2023
TRUSTEE REPORT

ELC PENSION FUND

ESTABLISHED BY UNITED EVANGELICAL LUTHERAN CHURCH IN SOUTHERN AFRICA

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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 2023 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

VALUATOR

SNG ARGEN actuarial solutions

MR G MYBURGH

INSURERS

Sanlam

PARTLY INSURES OUR DEATH AND DISABILITY BENEFITS

AUDITORS

pwc

PRICEWATERHOUSE COOPERS INC

ASSET MANAGERS

ALLAN GRAY
LONG TERM INVESTMENT MANAGEMENT

M&G Investments

Ninety One

colourfield

Dimensional

OTHER ROLE PLAYERS

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

The regulatory authority established to ensure compliance by the Fund with the registered rules and all relevant laws.

MEMBERSHIP

As at 31 December 2023 there were 20 Participating Employer Organisations in the Fund, 172 Active Members, 24 Deferred Pensioners and 210 Pensioners.

ACTIVE MEMBERSHIP

The following active membership changes have taken place during 2023:

Active Members as at 1/1/2023	**178**
New Entrants	19
Resignation	(8)
Dismissals	(2)
Retrenchments	-
Transfers Out	(3)
Retirements	(3)
Deferment	(7)
Deaths	(2)
Disabilities	-
Active Members as at 31/12/2023	**172**

DEFERRED MEMBERSHIP

The following deferred membership changes have taken place during 2023:

Deferred Members as at 1/1/2023	**31**
Transferred from Active Membership	7
Withdrawals	(11)
Transfers Out	(1)
Deaths	(2)
Deferred Members as at 31/12/2023	**24**



PENSIONER MEMBERSHIP

The following deferred membership changes have taken place during 2023:

Pensioners as at 1/1/2023	**216**
New Retirements	3
New Spouses Pensions	3
New Child Pensions	1
Deaths	(11)
Child pensions ceased	(2)
Pensioners as at 31/12/2023	**210**

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 your employer if you wish to make these additional contributions.

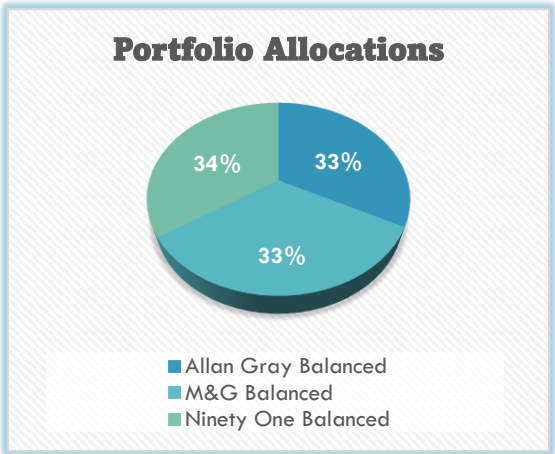
Additional contributions form part of your tax deductible allowance and so allow you to receive a small rebate on your taxes. The tax deductible allowance is up to 27.5% of your taxable remuneration, capped at R350 000 per annum.

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 2023 active and deferred members earned a return of 11.11%. Below is a summary of the Fund's investment portfolios for the active members, their returns for 2023 and the portfolio allocation at year end:

Portfolio	Balance as at 31 December 2023	Return for 2023
Allan Gray Balanced Portfolio	R 65 894 328	13.65%
M & G Balanced Fund	R 64 953 497	11.99%
Ninety One Balanced Fund	R 68 304 388	7.99%
Total	**R199 152 213**	**11.11%**



Despite being the worst performer for the year, Ninety One still have a slightly higher asset allocation due to them being our strongest performer for a few years. The board of trustees are monitoring their performance closely.

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

Year	Return
2018	-2.00%
2019	7.85%
2020	4.20%
2021	20.82%
2022	3.98%
2023	11.11%

Below are the monthly returns credited to members for 2023:

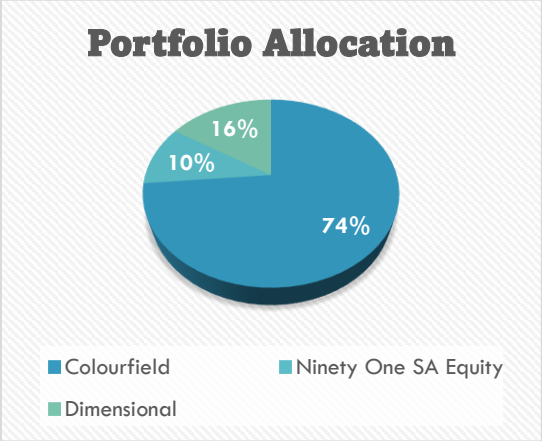
Month	Return	Month	Return
January	5.8037%	**July**	0.6590%
February	0.0826%	**August**	0.0441%
March	-1.7179%	**September**	-2.7906%
April	2.4468%	**October**	-2.4167%
May	-1.2847%	**November**	6.9800%
June	1.2452%	**December**	2.0326%

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.

Below is a summary of the Fund's investment portfolios for the pensioner members, their returns and portfolio allocation as at 31 December 2023:

Portfolio	Balance as at 31 December 2023	Approx. Return for 2023
Ninety One SA Equity	R17 212 322	2.49%
Dimensional Asset Managers	R26 349 880	30.75%
Colourfield	R121 331 918	8.05%
Total	**R164 894 120**	**11.10%**



PENSION INCREASE 2023

The pension increase policy of the Fund aims to provide pension increases equal to 80% of inflation, subject to what the Fund can afford.
An increase in line with the policy was granted from 1 June 2023. This amounted to 5.76%

RULE AMENDMENTS

There were no rule amendments made during 2023.

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.

DISABILITY BENEFITS

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.

DEATH BENEFITS

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.

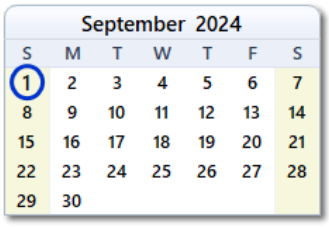
What you need to do:



TWO-POT RETIREMENT SYSTEM

Big changes are coming to the South African retirement system. These changes aim to ensure your money is preserved until you retire while at the same time allowing you to access some of it in an emergency before you retire.

IMPLEMENTATION DATE: 1 September 2024



Your future contributions will be divided into **2 POTS**: A **SAVINGS POT** and a **RETIREMENT POT**. Contributions saved up to 31 August will be kept in a third pot – a **VESTED POT**. Different rules will apply to each pot. Here's how it will work:

Retirement Savings on 31 August 2024

Your Fund will do a once-off compulsory transfer of 10% of your retirement savings as at 31 August 2024 (capped at R30 000) to your **Savings Pot**. The remainder will be your **Vested Pot**.



Vested Pot

- This money will still follow the old retirement fund rules.
- If you leave your employer you can:
  - Stay as a paid-up member of the Fund.
  - Take this money in cash
  - Transfer this money to another fund.

REMEMBER

You'll be borrowing from your future self if you access your Savings Pot. The money you don't spend you will have when you retire.



Retirement Contributions from 1 September 2024

Your retirement contributions will be split into 2 components (pots). 1/3 will be allocated to your **Savings Pot** and 2/3 will be allocated to your **Retirement Pot**.



Savings Pot

YOUR LUMP-SUM AT RETIREMENT

- Will have an opening balance equal to the lesser of 10% of your savings on 31 August 2024 or R30 000.
- 1/3rd of your retirement funding contributions are allocated to this pot.
- In an emergency, you can withdraw a minimum of R2 000 once per tax year.
- Withdrawals from this pot will be included as taxable income & taxed at the applicable rate.
- The amount left in this pot can be taken as cash when you retire.

Retirement Pot

YOUR INCOME AT RETIREMENT

- 2/3rds of your retirement funding contributions are allocated to this pot.
- Nothing can be withdrawn from this pot. The money has to remain invested until your retirement.
- This money will be used to buy a pension when you retire.
- If the total amount of this pot at date of retirement is less than R165 000 then the entire amount may be withdrawn as a lump sum.



Meet Joel...

Joel has **R100 000** in his retirement savings on **31 August 2024** and his monthly retirement contributions are **R600**.

EXAMPLE 1

31 August 2024



Vested Pot

- R10 000 (10% of R100 000) is transferred to the Savings Pot, leaving R90 000 in the Vested Pot.
- No further contributions are made to this pot.

1 September 2024



Savings Pot

- Opening balance = R10 000
- R200 of the R600 monthly contributions are allocated to this pot.
- 1 withdrawal per year allowed in case of emergency.

Retirement Pot

- Opening Balance = R0
- R400 of the R600 monthly contributions are allocated to this pot.
- Remains invested until he retires.

EXAMPLE 2

Meet Rachel...

Rachel has **R500 000** in her retirement savings on **31 August 2024** and her monthly retirement contributions are **R1 200**.



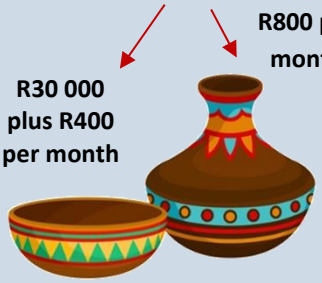
31 August 2024



Vested Pot

- R30 000 (10% of R500 000 capped at R30 000) is transferred to the Savings Pot, leaving R470 000 in this pot.
- No further contributions are made to the Vested Pot.

1 September 2024



Savings Pot

- Opening balance = R30 000
- R400 of the R1 200 monthly contributions are allocated to this pot.
- 1 withdrawal per year allowed in case of emergency.

Retirement Pot

- Opening Balance = R0
- R800 of the R1 200 monthly contributions are allocated to this pot.
- Remains invested until she retires.

LONG TERM IMPACT OF ACCESSING YOUR SAVINGS POT

Making withdrawals from your savings pot may have a bigger impact than you realise as you miss out on the power of compound interest.

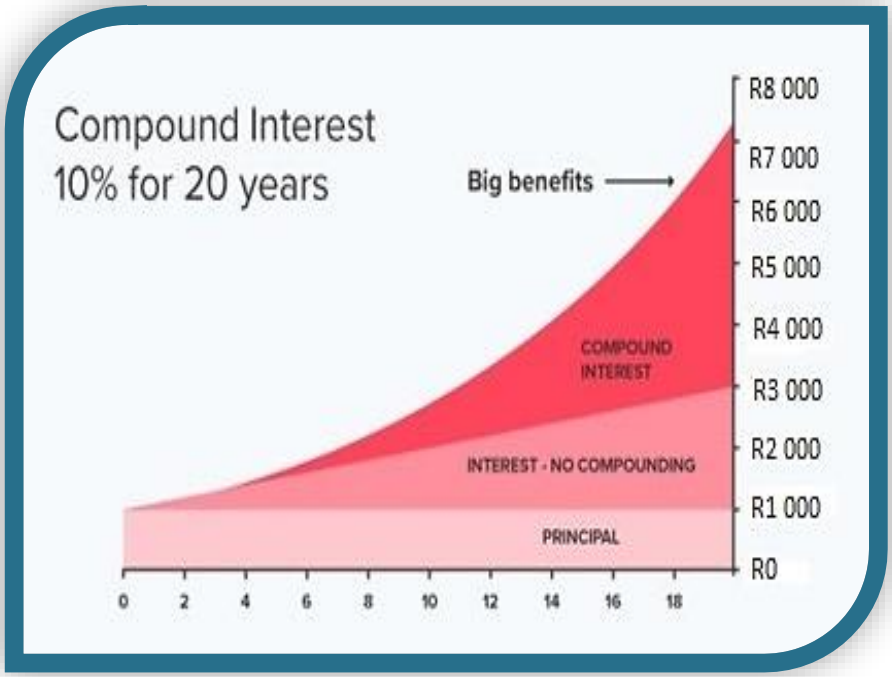
Often referred to as the **Eighth Wonder of the World**, compound interest means that you earn interest today on the interest you earned yesterday, over and above the amounts you contribute towards your retirement.

EXAMPLE

You plan to retire at 65 and withdraw R50 000 from your savings pot at the age of 35 to spend on a holiday.

If you had left this R50 000 invested until you turn 65, it could have reached a value of up to R870 000.

This is a big loss. Think twice before making withdrawals from your retirement savings!



IMPORTANT TO REMEMBER

3 POTS, BUT 1 ACCOUNT

The 3 pots cannot be separated & are considered to be 1 account in the member's name. When leaving a Fund, the pots all have to be moved together to the new Fund if not leaving it paid up in the old Fund.

DRAFT

The new proposed Two-Pot system is still in draft form and until finalised it's details could change.



AGE 55+

Provident fund members who were older than 55 as at 1 March 2021 have the option to stay and continue contributing to their vested pot or start contributing to their new savings and retirement pots.

FEES ON WITHDRAWALS

It will be best to draw from your savings pot only in an emergency. If you withdraw from your Savings Pot, you may have to pay an administration fee and be charged tax based on your marginal tax rate.

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.