



Predikante en Amptenare Pensioenfonds



PENSION CIRCULAR NR :1 van 2021

**TO: ALL PARTICIPATING EMPLOYERS OF THE PREDIKANTE
AND AMPTENARE PENSION FUND**

PENSION CONTRIBUTIONS

You are reminded that the Predikante and Amptenare Pension Funds merged in October 2020. This merger between the two funds not only made the administration much easier to manage, but it also reduced the total costs. The August 2020 letter that you received in this regard, contained all the relevant detail.

Remember however, that there are still benefit and premium differences between the two funds and it is for this reason that the predikante are indicated as Category One and amptenare, as Category Two.

This circular makes the same distinction between the two categories and that is why you must treat this letter in the same manner as previously communicated. You cannot, for example, place the predikante in the amptenare category and vice versa. There can be no transfer between the two categories.

The good news is that after the latest review of the benefits and the costs associated with these, there are no changes from last year October. For budgetary purposes, the exact same premiums can be used as it is currently reflected on the web.

The information communicated previously is confirmed below, in table format. The multiple of benefits, indicated as a multiple of annual pensionable salary, is the same as for 2020.

Category 1 (Predikante)

<u>Type of benefit</u>	<u>Benefit payable</u>
In-fund death benefit (“approved” benefit and taxable at payment)	4 x pensionable salary
Disability Income benefit	75% of pensionable salary
Group Life Assurance (“non-approved” benefit, payable tax-free)	4 x pensionable salary
Spouse’s Cover	1,25 x pensionable salary
Lump sum disability benefit	3 x pensionable salary

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A Participating Fund in the Sanlam Umbrella Pension Fund

The premiums for the benefits mentioned previously are as follows:

Benefit	Premiums as of 1 October 2020	New premiums wef 1 March 2021 (Percentage of pensionable salary)
Group Life Assurance (<u>budget item</u>)	1,335%	1,335% Employer pays 50% and member pays 50%
Spouse's Cover (<u>budget item</u>)	0,2250%	0,2250% Member pays in full
Lump sum disability (<u>budget item</u>)	0,5420%	0,5420% Employer pays in full
Disability Income benefit (not a budget item)	1,0820%	1,0820%
In-fund death benefit (not a budget item)	1,4450%	1,4450%

Where a budget item is indicated, it means you must pay the premiums in addition to the contributions.

Contribution categories wef 1 March 2021 for employers and employees (remains the same):

	Contribution Categories						
	1	2	3	4	5	6	7
Employee contribution	4,2%	5%	6,1%	7%	7,5%	7,5%	7,5%
Employer contribution	9,3%	10%	11,4%	13%	15%	17,5%	20%
Total contribution	13,5%	15%	17,5%	20%	22,5%	25%	27,5%

Category Two: Amptenare

As is the case for predikante (because the fund is now treated as one fund) the good news is that after the latest review of benefits and costs, there is no change in premiums since last year October. For budgetary purposes, the same premiums can be used as it is currently indicated on the web.

For the sake of completeness, the information in table format, is repeated below. The multiple of benefits are the same as for 2020. There is however, one important benefit that has been added for amptenare. Wef from 1 October 2020 and therefore for the foreseeable future and for as long as the benefit is valid, amptenare can now also continue with the group and spouse's schemes after retirement. This is called a continuation option and is applicable to the so called non-approved schemes. No proof of medical health is required. You are welcome to contact the pension fund office for more details.

<u>Type of benefit</u>	<u>Benefit payable</u>
In-Fund death benefit (“approved” benefit and taxable on payment)	3 x pensionable salary
Disability Income benefit	75% of pensionable salary
Group Life Assurance Benefit (“non-approved” benefit that is tax-free on payment)	2 x pensionable salary
Spouses Cover	1 x pensionable salary
Lump sum disability benefit	3 x pensionable salary

The premiums for the benefits mentioned above, are as follows:

Benefit	Premiums as of 1 October 2020	New premiums wef 1 March 2021 (Percentage of pensionable salary)
Group Life Assurance benefit (“approved” benefit – non budgetary item)	1,2690%	1,2690% Deducted from employer contributions
Spouses Cover (<u>budget item</u>)	0,972%	0,972% Member pays in full
Lump sum disability benefit (<u>budget item</u>)	0,156%	0,156% Employer pays in full
Disability Income benefit (non-budget item)	1,0820%	1,0820% Deducted from employer contributions
Death benefit – outside the fund (<u>budget item</u>)	0,8260%	0,8260% Deducted from employer contributions

Where a budget item is indicated, premiums must be paid in addition to the contributions.

Contribution categories wef 1 March 2021 for employers and employees (remains the same):

	Contribution Category					
	1	2	3	4	5	6
Employee	Closed	7,5%	5%	7,5%	7,5%	7,5%
Employer	Closed	13%	8,5%	15%	17,5%	20%
Total contribution	Closed	20,5%	13,5%	22,5%	25%	27,5%

General: for both categories: Predikante and Amptenare

Please note that monthly contributions and premiums are payable in arrears. This means that contributions and premiums are payable end of the month – effective beginning of the month. It is important to note that these premiums/contributions are payable at the latest by the 7th of the

month following in which the contributions are payable. This is a requirement of the Pension Funds Act. If it is paid later than this, late payment interest will be levied at a rate determined by the Act.

All employers and members have the option of restructuring remuneration packages wef 1 March 2021, given any increases that have been granted.

You can move to a higher contribution category – or move down – any time in March and September of each year.

The Fund's operational costs (administration and consultation)

This office receives many queries about the fund's costs for administration, consultation and other benefits provided. These costs are indicated on the web in rand amount and not easily understood as the percentage of cost is not apparent. In the table below, these percentages are indicated. In accordance with the Act and as indicated elsewhere, these costs are deducted from the employer's contribution and therefore not a budget item:

Component	Premium/cost for Oct 2020	Premium/cost wef March 2021
Sanlam Administration (The same for both Predikante en Amptenare)	0,2532%	0,2532%
Consultation (The same for both Predikante en Amptenare)	0,1490%	*0,1490%
Contingency Reserve Account levy ("CRA levy")	R3,00 per member per month	R3,00 per member per month

* A fee is payable to the fund's investment consultant and is not included in this component. With effect from 1 March 2021, this amount is 0,03% of assets and not of salary bill as is the case with the consultation and administration fees. The fund's investment returns are always nett of fees (after costs have been deducted).

An asset management fee is also levied by Sanlam and for the past few years, this is 0,73 of assets in the *Life Stage Accumulation Portfolio*. (This is the default portfolio). Members who choose their own portfolios (other than the *Life Stage Portfolio*), are subject to fees specific to that portfolio. These fees are available on the web.

The Fund's operational costs (office and management)

For several years, the operational costs for running the office and costs associated with the management committee, have been funded by monies earmarked for this purpose. Monies currently invested for this purpose, will be replenished for the final time when the CGP's liquidation is finalised and a part of the employer surplus specifically, is released.

(The main portion of the surplus will, however, be paid to members. Members of the Amptenare Pensioenfonds (APF) that were members on 1 October 2013, will receive these agterskot payments in the first half 2021. These values have already been uploaded to the web and they will receive communication from Sanlam in due course. Members of the Predikante Pensioenfonds (PPF) should see these payments during the second half of 2021 as this fund's liquidation is currently being finalised).

Funds that have thus been obtained for the management of the office and the committee, are finite and it was for this reason that the management committee decided in 2020 that each participating employer pay a nominal fee to fund the expenses associated with the office and the committee. No finality on the amount nor the effective date of implementation has been reached. This model of generating funds should not be a new one. It reminds one of the “synodal contributions” but the utilisation will be specific and aimed at the future. The fee will be small and no weighting (based on the number of members per employer, for example) will be used. You will receive communication about this shortly.

Accuracy of data and beneficiary nomination forms

Finance officers/scribes and administrators at congregations and institutions that are responsible for the payment of contributions and premiums via the web, must please ensure that their members’ personal details on the web, are correct. Part of their web-access allows for this. It is of great importance that members’ cell or mobile numbers and e mail addresses are captured on the web. This information will be used when communicating with members personally. Since October 2018, members can complete their beneficiary nomination forms directly on the web if they are registered. It would still be advisable, however, to keep a copy of the beneficiary nomination forms on file, at the office. (Any queries about the web may be directed to the web team at 0861 223 646).

Investment returns

Members who are already registered on the web and who keenly watch their fund values, would have noticed that the current investment returns are slightly better than during 2020. Markets are volatile and a good month or quarter is not necessarily an indication of the year ahead. Yet, worldwide there is greater optimism about the economy as vaccines against COVID-19 are rolled out.

In accordance with the Life Stage model of investment, younger members’ monies are invested more aggressively in growth assets (*Accumulation Portfolio*) and older members’ monies are protected by systematically placing their monies in a guaranteed portfolio (*Stable Bonus Portfolio*).

The management committee of the Predikante and Amptenare Pension fund is still satisfied that the Life Stage model of investing, delivers the best results for members in the longer term. Detail about the various portfolios’ exposure to asset classes, risk, returns, etc, is available on the web.

The Office

As previously communicated, the pension fund office is situated at *NG Lynnwood*. Contact details remains the same as published in the *NG Kerk Jaarboek*.

Kind regards

TP Smith

**TP SMITH
MANAGER**