

**MEMBER NEWSLETTER MARCH 2018**

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### WELCOME

*Happy New Year and welcome back! We hope each of you enjoyed the holiday season, and were able to spend quality time with family and friends. Time away from our everyday tasks can be remarkably restorative and help us to reflect on the year that was, and to look forward to new opportunities and challenges ahead.*

*We are confident that, as always, you return to work with renewed enthusiasm and vigour.*

During our life there are certain events or milestones that define and ultimately shape our future. When you think back on your life you will highlight events such as: the day you completed school, the day you graduated or the day you got married or the birth of your first child.

There are so many varying opinions on the keys to success and leading a meaningful, happy, and fulfilling life. Working hard, having discipline, and sacrificing are just a few examples. One of the integral factors necessary to be successful at anything is planning. An important date that will form part of your time line in the future, is the day you retire.

The choices you make today on saving and planning for retirement will have a direct impact on your future financial independence. Please read our interesting articles on this topic and more in this newsletter.



### CONGRATULATIONS TO OUR WINNERS!

During the recent Annual General Meeting of the Fund two members each won an electric sandwich press toaster. Cindy Mgaga and Melinda Myburgh won the Lucky Draw for completing their Beneficiary Nomination Form and updating their personal information during the year. Congratulations ladies!

Shown in the picture above are Winners; Cindy Mgaga (left) and Melinda Myburgh (right) with the sandwich toasters they won at the AGM.

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## SMS COMPETITION IN GMRF CONNECT SEPTEMBER 2017

Thank you to the members who participated in the SMS competition.

The Fund updated its records with your cellphone numbers for future communication to you.

Congratulations to the three winners whose names were drawn at the AGM on 15 November 2017:



Pinky Tsotetsi



Lorenzo Arendse



Samuel Ndou

## RECOGNITION TO LOYAL/ACTIVE MEMBERS

The Fund wishes to give recognition to two Fund members for their positive attitude towards the Fund and their word of mouth marketing of the GMRF which have culminated in many new employees joining the Fund. They are:

**Mr. Ntodiseni Samuel Ndou and Mr. Moses Mokoena.**

**Samuel Ndou**, a General Worker at the Moleleki Clinic in Katlehong, joined the Fund on 1 July 2014 as a proud employee of the City of Ekurhuleni and a happy member of the GMRF. During a recent discussion with him, he was asked two questions:

**Why are you so passionate about the Fund (GMRF)?**

**Samuel:** It is an open Fund where I can go any time, where I feel comfortable, and welcome. I always receive friendly and good service. I know the value of my money in the Fund because they communicate with members and provide us with our benefit statements and other documentation and have two meetings with us every year. My money is growing and you and your staff members are also passionate about your work and the Fund.

**What is your recipe/advice for success?**

**Samuel:** Divine Power plus manpower = Success (Pray first then take action and you will be successful).

**Moses Mokoena**, a Traffic Warden in the EMPD, joined the Fund on 2 January 2017 after being a Peace Cop since 2014. He was also asked two questions on the day that his photo was taken:

**Why are you so passionate about the Fund (GMRF)?**

**Moses:** This is an "old Fund" with a lot of experience and with a very good name in the Municipality. I witnessed the efficient and trouble free service rendered to the families of two colleagues (Fund Members) who passed away.

The families were so happy with the one stop and friendly service. They got the same service that I get when I visit the Fund office.

**What is your recipe/advice for success?**

**Moses:** Invest for retirement and in the education of your children. Keep on learning and gaining experience to better your own life and that of your children.

**It is active and humble members such as Mr. Ndou and Mr. Mokoena who help to grow your Fund to the benefit of all the members.**



Samuel Ndou



Moses Mokoena



## LIMITED IMPACT OF STEINHOFF INTERNATIONAL HOLDINGS ON FUND PORTFOLIOS

The recent significant market events related to Steinhoff International Holdings and its subsidiaries, confirms the importance of the multi manager approach, which leads to sufficient diversification (not keeping all your eggs in one basket) to protect against such events.

Since the start of the Steinhoff collapse on 1 December 2017 until 31 January 2018, the impact on the Fund's performance in the portfolios were as follows:

● Market Portfolio	-1.4%
● Stable Portfolio	-0.3%
● Money Market	-0.2%

The negative performance is not necessarily of a permanent nature since most of the asset managers did not sell off their Steinhoff holdings. They are awaiting the outcome of various investigations, more clarity on the extent of the damage and on the way forward from the new management.

The Steinhoff incident was indeed an extraordinary one, which had potential to cause permanent loss of capital to investors overly exposed to the share. However, due to the benefit of diversification, the near collapse of the Steinhoff share price did not destroy members' capital.

## EFFECT OF VICEROY REPORT ON CAPITEC BANK SHARE PRICE

The Capitec Bank share price was also very volatile over the last 3 months due to the negative Viceroy report. The Fund's only exposure to Capitec Bank in the Market Portfolio as at 31 January 2018 was 0.24% and this exposure contributed positively to the investment performance by 0.02% after the stabilization of the share price.

## NASPERS

Another share of interest is Naspers which was and still is the most significant driver of the Swix Index on the Johannesburg Stock Exchange. This share that is held by managers in the Market and Stable Portfolios is closely watched by the investment managers who are gradually reducing their holdings in Naspers.

The impact of the Naspers holdings on the performance over the period 1 December 2017 to 31 January 2018 was as follows:

● Market Portfolio	-0.38%
● Stable Portfolio	-0.09%

Nobody knows what the future holds and therefore diversification is always important. The Germiston Municipal Retirement Fund is appropriately diversified; using different asset classes, different geographical locations (local and offshore investments), different asset managers and different shares. **Members therefore have no reason to panic.**

## DIVERSIFICATION

*The practice of spreading money among different investments to reduce risk is known as diversification.*

## NEW 'DEFAULT' REGULATIONS

On 25 August 2017, the Minister of Finance issued the final 'default' regulations to the Pension Funds Act ('regulations').

The regulations aim to improve the retirement outcomes for members by ensuring that they get good value for their savings and retire comfortably. The regulations require all retirement funds in South Africa to offer:

- ✓ ***A default preservation strategy;***
- ✓ ***A default investment strategy;***
- ✓ ***An annuity strategy.***

### DEFAULT PRESERVATION STRATEGY

The regulations require trustees to offer a default in-fund preservation arrangement to members who leave the service of a participating employer before retirement.

Fund Rules will need to be amended to allow for resigning employees to automatically leave their accumulated retirement savings in the fund. However, members will have the right to opt out of the Fund and withdraw their fund credit in cash or to transfer to any other fund.

Employees must obtain retirement benefit counselling before they make a decision to take cash or transfer the benefit. Paid up membership certificates must be issued within 2 months after a fund becomes aware that a member has left the service of the employer.

### DEFAULT INVESTMENT STRATEGY (PORTFOLIO)

The regulations require trustees to offer a default investment portfolio(s) to contributing members who do not exercise any choice regarding how their contributions should be invested.

The investment portfolio(s) that members are defaulted into should be appropriate, reasonably priced, well communicated to members, and offer good value for money. Trustees are required to monitor investment portfolios regularly to ensure continued compliance with these principles and rules. They must also consider active and passive options.

The Fund is already compliant with this regulation since it offers members investment choice between the three investment portfolios (Market, Stable and Money Market) and members who do not exercise any choice are automatically invested in the Fund's Life Stage Model.

## ANNUITY STRATEGY

For retiring members, a fund should have an annuity strategy with annuity options to choose from if the member doesn't want to withdraw all his funds or transfer to any other annuity of his/her choice.

The two main categories of annuities to be provided are:

**1) Living Annuities:** Where the retired member manages his/her own funds in consultation with an investment advisor which provides for an income/withdrawal rate of 2.5% to 17% of the capital amount per year. There are no guaranteed income/pension in a living annuity and the capital can be depleted.

**2) Life Annuities:** There are various types to choose from. The retired member will receive an agreed upon income/pension variant which is guaranteed for life and it can be enhanced to also guarantee an income for life to the spouse of the pensioner/member.

A life annuity, once chosen or defaulted into, becomes irreversible. To better manage this irreversibility, retiring members can only move into an annuity with their consent. This election by the retiring member makes the purchase of an annuity a "soft default" by having the member "opt-in" instead of "opting-out". The annuity should also be appropriate for members, well communicated and offer good value for money.

Members should be given access to retirement benefits counselling not less than 3 months before their normal retirement date. Trustees must review the annuity strategy at least annually. The aim is to provide a service to members after their retirement by providing them with annuity options negotiated by the Fund at costs that are lower than the retail costs charged by financial institutions to individual investors.

## IMPLEMENTATION TIMELINES

Your Fund is currently doing benchmark studies in the industry to find the best suited default products for our members. All new default arrangements must be in place by 1 March 2019.

Rule amendments to align the Fund Rules with the Default Regulation are in the process of being drafted. These amendments will be submitted to members to vote on in due course. The Fund is very excited to expand its services to our Fund members and the members are encouraged to vote in favour of the Rule amendments which will benefit retiring members and those who leave the service before retirement.



## PLAN FOR RETIREMENT

The key to achieving financial well-being is to have a clear understanding of the financial resources you have and the demands on your money that will come from the life you lead, both now and in the future. One useful way to look at your financial situation in retirement is to think about the three “growth-containers” that you will have to keep filled in order to achieve financial well-being.



### DAY-TO-DAY

This growth-container will pay for all your **day-to-day living expenses**.



### RETIREMENT DREAMS

This growth-container will pay for those **things that you dreamed of** doing in retirement.



### UNEXPECTED COSTS

This growth-container will pay for any **emergency or unexpected costs** and will also give you a sense of security through good and challenging times.

A recent study has shown that people who do well in retirement have certain factors in common:

- ✓ they had a plan for when and how they were going to retire;
- ✓ they have preserved their retirement savings during their working lifetime and have contributed sufficiently to meet their objectives;
- ✓ they're financially independent;
- ✓ they're engaged in meaningful pursuits for more than five hours a week;
- ✓ they have someone they can rely on for emotional support;
- ✓ they try to keep in good health through exercise, diet and regular checkups;
- ✓ they planned how they would spend their retirement, and how they would fund it;
- ✓ they received pre-retirement advice or education.



## ARE YOUR DUCKS IN A ROW?

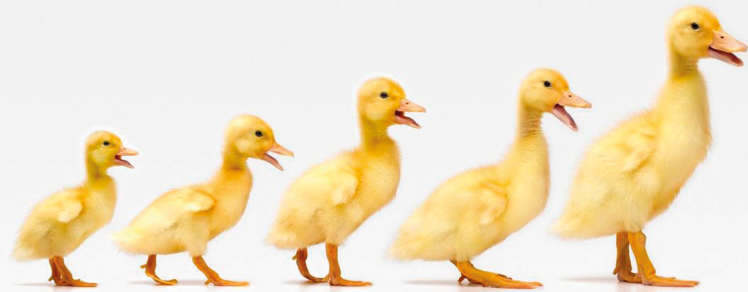
It is stressful for the family when losing a loved one and it can be overwhelming trying to find important documents which may be required immediately. Organising your Estate file correctly is the greatest gift of love that you can give your family. It will create a sense of order and direction for them when they may be immobilized by grief.

Herewith a valuable checklist of information to keep up to date in your Estate file.

### **BEREAVEMENT/EMERGENCY CHECKLIST**

*(documents listed below apply to yourself and your significant other)*

1. Certified copy of Identity Document
2. Passport
3. Birth Certificate
4. Marriage Certificate
5. Marriage Contract
6. Location of Will and Contact Details of Responsible Person (Lawyer/Bank)
7. Current Employer Contact Details
8. Proof of salary/ pay advice
9. Banking Details (Account Numbers & passwords)
10. Credit Card Details
11. Bank Loans Details
12. Investment Details
13. Stokvel Details
14. Life Insurance Details - Keep an up to date policy schedule on file
15. Fixed Property Title Deeds and Mortgage Details
16. SARS Tax Details
17. Utility / Water Bills
18. Leases or Hire Purchase Agreements
19. Rental Agreements
20. Property and Inventory Details
21. Car registration details
22. Club membership details
23. Retirement Annuity Details
24. Organ Donor Details
25. Contact person in Case of Emergency



***Organising your Estate file correctly  
is the greatest gift of love that you  
can give your family.***

***It will create a sense of order and  
direction for them when they may be  
immobilized by grief.***





## ROADSHOWS

Your Fund invites you to interact with the  
administration and trustees during

### *Road shows*

that are scheduled to take place in

**Alberton, Germiston, Boksburg, Springs,**

**Benoni, Brakpan and Kempton Park**

**on 27, 28 and 29 August 2018.**

The venues and times will be  
communicated to you in the  
July 2018 GMRF Connect.



## PHOTO COMPETITION

Please get your cameras ready and start capturing those precious Ekurhuleni moments for the Fund's photo bank.

You stand to win some cash (R100) every time that your photo may be featured in the Fund Calendar, the GMRFConnect or any other promotional material of the Fund.

You may enter photos of places, buildings and interesting people at work or at home in and around Ekurhuleni. Yes! You would receive R100 cash every time that your photo is used.

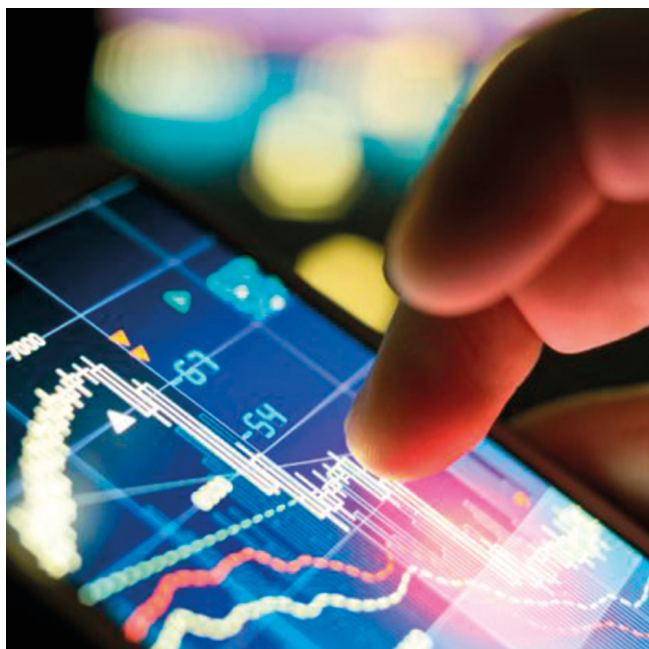
Every entry must be accompanied with your name and contact details (telephone number and e-mail address) Entries open 1 April 2018 and will close 30 September 2018.

## **DISTRIBUTION OF RULE 10.8.1 INVESTMENT INCOME SHORTFALL**

The distribution to current contributing members was finalised in October 2017. The Fund also commenced with the payment of the claim proceeds to members who exited the Fund since 1 July 2007 who were successfully traced.

There are still a number of exited members to whom allocations were made by the Board of the Fund who have not claimed their share.

Members are requested to refer ex-members who they know left the employment of the employer, since 1 July 2007, to the Fund. These members are urged to contact the Fund in order to find out if any unclaimed monies are due to them.



***The  
future  
belongs  
to  
those  
who  
prepare  
for  
it  
today***

*Malcolm X*