



ALL COMMUNICATIONS TO BE ADDRESSED TO THE CEO/PRINCIPAL OFFICER

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5 Derby Downs
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CIRCULAR NJMPF FUNDS

07 March 2019

TO ALL MEMBERS & PENSIONERS

RE KZN JOINT MUNICIPAL PENSION/ PROVIDENT FUNDS still known as the NJMPF

The attention of members and pensioners of the KwaZulu-Natal Joint Municipal Pension/ Provident Funds ("the Funds") is again invited to recent circulars which have been issued by the Funds relating to the Rationalisation Process being undertaken by the Provincial Department of Co-Operative Governance and Traditional Affairs ("CoGTA") of the Acts establishing the Funds and the regulations issued by the Member of the Executive Council ("MEC") for CoGTA in terms of the Acts. The purpose it will be recalled for the Rationalisation Project was to ensure that the Acts and regulations complied with the Constitution and was new order legislation.

The Acts and more importantly the regulations have now been promulgated by the MEC and came into effect on the 21st of February 2019. It is worth recalling that the new regulations seek to improve the benefits of members of the Retirement Fund by uplifting historical restrictions which were placed on the members in the previous, old regulations and to ensure alignment of the regulations with the principles of the Constitution and good corporate governance.

It is worthwhile noting some of the changes to the old regulations and more particularly how the new, rationalised regulations impact on the Superannuation Fund and the Retirement Fund:-

1. Pre-rationalisation members of the Superannuation Fund were allowed to commute one third of their pension whilst in the Retirement Fund only a pension of R 1,000.00 per annum or less could be commuted. In the Retirement Fund there has been an introduction of commutation in accordance with the Superannuation Fund and SARS requirement.
2. In the Superannuation Fund a 13th cheque was payable to pensioners depending on affordability and in the Retirement Fund there was no such benefit. Pensioners in the Retirement Fund now attain a 13th cheque depending upon affordability.
3. In the Superannuation Fund bonus service was granted after 20 years on a specific formula whilst in the Retirement Fund there was no bonus service. Bonus service is now introduced into the Retirement Fund.



KwaZulu-Natal Joint Municipal Pension/Provident Funds

"Your Fund, Your Savings, Your Future"

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4. Benefits in the Superannuation Fund with less than 10 years service applicable on ill health, retirement, re-organisation, dismissal and death was available being the minimum of the greater of twice the member's contributions or withdrawal benefit. In the Retirement Fund this has now provided for the minimum of the greater of twice the member's contributions plus 3% interest on the withdrawal benefit. The 3% interest has also been introduced into the Superannuation Fund.
5. In the Superannuation Fund members were allowed to convert a gratuity at retirement to a pension and in the Retirement Fund there was no such option. The conversion of the gratuity to a pension has also now been introduced into the Retirement Fund.
6. In the Superannuation Fund provision was made for children's pensions and for parents to benefit if there was no spouse. In the Retirement Fund there was no allowance for either. The provision for children and parents pensions has now been introduced into the Retirement Fund.
7. In the Superannuation Fund there was no surcharge on members. In the Retirement Fund members paid a surcharge of 1.65%. This has been discontinued from date of promulgation.
8. The benefits between the Superannuation and Retirement Funds remain different reflecting the higher contributions by the Superannuation Fund Members. Should members of the Retirement Fund wish to pay higher contribution rates to obtain the higher benefit, they may transfer to the Superannuation Fund.

It is now accordingly self-evident that the rationalised regulations remove all historical discrimination between members and pensioners of the Superannuation Fund and Retirement Fund, and also in the interests of, and beneficial to, the members of the Provident Fund. The rationalised regulations have the force of law and are now being implemented by the Funds.

There is however one issue which the Funds wish to raise for the benefit of its members. This relates to the continued association of the KZN Municipal Pension Fund with the eThekweni Municipality. It will be remembered that in terms of the former regulations for the three funds that membership of



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the KZN Municipal Pension Fund was an option for employees of all associated municipalities albeit was only enforced by the eThekweni Municipality.

A challenge to the new regulations in so far as it impacts on the KZN Municipal Pension Fund and its prospective membership, not existing members, from the date of promulgation of the new regulations on the 21st of February 2019 has been launched by the KZN Municipal Pension Fund.

The Funds don't consider that there is substance to the challenge but nevertheless in order to obviate a total suspension of the implementation of the new regulations, the Funds agreed with the KZN Municipal Pension Fund that the newly promulgated regulations would remain of full force and effect from the date of promulgation, but that membership of the KZN Municipal Pension Fund could continue until a final determination of the challenge by the High Court. The matter has been set down for adjudication by the High Court in Pietermaritzburg on the 31st of May 2019.

Affidavits will in the meanwhile be exchanged between the Funds and the KZN Municipal Pension Fund setting forth their respective standpoint and arguments on the issues in dispute, but it is emphasised by the Funds that the pending litigation in no way impacts on all other members and pensioners from associated municipalities of the Funds. If the High Court finds in favour of the Funds then all members of the KZN Municipal Pension Fund who would have joined the funds from the 21st February 2019 onwards will have to be transferred to the Funds with the necessary financial adjustments, payment of contributions, transfer of contributions, etc.

It is considered necessary by the Funds to issue this Circular as it has come to the attention of the Funds that there may be confusion amongst members and pensioners of the Funds surrounding the pending litigation with the KZN Municipal Pension Fund. It is hoped that this Circular will accordingly provide the necessary clarity and comfort to all members new and existing of the Funds and its pensioners and to reassure them that their rights and benefits are adequately provided for.

Yours truly



S Camilleri

Principal Officer/ Chief Executive Officer