



# RETIREMENT FUND NEWSLETTER

Issue number: 2/2022

NOVEMBER 2022

## Dear members

Welcome to the final newsletter for the year. Soon we will be saying goodbye to 2022 and as we stand on the threshold of a new year, we would like to assure you that we remain committed to our vision of providing the best possible retirement outcome for all our members, retirees, and pensioners. As a member you are assured that your Fund remains to be in a good financial position.

We hope that you find the information meaningful and interesting. If there is any item you want to see in future issues, please write to us to let us know.

We wish all our members well during the upcoming festive season. Here is to a bright New year

### INSIDE THIS ISSUE →

- Investment News
- Retirement reform – “Two Pots System”
- Pre-retirement workshops
- Retirement- What’s important when shopping around
- General information
- Additional information about the CPUT Retirement Fund, including fund related costs and fees

Board of Trustees

November 2022

### Disclaimer:

**The information contained in this newsletter does not constitute advice by either the Board of Trustees or its advisors. If you need advice, you should seek the assistance of an independent professional advisor.**

# INVESTMENT NEWS

## INVESTMENT PERFORMANCE

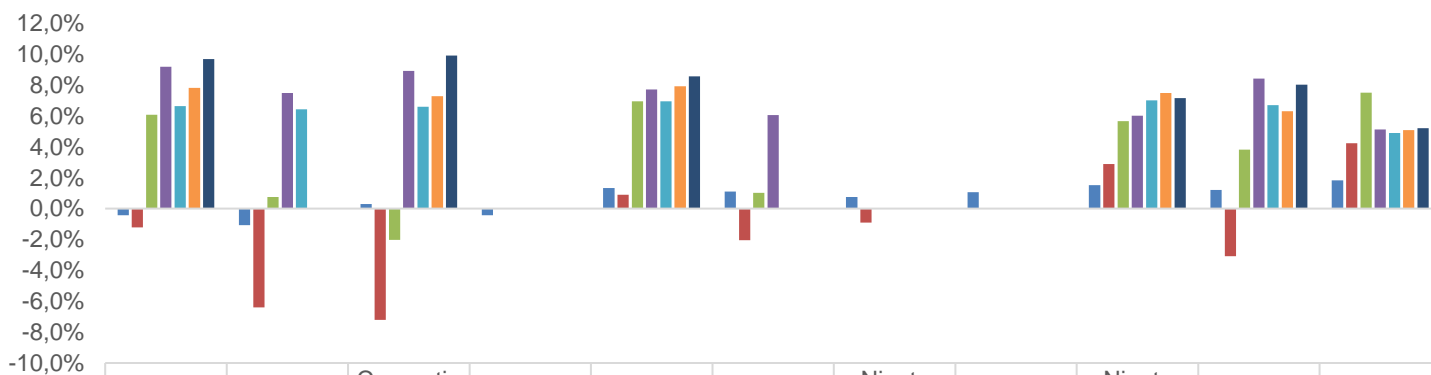
Below are the annualised manager returns (net of fees) for all the portfolios over different measurement periods to 30 September 2022.

The Ninety One Balanced Fund and Ninety One Cautious Managed Fund are excluded from the table below, as the Fund measurement period for these portfolios are too short.

Portfolio	Manager/Product	Investment Objective	Measurement period to 31 March 2022	Manager returns p.a. over measurement period	Inflation p.a. over the measurement period	Return above Inflation p.a.*
Long Term Growth Portfolio	Allan Gray Global Balanced	CPI + 4.5% net over a rolling 7-year period	7 years	7.8%	5.1%	2.7%
	Coronation Houseview			7.3%		2.2%
Medium Term Protection Portfolio	Coronation Inflation Plus	CPI + 2.5% net over a rolling 3-year period	3 years	6.0%	5.1%	0.9%
	Allan Gray Global Stable			7.7%		2.6%
Money Market Portfolio	Ninety One Money Market	CPI +1.5% net over a rolling 1-year period	1 year	5.7%	7.5%	-1.8%
Shari'ah Portfolio	27four Shari'ah Balanced Fund	CPI + 4.0% net over a rolling 5-year period	5 years	6.7%	4.9%	1.8%

The chart below shows the performance of each asset manager and Life Stage portfolio over various measurement periods to 30 September 2022. The returns are shown after deduction of tax and investment management expenses including the Alexforbes Investment administration fee from 1 May 2022.

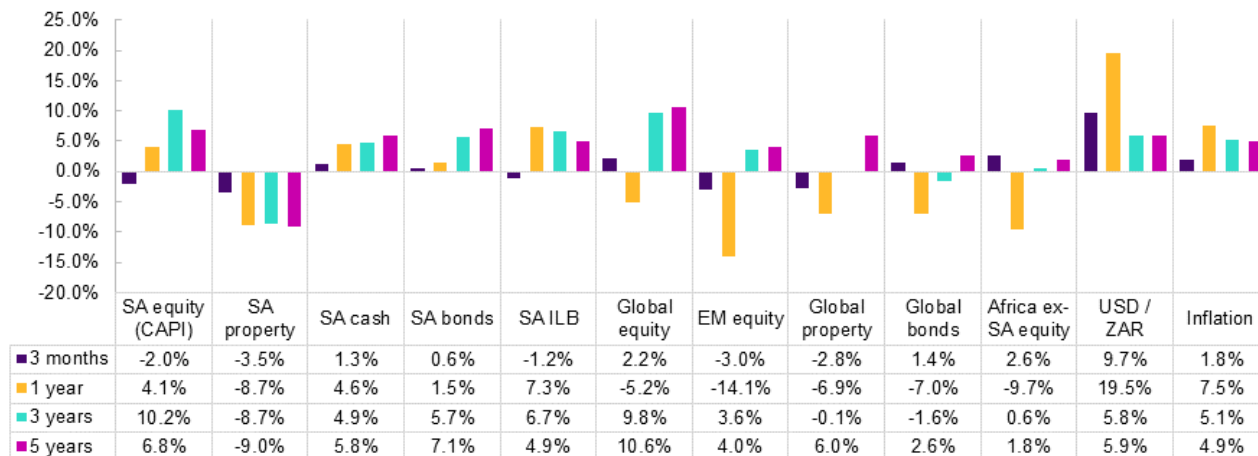
Net Returns as at 30 September 2022



	Allan Gray Global Balanced	Ninety One Balanced	Coronation Houseview	Long-term Growth	Allan Gray Global Stable	Coronation Inflation Plus	Ninety One Cautious Managed	Medium-term Protection	Ninety One Money Market	27four Shari'ah	Headline Inflation
■ 3 months	-0,4%	-1,1%	0,3%	-0,4%	1,3%	1,1%	0,8%	1,1%	1,5%	1,2%	1,8%
■ 6 months	-1,2%	-6,4%	-7,2%		0,9%	-2,0%	-0,9%		2,9%	-3,1%	4,2%
■ 1 year	6,1%	0,7%	-2,0%		6,9%	1,0%			5,7%	3,8%	7,5%
■ 3 years p.a.	9,2%	7,5%	8,9%		7,7%	6,0%			6,0%	8,4%	5,1%
■ 5 years p.a.	6,6%	6,4%	6,6%		7,0%				7,0%	6,7%	4,9%
■ 7 years p.a.	7,8%		7,3%		7,9%				7,5%	6,3%	5,1%
■ 10 years p.a.	9,7%		9,9%		8,6%				7,2%	8,0%	5,2%

The graph below shows the performance of the various sectors of the market during various measurement periods ended 30 September 2022 (source: IRESS for local indices and Morningstar for global indices).

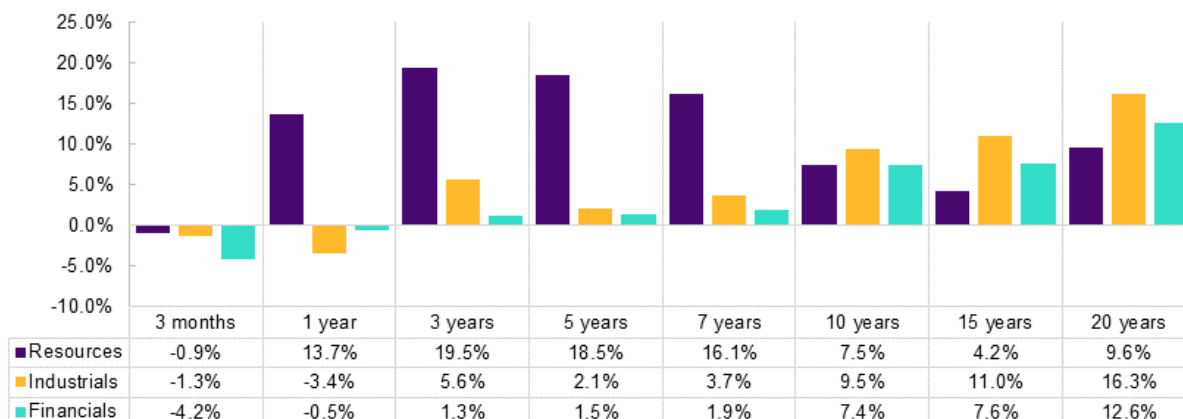
**Major index returns: periods up to 5 years**



- The SA equity market (as measured by the FTSE/JSE Capped All Share Index or CAPI) was down 2.0% over the quarter. The market was mainly driven by concerns about a global slowdown as the US Federal Reserve Bank raised interest rates aggressively to curb the inflation rate. The observed high inflation rates in many advanced economies arise as a consequence of supply chain bottlenecks, labour shortages and the energy and food prices following from the Russian / Ukrainian war. The local market was further depressed by another bout of grinding load-shedding.
- The five-year SA equity return is 6.8% p.a. thus out-performing inflation by 1.9% p.a. The return was boosted by the strong performance of index heavyweights Richemont (10.2% p.a.), Anglo American (24.4% p.a.) and BHP Billiton prior to its restructuring. The observed modest return probably reflects investor concerns about the fragility of the country.
- An explanation of the different sectors appears below.

The following chart shows the performance of the broad sectors of the SA equity market for periods to 30 September 2022:

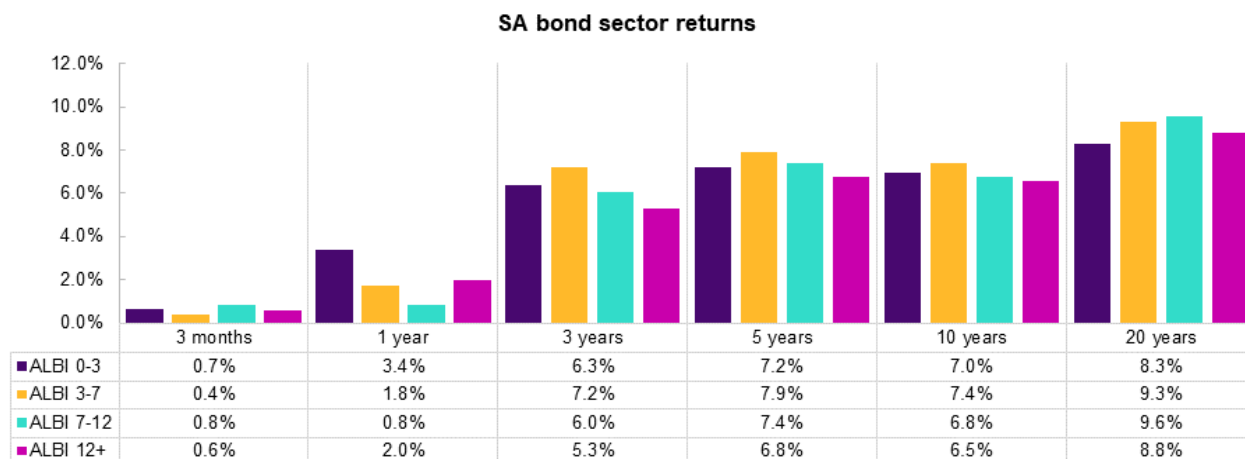
**SA equity sector returns**



- All the local sectors struggled over the quarter, with financials being down 4.2%. Over the long-term higher interest rates are generally positive for banks as they can earn a higher margin between the rate at which they charge borrowers and what they pay lenders. In the short-term higher interest rates cause some anxiety around higher bad debts. Index heavy-weight Capitec was down 21.6% over the quarter, but its drag was largely offset by Absa that was up by 18.5%.

- Resources are comfortably the best performing sector over the three, five and seven-year periods, following on a challenging period from 2010 to early 2016, as can be seen from the 10-year returns. This cycle has been somewhat different to previous commodity cycles as the companies have allocated very little capital to new mines, thus maintaining a firmer grip on supply. This approach may reduce the cyclicality of such counters, although their fortunes remain tied to global economic growth and supply shocks.
- For many years the industrial sector was driven by the outstanding performance of Naspers / Prosus. However, over the past three years these companies have faced significant regulatory headwinds in China. Prosus and Naspers have delivered -4.9% p.a. and -0.3% p.a. returns over the past three years. However, over the 10-year measurement period Naspers remains a major contributor to local bourse returns, being up 21.7% p.a.

The chart below shows the performance of the different sectors of the SA bond index for periods ended 30 September 2022:



- Local bonds held their own this quarter despite a weaker Rand, global interest rates rising and the high cost of living. Seemingly, markets had priced in almost all the bad news.

The chart below shows the asset allocation for the different manager and Life Stage portfolios as at 30 September 2022:

Asset Managers	SA Equities	SA Bonds & Cash	SA Listed Property	Other	International
Allan Gray Global Balanced	47.6%	16.9%	0.9%	2.1%	32.4%
Ninety One Balanced	40.4%	22.4%	3.4%	0.7%	33.2%
Coronation Houseview	41.6%	16.6%	3.2%	1.2%	37.4%
Long-term Growth	44.1%	18.9%	2.8%	1.3%	33.0%
Coronation Inflation Plus	<b>20.5%</b>	<b>50.3%</b>	<b>1.9%</b>	<b>3.4%</b>	<b>23.9%</b>
Allan Gray Global Stable	19.9%	44.3%	0.9%	2.5%	32.5%
Ninety One Cautious Managed	<b>8.6%</b>	<b>59.9%</b>	<b>0.6%</b>	<b>2.4%</b>	<b>28.6%</b>
Medium-term Protection	17.1%	52.5%	1.1%	2.7%	26.5%
Ninety One Money Market		100.0%			
27four Shari'ah Balanced	33.7%	36.4%		4.1%	25.8%

The "Other" asset class includes commodities and local hedge funds.

The "International" asset class includes exposure to Africa ex-SA.

# RETIREMENT REFORM- TWO POT SYSTEM

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In the previous newsletter, we communicated the latest developments regarding the implementation of retirement reforms viz the discussion papers released on 14 December 2021, by National Treasury for public comment. The proposal in this discussion document was to **“Encourage South African households to save more for retirement”**.

On 29 July 2022, National Treasury released draft tax legislation, including a draft Revenue Laws Amendment Bill and Taxation Laws Amendment Bill, for public comment. There are several proposals contained in the discussion papers, but the subject matter of this communication deals with the **Revenue Laws Amendment Bill (RLAB) – the proposed “Two Pots” retirement regime**. The purpose of the draft RLAB is to implement the “Two Pots” system.

The target date for implementation, was set for 2023 , but has subsequently been moved to 1 March 2024.

## **The policy issues can briefly be summarised as follows:**

The proposals, when implemented, will make fundamental changes to the current retirement fund system. It will force preservation up to retirement of a large part of future retirement savings. At the same time, it will also allow members to make cash withdrawals of a (smaller) portion of their future retirement savings for non-retirement purposes. Such withdrawals will be permitted at any time (but limited to once annually) and not only when resigning. Retirement savings already accumulated will retain their previous rights, in the so-called “vested pot”. Contributions from 1 March 2024 will then be split in two - a “retirement pot and a “savings pot”. A maximum of one-third of contributions from 1 March 2024 will be allocated to the “savings pot” with no less than two-thirds to the retirement pot. In other words, a member’s retirement savings will in future be divided into three “pots”, with a different set of tax-driven rules and principles applying to each pot.

An explanation of the various pots and how they work is explained below.

### **VESTED POT**

All retirement savings accrued in the Fund up to the implementation date (1 March 2024), including fund returns, form part of this “vested pot”. Note however that within this “vested pot”, there may be “protected rights” and “restricted benefits” amounts already (from members who previously belonged to a Provident Fund). The current rules will continue to apply to this amount and will continue to operate exactly as it currently does. An easy way to think about this is - *old money, old rules*. We summarise this below.:

#### **On leaving employment (Resignation):**

The entire “vested pot” can be taken in cash. This withdrawal will be taxed according to the current withdrawal tax table.

#### **On retirement:**

Up to one third of the “restricted benefits” within the “vested pot” may be taken in cash (again taxed according to the retirement tax table). The remainder must be used to purchase an annuity. (This is subject to a “de minimis” provision - if the total amount is less than R247,500 it may be fully taken in cash).

Any “protected benefits” amount within the “vested pot” can be taken 100% in cash. Such amounts will be taxed on the current retirement tax table.

#### **Transfers out of the “vested pot”:**

This will be permitted only to another “vested pot” in any other fund. It is important to note that no transfers will be permitted between this “vested pot” and the “savings pot”, which means that no immediate access will be granted to savings already accumulated.

**Note:** No further contributions after 1 March 2024 will be permitted into this pot – so this is effectively the balance of the savings as at 1 March 2024, plus fund returns.

## SAVINGS POT

All future contributions after 1 March 2024 (or implementation date) will be split between the “savings pot” and the “retirement pot” . *New money, new rules.*

### **Contributions into the savings pot:**

Not more than  $\frac{1}{3}^{\text{rd}}$  of the future retirement funding contributions (i.e., net of risk and expense deductions) must be allocated to the “savings pot” . It is proposed that a ceiling of one-third of the yearly tax-deductible amount (i.e., one-third of the lower of R350,000 and 27.5% of remuneration or taxable income) be implemented. The remaining  $\frac{2}{3}^{\text{rd}}$ s must be allocated to the “retirement pot”.

### **Withdrawals from the savings pot:**

The savings pot may be partially or entirely withdrawn prior to retirement, as a “savings withdrawal benefit”, at any time (not only when resigning as is currently the case). This is subject to a maximum of one withdrawal within a 12-month cycle and a minimum withdrawal amount of R2,000. Such a “savings withdrawal benefit” will be taxed as normal income on marginal tax rates. There is still uncertainty surrounding the tax implementation of this.

### **On emigration:**

The “savings pot” will be payable as a lump sum and taxed at personal income marginal tax rates.

### **At retirement:**

Any withdrawal made from the “savings pot” at retirement will be taxed on the current retirement tax tables and counts towards the R500,000 tax free amount plus any additional tax-free benefit you are entitled to if you joined the fund prior to 1 July 1998.

### **On death:**

Any amount in the “savings pot” will be paid as a lump sum and taxed according to the current retirement tax tables.

### **Transfers:**

A member can transfer their “savings pot” to their “retirement pot” in their existing Fund. However, when transferring the different “pots” across to another fund (on resignation), the pots must **both** be transferred. In other words, both the “savings pot” and “retirement pot” must be transferred to the new fund. Therefore, a member cannot only have a “savings pot” in any fund.

## RETIREMENT POT

### **Contributions into the retirement pot:**

The balance of the future retirement funding contributions (net of risk and expense deductions), i.e., not less than  $\frac{2}{3}^{\text{rd}}$ s of these, **must** be allocated to the “retirement pot” and **must** be preserved until retirement.

### **Withdrawal prior to retirement:**

The retirement pot balance may never be withdrawn (except on emigration, in which case it will be taxed as a withdrawal benefit).

### **At retirement:**

The balance must be used to purchase an annuity at retirement (which may be a life or living annuity), subject to the de minimis provision referred to earlier under the “vested Pot” section. The de minimis amount in this case will be R165,000. This is in addition to the de minimis amount applying to the “vested pot”.

### **Transfers:**

The balance may be transferred to a “retirement pot” in another fund. Transfers to a “savings pot” are not permitted.

**THE FOLLOWING TABLE ILLUSTRATES HOW THE TWO POTS SYSTEM WOULD WORK:**

	Benefit available/accessible on leaving employment (resignation / retrenchment)	Benefit available/accessible <u>during</u> employment	Benefit on <u>retirement</u>
Pension Fund savings arising from contributions up to 1 March 2021	Up to 100% can be taken in cash	None	Up to 1/3 <i>can</i> be taken in cash (rest used to buy a pension <sup>2</sup> ) 2/3 <u>must</u> be used to buy a pension <sup>2</sup>
Provident Fund savings arising from contributions up to 1 March 2021	Taxed on withdrawal tax table (Transfers and preservation are also options)		Up to 100% <i>can</i> be taken in cash (rest used to buy a pension)
Savings arising from contributions (to either a pension or a provident fund) between 1 March 2021 and 1 March 2023	This is the “vested pot” <sup>1</sup>		Up to 1/3 <i>can</i> be taken in cash (rest used to buy a pension <sup>2</sup> ) 2/3 <u>must</u> be used to buy a pension <sup>2,3</sup>
Savings arising from contributions (to either a pension or a provident fund) after 1 March 2023	Up to 1/3 - <i>can</i> be taken in cash (while in employment, or on leaving employment including at retirement) – this is the “savings pot” <sup>4</sup> Cash taken before retirement taxed as personal income tax on normal tax scales.		2/3 <u>must</u> be used to buy a pension <sup>2</sup> – this is the “retirement pot” If any cash is taken at retirement (from the “savings pot”), it will be subject to the retirement tax table.

<sup>1</sup> NO transfers from the “vested pot” to the “savings pot” will be permitted.

<sup>2</sup> Subject to the “de minimis” provision – i.e., member may be able to take full benefit in cash, if the amount is below the applicable de minimis limit.

<sup>3</sup> This does not apply to provident fund members who were aged 55 or over on 1 March 2021, and who remain members of the same provident fund (of which they were members on 1 March 2021) up to their eventual retirement. These members have the right to take (up to) the full provident fund retirement benefit in cash.

Importantly, this is a **draft legislation and has not been implemented**. Currently, members are not permitted to withdraw any portion of their savings in a fund, whilst employed.

There are many concerns surrounding certain aspects of such changes once implemented and all comments have been sent to Treasury – we trust that Treasury will consider these issues and address them via changes or additions to the draft legislation.

Your retirement savings could be your single largest asset that will support you in your retirement years – ensuring that you are financially independent in retirement. Once this legislation comes into effect, your savings pot should be responsibly accessed (for example during emergencies) and preservation of as much of your overall retirement savings as possible will always be encouraged.

We will continue to communicate to you over the coming months, should there be further developments. Please also visit your website regularly, where we will be posting updates on this matter. If you have any specific questions after reading this, please let us know and we will respond.

## PLANNING FOR RETIREMENT WORKSHOPS

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These workshops take place quarterly. We have completed all the sessions for 2022 and will notify you of the dates for 2023.

**Choosing the right pension is not an easy decision to make. We encourage you to attend these retirement planning sessions – even if you have previously attended, where you will receive in-depth education on all the options available to you. This in turn will pave the way for an easier decision-making process.**

The article below highlights the important areas to watch out for when deciding on a specific annuity (pension) you wish to choose.

## RETIREMENT – WHAT’S IMPORTANT WHEN SHOPPING FOR YOUR ANNUITY

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When you get to retirement you have a number of options and decisions to make. The retirement workshops that the funds holds explain all these options to you. The very first decision you need to make (after you have decided how much cash you wish to take, subject to certain maximums), is the “type of pension” (another word for this is “annuity”) that would suit you best. These include either a Life Annuity or a Living Annuity. In order to make that decision, an in- depth understanding is required so that you make the RIGHT choice.

As a member of the Fund, you can choose to purchase either a Life Annuity from an outside service provider or a Living Annuity **from the Fund** (in-house pension) or you may choose an outside provider (an insurance company).

For this reason, it’s important that you shop around to find the best deal for you, as you would with any other purchase. Your Fund (the in-house option) might not offer the option you want, or perhaps your outside providers might not be able to offer you a better deal than the in-Fund options. So, it’s worth comparing what each provider can offer. Very importantly, do a **cost comparison** of the fees they charge. Every provider, including the Fund, must be transparent when it comes to all the fees and charges. Different products have different charges. In the case of a Living Annuity, these can include:

- initial set-up fees administration charges
- on-going advisory fees
- investment fees and charges
- With a Life Annuity (through an insurance company), the total fees and charges are “built in” to the monthly pension that the insurance company offers you.

You will almost certainly see that buying a Living Annuity pension from your Fund is cheaper than going through an outside provider / financial advisor. However, if you do wish to go down that route (e.g., because you value the help that the advisor can give you), make sure that the financial advisor stipulates all the fees both as a percentage of your capital and in Rand terms.

### Why are charges important?

The charges you pay matter because, as a pensioner every penny counts and charges over time, can make a huge difference to your take-home pension income. Even relatively small differences in ongoing costs can add up over time. While price isn’t the whole story, it is an important part. You need to weigh up what you’ll pay against what you get for what you pay. This should involve:

- being clear on what you’re paying
- understanding what you get for that

We encourage our members to attend our Retirement Workshop, held twice annually. This is one of the many subjects we discuss. We will keep you posted as and when these sessions are running.



# GENERAL INFORMATION

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Due to the importance of the following items, they are standard features and are repeated in subsequent newsletters.

## 1. EXITS FROM THE FUND

### A. DEATH

#### The importance of completing beneficiary nomination forms

This is explained in detail later on in the newsletter. **Please read it carefully as it is an extremely important article.**

### B. RESIGNATION

#### How to speed up the benefit payment when leaving the Fund

When you leave the Fund, you will remain in the Fund as a paid up member unless you elect otherwise. If you elect to transfer or receive the benefit as cash, an income tax number is required in order to pay out your benefit. All members of the Fund, who are not registered as tax-payers and thus do not have a personal income tax number, must register and obtain a personal income tax number. It is important to do so in order to avoid unnecessary delays when a benefit needs to be paid out.

## 2. COMPLETION OF CLAIM FORMS

Claim forms that are not completed correctly will result in unnecessary delays. It is therefore important that you read the claim form thoroughly, fill in all relevant information and then submit whatever claim you may have to Human Resources for processing. If this is not adhered to, the benefit will remain in the Fund and will be invested in the underlying portfolio for another month.

## 3. BENEFICIARY NOMINATION FORMS – THE IMPORTANCE OF COMPLETING THESE

**DEATH, ESPECIALLY ONE'S OWN, IS NOT A SUBJECT ONE WANTS TO THINK OF OR TALK ABOUT. HOWEVER, IT IS EXTREMELY IMPORTANT FOR ALL MEMBERS TO CAREFULLY CONSIDER THIS IN ORDER FOR THE DEATH BENEFITS PROVIDED BY THE FUND TO BE FINALISED AS SOON AS POSSIBLE.**

There is an obligation on you, the member, to notify the Fund as to who you wish the beneficiaries of your death benefits should be. We therefore encourage and urge all members to please assist the Fund in ensuring that the Beneficiary Nomination form be completed and sent to the Fund's office. If you have already submitted a Beneficiary Nomination form in the past and your domestic situation has altered, it is necessary for you to submit a new form to replace the old one. It is important for all members to list ALL dependents (all spouses, children, partners, parents), especially those who you support financially. You may also indicate the portions of the benefit you would prefer to be allocated to your dependents. Feel free to indicate on the form your reason for allocating your benefit as you have indicated. The Trustees must and will consider your nomination form.

### **WHY IS IT SO IMPORTANT THAT THESE FORMS BE COMPLETED?**

It is important for the Fund to have your beneficiary nominations as it will, on your death, serve as a guide to the Trustees in the allocation of your benefits; although, please note, that the Trustees are required to determine and allocate death benefits in accordance with Section 37C of the Pension Funds Act. This Act requires the Trustees to pay your death benefit to those persons that were financially dependent on you at the time of your death and/or those who could have become financially dependent on you had you not died. The Trustees thus have to go through a process of establishing all the parties that are financially dependent on you which may take some time. Your beneficiary nomination form will assist the Trustees to speed up the process.

**By completing the forms (and keeping them updated), you will be advising the Fund of your wishes in the event of your death (subject to Section 37C above). This information will also help to speed up the pay-out process in the event of your death.**

Remember that the information provided will always be treated as confidential by the Fund administrators and only made available to the Trustees when a claim is considered. Some members believe the requirements of the Act disempowers them as far as their wishes as to the allocation of benefits is concerned. Your nomination form must, however, be considered by the Trustees when an allocation is made. The Board must have a good reason to deviate from your written nomination and your beneficiaries are entitled to know their reasons for doing so.

Should you not have advised the Fund of all your dependents, this investigation will take longer and might cause hardship for your family. The Trustees can only arrange payment of your benefit once they are aware of all the facts.

***Your list of dependants and beneficiaries is treated with the utmost confidentiality.***

If you need a beneficiary nomination form, please contact the Fund and we will send you one. If you are unsure as to how to complete these forms, we will assist you in this regard.

# ADDITIONAL INFORMATION ABOUT THE CPUT RETIREMENT FUND

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- **Established** on 1 November 1994.
- Membership of the Fund is **compulsory** for all employees unless member elected to join the NTRF at joining.

## MISSION AND VALUES

- **Honesty** – the Fund will always act towards its members in a transparent and honest manner
- **Empowerment** – the Fund has a focus on providing members with education which aims to empower members to understand their benefits and make the right decisions
- **Innovation** – the Fund aims to be at the forefront of developments in the retirement fund industry

## GOVERNANCE

The Fund is separate from the Employer and is managed by the Board of Trustees.

The Board of Trustees =

- 5 individuals elected by members of the Fund + 5 individuals appointed by the Employer
- Term of 3 years
- Meets at least 4 times a year
- Responsibilities are to run the Fund in the **best interest of the members** and manage the Fund in terms of the **Rules and applicable laws**
- The Rules of the Fund can be obtained from the Principal Officer on request – details below

Your Board of Trustees are:

Member-elected trustees	Council appointed trustees
WA Lötter (Chairperson)	N Qomoyi
D Dlamini	C Nhlapo
M Aziz	P Sotshononda
P Chibvuri	P Du Plessis
A Neethling	J Dubihlela

**Principal Officer and Information Officer:** Ms Rushnah Davids

If you need to know anything that is Fund specific, she is the person you need to contact, and she will always willingly assist you. Her contact details are:

E-Mail: [DavidsRu@cput.ac.za](mailto:DavidsRu@cput.ac.za) Telephone: 083 7922022

## COMMUNICATION

More information is provided via the following:

- **Fund Website** for all Fund information: <https://www.cput.ac.za/services/cputrf>
- **Newsletters** will be issued bi-annually
- **Benefit statements** showing your benefits will be issued annually towards the end of January
- **Projection statements** showing the expected pension that your retirement savings are likely to provide will be issued annually with your benefit statements towards the end of January

- **Alexforbes Online facility** where you can check your own information on a real time basis: [www.alexanderforbes.co.za](http://www.alexanderforbes.co.za). In order to access this site, you need to register and then you will receive a pin and password. The AF on-line gives you access to the following information:
  - ✓ Your Member Share
  - ✓ Your contribution allocation
  - ✓ Projection tools – retirement calculator
  - ✓ Access to your benefit statement

#### **NOTE:**

For those members that do not have access to the internet, but you do have a smart phone, you can download the **AF MOBILE APP**. This app is available as a FREE download on the Apple App Store and Google Play Store. Simply search for Alexander Forbes. If you don't have an online profile, register by following the menu prompts.

If you need assistance: Telephone: 0860 100 333 or Email: [afonlinehelp@aforbes.com](mailto:afonlinehelp@aforbes.com)

- **Fund Rules** can be obtained from the Principal Officer (details below) or from the Fund website.
- **Presentations and workshops** are held regularly. In particular the pre-retirement workshops which continue to be held quarterly (on a virtual basis) for all in-service members who are aged 50 and older, however all members can attend. We encourage all members who are aged 50 and older to attend these workshops. These workshops are educational in nature, and explain in detail the different pension options available, thereby empowering members to make the RIGHT CHOICE at retirement. Furthermore, should you wish to bring your spouse along with you, please feel free to do so. (These sessions are currently being held virtually)

#### **QUESTIONS OR QUERIES - PLEASE CONTACT:**

The Principal Officer: Rushnah Davids  
E-Mail: [DavidsRu@cput.ac.za](mailto:DavidsRu@cput.ac.za)

#### **CHANGE IN ADDRESS OR PERSONAL DETAILS**

Please notify the Human Resources department in writing of any such changes.

#### **COSTS**

##### **Administration and Fund costs**

By pooling members' retirement savings in the Fund, the Trustees are able to negotiate lower costs than a member would typically otherwise be able to receive on their savings in the retail market. As part of increased transparency in the Fund, the Trustees will be showing the fees charged inside of the Fund.

- Active members – Fund costs are funded from a deduction from the contribution rate – 0.35% of pensionable salary.
- Deferred members – R63.25 pm plus VAT.
- Deferred pensioners – R63.25 pm plus VAT.
- Living annuitants – Initial fee = R 963.65 plus VAT (this is a once-off fee). Administration costs of R 84.34 pmpm plus VAT. This is deducted from the living annuity balance.
- **The Switching costs** (cost of changing investment decision) – first switch in the year is free. Thereafter R350.00 plus VAT is deducted from your account per switch.
- The Alexforbes Investment administration fee charged on Fund assets is 0.04968% per annum including VAT.

Note fees are subject to review typically every 1 July.

## INVESTMENT FEES AND CHARGES FOR THE 12 MONTHS ENDING 30 JUNE 2022

The investment management fees and related costs and charges which currently apply to the CPUTRF investment manager portfolios are expressed as a percentage of the amount invested, per annum. This includes VAT where applicable. In practice, fees and charges are usually taken monthly (so the monthly fee percentages can be estimated by dividing the figures shown in the table below by 12).

**Remember that the investment performance figures shown to CPUTRF members are after all these fees and charges have been deducted, i.e. they are net of all these fees and charges.**

	Investment management fees, but excluding performance fees	Performance fees / (rebate) (1)	Other investment-related costs and charges (2)	Total fees and charges, including performance fees
<b>Allan Gray Global Balanced</b>	<b>0.40%</b>	<b>0.20%</b>	<b>0.14%</b>	<b>0.74%</b>
<b>Allan Gray Global Stable</b>	<b>0.50%</b>	<b>0.23%</b>	<b>0.10%</b>	<b>0.83%</b>
<b>Coronation Houseview</b>	<b>0.70%</b>	<b>0.00%</b>	<b>0.43%</b>	<b>1.13%</b>
<b>Coronation Inflation Plus</b>	<b>0.50%</b>	<b>0.62%</b>	<b>0.22%</b>	<b>1.34%</b>
<b>Ninety One Balanced</b>	<b>0.60%</b>	<b>0.00%</b>	<b>0.18%</b>	<b>0.78%</b>
<b>Ninety One Money Market</b>	<b>0.09%</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.10%</b>
<b>27four Shari'ah Balanced</b>	<b>0.73%</b>	<b>0.00%</b>	<b>0.19%</b>	<b>0.92%</b>

(1) Where the CPUTRF has a performance fee arrangement in place with an investment manager, performance fees may be payable depending on how these managers perform compared to their benchmarks (targets), and therefore the total fees and charges will vary from time to time.

(2) Other costs and charges include items such as the Alexforbes Investments (AFI) administration fees (for the period from take-on date of 6 May 2022 to 30 June 2022), trading costs (e.g., stockbroker commission when shares are bought and sold), bank charges, taxes and custody fees.

(3) The total fees and charges paid for the Ninety One Cautious Managed portfolio was 0.57% and covers the period from date at funding on 10 September 2021 to 30 June 2022.

These fees and charges have changed from time to time in the past and may change (up or down) in the future. The CPUTRF Board is committed to ensuring that the investment portfolios are reasonably priced and competitive.