

Newsletter 5 of 2020

September 2020

HEADLINE NEWS

- Member benefits statements effective 30 June 2020 will be sent out with either the September or October 2020 pay slips.
- Due to a COVID-19 infection which closed the City payroll office, the June 2020 contribution schedules were received late by the Fund.
- It is very important to preserve your retirement benefits if you change jobs.
- Investment returns continued to recover in July and August 2020.

DITABAKGOLO

- Ditatamete tša dikholego tša maloko di thoma go šoma ka 30 Ngwatobošego 2020 gomme di tla romelwa gammogo le dilipi tša mogolo tša Lewedi goba Diphhalana 2020.
- Ka lebaka la diphetetšo tša COVID-19 tšeo di tswaletšego dikantoro tša ditefelo tša ka Motsetoropong, gomme dišedule tša ditefelo tša Ngwatobošego 2020 di amogetšwe ke Sekhwama ka morago ga nako.
- Go bohlokwa go boloka dikholego tša gago tša go rola modiro ge o fetola mešomo.
- Dipolelo tša dipeeletšo di tšwelapele go kaonafala ka Mosegamanye le Phato 2020.

IZINDABA EZINOHLOLONZE

- Izitatemende zemihlomulo yamalungu eziqale ukusebenza ngomhlaka 30 uNhlanguvana 2020 zizothunyelwa kanye neziliphu zemiholo zango-Mandulo noma ngo-Mfumu 2020.
- Ngenxa yokubhebhethaka kweCovid-19 okudale ukuthi kovalwe amahhovisi akhokhela iDolobha, amasheduli omnikelo kaNhlanguvana 2020 atholwe sekwedlule isikhathi yiSikhwama.
- Kubalulekile kakhulu ukugcina imihlomulo yakho yokuthatha umhlalaphansi uma ushintsa imisebenzi.
- Imbuyiselo yotshalomali iqhubeka nokululama ngoJulayi nanqo-Aqasti 2020.

MAHUNGUNKULU

- Switatimende swa mpfuno wa swirho swa kusukela hi 30 Khotavuxika 2020 swi ta rhumeriwa kun'we na swidengana swa Ndzati kumbe swa Nhlanguva 2020.
- Hikokwalaho ka ntungu wa COVID-19 lowu pfaleke hofisi ya xixaxametavaholeriwa xa vatirhi va doroba, milongoloko ya mihlengo ya Khotavuxika 2020 yi hlwerile ku fika eka Nkwama.
- Swi na nkoka swinene ku hlayisa mpfuno wa wena wa phenxeni loko u cinca mitirho.
- Mitlheriso ya vuvekisi yi yile emahlweni yi sisimuka hi Mawuwana na Mhawuri 2020.

CHANGES AT THE FUND

Registered Office of the Fund

Momentum, as the Fund's Administrator, acts as the Registered Office of the Fund. Momentum are in the process of moving offices and the new Registered Address of the Fund for the delivery of any notices or documents is 129 Rivonia Road, Sandton, 2146.

The Fund's postal address (Private Bag X41, Braamfontein, 2017) and the Fund's member walk in centre at Ground Floor, Traduna Towers, 118 Jorissen Street (corner Loveday Street), Braamfontein remain unchanged.



Principal Officer email address

The Fund's Principal Officer, Mr Isgaak Jarodien, has set up a dedicated email address for any correspondence relating to the Fund. Mr Jarodien can be contacted, in respect of any disputes or complaints against the Trustees or the Fund, as follows:

Email: eJoburgPO@gmail.com

Fax: 011 587 8386

New Employer Trustee

The City of Johannesburg has appointed Mr Elrich Oliphant as an Employer Trustee to replace Mr Munyaradzi Gamanya who resigned from employment at the City. Mr Oliphant will complete the five year term of office of Mr Gamanya. Mr Oliphant has also taken over Mr Gamanya's role as Chairperson of the Fund's Investment Committee.

Amendments to the Rules of the Fund

The Financial Sector Conduct Authority has approved the following amendments to the Rules of the Fund:

- a) The Registered Office of the Fund has been changed, as set out on the first page of this Newsletter.
- b) Following a change to the Income Tax Act, the Rules of the Fund have been amended to allow members at retirement from employment (or deferred retirees after they have retired from employment) to transfer their benefits to a retirement annuity fund or a pension preservation fund.
- c) The process that must be followed for the election of new Member Trustees, which was previously set out in a Fund Practice Note, has been formally included in the Rules of the Fund.

Consolidation of the Rules of the Fund

There have been 27 amendments to the Rules of the Fund approved since 2007. To make the Rules easier to read, and subject to the approval of the Financial Sector Conduct Authority, the Trustees have agreed to consolidate the amendments into a single document effective 1 October 2020.

BENEFIT STATEMENTS AS AT 30 JUNE 2020

Annual benefit statements showing members their benefits in the Fund as at 30 June 2020 will be distributed to all Fund members with either their September or October 2020 pay slips. If you do not receive your benefit statement, please contact your Human Resources department.



Remember that you can see your Fund benefits at any time on the Fund's member website, which can be accessed through following the link: <https://mra.momentum.co.za/momentum/portals/>. Other information, such as the Rules of the Fund and previous Newsletters are also available on the member website.

ALLOCATION OF CONTRIBUTIONS TO MEMBER FUND CREDITS

Member and employer contributions are paid by the various payrolls to the Fund each month and allocated to member Fund Credits (and towards death, funeral and disability premiums and Fund expenses) based on contribution schedules provided by the payrolls.

The Pension Funds Act requires that contributions are paid before the 7th of the following month and that the contribution schedules are provided before the 15th of the following month.

For the June 2020 contributions, the City of Johannesburg payroll office paid the contributions before the deadline but, due to a COVID-19 infection which forced the closure of the payroll office for a period, the contribution schedules were only received by the Fund on 24 July 2020, i.e. after the deadline of 15 July 2020, and the contributions were allocated to member Fund Credits on 28 July 2020.

The Fund held the June 2020 contributions in an interest bearing bank account from the date they were received until they were allocated to member Fund Credits and undertook an exercise to allocate the interest earned over the period while these contributions were in the bank account to the Fund Credits of affected members. For each member, the interest may be marginally but not materially different to the investment return that might have been earned on the contributions had they been invested timeously.

The Principal Officer reported the contravention in terms of the Pension Funds Act, and the allocation of the interest by the Fund, to the Financial Sector Conduct Authority, who accepted the reason for the late provision of the contribution schedules and decided that no further action was necessary.

The June 2020 contributions and contribution schedules for the other payrolls were received within the prescribed deadlines. The July 2020 contributions and contribution schedules were received on time from all payrolls.

PRESERVATION OF BENEFITS ON WITHDRAWAL FROM THE FUND

Your member and employer contributions to retirement funds are only likely to be sufficient to provide a reasonable annuity (in relation to your salary just before retirement) during your retirement if you have contributed continuously for a period of at least 30 to 35 years by the time you retire.

It may be tempting to cash out your retirement benefits if you leave employment to settle any debt you may have or to pay other expenses, but this is likely to prevent you from having a comfortable retirement.

Based on the current eJoburg Retirement Fund contribution rates (which are higher than for many other retirement funds) and reasonable assumptions regarding future salary increases and investment returns, the following table shows the annuity that might be purchased, expressed as a percentage of salary immediately prior to retirement, based on the number of contributory years prior to retirement at age 63:

Period of contributions	Male members	Female members
35 years	109%	92%
30 years	86%	72%
25 years	66%	55%
20 years	48%	40%
15 years	33%	28%
10 years	21%	17%
5 years	9%	8%

Note that female members will be able to purchase a lower monthly annuity with the same retirement capital amount, as they are expected to live longer than male members after retirement.

From the table, it can be seen, for example, that if you retire at age 63 with retirement savings over only the last 15 years to retirement (i.e. you cashed out your retirement savings when you changed jobs at age 48), your annuity will only be some 30% of your salary immediately prior to retirement. This is unlikely to be sufficient for you to have a comfortable retirement.

Your annuity may be even lower than this if you make provision for your annuity to continue to your husband or wife on your death after retirement or if you elect to take a portion of your retirement capital in cash when you retire (given the Fund is a pension fund you may elect to receive up to one-third in cash).

If you change jobs, and even if you are still quite young, you are strongly recommended to preserve your retirement savings and not to take your benefit in cash. You can preserve your retirement savings on changing employment in a number of ways, including:

- Transfer your retirement savings to the retirement fund of your new employer.
- Transfer your retirement savings to a pension preservation fund.
- Transfer your retirement savings to a retirement annuity fund.
- Leave your retirement savings paid-up in the eJoburg Retirement Fund.

INVESTMENT PERFORMANCE



Fund investment returns since 1 January 2020

Despite the material fall in investment markets at the start of the COVID-19 pandemic, the investment returns for all of the Fund's investment portfolios over the first eight months of the 2020 calendar year are now positive.

Period	Inflation Target Portfolio	Stable Portfolio	Capital Protection Portfolio
January 2020	0.99%	1.95%	0.78%
February 2020	(4.64%)	(1.95%)	0.57%
March 2020	(11.32%)	(4.33%)	0.58%
April 2020	10.68%	5.85%	0.61%
May 2020	0.95%	1.92%	0.52%
June 2020	3.08%	0.47%	0.47%
July 2020	2.36%	1.12%	0.57%
August 2020	0.97%	1.68%	0.47%
1 January 2020 to 31 August 2020	1.66%	6.58%	4.66%

Fund long-term investment returns

Although the Stable Portfolio and the Capital Protection Portfolio have given higher investment returns than the Inflation Target Portfolio over the last eight months, it is important for the Trustees to make investment decisions based on investment returns over longer periods. The following table shows that the Inflation Target Portfolio has outperformed the Stable Portfolio and the Capital Protection Portfolio over longer periods.

Period to 30.6.2020	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: Inflation plus 1% per annum
Last 12 months	5.57%	8.19%	8.34%	6.19%	7.49%	4.19%
Last 3 years	3.85%	9.15%	7.65%	7.15%	8.32%	5.15%
Last 8 years	9.77%	10.07%	N/A	N/A	7.75%	6.07%
Since inception	11.36%	10.63%	7.61%	7.64%	8.15%	6.63%

Given the nature of each of the three Portfolios, performance is assessed by the Trustees 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.

The Stable Portfolio was introduced as part of the review of the three stage 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.

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.