



# FIRST TRUSTEES REPORT

## University of Pretoria Pension Fund

### 2024

### Introduction

It is the privilege of the Board of Trustees to present the first report on the Fund's operations for 2024. You are encouraged to read the report carefully since developments reflected in the report may affect your personal retirement planning.

The purpose of this report is to reflect on the main developments in the operations of the Fund since the previous report, which include the following:

- A summary of the membership;
- Confirmation of the Board of Trustees;
- Information about the "Two-Pot" retirement regime;
- Important changes to the options available to members at retirement;
- Investments;
- Information on the retirement counselling available to members;
- An update on the Fund's rules; and
- Where to find Fund details.

### Important reminders

We urge you to review your beneficiary nomination form regularly, to ensure that it reflects the correct beneficiary information. A copy of the form can be obtained from the Human Resources Department's Benefits Division by emailing a request to [hr-remuneration-benefits@up.ac.za](mailto:hr-remuneration-benefits@up.ac.za). When your form is recent, it ensures that the trustees are aware of your wishes when deciding on the lump sum death benefit allocation.

Please note that the University bears the cost associated with the administration of the Fund.



## Summary of the membership

The Fund's membership changed as follows during the financial year ending 31 December 2023:

Active members	Number of members
Membership as at 1 January 2023	133
<b>LESS</b> Withdrawals	0
<b>LESS</b> Deaths	0
<b>LESS</b> Retirements	-22
<b>Membership as at 31 December 2023</b>	<b>111</b>

Pension recipients	Number of pension recipients
Pension recipients as at 1 January 2023	644
<b>PLUS</b> New pension recipients	17
<b>PLUS</b> Reinstatement of suspended pensioners	2
<b>LESS</b> Deaths	-23
<b>LESS</b> Suspension of pensions / Child's pension paid in full	-4
<b>Pension recipients as at 31 December 2023</b>	<b>636</b>

## Board of Trustees

The Trustees, their appointment dates and areas of expertise/backgrounds are as follows:

Employer Trustees	Latest date of appointment	Expertise/ Background
Prof C Koornhof	2021/12/01	Accounting
Prof T Mosia	2021/12/01	Governance
Prof C Beyers	2023/08/01	Actuarial
Mr N Moolla	2021/12/01	Accounting
<b>Alternate Employer Trustees</b>		
Prof M Chitiga-Mabugu	2021/12/01	Economics
<b>Member Trustees</b>		
Prof H van Schalkwyk	2022/03/24	Investment
Prof N Grové	2022/03/24	Legal
Prof Q Vorster	2022/03/24	Accounting
Prof A de Klerk	2022/03/24	Governance
<b>Alternate Member Trustees</b>		
Prof K van Rooyen	2022/03/24	Legal
Prof L Brummer	2022/03/24	Investment

Dr Louw Botha (former Alternate Member Elected Trustee) retired on 29 February 2024. We thank Dr Botha for his contribution to the management of the Fund and his role in arranging the retirement planning seminars at the University. We wish Dr Botha well in his retirement.

Prof Caroline Nicholson has been appointed as Alternate Employer Appointed Trustee from 1 May 2024.

## "Two-pot" Retirement Regime

The Fund released a circular to explain the anticipated "Two-pot" retirement regime in 2023. In short, the "two-pot" regime (or "two-component" regime as it is now being called), will allow retirement fund members to, in future, withdraw a portion of their retirement benefits while they are in service, while a portion can only be accessed at retirement, even when a person changes employers. The implementation date of the "two-component" regime has been announced as 1 September 2024, although the relevant legislation making provision for the regime must still be passed.

The Fund will communicate details of the legislation, the impact of withdrawals on retirement benefits, the claims processes, administration costs, etc. to members in the coming months.

## Important changes to the options available to members at retirement

The Trustees have amended the Fund's rules to allow members to purchase more than one annuity from more than one insurer at retirement. Members can also elect a combination of a Fund pension and annuity outside the Fund.

The following restrictions apply:

- 1) Members may not purchase more than three annuities outside the Fund.
- 2) A minimum pension of R 10 000 per month must be paid from the Fund if a member elects to combine an in Fund pension with an annuity outside the Fund.

We remind you of the opportunity that is available to change the guarantee period and/or spouse's pension percentage in respect of the in-Fund pension.

We encourage retiring members to make use of the benefit counselling sessions and to attend the retirement planning seminars at the University for more information about the advantages of this change. The Human Resources Department sends regular email reminders of the dates available for benefit counselling.

Retirement seminars in 2024 are scheduled for the following dates:

- 31 May 2024
- 11 September 2024

Please reserve your seat at the seminar with UP Enterprises or contact Human Resources for more information, Ms Shevy Mashabela, email: [shevy.mashabela@up.ac.za](mailto:shevy.mashabela@up.ac.za).

## Investments

As a defined benefit fund, the benefits payable are formula based as set out in the rules of the Fund. The investment returns achieved by the Fund prior to retirement, do not determine the size of a member's initial retirement benefits.

The Fund's pension increase policy is to target pension increases equal to inflation, subject to affordability. The investment strategy to achieve this objective was changed in 2020 and the strategy has achieved its objectives to date.

In-service members are able to make additional voluntary contributions to the Fund to enhance their retirement benefits. Some members also transferred their retirement capital from previous funds to the Fund. These contributions and voluntary transfer values are invested in the In-service Member Portfolio and the amounts, plus the investment growth achieved, will determine the additional retirement benefits that can be secured.

Members are also able to defer taking their retirement benefits when they retire from service. The capital values of deferred retirees' retirement benefits are invested in the In-service Member Portfolio.

If you wish to obtain more information on the investment performance, you may contact the Fund's Principal Officer.

## **Additional Voluntary Contributions (AVCs)**

You are able to make additional voluntary contributions to the Fund, or the UP Provident Fund if you are a dual member, to enhance your retirement savings in a tax- and cost-effective manner. Your total contributions (member and employer) to pension, provident and retirement annuity funds are tax deductible up to 27.5% of your taxable income (up to a maximum of R350 000 in one year). Voluntary contributions you have made (excluding any investment earnings on these contributions) where you did not qualify for a tax deduction, will be paid out tax free when your benefit is paid.

Some benefits of making additional contributions to the Fund are:

- There is no complex contract to enter into;
- There are no additional administration fees or upfront policy fees;
- You may stop contributions at any time;
- For dual members who elect to make additional contributions to the UP Provident Fund, your additional contributions will be invested in the same way as your Fund Credit and will earn the same returns; and
- The amount you have contributed will show on your benefit statement for the current financial year.

## **Information about the Fund and your benefits**

Benefit statements as at 31 December 2023 were distributed via email to all members by the Fund's administrators, Alexforbes. Note that benefit statements are produced on a programme called Infoslips and you may have to download the programme to access your benefit statement.

A detailed member guide provides important information about your benefits, as well as information about the options available to members at retirement. The member guide and information are available on the Retirement Fund mini-site on the UP Staff Portal. Click [here](#) to access the Portal login page. When you have accessed the Portal, click on UP Entities, then select Professional Services, and thereafter click on Human Resources. On the Human Resources page, click on the link at the top right-hand corner of the page to gain access to the Retirement Fund mini-site.

## Retirement Benefit Counselling

The Board recognises the importance of supporting you to make informed decisions before and at retirement, given the options available to you in terms of the Fund's rules. The Board therefore makes individual retirement benefit counselling sessions available to you within five (5) years of retirement at no cost to you.

It is important to note that the retirement benefit counsellor is not a financial adviser and the purpose of the session is not to provide financial advice to you. The retirement benefit counselling sessions focus on:

1. The options that are available to you at retirement.
2. The Fund's annuity strategy, the different types of annuities, and their associated risks and cost considerations.
3. Tax and other cost considerations.

## Website for pensioners, spouses and dependants

The Trustees have launched a webpage under the University's website that allows pensioners and deferred pensioners, who do not have access to the Fund's mini-site on the UP Staff Portal, access to Fund information. The page can be accessed via the following URL: <https://www.up.ac.za/university-of-pretoria-pension-and-provident-funds>.

## **Fund Rules**

No rule amendments were made since the previous report. However, the Board submitted a consolidated set of rules (to combine all the amendments in one document) to the FSCA. The consolidated rules have been registered by the FSCA.

## **Fund details**

Members of the Fund can obtain a copy of the rules of the Fund, as well as any financial statements and statutory valuations, from the Fund's Principal Officer.

**Financial Sector Conduct Authority Registration Number: 12/8/30952.**

## **Queries**

Any queries regarding this communication or other Fund matters can be directed to the Principal Officer, Mr Morné Olivier ([morne@lykosfs.co.za](mailto:morne@lykosfs.co.za)) or the Administrator, Alexforbes ([universityofpretoria@alexforbes.com](mailto:universityofpretoria@alexforbes.com)).

The Board also welcomes any questions regarding the benefits offered by the Fund, the investments, general Fund activities or any of the information contained in this Report. Please email your questions to [hr-remuneration-benefits@up.ac.za](mailto:hr-remuneration-benefits@up.ac.za).