

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

Tabled at the Annual General Meeting of Members to be held on 21 November 2023 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 that these comply with the legislation and regulatory prescripts, 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.

Your Board of Trustees comprises the following members:

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

The next Member Trustee elections will be in 2025.

Member Communication

Various communications were sent to the members in 2023 either directly via email, payslip attachment, or via the Fund's website. The website is regularly updated and can be found at www.uwrf.co.za.

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 2022 year. A full set of the statements can be found on the Fund's website.

The Fund is also reviewed by a qualified actuary every 3 years. The latest valuation has been completed as at 1 January 2022 and the actuary declared that the Fund was in a sound financial condition.

The Fund's expenses and reserves

Operating costs were 7.6% higher compared to 2021, mainly because of increased administration fees by Liberty Life. The change in fund administrator to Ensimini carries the benefit of reduced administration fees going forward.

Contributions

Regular and correct amounts of contributions have been received from the University, based on 23.5% of RFI in respect of every active Member of the Fund. 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.**

Future Administration

As a result of Liberty Life's decision to discontinue administration services the Board of Trustees discussed the matter and resolved to tender for a replacement administrator. After a thorough screening process, the Board have appointed **Ensimini Administration Services** to take over the administration from 1 January 2024.

Ensimini is a boutique retirement fund administrator based in Auckland Park, Johannesburg. They have a well-established track record in retirement fund administration, and we have confidence in their ability to provide the level of service expected.

Investment Performance

The performance of the available investment choices over the last 10 calendar years is indicated in table below. Slightly negative returns were earned in 2022 owing to poor market conditions. The 10-year average remains well ahead of inflation.

YEAR	Growth	Conservative	Capital Protection	Shari 'ah
2022	-3.5%	-0.3%	5.5%	-2.2%
2021	21.7%	16.3%	4.4%	22.8%
2020	8.7%	7.7%	5.5%	2.6%
2019	13.1%	9.4%	7.9%	9.9%
2018	-4.8%	-3.2%	7.3%	-0.6%
2017	13.1%	8.9%	7.3%	4.9%
2016	2.6%	5.7%	7.9%	4.1%
2015	9.5%	7.3%	6.5%	2.6%
2014	16.1%	15.0%	5.7%	11.0%
2013	21.5%	11.6%	5.3%	17.0%
Average	9.8%	7.8%	6.3%	7.2%

Total assets in each Investment Portfolio	R4.33 billion	R 159.8 million	R 44.3 million	R 67.8 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 120 dependants in receipt of pensions as at 31 December 2022. These pensions are reviewed each year to ensure they keep pace with inflation with the most recent increases being 5.8% at 1 January 2023.

Insurance Rates

Owing to the effect of the Covid pandemic the Fund experienced a significant increase in the number of deaths in 2021 and 2022. This resulted in losses to the insurer who then increased their premiums rates by significant amounts. The Board requested NMG to tender these services and it has been agreed to move all life insurance to Sanlam from 1 January 2024. The current and new premium rates are reflected below.

Insurance	Current (Liberty Life)	New (Sanlam)
Lump sum	R0.418 per mille	R 0.283 per mille
Spouse's Pension	1.710%	1.684%
Child's Pension	1.263%	1.354%
Funeral Cover	R19.02	R 18.50

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 regulatory requirement for members to complete a separate nomination for the funeral benefits offered. Failure to submit the funeral nomination form will result in the funeral benefit being paid to the deceased's estate.**

Please contact the Pensions Office for further information.

Administration

The number of Members of the Fund has stayed constant so far in 2022 and currently stands at 5 125 active and deferred members.

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) – Ensimini Administration Services from 1 January 2024

Liberty Life (Life Insurance) – Sanlam from 1 January 2024)

Old Mutual (Disability insurance)

PriceWaterhouseCoopers (Auditors)

Carmargue (Fidelity Cover insurers)

The Two Pot System

Members may have read in the press about significant changes to South Africa's retirement fund system.

Put simply the proposed system splits each members' accumulated savings into a SAVINGS POT and a RETIREMENT POT. Members will be able to make annual withdrawal from their SAVINGS POT while the RETIREMENT POT may not be touched until retirement age.

It is important to understand that the proposals only give limited access at the start of the new system. This is called SEEDING and it is proposed that this be limited to a maximum of R 30 000 (less in some cases), when the system starts next year on 1 March 2025.

Members who were aged 55 or over at 1 March 2021 will have to opt in to the new system. This is to protect the vested retirement lump sum rights they currently have.

Conclusion

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

Jeremy Gill
Principal Officer – November 2023