

Principal Officer's report on the University of the Witwatersrand Retirement Fund

Tabled at the Annual General Meeting of Members to be held on 24 February 2022 at 13h00

Role of Principal Officer

The Principal Officer acts as the conduit between the Fund and the authorities. His/her main duties are to manage the day-to-day affairs of the Fund, convene Trustee meetings, and ensure that the operation of the Fund complies with the various Acts of Parliament governing retirement funds.

I have reviewed the Fund's activities and confirm this compliance, specifically in the following areas.

Member Trustees elections

The Fund is run by a Board of Trustees consisting of four Trustees appointed by Council and four Trustees, elected by the members.

The pandemic presented problems in holding member trustee elections, but these elections were completed last year, and the election process was independently audited to ensure they were free and fair.

Your Board of Trustees is:

Employer Trustees	Member Trustees
Christo Auret	Dannielle Cerbone
Daniel Gozo	Tumi Madihlaba (Vice-Chair)
Kgomotso Kasonkola (Chair)	Engela Schlemmer
Clement Marumoagae	Garth Stevens

Member Communication

Various communications were sent to the members in 2021 either directly via email, payslip attachment or via the Fund's website. The website has also been updated and re-launched and can be found at www.uwrf.co.za.

Fund Rules

The Fund's rules were amended in 2021 to make provision for an increase in a Trustee's term of office and for the annuitisation of provident funds effective 1 March 2021. Approval of this amendment is awaited from the authorities.

Fund's Annual Financial Statements and solvency

The Fund is audited by external auditors PriceWaterhouseCoopers as at 31 December each year. The Fund was again given an unqualified audit opinion for the 2020 year. The 2021 audit is underway and draft statements are due to be available by the end of May 2022.

The Fund is also reviewed by a qualified actuary every 3 years. The latest valuation was performed as at 1 January 2019 and the actuary pronounced that *"the Fund was in a sound financial position."* The next actuarial valuation will be performed effective 1 January 2022 and the results should be available towards the end of this year.

Both the financial statements and the valuation report can be viewed at www.uwrf.co.za.

Funds expenses and reserves

Operating costs increased by 3.9% in 2021, excluding the once off expense of the trustee elections, and are running at just under R7m per annum. The income generated from the monthly administration levies has been sufficient to meet expenses and therefore the member levies were left unchanged in 2021. They will be reviewed in early 2022.

Contributions

Regular and correct amounts of contributions based on 23.5% of RFI in respect of every active Member of the Fund have been received from the University. The contributions have been received by the due date each month in terms of the Pension Funds Act. Timeous receipt of contributions is monitored by the Board at each Trustees meeting.

A facility for Members to maximise their contribution to the Fund was introduced in 2017. Any Member who has elected an RFI percentage of 100% of TGP may elect to contribute an additional 4% of RFI on a monthly basis, subject to a maximum Rand amount per annum. ***Please contact the Pensions Office for further information.***

Insurance Increases

Regrettably the effect of Covid-19 has resulted in a large increase in the number of deaths over the past 2 years. This in turn has resulted in increases in the insurance rates:-

	Old Cost	New Cost
Spouse's Pension	1.10%	1.75%
Children's Pension	0.74%	1.18%
Funeral Cover	R15.36 per month	R 19.97 per month
Group Life	R 0.25 cents per mille	R 0.41 cents per mille

The Board has evaluated the increases, considering the circumstances, and found them to be justifiable. However, the Board remains committed to keeping increases within a reasonable range and has instructed our benefit consultants to see if better insurance rates can be obtained from another insurer.

Investment Performance

The performance of the available investment choices over the last 10 calendar years is indicated in table below. Excellent returns were earned in 2021 while the 10 year average is well ahead of inflation.

YEAR	Growth	Conservative	Capital Protection	Shari 'ah
2021	21.7%	16.3%	4.4%	22.8%
2020	8.7%	7.7%	5.5%	2.6%
2019	13.4%	9.5%	7.6%	10.3%
2018	-4.8%	-3.2%	7.7%	-0.6%
2017	13.1%	8.9%	7.9%	4.9%
2016	2.6%	5.7%	7.7%	4.1%
2015	9.5%	7.3%	6.4%	2.6%
2014	16.1%	15.0%	5.9%	11.0%
2013	21.5%	11.6%	5.3%	17.0%
2012	18.5%	11.5%	5.6%	13.9%
Average	11.7%	8.9%	6.4%	8.6%

Total assets in each Investment Portfolio	R4.50 billion	R 138.7 million	R 82.9 million	R 64.5 million
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Pensions

The Fund pays monthly pensions to dependants (spouses and children) of members who have died in service. There were 102 dependants in receipt of pensions as at 31 December 2020. These pensions are reviewed each year to ensure they keep pace with inflation with the most recent increases being 8.0% at 1 January 2022, pro-rated over the previous 2 years.

Beneficiary Nomination Form

Members are encouraged to review the beneficiaries that they have nominated to receive any benefits payable on death in service. This includes a new requirement this year to complete a separate nomination for the funeral benefits offered. ***Please contact the Pensions Office for further information.***

Administration

The number of Members of the Fund again grew slightly in 2021 and stood at just over 5 000 members at the end of the year.

Ms Nomfundo Buthelezi and Mr Sakhile Nkonyane continue to provide services to staff in the Pensions Office at Wits.

Service Providers

The Fund's service providers are:

Mosaic Investment Solutions (Investment Consultants)

NMG Benefits (Benefit Consultants)

NMG Benefits (Actuarial services)

Liberty Life (Administration and insurance)

PriceWaterhouseCoopers (Auditors)

Carmargue (Fidelity Cover insurers)

Summary

All in all, and despite the economic uncertainties, the Fund had a satisfactory year in 2021.

Jeremy Gill

Principal Officer – February 2022