

# SECOND TRUSTEES REPORT

## University of Pretoria Pension Fund

2024

### Introduction

It is the privilege of the Board of Trustees to present the second report on the Fund's operations for 2024. You are encouraged to read the report carefully since developments 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 includes the following:

- Feedback on the audited financial statements as at 31 December 2023;
- Feedback on the statutory actuarial valuation as at 31 December 2023;
- Comments on the Two-pot system
- Feedback on amendments to the rules of the Fund;
- Feedback on the pension increase from 1 July 2024; and
- Feedback on risk management processes implemented by the Board.

### 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 HR Department: 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.

You are reminded that the University bears the cost associated with administering your Pension Fund.



## Board of Trustees

The Trustees and their appointment dates are:

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
Alternate Employer Trustees		
Prof M Chitiga-Mabugu	2021/12/01	Economics
Prof C Nicholson	2024/05/01	Legal
Member Trustees		
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
Alternate Member Trustees		
Prof K van Rooyen	2022/03/24	Legal
Prof L Brummer	2022/03/24	Investment

## "Two-pot" System

The Two-pot retirement regime became effective on 1 September 2024. "Vested Component", "Savings Component" and "Retirement Component" records are being kept for each member and members can withdraw money from their "Savings Component" once a year while they are in service.

Members are reminded that withdrawals from the "Savings Component" are taxable and that an administration fee is levied to process "Savings Component" withdrawal payments. The most important consideration is the impact that withdrawals from the "Savings Component" will eventually have on a member's retirement income. Members are advised to consider the implications before withdrawing from their retirement savings before retirement.

## Financial Statements as at 31 December 2023

The audit of the Fund's financial statements for the year ended 31 December 2023 has been completed and the auditors issued an unqualified audit report. The Board reviewed and approved the audited financial statements and submitted the statements to the Commissioner of Pension Funds within the period prescribed by the Pension Funds Act 24 of 1956.

The audited financial statements confirm that the Fund's administrators have maintained sound financial controls and accounting practices during the financial year.

## Actuarial valuation as at 31 December 2023

The Board reviewed the Fund's actuarial valuation as at 31 December 2023. The actuarial valuation was conducted by the Fund's valuator and he reported that the Fund remains fully funded and in a sound financial condition.

## Pension increase as from 1 July 2024

Annual pension increases are not guaranteed and are based on the Fund's ability to afford increases. The Trustees' ability to grant increases mainly depends on the performance of the investments underlying the pensions paid by the Fund. The Board granted pension recipients an increase of 6.5% as of 1 July 2024, which exceeded the annual inflation rate of 5.3% as of 31 March 2024.

## Risk management

The Trustees' risk management process entails identifying and evaluating actual and potential risk areas applicable to the Fund, followed by a process of mitigation, acceptance, transfer or avoidance of each risk. These risks include, amongst others, risks associated with investments, governance, cyber security, administrators, etc, but also include extreme event risks such as pandemics, wars and increasing pressure on electricity supply. While the Trustees cannot avoid or mitigate these extreme event risks, a sound risk management process can mitigate the impact of these risks. The Trustees therefore dedicate significant time and expertise to the risk management process to safeguard members' and pensioners' retirement benefits.

## Rules

Rule amendment no. 1 to the consolidated rules of the Fund makes provision for the legal requirements and implementation of the Two-pot retirement regime. The amendment was registered in August 2024, which allowed the Fund to implement the Two-pot system from 1 September 2024, being the effective date of the new system.

## Information about the Fund and your benefits

A detailed member guide and information about the options available to members at retirement are available on the Retirement Fund minisite on the UP Staff Portal.

Click [here](#) to access the Portal login page.

The member guide provides essential information about your benefits. The Board also recognises the importance of you making 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 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 the following:

1. The options that are available to you at retirement.
2. Different types of annuities and the risk and cost considerations associated with each type of annuity, which includes the Fund's annuity strategy; and
3. Tax and other cost considerations.

## Fund details

Members of the Fund can obtain a copy of the rules of the Fund, as well as any of its 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 Administrators, Alexander Forbes Financial Services ([zzUniversityofPretoria@aforbes.co.za](mailto:zzUniversityofPretoria@aforbes.co.za)).

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).