has been delayed until 2016/2017. The NJMPF is closely monitoring the situation (Retirement Reform changes) and will keep stakeholders updated on developments.
- 1.6 Investment performance: For the financial year ended 31 March 2014, the index returns for domestic equities, bonds and cash were 23.6%, 0.6% and 5.4% respectively, whilst offshore equities, in rand terms returned 37.2%. These returns have reflected in the combined assets of the three Funds an increase by 20.71% over the previous year from R 11.8 billion to R 14.34 billion as at 31 March 2014. The NJMPF Funds have continued to achieve their long term investment objectives to outperform their benchmarks. As a result of the Funds continued good investment performance, the Superannuation and Retirement Funds were able to grant pensioners:-
 - a full inflation increase of 5.75% with effect from the 1st of July 2014, and
 - a 13th Cheque in November 2014.
- 1.7 Rationalisation project: The NJMPF has undertaken a rationalisation project with the KwaZulu-Natal department of Co-operative Governance and Traditional Affairs (CoGTA). The KwaZulu-Natal Office of the Premier commenced a Rationalisation of Law Project affecting all Provincial legislation to ensure compliance with "new order" regulations during 2003. The rationalisation project has essentially been completed, and the NJMPF is currently awaiting final approval from the MEC of CoGTA to authorise NJMPF's regulations.

Message from the CEO continued

To obtain a full copy of the Annual Report, please visit the NJMPF's website on: www.njmpf.co.za or request for it via e-mail on: info@njmpf.co.za or by calling the NJMPF on: 031 279 5351.



2. Status update on recent activities undertaken by the NJMPF

The NJMPF has undertaken strategic activities in 2014 which include the implementation of Treating Customers Fairly (TCF) principles and also promoting compliance to Protection of Personal Information Act (PIIA).

2.1 Implementation of Treating Customer Fairly (TCF) principles.

In the NJMPF's June 2014 newsletter, members were informed of the project conducted by the NJMPF to enhance the culture of TCF within the organisation. NJMPF departments have identified key objectives which need to be achieved so that TCF can be formally embedded within the NJMPF. The implementation of TCF is a continuous project and members will be updated at regular intervals about developments.

2.2 Protection of Personal Information Act (PIIA).

The NJMPF is committed to conducting its business in compliance with the laws of South Africa and in a manner which provides excellent value to stakeholders. The Protection of Personal Information Act (PIIA) became law on the 19th of November 2013. PPIA seeks to regulate the processing of personal information amongst business in South Africa. The NJMPF in its target to achieve full compliance with PPIA has placed as its key performance objectives for 2014 the achievement of full compliance to PPIA.



Financial education

What are shares?

In this edition of financial literacy, we talk about shares.

A share is a unit of ownership in a business or financial asset. If you buy a share of business X, you become a part-owner (shareholder) of that business. While owning shares in a business does not mean that the shareholder has direct control over the business's day-to-day operations, being a shareholder does entitle the possessor of the share to an equal distribution in any profits, if any are declared in the form of dividends. Normally, businesses pay out dividends once or twice a year.

If the business in which you bought shares fails and is liquidated, you as the shareholder could claim against the assets of that business. The shares you own also come with voting rights. This means that as a shareholder you may vote at the business's annual general meeting.

The price of shares is mostly guided by demand and supply. If the business is doing well (makes profits), then more people will want to buy shares in the business, therefore the price of the share will increase. However, if the business performs poorly, people will retract from buying shares in that business which results in a decrease in the demand for shares and shareholders could start selling shares.

To read further about shares, please visit the FSB's consumer education website on: www.mylifemymoney.co.za. NJMPF members may also visit the JSE's website on: www.jse.co.za or send an e-mail to: info@jse.co.za for guidance about investment in shares.

The NJMPF reminds members to talk to Certified Financial Planners before taking any financial decisions about their financial needs.

"To read further about shares, please visit the FSB's consumer education website on: www.mylifemymoney.co.za."

Pension matters

Pay dates for pensioners

The pay dates for **2015** are highlighted in the table below:

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Pay Date	30	27	31	30	29	30	31	28	30	30	27	22

NB: These are indicative dates only. Pensions will always be paid by the end of the month.

Know your fund

Home loan

As a service to its members, the NJMPF makes housing loans available to active members of the NJMPF, in accordance with Section 19 of the Pensions Fund Act, for the sole purpose:-

- To renovate/repair an existing dwelling,
- To buy land, or
- To buy a house



“As a service to its members, the NJMPF makes housing loans available to active members of the NJMPF”

The home loan is granted to a member by an approved bank on condition that the NJMPF secures the home loan by pledging up to a maximum of 50% of a member's benefit as surety.

If the home loan is granted by the bank, a repayment agreement between all relevant parties is signed. The agreement entails monthly instalments (repayments) are made through a monthly deduction from an affected member's salary.

Should the member exit the NJMPF by passing away, retiring, ill-health, dismissal, retrenchment or resignation, the NJMPF before completing the payment, will pay the outstanding balance to the bank from the member's exit (death, retirement, dismissal, retrenchment, ill-health or resignation) benefit.

The bank that is currently associated with the NJMPF regarding home loans is First National Bank (FNB). Members who wish to apply for a home loan should please contact the bank directly. The administration fee for FNB pension backed loans is R 11.40 (incl. vat). The fee will apply to all housing loan applications received as from the 1st of February 2015.

Members may enquire directly to FNB via e-mail on: smshomeleads@fnb.co.za or simply SMS the word “HOME” to 30752 at no cost to the member or contact FNB's call centre on: 086 076 2278.

* The NJMPF previously also had an agreement with Ithala bank but Ithala has withdrawn their product from the market.

Provident Fund outlook

In the Provident Fund, a defined contribution Fund, members and employers may contribute between three different contribution rates, as demonstrated by the table below.

Member Contribution	Employer Contribution
5%	9.75%
7%	13.65%
9.25%	18.00%

The NJMPF through its education campaign promotes that members consider the maximum rate of contribution of 9.25%. The higher you contribute in the Provident Fund; the better your retirement benefit is likely to be over a period of time.

The NJMPF's Actuary has calculated that members contributing at the maximum rate of 9.25% for 35 years or more could expect to retire on 90% of their final pensionable salary, whilst members contributing 5% (the minimum member contribution) could retire on only 40% of their final pensionable salary.

Members who contribute to the Provident Fund should consider their retirement contribution/savings level, and opt for a higher rate of contribution to position themselves better for retirement.

The NJMPF's investment returns this year relative to the investment markets and the long term benchmarks set by the Committee of Management have been pleasing. For the Provident Fund in real terms this means that if you had invested R 100.00 in the year 2000, your investment earnings would have increased significantly by 6 fold, to be worth more than R 600.00 in the year 2014 (after costs).

Season's greetings

The Committee of Management, Director and Staff of the Natal Joint Municipal Pension/Provident Funds would like to wish all its stakeholders a wonderful festive season and a prosperous new year.