ELC PENSION FUND

ESTABLISHED BY UNITED EVANGELICAL LUTHERAN CHURCH IN SOUTHERN AFRICA



We as the ELC Pension Fund can assist in addressing these issues by allowing your employees to provide certainty for their retirement as well as providing protection in the case of unforseen circumstances such as death and disability.

Financial and Physical Health are the number one factors impacting employee's productivity. Taking care of these will help lower their stress levels, ultimately resulting in more productivity.



EMPLOYERS GUIDE

ABOUT THE FUND

The ELC Pension Fund is a Defined Contribution Umbrella Pension Fund and was established to provide for the retirement needs of pastors and employees of Employers affiliated to the Lutheran Church in South Africa.

The Fund was established from 1 March 1975 as a Defined Benefit Fund, with UELCSA being the Principal Employer. The Fund was later converted to a Defined Contribution Fund and started operating as such as from 1 January 1997.

The ELC Pension Fund is the responsibility of a Board of Trustees consisting of a maximum of 6 persons, who are appointed by the council of the United Evangelical Lutheran Church in Southern Africa. This Board has appointed a Manager to manage and administer the Fund.

There are currently 24 Participating Employer Organisations in the ELC Pension Fund, with 239 Active Members, 32 Deferred Members and 218 Pensioners. With this smaller membership, our members get more individual personalised service.

MEMBERSHIP

All employees in the permanent full-time or permanent part-time service of an employer who participates in the ELC Pension Fund, and who do not already receive a pension from the Fund must, as a condition of employment, become a member of the Fund as from the day on which they became an employee.
In order to join the Fund, an Employer should send written application to the Principal Officer who will forward such application to the Board for consideration.
Our contact details can be found on the back cover of this brochure.

CONTRIBUTIONS

The following contributions are payable to the Fund on a monthly basis:

1) Employee Contribution towards retirement of 7,5%
2) Employer Contribution towards retirement of 7,5%
3) Employer Contribution of 4% towards costs and insurance benefits.

Members are able to make **additional voluntary contributions** towards their fund credit each year. Presently the maximum amount paid as contributions which is tax deductible is 27.5% of taxable or gross remuneration (whichever is greater), up to a cap of R350 000 per annum.

All contributions are recorded on the Employer's payroll system and are paid to the Fund by the Employer.

WHAT THE FUND HAS TO OFFER



CLOSELY MONITORED INVESTMENTS

Investments are closely monitored by the Board to ensure maximum returns are being achieved for our members.



SECURITY

To ensure accurate administration, The Fund is subject to an annual audit as well as an annual actuarial valuation. The Fund has remained consistently in a good financial position since its inception



EMPLOYER & EMPLOYEE WEBSITE

The ELC Pension Fund has a website from which employers and members can download Fund documents and articles.
It also allows members to log in securely, view their Fund Credit and update their contact details.



HOUSING LOAN GUARANTEES

Members have access to pension-backed home loan facilities. These are available through Standard bank and Ithala Bank.



RETIREMENT BENEFITS

On retirement, members can take a life-long pension from the Fund with or without commuting a portion thereof for cash. Pensions are subject to annual increases according to the Pension Increase Policy of the Fund.



PRESERVATION

Members leaving the employ of one of our participating employer organisations have the option to preserve their share within the Fund. The share continues to earn the Fund's monthly investment returns until the member reaches retirement age.



INSURANCE BENEFITS

Our members are entitled to the following insurance benefits:

- Death insurance
- Disability insurance



NOT JUST A NUMBER

We give our members and pensioners personal and efficient service. They are not just a number among the many.

INVESTMENTS

The investment objective of the Fund is for the Fund to earn a return for its members of inflation plus 5%. The policy of the Fund is to have a fair portion of its assets invested on a moderate risk basis, in Balanced Portfolios, but to commit 20% to 50% thereof to a more aggressive approach or to an Absolute Fund in order to achieve higher returns where possible, subject to considerations of risks and the Fund's overall performance. All portfolios must conform with the provisions of regulations under the Pension Funds Act. The Trustees monitor the investment performance of the Fund on a regular basis, making changes when necessary to meet the investment requirements of the Fund.

Below is a summary of the annual returns achieved by the Fund from 2011 to 2017:

Year	Return
2011	10.39%
2012	14.73%
2013	21.06%
2014	11.35%
2015	11.58%
2016	3.86%
2017	11.26%

The Fund currently holds investments of around 320 million rand. Investments are held with the following investment managers:

- **Allan Gray**
- **Investec**
- **Prudential**

The Fund's Investment Performance has made it possible for the Fund to have always been able to provide adequately for its Pensioners. This can be seen in the illustrative examples below:

Example	Date Retired	Original Annual Pension	2018 Annual pension	% Increase	Years on pension	Average % Increase per Annum	Average % Increase per Annum with increased granted of 80% of CPI
1	01-08-98	R 7 513.80	R 28 780.68	283%	20.66	13.70%	6.57%
2	01-01-04	R 14 079.36	R 37 983.24	170%	15.24	11.14%	5.57%
3	01-01-06	R 4 363.20	R 9 849.36	126%	13.24	9.49%	5.74%
4	01-07-09	R 3 412.80	R 5 407.80	58%	9.75	6.00%	4.77%
5	01-08-13	R 15 310.20	R 19 704.96	29%	5.66	5.07%	4.24%
6	01-04-14	R 11 696.64	R 14 088.36	20%	5.00	4.09%	3.62%

INSURANCE BENEFITS

While members are below the age of 65, they are entitled to the following benefits on death and disability:

DEATH INSURANCE



Members below the age of 65 are covered for the following death benefits to be paid to their beneficiaries:

- A lump-sum equal to 2 x pensionable salary plus their share in the Fund.
- A pension to the spouse equal to 30% of the member's pensionable salary at date of death
- A pension to children equal to 7,5% of the member's pensionable salary at date of death.

DISABILITY INSURANCE



Members who, at the discretion of the Board and the Fund's re-insurers, qualify for a disability benefit will be entitled to the following:

- 75% of their Pensionable Salary at date of disablement up to R10 000, plus
- 60% of their Pensionable Salary at date of disablement between R10 000 and R30 000, plus
- 50% of their Pensionable Salary at date of disablement in excess of R30 000.

This is subject to a maximum of the lesser of R190 000 per month or their average monthly Salary applicable immediately prior to disablement.

Pensionable Salary is the salary on which the member's pension contributions were based, as provided to the Fund by the Employer.

WITHDRAWAL BENEFITS

Members who are below the age of 65 (Normal Retirement Age) and who **resign**, are **dismissed** or are **retrenched**, will become Deferred Members within the ELC Pension Fund, until such time that they notify the Fund of their decision to move their savings elsewhere.

Members have the following options regarding their pay-out:

- They can preserve their money within the ELC Pension Fund, called Deferring.
- They can transfer their money to a Preservation Pension Fund or Retirement Annuity Fund, tax free.
- They can transfer their money to their new employer's retirement fund.
- They can take their money in cash.

Members who have already reached Normal Retirement Age of 65 may not withdraw (resign) from the Fund, they may only **retire** from the Fund, meaning that their pension will be paid by the ELC Pension Fund and their retirement will be in terms of the pension rules of the Fund.

All benefits are subject to taxation according to the current tax regime.

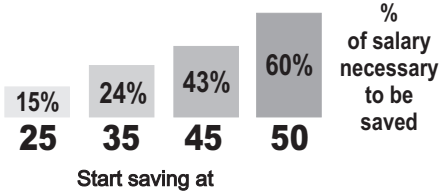
DEFERRED PENSIONERS

If a member decides to preserve their share within the ELC Pension Fund, they become a **Deferred Pensioner**. Deferred members have access to quality investment managers at a nominal fee and are freed from having to make tough investment decisions. Their share will earn the monthly investment returns earned by the fund, as our active members do.

Deferred pensioners do not make contributions towards their share and also do not contribute towards death and disability reinsurance and are therefore no longer covered for death and disability benefits.

IT'S NEVER TOO LATE TO START SAVING!

Alongside is a rough indication of the percentage of annual salary that needs to be saved according to the





RETIREMENT BENEFITS

Retirement should be the best years of one's life rather than a time of financial uncertainty. The ELC Pension Fund offers members a life-long pension, giving them peace of mind that they as well as their spouse, will have an income for as long as they live.

The benefits of this type of pension are as follows:

- Guaranteed income for life
- Guaranteed income for the member's spouse for life
- The income does not reduce
- The income will receive annual increases according to the Fund's Pension Increase Policy.

Normal Retirement Date is the last day of the month during which the member attains age 65. Once a member has reached age 65 years they will not be able to withdraw from the Fund – they may only retire from the Fund.
Early Retirement can be taken from age 50 years and **Late Retirement** until 70 years with the employer's consent.

On retirement, the Fund's Actuary will calculate the amount of the life-long pension that can be bought by the value of the member's share.
Should the share be less than the limit set by relevant legislation from time to time (currently R247 500), the whole amount can be taken as a lump-sum cash payment. If it is greater than this limit then the member may elect to take ***one third*** of their share as a cash lump-sum. This amount may be subject to tax. The remaining ***two thirds*** will be used to fund a life-long pension from the Fund, as calculated by the Actuary.

BENEFITS ON DEATH OF A PENSIONER

A pension is paid to the pensioner as long as they live. On their **death**, if there is a ***qualifying spouse*** (according to the rules of the fund and who was provided for in the pension calculation), a pension of 75% of the pension at date of death will be paid to such spouse. ***Dependant children*** will qualify for a children's pension as provided for in the death benefits for Active Members. The pension to the qualifying spouse will be paid as long as he/she lives. If on the death of the surviving spouse there are dependent children, the children's pension will be doubled.

PENSION INCREASE POLICY

The Pension Increase Policy of our Fund aims to provide an increase of 80% of the increase in the Consumer Price Index, subject to a maximum of what the Fund can afford.

This means that the Fund will aim to increase pensions by at least 80% of the current CPI each year, as long as the Fund is in the financial position to do so.

ELC PENSION FUND CONTACT DETAILS

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Should a dispute arise, the Rules, current legislation and Policy documents of the ELC Pension Fund will take precedence.

Complied in October 2018; subject to change.