

MEMBER NEWSLETTER

Your news update - May 2023

MESSAGE FROM THE CEO/PRINCIPAL OFFICER

Greetings members of NJMPF.

It is my pleasure to write to you once more with great joy after a successful first quarter for the Fund. Over and above winning two international awards from the Global Banking and Finance Review awards program, the Fund hosted two successful events.

1) The NJMPF 80 years conference where we celebrated over 80 years of providing superior retirement services to KwaZulu-Natal local government employees, over decades of clean audits from the Auditor General and remarkable investment performance reflected on members benefits during a time of global market volatility.



Mr Bongile Mkhize

2) The first of its kind, a hybrid Annual Information Meeting where we gave members an option to either live stream the meeting in the comfort of their homes or attend the live meeting where the Chairperson of the Board of Trustees and the Funds' Actuary delivered important messages about the financial position of the Fund and the activities of the Fund for the 2022/23 financial year. I would like to take this opportunity to thank all the members that attended this meeting. It gave me great joy to see members, pensioner and beneficiaries take such a keen interest in their retirement savings. For those members who were not able to attend, you can click on this link <https://bit.ly/3FqUdhA> and use your ID number to login and watch a recording of the AIM from start to finish.

I would like to once again thank all members and stakeholders that attended both these meetings. Thank you very much for making the effort and taking charge of your retirement future - there were many familiar faces, and it is always a great time for our Trustees, Management and Staff to interact with you our valued stakeholder.



RATIONALISATION OF RETIREMENT FUNDS COLLECTIVE AGREEMENT

Further to the SALGBC collective agreement to rationalise retirement funds and the collective agreement being subsequently challenged by the MRO in Court.

NJMPF wishes to advise its members on the 13 and 14 October 2022, this matter was heard by the High Court of South Africa (Gauteng Division) and a judgement was handed down on 20 February 2023, where the High Court ordered the Retirement Fund Collective Agreement to be reviewed and set aside with the exception of Clause 8, which states that all new members are only permitted to join defined contribution funds.

This means that NJMPF will continue to provide superior retirement services and benefits to all municipal employees and retirees in KwaZulu-Natal like we have been doing for the past 80 years. As per the NJMPF's values, we want to assure our members that sustainability is our number one priority and we will always protect our members vested rights.

KwaZulu-Natal Joint Municipal Pension/Provident Funds

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KNOW YOUR FUND

BUDGET SPEECH UPDATE

We were all waiting with bated breath for Finance Minister Enoch Godongwana to deliver his budget speech on Wednesday, 22 February 2023. For the retirement industry, the most significant news was the changes to the tax-free amount available to members at retirement or resignation. This amount was increased by 10%.

2023/2024 Budget speech – Retirement Fund changes – how do they affect NJMPFF members?

The tax-free amounts available upon resignation or retirement from a retirement fund have been increased by 10%. Please refer to the tables below for the new amounts that will be effective 1 March 2023:

Lumpsum tax deduction table on resignations

Resignation benefit	Tax rate applied
R1- R27 500	Tax-Free
R27 501 – R726 000	18%
R726 000 – R1 089 000	27%
R1 089 001 and above	36%

Lumpsum tax deduction table on retirements

Retirement benefit	Tax rate applied
R1 – R550 000	Tax-Free
R550 001 – R770 000	18%
R770 001 – R1 155 000	27%
R1 155 001 and above	36%

The Finance Minister also mentioned in his speech that the Two-Pot Retirement system will be effective from 1 March 2024. When this is finalised, it is important to remember that the permitted lumpsum withdrawals from the portion invested prior to 1 March 2024 will be taxed according to the rates as indicated in the tables above.

Withdrawals from the one-third savings pot will be taxed at marginal rates. Remember every withdrawal a member makes from their "savings-pot" will be included in their taxable income for tax purposes and may also move members into a higher tax bracket which will raise their 'normal tax'. Early withdrawals from their pension also impact on the R550 000 tax-free amount they could qualify for at retirement. Members are therefore rewarded with a better pension if they do not withdraw from their savings and preserve the savings until they retire. Please note that the rules on access to the "saving pot" still need to be debated between National Treasury and Parliament. Once finalised, we will inform members of the outcome.

STAY CONNECTED TO YOUR FUND

To ensure that our members receive the most recent NJMPF and industry updates, we urge all members to ensure that they submit their most recent personal/beneficiary details to our Client Services department or complete and submit their details on our website by clicking this link <https://bit.ly/43l8OzE>.

Ensuring that the Fund has your correct details allows us to: -

- Finalise member benefit counselling in advance.
- Send regular communication and updates to all members.
- Notifies members when the Fund will host member presentation roadshows in your municipality.
- Send details of the next Annual Information Meeting.
- Ensure that all your listed beneficiaries are accounted for when calculating members death benefits.

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