

Newsletter 1 of 2020

February 2020

HEADLINE NEWS

- If you resign, you may elect to leave your benefits paid-up in the Fund.
- If you resign and do not make an election regarding the payment or transfer of your benefits, your benefit will automatically be made paid-up in the Fund.
- You may access your paid-up benefits at any time in the future.
- If you leave paid-up benefits in the Fund, it is important that you keep your contact information up to date with the Fund's administrator.
- Investment returns have been good over the 12 months to 31 January 2020.

DITABAKGOLO

- Ge o itokolla mošomong, o ka kgetha go tlogela dikholego tša gago tšeo di ka patelwago ka Sekhwameng.
- Ge o itokolla mošomong o gomme o sa dire kgetho mabapi le go patelwa goba go fetišetša dikholego tša gago , dikholego tša gago di tla dirwa ka go itiriša gore di patelwe ka Sekhwameng.
- O ka fihlelela dikholego tše di patelwago nako efe goba efe mo lebakeng le le tlogo.
- Ge o tlogela dikholego tša gago tša go patelwa ka Sekhwameng, go bohlokwa go dula o lokišitše le go fa tshedimošo ya gago go molaodi wa Sekhwama.
- Dipolelo tša dipeeletšo e bile tše di botse mo dikgweding tše 12 go fihla ka 31 Pherekong 2020.

IZINDABA EZINOHlonze

- Uma ukhetha ukushiya phansi isikhundla, ungakhetha ukushiya izinzuzo zakho zikhokhwe eSikhwameni.
- • Uma ukhetha ukushiya phansi isikhundla futhi ungenzi ukhetho mayelana nokukhokhwa noma ukudluliswa kwezinzuzo zakho, Inzuzo yakho izokhokhwa ngokuzenzakalelayo eSikhwameni.
- • Ungafinyelela izinzuzo zakho ezikhokhelwayo nganoma isiphi isikhathi esizayo.
- • Uma ushiya izinzuzo ezikhokhelwayo eSikhwameni, kubalulekile ukuthi ugcine imininingwane yakho yokuxhumana isesimweni nomphathi wesikhwama.
- • Ukubuyiselwa kwemali kube kuhle ezinyangeni eziyi-12 kuya kuma-31 Januwari 2020.

MAHUNGUNKULU

- Loko u tshika ntirho, u nga ha hlawula ku tshika mali ya wena ya mpfuno yi hakeleriwele hi ku hetiseka eNkwameni.
- Loko wo tshika ntirho u nga hlawulangi leswaku mali ya wena ya mpfuno yi hakeriwa kumbe ku hundziseriwa kun'wana, mpfuno wa wena wu ta tiendla leswaku wu va wu hakeleriwele hi ku hetiseka eNkwameni.
- U nga fikelela mpfuno wa wena lowu hakeleriweke hi ku hetiseka rini kumbe rini eka nkarhi lowu taka.
- Loko u tshika mpfuno wa wena lowu hakeleriweke hi ku hetiseka eNkwameni, i swa nkoka ku endla leswaku vuxokoxoko bya wena bya vutihlanganis lebyi nga na mulawuri wa Nkwama, byi tshama byi ri lebyi tirhaka.
- Mitlheriso ya vuvekisi yi vile leyinene eka tin'hweti ta 12 kufika eka Sunguti 2020.

PAID-UP BENEFITS ON EXIT FROM THE FUND

Paid-up or preserved benefits are the Fund Credits of members who resign from the employment of the City of Johannesburg or the Municipal Entities (or who are dismissed or retrenched), but do not notify the Fund where to pay or transfer their benefits. Their benefits remain in the Fund until such time as the former member comes forward to claim them.

Changes to the Pension Funds Act, which were effective 1 March 2019, require all retirement funds to allow members who resign (or who are dismissed or retrenched) from employment to leave their benefits paid-up in the fund if they so wish. Members who do not provide an election as to how their resignation benefit must be paid or transferred will have their benefits automatically made paid-up in the fund until an election is made.

The Rules of the eJoburg Retirement Fund have been amended appropriately to comply with the changes to the Pension Funds Act. Although the Rule Amendment was submitted to the Financial Sector Conduct Authority for approval on 8 November 2018, approval was only received on 20 November 2019. The Rule Amendment will apply to all members who leave employment on or after 20 November 2019, as discussed in the sections that follow. Those members who left employment between 1 March 2019 and 19 November 2019 and who have not yet received their benefits will also be treated as paid-up members.

Benefit on resignation

On resignation (or dismissal or retrenchment) you are entitled to your full Fund Credit in the Fund. You may elect to:

- Transfer your benefit to the retirement fund of your new employer
- Transfer your benefit to a preservation fund or to a retirement annuity
- Receive your benefit in cash (less any tax payable)
- Receive part of your benefit in cash (less any tax payable) and transfer the balance to a preservation fund
- Leave your full benefit paid-up in the Fund

If you do not make an election as to what must be done with your benefit, it will automatically be made paid-up in the Fund. You are, however, strongly recommended to make a formal decision regarding your benefit, so that the Fund is aware of, and can implement, your wishes.

Counselling

When you leave employment, you must be given access to counselling before you elect to transfer or receive your benefit. A counselling document has been prepared by the Fund and is available on the Fund's member website (<https://mra.momentum.co.za>) or on request from your HR department.

The counselling document only provides information regarding your options with regard to the transfer or payment of your benefit. It does not provide advice, as each member's personal circumstances are different and you should take advice from a properly qualified and registered financial advisor before making any benefit decisions.

Paid-up benefit in the Fund

If you elect to leave your benefit paid-up in the Fund, or if your benefit is defaulted to be a paid-up benefit because you do not make a benefit election, the following will apply.

Paid-up certificate

You will receive a paid-up certificate after leaving employment setting out:

- Contact details of the Fund and the administrator of the Fund
- Your personal information and your paid-up benefit amount
- The investment portfolio in which your paid-up benefit will be invested (further details below)

Contact details

It is important that you provide the Fund's administrator with your personal contact details (and especially your cellphone number and email address) so that the Fund can send you annual benefit statements and other Fund communication. If your contact details change in the future, you must notify the Fund accordingly.

Access to your paid-up benefit before normal retirement age

At any time prior to age 63 (the Fund's normal retirement age), you may elect to transfer or receive your paid-up benefit in terms of any of the first four options in the section "Benefit on resignation" above. Note that you must then transfer or receive your full paid-up benefit, i.e. you cannot leave a portion paid-up in the Fund.

If you join another retirement fund in the future, that fund is required to ask you whether you would like to transfer all your paid-up benefits (including your paid benefit in the eJoburg Retirement Fund) into your new retirement fund. Such a consolidation of your paid-up benefits from your previous funds into your new fund may save you material amounts of administration fees, as explained in the counselling document.

Payment of your paid-up benefit on retirement

If you do not access your paid-up benefit before age 63, it can then only be paid out as a retirement benefit. In terms of legislation and the Rules of the Fund, up to one-third of your retirement benefit may be paid out in cash (less any tax that must be paid) and the balance must be used to purchase an annuity in a format and from an insurance company of your choice.

Payment of your paid-up benefit on your death

If you die before you access your paid-up benefit, it will be paid out to your dependants and/or your estate in accordance with the legislation that is applicable at the date of your death. Note that your death benefit is your paid-up benefit in the Fund and no insured multiple of salary death benefit is payable as is the case for contributory members.

Investments

Your paid-up benefit will be invested on the same basis as the benefits for contributory members, i.e. in terms of the Fund's life stage investment strategy. Details of the life stage investment strategy are set out in the Fund's member booklet.

Fees

There is no initial fee charged on becoming a paid-up member, but ongoing fees will be charged to be consistent with the fees paid by contributory members. The fee will be in the form of a monthly administration fee of R56.50 which will be deducted from your paid-up benefit. This fee will be reviewed each year when the administration fee for contributory members is reviewed.

Investment returns added to your paid-up benefit will be net of the investment manager fees paid by the Fund.

INVESTMENT PERFORMANCE**Inflation Target Portfolio**

The investments returns for the Inflation Target Portfolio have been volatile over the 12 month period ended 31 January 2020, with 9 months experiencing positive returns and 3 months experiencing negative returns.

The total return over the 12 month period was 0.22% higher than the Portfolio's investment target of inflation plus 5% per annum. However, the annualised return over the last 3 years is still materially below the investment target. The Portfolio has outperformed its target by 0.63% per annum over its 8 year measurement period and by 1.08% per annum since the inception of the Portfolio on 1 September 2005.



Stable Portfolio

The Stable Portfolio return over the 12 month period ended 31 January 2020 is 4.12% higher than the Portfolio's investment target of inflation plus 3% per annum and the Portfolio has also exceeded its investment target by 0.52% per annum over the last 3 years, which is the measurement period for the Portfolio. However, the annualised return over the period since the inception of the Portfolio is marginally below the investment target.

Capital Protection Portfolio

The Capital Protection Portfolio return over the 12 month period ended 30 January 2020 is 1.40% higher than the Portfolio's investment target of the STEFI Composite Index. The Portfolio has also beaten its investment target over longer measurement periods.

Investment return summary

The actual performance for each portfolio over various periods to 31 January 2020 and comparison to the target performance are shown in the following table. Given the nature of each of the three Portfolios, performance is measured over different periods (eight years for the Inflation Target Portfolio, three years for the Stable Portfolio and one year for the Capital Protection Portfolio) as highlighted in green below.

Period to 31.1.2020	Inflation Target Portfolio (inception 1.9.2005)		Stable Portfolio (inception 1.5.2014)		Capital Protection Portfolio (inception 1.9.2005)	
	Actual per annum	Target: Inflation plus 5% per annum	Actual per annum	Target: Inflation plus 3% per annum	Actual per annum	Target: STEFI Composite Index
Last 3 months	1.85%	1.94%	2.21%	1.45%	2.12%	1.70%
Last 12 months	9.81%	9.59%	11.71%	7.59%	8.57%	7.17%
Last 3 years	5.87%	9.32%	7.84%	7.32%	8.92%	7.23%
Last 8 years	10.79%	10.16%	n/a	n/a	7.75%	6.47%
Since inception	11.79%	10.71%	7.58%	7.73%	8.21%	7.12%

Note that the Trustees introduced the Stable Portfolio as part of the review of the default life stage model during April 2014. The returns for this portfolio are reported from 1 May 2014, representing the first full month that the portfolio was in existence.

Monthly Fact Sheets

The monthly investment Fact Sheets provide more detail on the performance of the various investment portfolios and are available to members following each month end on the Fund's Member Website which can be accessed through following the link: <https://mra.momentum.co.za>. The September 2019 newsletter set out how to access the site.

This Newsletter is issued for the general information of the members of the eJoburg Retirement Fund.

It is not intended as a substitute for specific legal, financial or other advice in considering the implications for each member's particular circumstances.