

MEMBER NEWSLETTER

Your news update - May 2022

MESSAGE FROM THE CEO/PRINCIPAL OFFICER

Members of NJMPF, greetings!

Since our previous correspondence, a lot has happened. First and foremost, I want to express my heartfelt condolences to everyone who has been affected by the tragic KZN floods. According to Prime Minister Sihle Zikalala, the loss of life, wreckage of homes, ruin to physical infrastructure, demolishing of public buildings, and resulting disruption to services made this natural disaster one of the worst in the province's recorded history.

2022 is a very special year for NJMPF, this year the Fund celebrates 80 years of excellence, 8 decades of good governance, good investment practices, increasing assets and a fast growing membership.



Mr Bonginkosi Mkhize

RECENT INDUSTRY RECOGNITION

Winning awards may not be the Fund's core function, but it's what we do. This means that, not only do we do our job right but we go the extra mile and surpass our industry peers in our quest to provide our members with superior retirement services. What this means for members is that you are in safe hands and your vested rights will forever be protected at NJMPF.

It gives me great pleasure to announce the following three awards that the Fund received in the first quarter of 2022. This new addition of awards increases the total number of awards that the Fund has received in the last 10 years to 120 local and international awards.

The Fund has been recognised as follows:

The European CEO Global Banking & Finance Awards

- ⇒ Best Pension Fund of the Year - South Africa
- ⇒ Best Managed Retirement Fund - South Africa

Standard Bank Awards

- ⇒ Top Tier Commercial Client

GOING GREEN ADOPT A GARDENING SPOT

The Fund continues with the "Going Green Adopt-A-Spot" initiative. NJMPF has adopted gardening spaces in some municipalities as part of this effort and will continue to do so with the remaining municipalities affiliated with the Fund. The Fund would like to commend municipalities that have championed the Going Green Project and have set the tone for all other municipalities.

Members from these municipalities can speak to the HRs about harvesting the vegetations that are in these gardens, and if they would like to be part of the team that tends to the gardening spot. This initiative is part of the Fund's financial literacy strategy and aligns nicely with the current global investment subject of sustainable investing for retirement funds.

ANNUAL INFORMATION MEETING (AIM)

NJMPF hosted its second virtual Annual Information Meeting on March 18, 2022. (AIM). Despite a few obstacles, we are still trying to find our feet when it comes to conducting meetings online. The turnout was good, and we appreciate everyone who contacted or emailed to let us know about their difficulties accessing onto the site.

We would also like to congratulate the following competition winners once again – who participated in the competitions that took place during the meeting.

Congratulations to: Dennis Madlala | Nokwazi Nhlebelo | Faheema Syed | Thandi Ngcobo | Jennifer Dyer

KwaZulu-Natal Joint Municipal Pension/Provident Funds

CONTACT: Client Services | **TEL:** 031 279 5300/0861 065 673 | **FAX:** (031) 266 6715 | **EMAIL:** info@njmpf.co.za | **POSTAL ADDRESS:** P.O. BOX 33, Westwood, 3633 | **STREET ADDRESS:** 5 Derby Place, Derby Downs Office Park, University Road, Westville, 3629 | **WEBSITE:** www.njmpf.co.za | **Facebook:** Natal Joint Municipal Pension Fund | **Twitter:** @NJMPF

KNOW YOUR FUND

BARGAINING COUNCIL COLLECTIVE AGREEMENT

As mentioned in our previous communication with members, The Fund reiterates that it is not averse to the principle of "Freedom of Association", but this can be achieved outside of a collective agreement and should not be linked to the accreditation of retirement funds by them having to meet arbitrary criteria determined by SALGBC and the resulting control of retirement funds by SALGBC. Retirement Funds in South Africa are regulated by legislation (Pension Funds Act, its regulations, and other related legislation) and by the Financial Sector Conduct Authority (FSCA).

The Fund, in conjunction with the Municipal Retirement Organisation (MRO) and other funds associated with the MRO, are doing everything in their power to protect the funds and members' interests.

Some key notes for members to consider regarding the implementation of the agreement; whilst it will allow for "Freedom of Association", it may result in losses in benefits such as death, disability, funeral cover, bonus service, loss of vested rights, lacklustre investment performance and reduced employer contributions in the future, to name just a few. The vested rights of all members who are 55 and older on 1 March 2021 and who transfer to another fund before retirement will be impacted negatively. The cost of regulation, Fund compliance will increase and will ultimately be borne by members in defined contribution retirement funds. It is also likely that employers' commitment towards defined benefit funds will reduce over time and the current pension promise afforded to them will disappear.

The Fund, along with its legal advisor and Senior Counsel, sent a letter to each municipality in the province, including the signatories to the Collective Agreement, outlining the Fund's stance.

Members are urged to investigate and probe the impact of this agreement in great depth, as the Fund does not believe the agreement is looking out for members' long term best interests.

As stated in the SALGBC circular and SALGA Circular to municipalities, the Collective Agreement cannot be implemented in KwaZulu Natal because the Province has the existing legislation which seeks to protect the Fund members from the adverse retirement conditions. As it stands there would be no changes post 1 July 2022, unless if legislation has been amended.

Attached to this newsletter are two circulars from SALGA.

Rest assured you are protected.

UNDERSTANDING HOW THE PRESCRIBED MINIMUM BENEFIT WORKS

Members of the Superannuation and Retirement Funds receive a resignation benefit that is subject to a minimum of their "Prescribed Minimum Benefit". This is the benefit that the member would receive if he/she was able to retire now, based on pensionable service and salary 'now' but using the rates at normal retirement age.

This benefit and the formula for calculating the benefit is set out in the Pension Funds Act. It is set out in legislation and hence all funds in the country have to comply with it.

The aim of introducing the prescribed minimum benefit was so that members receive at least the portion of their retirement benefit that they have "accrued" at date of leaving. This is due to the fact that previously the withdrawal benefit for most funds was just a return of member contributions.

Since the benefit is calculated now but using the rates at normal retirement age, it must still allow for the period that the member is leaving earlier than normal retirement age. To bring the benefit from normal retirement age to now (when the member leaves), a discount factor must be applied. That discount factor is published by the Financial Sector Conduct Authority (FSCA) monthly and is linked to market performance.

Important points to note:

- The discount factor is published by the FSCA based on bond yields and hence it is the same for all funds not just NJMPF,
- The use of these discount factors is set out in legislation and all retirement funds have to comply,
- It is linked to market performance and therefore, means that it will fluctuate from month to month as markets fluctuate.

KwaZulu-Natal Joint Municipal Pension/Provident Funds

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YAZI ISIKHWAMA SAKHO

ISIVUMELWANO SOMFELA NDAWONYE SE-BARGAINING COUNCIL

Njengoba besike sakubalula ekuxhumaneni kwethu namalungu ngaphambilini, iSikhwama siyaphinda siyasho ukuthi asiphambani nomgomo othi "Inkululeko Yokuhlanganyela", kodwa lokhu kungafezwa ngaphandle kwesivumelwano esihlangene futhi akufanele kuxhunyaniswe nokugunyazwa kwezikhwama zomhlalaphansi ngokuthi zihlangabezane nemibandela enqunywa i-SALGBC kanye nomphumela wokulawulwa kwezikhwama zomhlalaphansi yi-SALGBC. Izikhwama Zomhlalaphansi eNingizimu Afrika zilawulwa ngumthetho (i-Pension Funds Act - uMthetho Wezikhwama Zempesheni, imithethonqubo yawo, neminye imithetho ehlobene nayo) kanye NabaPhathimandla Bokuziphatha Kumkhakha Wezezimali (I-FSCA).

Isikhwama, ngokubambisana ne-Municipal Retirement Organisation (MRO) kanye nezinye izikhwama ezihambisana ne-MRO, benza konke okusemandleni abo ukuvikela izikhwama kanye nezintshisekelo zamalungu.

Amanye amaphuzu abalulekile amalungu okufanele awacabangele mayelana nokusetshenziswa kwalesi sivumelwano; ngenkathi kuzokuvumela i-"Freedom of Association" kungase kubangele ukulahlekelwa ezinzuzweni ezinjengokufa, ukukhubazeka, ikhava yomngcwabo, isevisi yamabhonasi, ukulahlekelwa amalungelo onikezwe wona, ukungasebenzi kahle kokutshalwa kwezimali kanye nokuncipha Kwemali oyifakelwa umqashi esikhwameni esikhathini esizayo, ukubala nje okumbalwa. Amalungelo anikezwe wonke amalungu aneminyaka engama-55 nangaphezulu ngomhlaka-1 Mashi 2021 uma eshintshelwa kwesinye isikhwama ngaphambi kokuthatha umhlalaphansi ayoba nomthelela omubi. Izindleko zomthethonqubo yezikhwama zizokhuphuka futhi ekugcineni zithwalwe ngamalungu ezikhwameni zomhlalaphansi ezibizwa nge-Defined Contribution Retirement Funds. Kungenzeka futhi ukuthi ukuzibophezela kwabaqashi ngalezi zikhwama zemihlomulo kuzokwehla ngokuhamba kwesikhathi futhi isithembiso sempesheni abanikezwa sona sishabalale.

Isikhwama, kanye nomeluleki waso wezomthetho kanye noMeluleki Omkhulu, bathumele izincwadi kumasipala ngamunye esifundazweni, kuhlenganisa nabasayine lesi sivumelwano, lencwadi ichaza ukuthi isikhwama simiphi nalesivumelwano. Amalungu ayaxuswa ukuba aphenye futhi aphenye ngokujulile umthelela walesi sivumelwano. Isikhwama asikholelwa ukuthi lesi sivumelwano sizobhekelela izinzuzo zamalungu esikhathini esizayo.

Njengoba kushiwo kusekhula yakwa-SALGBC kanye nesekhula yakwa-SALGA ethunyelwe komasipala, isivumelwano somfelandawonye ngeke siqale ukusebenza KwaZulu Natal ngoba isifundazwe sinomthetho okhona osebenza ukuvikela amalungu esikhwama ezimweni ezingezinhle zokuthatha umhlalaphansi. Njengoba kunje ngeke kube nezinguquko kusukela kumhlaka-1 kuJulayi 2022, ngaphandle uma ngabe umthetho uzoshintsha.

Siyakuqinisekisa ukuthi uvikelekile.

UKUQONDA UKUTHI -PRESCRIBED MINIMUM BENEFIT ISEBENZA KANJANI

Amalungu e-Superannuation ne Retirement Fund athola inzuzo yokusula ebizwa nge- "Prescribed Minimum Benefit". Lona umhlomulo ilungu elingawuthola uma lingase lithathe umhlalaphansi "manje", kodwa lokhu kube kushiwo ukuthi usebenze isikhathi esingakanani nokuthi uholo malini "manje" kodwa kube kubalwa ngamafomula omhlalaphansi ojwayelekile.

Lemihlomulo kanye nendlela yokubala inzuzo ibekwe kumthetho wezikhwama zempesheni i-Pension Funds Act. Ibaluliwe emthethweni futhi yingakho zonke izikhwama ezweni kufanele zihambisane nawo.

Inhloso yokwethula i-Prescribed Minimum Benefit bekuwukuba amalungu athole okungenani ingxenye yenzuzo yawo yomhlalaphansi "ayiqongelele" ngosuku lokuhamba. Lokhu kungenxa yokuthi phambilini umhlomulo wokuhoxisa uma usula wawuyimbuyiselo nje yeminikelo yamalungu kuphela.

Njengoba inzuzo ibalwa manje kodwa kusetshenziswa izibalo namanani eminyaka evamile yokuthatha umhlalaphansi, kusafanele ivumele isikhathi ilungu elihamba ngalo ngaphambi kwesikhathi esijwayelekile sokuthatha umhlalaphansi. Ukuletha inzuzo kusukela eminyakeni evamile yokuthatha umhlalaphansi ibe yimanje (lapho ilungu lihamba), kufanele kusetshenziswe isaphulelo. Lesi saphulelo sishicilelwa yi-Financial Sector Conduct Authority (FSCA) nyanga zonke futhi sixhunyiwe ekusebenzeni kwezimakethe.

Amaphuzu abalulekile okufanele uwaqaphele:

- ❖ Lesi saphulelo sishicilelwa yi-FSCA ngokususelwa kumkhinqizo webhondi futhi yingakho sifana kuzo zonke izikhwama hhayi i-NJMPF nje kuphela,
- ❖ Ukusetshenziswa kwalezi zaphulelo kubalulwe emthethweni futhi zonke izikhwama zomhlalaphansi kufanele zithobele,
- ❖ Ixhunyaniswe nokusebenza kwezimakethe ngakho-ke, kusho ukuthi izoguquguquka inyanga nenyanga njengoba zimakethe nazo zishintshashintsha.

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