



# FIRST TRUSTEES REPORT

## University of Pretoria Provident 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 will ensure 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	3103
<b>PLUS</b> New members	123
<b>LESS</b> Withdrawals	-122
<b>LESS</b> Deaths	-10
<b>LESS</b> Retirements	-84
<b>LESS</b> Transfers	0
<b>Membership as at 31 December 2023</b>	<b>3010</b>

Pension recipients	Number of pension recipients
Pension recipients as at 1 January 2023	301
<b>PLUS</b> New pension recipients	14
<b>PLUS</b> Reinstatement of suspended pensioners	30
<b>LESS</b> Deaths	-3
<b>LESS</b> Children's pensions paid in full	-6
<b>LESS</b> Suspension of pensioners	-40
<b>Pension recipients as at 31 December 2023</b>	<b>296</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 C Nicholson	2019/04/30	Legal
Mrs C Steyn	2022/03/24	Accounting
Prof H van Schalkwyk	2022/03/24	Investment
Prof T Steyn	2022/03/24	Accounting
<b>Alternate Member Trustees</b>		
Mr R Dockrat	2023/02/01	Accounting
Prof E du Toit	2022/03/24	Financial Management

Prof Caroline Nicholson's current term of office ends on 30 April 2024. The Employer has appointed Prof Nicholson as Alternate Employer Appointed Trustee from 1 May 2024.

We thank Prof Nicholson for her valuable contribution as a Member Elected Trustee and look forward to her continued involvement in the management of the Fund as Alternate Employer Appointed Trustee.

The election process to fill the vacancy to be left by Prof Nicholson has commenced and we encourage members to take part in the elections.

## "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 may not purchase more than three annuities outside the Fund.

### In-Fund living annuity option

The Trustees introduced an in-Fund living annuity option for retiring members from 1 November 2023. A detailed guide explaining the features of the in-Fund living annuity option is available to members.

Members nearing retirement are encouraged to utilise the one-on-one retirement benefit counselling sessions that are available at no cost. The in-Fund living annuity is explained in detail during these sessions and in the group retirement planning sessions that are also available to members.

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 UP 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 contribution fund, the investment returns achieved on your contributions and transfer values have a material impact on the size of your retirement benefits. The UP Provident Fund's current investment strategy provides you with the option to invest in one or a combination of available investment portfolios. You are reminded that you are allowed to change your investment choice at any time. The first investment switch in any calendar year does not carry an administration cost. A switch fee is charged for additional switches and this will be deducted from your fund credit.

The member investment guide provides you with a detailed explanation on how to go about choosing an appropriate investment portfolio taking into account your needs, risk appetite and retirement goals. This booklet is available from the Human Resources Department's Benefits Division and on the Fund's mini-site on the UP Staff Portal. Click [here](#) to access the Portal login page.

The historical investment performance of the UP Provident Fund's portfolios to 31 December 2023 was as follows:

LONG-TERM CAPITAL PORTFOLIO										
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
22.1%	13.1%	12.4%	3.0%	12.7%	-2.8%	10.8%	6.2%	24.3%	-0.5%	15.3%
PEER PORTFOLIO										
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
27.8%	11.3%	8.4%	2.9%	13.1%	-5.5%	13.6%	11.0%	23.2%	-1.9%	15.8%
STABLE PORTFOLIO										
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
17.5%	10.0%	12.2%	5.2%	10.6%	2.9%	10.8%	6.5%	16.2%	1.9%	14.3%
MONEY MARKET PORTFOLIO										
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
5.8%	6.3%	7.0%	8.9%	8.9%	8.5%	8.4%	6.6%	4.6%	7.2%	9.0%
SHARI'AH PORTFOLIO										
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	0.6%*	1.9%	5.0	2.8%	-2.7%	11.8%	4.8%	28.8%	0.0%	7.3%

\*Only for six (6) months.

In order to achieve their long-term return objectives, the majority of the Long-term Capital and Peer Group portfolios' assets are invested in listed equity (offshore and domestic). The Stable Portfolio also has significant exposure to equities, although less than the Long-terms Capital and Peer Group Portfolios.

While listed equities are expected to generate the highest returns compared to other available asset classes such as bonds, property and cash over the long term, short-term volatility can be expected. We strongly advise that you speak to a financial planner before making any investment changes.

## Additional Voluntary Contributions (AVCs)

You are allowed to make additional voluntary contributions to the Fund 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.

You are reminded that you can also access your benefit values online via the Alexander Forbes Online portal (AF Online) by registering on [www.AlexanderForbesOnline.co.za](http://www.AlexanderForbesOnline.co.za). You can also download the AF Online app on your smartphone or tablet.

A detailed member guide provides important information about your benefits. The member guide, member investment guide and Fund fact sheets with up-to-date information about the available investment portfolios 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,

to access the 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

Rule amendment no. 11 makes provision for the in-Fund living annuity option. The amendment has 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: 12/8/30951.**

### 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).