ELC PENSION FUND

ESTABLISHED BY UNITED EVANGELICAL LUTHERAN CHURCH IN SOUTHERN AFRICA

2022
TRUSTEE REPORT

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INTRODUCTION

The Board of Trustees of the ELC Pension Fund have pleasure in presenting their report to you, our valuable members and employers, for the 2022 financial year. This report provides you with an overview of the activities, management, administration and investments of the Fund during the year.

YOUR TRUSTEES AND OFFICERS

BOARD OF TRUSTEES

The Board of Trustees of the Fund is constituted in terms of the registered rules of the Fund and the Pension Funds Act. The Trustees currently in office are:

Mrs Carmen Westermeyer	(Independent)
Bishop Gilbert Filter	(Employer)
Mr Karsten Muller	(Independent)
Mr Volker Kruger	(Independent)

APPOINTED OFFICERS

CHAIRPERSON:	Mrs C Westermeyer
PRINCIPAL OFFICER:	Ms I Rowe
INFORMATION OFFICER:	Ms I Rowe

Each Trustee has an area of expertise that adds value to the governance of the Fund. The Board of Trustees meet at least twice each year to review the legal, benefit, financial, investment and governance framework of the Fund.



SERVICE PROVIDERS

ACTUARY	Mr G Myburgh
AUDITORS	PriceWaterhouseCoopers Inc.
INSURERS	Sanlam Partly insures our death and disability benefits
ASSET MANAGERS	Allan Gray, M&G, Ninety One, Colourfield and Dimensional Asset Managers.

OTHER ROLE PLAYERS

OFFICE OF THE PENSION FUNDS ADJUDICATOR	The ombud established to resolve complaints, at no charge to complainants, relating to all retirement funds. The contact details are : Tel: 012 748 4000 Email: enquiries@pfa.org.za
FINANCIAL SECTOR CONDUCT AUTHORITY	The regulatory authority established to ensure compliance by the Fund with the registered rules and all relevant laws.

MEMBERSHIP

As at 31 December 2022 there were 20 Participating Employer Organisations in the Fund, 178 Active Members, 31 Deferred Pensioners and 216 Pensioners.

ACTIVE MEMBERSHIP

The following active membership changes have taken place during 2022:

Active Members as at 1/1/2022	**187**
New Entrants	36
Resignation	(5)
Dismissals	(15)
Retrenchments	(3)
Transfers Out	(3)
Retirements	(2)
Deferment	(16)
Deaths	(1)
Disabilities	0
Active Members as at 31/12/2022	**178**

ACTIVE MEMBERSHIP

Working members who make monthly contributions to their retirement savings.

DEFERRED MEMBERSHIP

The following deferred membership changes have taken place during 2022:

Deferred Members as at 1/1/2022	**20**
Transferred from Active Membership	16
Withdrawals	(5)
Deaths	0
Deferred Members as at 31/12/2022	**31**

DEFERRED MEMBERSHIP

Members who are no longer in the employ of one of our participating employers whose savings remain invested in the Fund to continue growing with interest.

NOTE TO DEFERRED MEMBERS

The Fund is required to provide members who leave the employ of one of our participating employer organisations and whose benefit is transferred to our Deferred Pensioners (or Paid-Up) Section with a "paid-up" certificate within 60 days of leaving the employ of their employer.

In order to ensure that this certificate reaches you, please ensure that the correct forwarding details are provided to the Fund.

Should you have not received your paid-up certificate, please contact the Fund for a copy. Our contact details can be found at the end of this report.

PENSIONER MEMBERSHIP

Retired members, members in receipt of a disability pension or dependents of deceased active members who receive a monthly pension from the Fund.

PENSIONER MEMBERSHIP

The following pensioner membership changes have taken place during 2022:

Pensioners as at 1/1/2022	**226**
New Retirements	2
New Spouses Pensions	1
New Child pensions	4
Pensioners deceased	(10)
Child pensions ceased	(7)
Pensioners as at 31/12/2022	**216**

CONTRIBUTIONS

YOUR CONTRIBUTIONS

All active members contribute 7.5% of their salary towards their retirement savings each month.

YOUR EMPLOYER'S CONTRIBUTIONS

Your employer pays one of the following contributions to the Fund on your behalf:



Each of the above contributions include 4% that is allocated towards the cost of death and disability reinsurance and administration expenses. The remaining percentage is allocated to your retirement savings.

ADDITIONAL VOLUNTARY CONTRIBUTIONS

You are allowed to make additional voluntary contributions to your retirement savings. This can either be a fixed percentage of salary, a rand amount (e.g. R250) or an annual lump-sum (e.g. R5000).

Your additional contributions have to be made through your employer payroll. Speak to you employer if you wish to make these additional contributions.

Additional contributions form part of your tax deductible allowance and so allow you to receive a small rebate on your taxes. The tax deductible allowance is up to 27.5% of your taxable remuneration, capped at R350 000 per annum.



INVESTMENTS

ACTIVE & DEFERRED MEMBER ASSETS

The assets in respect of our active and deferred members are invested with Allan Gray, M&G, and Ninety One Investment Managers. In 2022 active and deferred members earned a return of 3.98%. Below is a summary of the Fund's investment portfolios for the active members and their returns for 2022:

Portfolio	Balance as at 31 December 2022	Return for 2022
Allan Gray Balanced Portfolio	R 61 388 808	9.05%
M & G Balanced Fund	R 62 862 047	3.41%
Ninety One Balanced Fund	R 67 560 887	0.21%
Total	**R191 811 742**	**3.98%**

Below is a summary of the annual returns allocated to members over the past 6 years:

Year	Return
2017	11.26%
2018	-2.00%
2019	7.85%
2020	4.20%
2021	20.82%
2022	3.98%

Below are the monthly returns credited to members for 2022:

Month	Return	Month	Return
Jan	-0.1250%	**July**	2.7347%
Feb	1.2676%	**Aug**	-0.3922%
March	-0.5473%	**Sept**	-2.1372%
April	-0.8932%	**Oct**	4.6667%
May	0.6482%	**Nov**	3.7052%
June	-4.1165%	**Dec**	-0.5682%



PENSIONER ASSETS

Pensioner assets are invested primarily in a liability driven investment portfolio in order to ensure that positive returns are guaranteed to a high degree, even in low growth environments. This aims to help ensure that regular inflationary pension increases can be granted to our pensioners, in line with our pension increase policy, even when the markets are volatile.

LIABILITY DRIVEN INVESTMENT (LDI)

an approach that focuses the investment policy and asset allocation decisions on matching the current and future liabilities of the pension plan.

Below is a summary of the Fund's investment portfolios for the pensioner members and their asset allocations as at 31 December 2022:

Portfolio	Balance as at 31 December 2022	% Allocation
Colourfield Liability Solutions	R 123 656 817	77.0
Ninety One SA Equity Fund	R 16 793 387	10.5
Dimensional Fund Solutions	R 20 153 589	12.5
Total	**R160 603 793**	**100**

PENSION INCREASE 2022

The pension increase policy of the Fund aims to provide pension increases equal to 80% of inflation, subject to what the Fund can afford.

Because the Fund was in a healthy financial position, an increase equal to inflation of 5.88% was granted from 1 June 2022.

RULE AMENDMENTS

There were no rule amendments made during 2022.

YOUR GROUP LIFE BENEFITS

Your employer contributes 4% of your salary towards Group Life Benefits. These benefits are for death and disability and are only available to active members who are below the age of 65.

IF YOU BECOME DISABLED

If you become disabled, and this is approved by the re-insurers, you will become entitled to a pension calculated as follows:

75% of your **Fund Salary** up to R10 000
+
60% of your **Fund Salary** between R10 000 and R30 000
+
50% of your **Fund salary** above R30 000.

IF YOU DIE

If you die while in service and below the age of 65 your beneficiaries will receive:

A lump-sum of : 2 x your annual Fund Salary plus your Fund Credit
+
A spouse pension of 30% of your Fund Salary at date of death *
+
A child pension of 7.5% of your Fund Salary at date of death *

*subject to terms and conditions. Please contact the Fund offices for more information.

Fund Salary is the salary on which your contributions are based.

If you are an **Active Member above the age of 65**, you will receive the following should you die in service:

A lump-sum equal to one third of your Fund Credit at date of death. The remaining two thirds of the Fund Credit are used to fund a spouses pension.

What you need to do:

Fill out a beneficiary nomination form every time your circumstances change, for example, when you get married or divorced, a beneficiary dies or you have a child. It will only take 10 minutes of your time and could save your family months of frustration.

Make sure your nominations add up to 100%

Allocate 0% to any dependents that you do not want to receive a benefit and provide a reason to the Trustees for this decision.

LIVING ANNUITY VS LIFE ANNUITY

A flexible retirement income which allows the pensioner to determine their monthly income. The higher the monthly income taken, the faster the funds will run out.

A guaranteed income, paid for life, which never decreases. The pension is calculated by the Fund and not chosen by the pensioner. Usually subject to annual increases.

FINANCIAL LEGACY

It is often wrongfully assumed that life annuities do not allow one to leave a financial legacy for those you leave behind. Both life and living annuities allow you to leave a financial legacy: The balance left in a living annuity is automatically paid out to your beneficiaries, whereas with a life annuity you leave behind an income legacy, providing your spouse with a life-long pension and qualifying dependents with a pension that keeps up with inflation.

Deciding what retirement plan to take can be very confusing. Does one take a living annuity or a life annuity? Below is a comparison of the 2 options:

Objective	Life Annuity	Living Annuity
Flexibility to choose income value	✗	✓
Income for life	✓	✗
Income that will never decrease	✓	✗
Protection from inflation	✓	✗
Ability to leave a financial legacy	✓	✓

On withdrawal it is important that you obtain advice from a qualified professional. In terms of the Financial Advisory and Intermediary Services Act, the professionals must be licensed (i.e. meet the qualification criteria as set out by the Financial Sector Conduct Authority), and they must provide you with their recommendation in writing.



ANY QUESTIONS?

If you have any questions about the content of this document, you can contact the Fund on:

Tel: (033) 346-1034 **Fax:** (086) 658 7804

Email: ilene@elcpensionfund.co.za or ursula@elcpensionfund.co.za

Registered address: 28 Varley Rd, Hayfields, Pietermaritzburg, 3201

To view the policy documents of the Fund visit our website:
ww.elcpensionfund.co.za

Should a dispute arise the Rules and Policy Documents of the ELC Pension Fund will take precedence.

We are moving towards a fully paperless environment. As such we will no longer be making colour copies of our reports available, these will be available in electronic format only. We are however also cognisant of the fact that some of our members still require paper copies. For those members we will now only be making black and white copies of the report available.