



Your Fund, Your Savings, Your Future

NJMPF

MEMBER NEWSLETTER

Your quarterly news update - December 2020

MESSAGE FROM THE CEO/PRINCIPAL OFFICER

Welcome to the fourth edition of the Member newsletter for 2020.

As the year draws to a close, no one can accuse 2020 of being uneventful. As the world continues the fight against the global pandemic of the Corona virus COVID19, we urge members to continue to adhere to the rules and restrictions set by government. Wearing a mask and washing of hands may seem tedious, but these together with social distancing are incredibly effective in restraining the spread of the virus. Large gatherings of people have shown these events to be super spreaders with devastating infection rates.



Mr Bonginkosi Mkhize

Despite the tough economic conditions and a global pandemic in the world, we at the NJMPF have kept our focus on the job at hand, ensuring that the Fund continues to offer you, our members superior retirement services, while assisting you on your journey towards a comfortable retirement.

As this is my last opportunity to formally communicate with you in 2020, I would like to wish you and your family a peaceful and safe festive season.

PRESCRIBED ASSETS

Talk in the media covering prescribed assets and government wanting to use retirement benefits to offset some of the state-owned company's debt has led to member concern. During the medium-term budget speech presented by the finance minister Tito Mboweni, important issues such as the state-owned enterprises were addressed and a fair amount of emphasis was placed on the fiscal measures being implemented to realign the composition of spending from consumption towards investment. What this means is that members can be comforted that prescribed assets remain unlikely to be used to fill a funding gap.

SUSTAINABLE INVESTING

The trend towards sustainable investing continues to gather momentum, as investors seek not just financial returns for their members, but also look to make a positive contribution to the world. The global pandemic has increased the urgency to look for additional ways of investing, which are not largely based on the markets and will continue to bring good returns to members benefits even during a global crisis. The NJMPF along with the Board of Trustees (BOT) have started looking at the legislation and what opportunities there are in the field of sustainable investment, which will bring satisfactory investment returns for members. The BOT is attending conferences and seminars and a few positive opportunities are being suggested – feasibility studies are being conducted by role players in this space.

With that said the NJMPF has a fiduciary duty to act in the best interest of you as the members, and the Fund will not venture into any new investment opportunities without concerted consideration.

T-DAY

Finance Minister Mboweni announced several changes in the February 2020 budget which will have an impact on the retirement and pension plans of some South Africans – specifically that government had reached an agreement with its Nedlac partners around the annuitisation of provident funds.

What is T-Day? - T-Day is a set of legislative changes implemented through the Taxation Laws Amendment Act due to come into effect on 1 March 2021. T-Day is the day from which compulsory annuitisation of the future Provident Fund retirement lump sums will be implemented.

Attached to this newsletter is a factsheet and a circular explaining further what T-day is and how your retirement benefit will be affected.

T-Day is part of National Legislation - It's not only an NJMPF thing.

KwaZulu-Natal Joint Municipal Pension/Provident Funds

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KNOW YOUR FUND

INVESTMENT PERFORMANCE

Investing and planning for retirement is something which doesn't come easy to many of us. By virtue of your membership in the NJMPF Pension/Provident Funds, you are already on your way to investing for your future. Every month, you and your Employer make contributions to the Fund which are invested for your retirement.

Investing for retirement is a long-term process and can be daunting if you do not understand how this type of investment works within the parameters set out by law.

There is no reward without risk – there has been much reporting on the widespread losses across financial markets caused by the pandemic. This is a global phenomenon and South Africa is no exception.

For Superannuation and Retirement Fund Members, this short-term volatility has not affected your benefit values. We acknowledge however, the concern from Provident Fund members on the impact the pandemic has on their retirement benefits. Rest assured Provident Fund members - your retirement benefits are in capable hands and NJMPF's current investment approach and strategy will benefit members in the long run. During 2020, the NJMPF has shown positive investment returns.

WHAT IS THE INVESTMENT RESERVE IN THE PROVIDENT FUND?:

The investment reserve is created by holding back a little performance in a general pool in good times to be used to soften the blow during tough times – like the pandemic this year.

Here is a table showing the monthly investment declarations of the NJMPF Provident Fund:-



DATE	BONUS RATE	INVESTMENT RESERVE
31/01/2020	1%	5%
29/02/2020	1%	5%
31/03/2020	1%	0%
31/03/2020 (Final Bonus)	-12%	0%
30/04/2020	1%	0%
31/05/2020	0%	0%
30/06/2020	10.85%	0%
31/07/2020	2%	2%
31/08/2020	1%	3%
30/09/2020	1%	4%
31/10/2020	0%	5%
30/11/2020	0%	4%
31/12/2020	TBA	1%

MERGER OF RETIREMENT FUND AND SUPERANNUATION FUND

This matter affects the Superannuation and Retirement Funds only.

The reason for the intended merger, which has been in the planning for several years, is four-fold:

1. shrinking of current membership numbers in both Funds makes a merger logical
2. Both pensioner groups can combine without any negative impact,
3. Economies of scale will have a positive impact on costs,
4. Retirement Fund members will over time and with additional contributions, have their benefits equalised with the Superannuation Fund.

One of the implications of this arrangement is a change in contribution rates. Retirement Fund contributions are presently: -
Employee 7% and Employer 18.37%.

By becoming members of the Superannuation Fund, contributions will increase to: -
Employee 9.25% and Employer 21.63%.

Look out for the NJMPF notices at your local municipality, on the web and in couriered circulars in the coming year with regards to this merger and how your benefit as Retirement Fund members will be affected. Don't miss it.

Note: there is no negative impact on Superannuation Fund Members as a result of this merger.

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