



RETIREMENT and
PROVIDENT FUND
ISASA



Learning

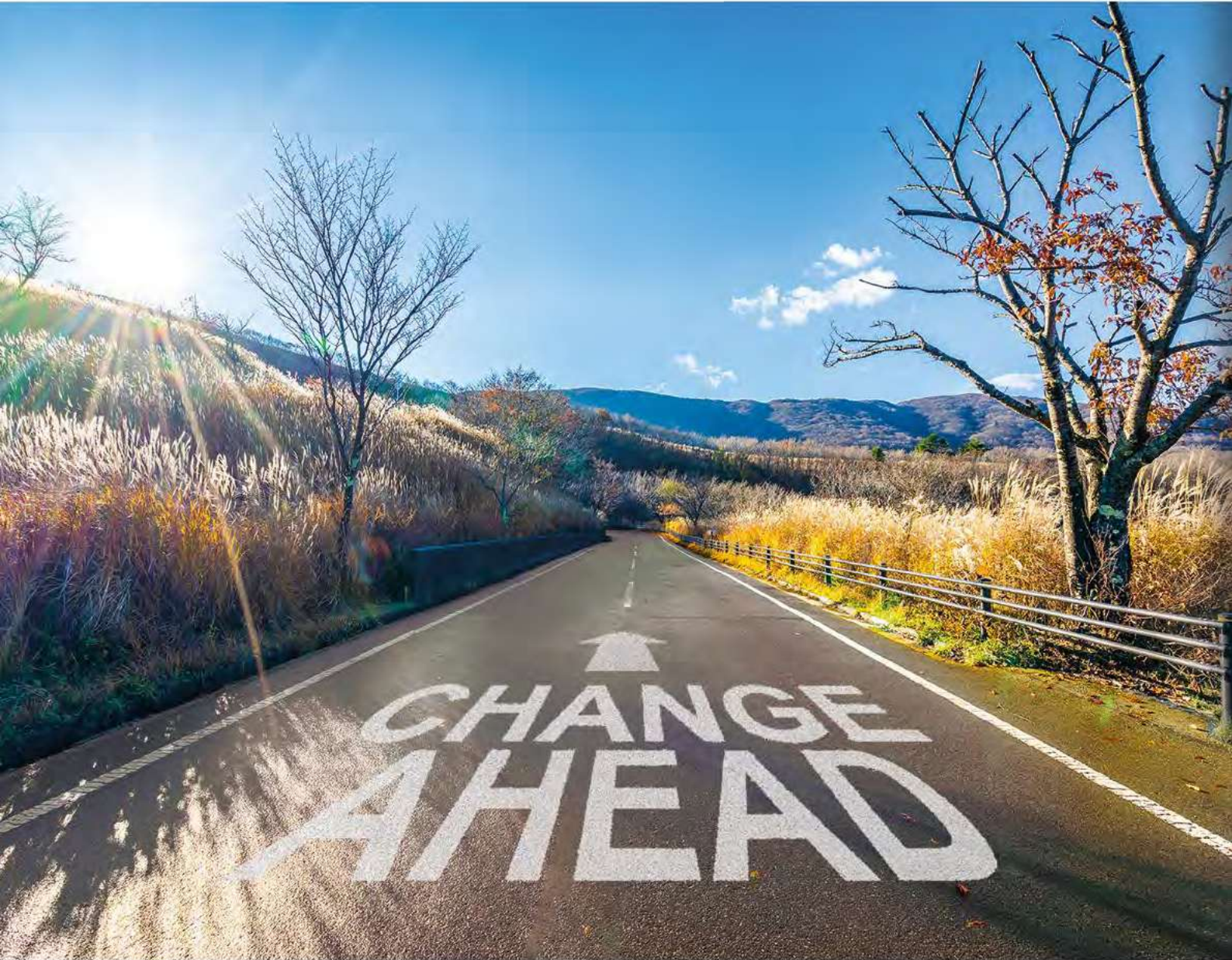


Planning



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The Independent Schools Association of Southern Africa Retirement and Provident Fund



"The only constant in life, is change" - Heraclitus

The Board of Trustees

2023 REPORT

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This Trustee Report celebrates change and explores how the Funds navigate these changes in order to provide the best possible retirement solutions to members, such that they can retire comfortably and maintain their standard of living after retirement.

Winds of Change

Heraclitus, a Greek philosopher, is quoted as saying
"change is the only constant in life".

Name change for the Pension Scheme

On 16 February 2023 the Financial Sector Conduct Authority approved and certified the official name change of the:

Independent Schools Association of Southern Africa Pension Scheme

to

Independent Schools Association of Southern Africa Retirement Fund

The new name has been entered into the register of retirement funds and will be effective across all sectors as from 1 March 2023.

Closure of the Provident Fund to new Participating Employers

The Board decided to close the Provident Fund to new Participating Employers (and members) with effect from 1 November 2022.

This decision by the Board is in light of the changes brought about (with effect 1 March 2021) by the enactment of the Taxation Laws Amendment Act, 2020, which have largely removed the previous distinctions between pension and provident funds.

As the Retirement Fund and the Provident Fund are now similar - joining these two funds may achieve further economies of scale to the benefit of Members and Beneficiaries.

Provident Fund participating schools will be transferred to the Retirement Fund via a Section 14 transfer with effect from 1 March 2024. Owing to the impending Two Pot Retirement legislation, the Board will be applying for a Blanket Section 14 application. This will allow individual schools to transfer before or after 1 March 2024 within a 12 month period. The Provident Fund will continue to exist until all participating employers (schools) have been successfully transferred to the Retirement Fund and the FSCA officially de-registers the Fund.





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Active Highlights

Total Assets
as at Feb 2023
R5.8 Billion

Membership Total
of
8883

Fund Website Facelift
with
5000
monthly visits

IRFA Award
Overall Joint
Trophy Winner
of IRFA 2022 for
Best Practice

Voluntary
Family Funeral Scheme
R24 200
member
and spouse

R746 Million
paid out in
Benefits
to Members and
Pensioners

Instagram and Facebook
to interact with members
via social media

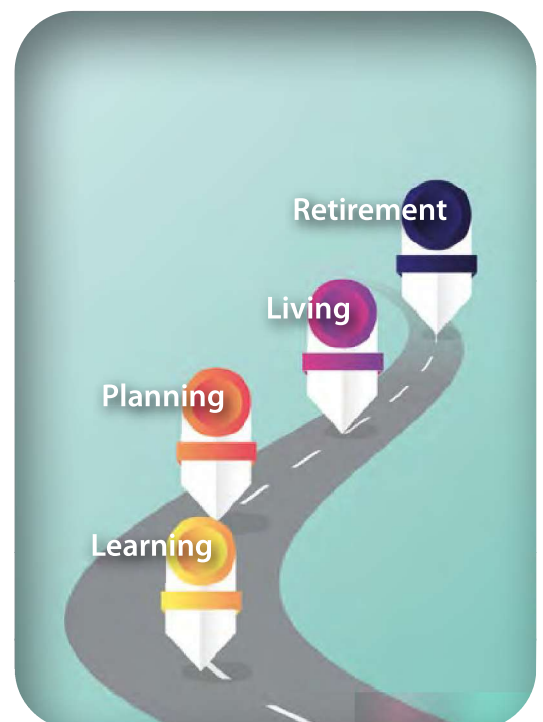
Earn **Rewards** by
learning about Money and
Your Own Finances
(Offered by Old Mutual the
Funds' administrator)

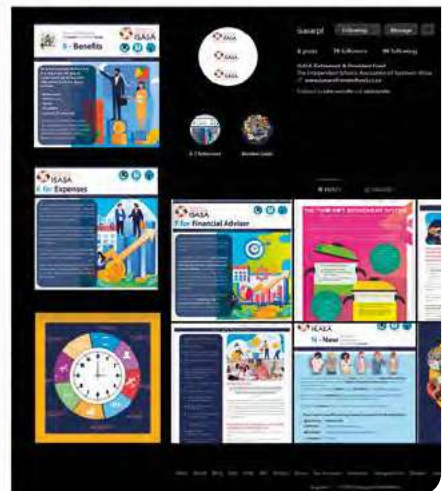
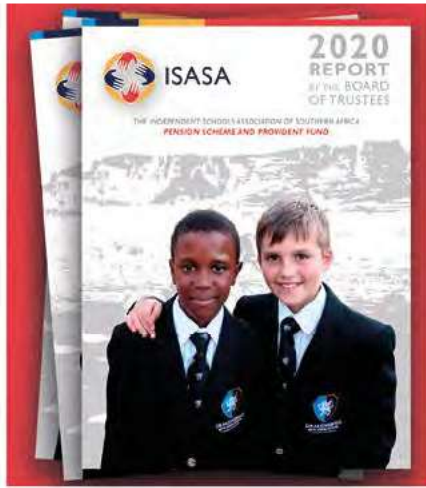
91%
of members' surveyed
feel they are treated fairly
by the Fund (2022)

WhatsApp
Interactive function
for Members' enquiries
through the Old Mutual
administration system

“

*The Fund capitalizes on its slogan
of Learning, Planning, Living.
This starts with engaging and
educating members
to learn about their Fund
and benefits, so they have the
necessary knowledge and tools to
plan for the future and
their retirement.*







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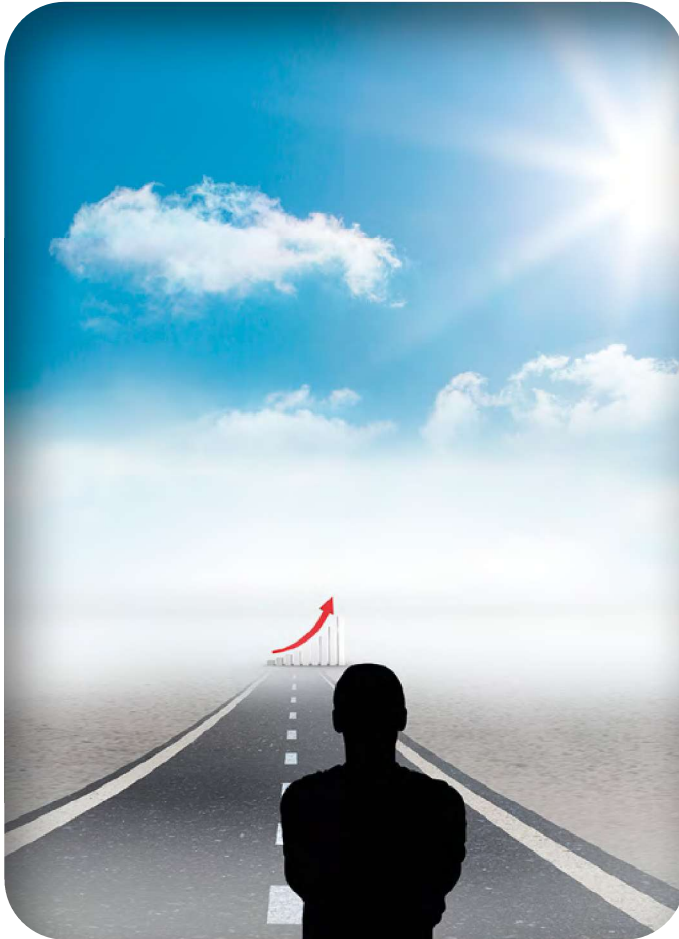
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“
*The measure
of intelligence
is the ability
to change*

- Albert Einstein

1. Introduction

The Trustees of the ISASA Retirement and Provident Fund ('the Funds') have the pleasure of presenting their report for the financial year ended 28 February 2023. This report provides you with an overview of the activities, management, administration and financial status of the Funds during the past financial year.

2. Chairman's Overview

It is my pleasure to report on the business of the Funds for the year under review. 144 Schools participated, with a total membership, including pensioners, of 8 883 as at 28 February 2023. Two new schools, Merrifield and OISESA, joined the Retirement Fund during the year.

After faltering in the fourth quarter of 2022, the South African economy expanded by 0,4% in the first quarter of 2023, narrowly avoiding a recession. The demand side of the economy registered a rise in exports, backed up by increased investment and positive government and household spending.

Despite the positive GDP reading, the level of economic activity is still 0,7%, down from the peak reached in the third quarter of 2022. Consumer inflation slowed further in May, decreasing to 6,3% from 6,8% in April. This is the lowest reading in 13 months, with food and transport inflation continuing to ease. This bodes well for interest rate cuts early in 2024.

The Funds' growth has been remarkable over the last year showing double-digit growth despite an uncertain economic outlook thanks in most part to the Funds' well-designed investment strategy and the Funds' two LifeStage investment portfolios that are specifically designed to preserve and keep members' investments safe as they near retirement.

...continued overleaf

Based on future expectations of returns from the various asset classes invested in by the Funds, the Trustees are of the view that the long-term real return performance objectives are achievable, as is evident from the 5-year and 10-year returns included in this Report.

The Trustees continually analyse the performance of the Funds' investments and regularly review the strategy to ensure it remains relevant during the prevailing market and economic environments, noting, however, that saving for retirement is a long-term goal and, consequently, the focus tends to be on the long term. Therefore, although volatility does affect returns, it should not be too concerning for members still far away from retirement.

Actuarial valuations for the Funds were performed as of 28 February 2023 and the Valuator reported that the Funds were in a sound financial position. The audit for the year ended 28 February 2023 has been finalised, and the financial statements were submitted to the FSCA.

The Funds' valuator also reported that, as of 28 February 2023, the Pensioner Account was in a sound financial position. The Board approved a 4% pension increase with effect from 1 September 2022. Based on the position of the Pensioner Account, the Trustees were comfortable that a 4% increase in pensions was affordable and sustainable for the Retirement Fund. Once an increase is granted, it is payable for the lifetime of each pensioner.

Member communication remains a top priority for the Funds. The most popular communication channels remain the Funds' annual benefit statement, the Funds' website and the Your Life (for members) and Living the Golden Years (for retirees) newsletters. During the year an Instagram page was created for the Funds. The various communication documents produced are available on the Funds' website at www.isasaretirementfund.co.za and on the Funds' Facebook page.

The Board works tirelessly to protect your interests, improve control and operations, and save costs on your behalf. The Funds' member research for 2023 is currently underway.

The two-pot system is set to go ahead on 1 March 2024 and is intended to marry the opposing concepts of access and preservation. On the one hand, it should ensure that members retire better, preserving their benefits until retirement (not taking their benefits in cash when they leave employment) and annuitising retirement benefits. On the other hand, Treasury recognises that members may need cash while they are still employed and members of a fund. Treasury issued an updated version of the two-pot proposals on 9 June 2023. Draft amendments to the Pension Funds Act have also been released by Treasury.



Deslin Naidoo

Chairman of the Board of Trustees

ISASA Retirement and Provident Fund

Read more about these changes later in this Report. Members should remain calm and not worry about the Government wanting to access their savings - this is a malicious rumour.

Members are encouraged to remain fully invested, to save as much as possible for retirement and to avoid at all costs the temptation to use their hard-earned retirement savings for anything other than for that all-important purpose of providing for a comfortable future. Members close to retirement are encouraged to obtain advice from an accredited financial adviser and to ensure that the investment of their Accumulated Credit in the Funds between now and their retirement is invested in line with their future financial needs.

I would like to thank my fellow Board members for their ongoing commitment to the Funds and their members. To all our service providers, who have found new ways to work and deliver exceptional service, a special word of thanks for your resilience in these extraordinary times.

Lastly, let's embrace the coming changes in the retirement fund industry as well as the structural changes in our own Funds. Combining the Retirement and Provident Funds during 2024, will unlock savings due to better economies of scale, to the benefit of all our members.

Deslin Naidoo





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IRFA Lwela Ukwenza Kahle Awards 2022 - Recognising Excellence



Standing – Sibusiso Mkiva, Simon Kroon, Leslie Primo, Logie Govender, Stephen Walker, Mziwoxolo Nxumalo and Thulisile Mathebola
Sitting – Marianne Lansdown, Mike Acutt and Varinia Eddie

The Institute of Retirement Funds Africa (IRFA) annually hosts a Best Practice Awards programme for retirement funds to showcase the initiatives, engagements and projects they embarked on during the year.

The programme provides retirement funds with the opportunity to showcase their practices and be recognised for the work they do. The competition is open to any retirement fund and entrants are required to provide a wide range of information on their practices as well as a clear declaration that the fund has complied with all regulatory requirements. The evaluation is undertaken by a panel of judges who are all subject-matter experts in their respective fields. The categories are based on the findings of best practices industry research and benchmarking.

The ISASA Pension Scheme and Provident Fund were recognised for their continuous efforts and received top honours for scoring the highest overall score across all 6 categories. The 6 focus areas include **Trustee Training, Governance, Investment Performance, Transformation, Stakeholder Engagement and Financial Reporting.**

Award: Joint **Gold Trophy.** The trophy was shared with another Fund who received equal overall scoring in the 6 focus areas. This achievement is testament to the ongoing dedication and hard work of the Board of Trustees and the various committees.

“

This is the 10th year in a row that the Funds have been recognised by their peers as a trailblazer in the industry with regards to communication and the first year they were awarded the overall Gold Trophy.

3. Management and Control of the Funds

The Funds are managed by a Board of Trustees and administered by Old Mutual. The Board of Trustees of the Funds is constituted in terms of the Funds' Rules and the Pension Funds Act.

The current Board consists of six regional Member-elected Trustees, one Pensioner- elected Trustee and five Employer-appointed Trustees which include a SAHISA representative, a SABISA representative, and three ISASA-appointed Trustees. An independent Chairperson is also elected by the Board. There are also Alternate Trustees, to act in the absence of Member-elected Trustees. The Board of Trustees currently consists of the following members:

The Board of Trustees currently consists of the following members:

Deslin Naidoo	Chairman & Independent	ISASA	
Lester Lalla	Trustee	SAHISA	
Michael Acutt	Trustee	SABISA	Bursar
Nicola Burger	Trustee	ISASA	
Zola Lupondwana	Trustee	ISASA	
Duncan Wattam	Trustee	ISASA	
Varinia Eddie	Trustee	Member	Central Region
Scott Hauptfleisch	Trustee	Member	North East Region
Sean King	Trustee	Member	South West Region
Simon Kroon	Trustee	Member	South East Region
Joni Warburton	Trustee	Member	Kwa-Zulu Natal Region
Mike Bandey	Trustee	Pensioner	Retired
Julian Cameron	Alternate	Member	South West Region
Duduzile Malinda	Alternate	Member	North East Region
Kim Martin	Alternate	Member	Kwa-Zulu Natal Region
Madimetsa Shika	Alternate	Member	North Region
Penny York	Alternate	Member	South East Region





Principal Officer – Leslie Primo (Independent)

The Principal Officer is the executive representative of the Funds, and the official contact person for the Financial Sector Conduct Authority (FSCA). The Principal Officer has the same fiduciary responsibilities to the Funds as those pertaining to the Trustees. The Board thanks John Rollason, who retired as PO at the end of December 2022, for his dedication and service to the Funds, and we wish him well with his future endeavours.

Committees

The Funds have various committees reporting to the full Board, and these are as follows:

1. Audit, Administration And Risk Committee

The Audit, Administration and Risk Committee, formed in 2003, meets on a quarterly basis. It consists of five members, Mike Acutt (Chairman), Simon Kroon, Maryanne Lansdown, Varinia Eddie, Nicola Burger and the Principal Officer, Leslie Primo. The Funds' actuary, Stephen Walker, the Funds' Consulting Team, Laura Scarff (ISASA) and representatives from the administrator attend the meetings.. Representatives from the auditors attend once a year to present their audit findings.

2. Investment Committee

The Investment Committee, formed in 2007, meets on a quarterly basis. It consists of five members, Zola Lupondwana (Chairman), Duncan Wattam, Mduduzi Ndlovu, Deslin Naidoo, Lebogang Montjane and the Principal Officer, Leslie Primo. The Funds' actuary and consultants attends these meetings and the Funds' investment consultants provide advice at this meeting.

3. Communication And Marketing Committee

The Communication & Marketing Committee, formed in 2011, meets on a quarterly basis. It consists of three members, Varinia Eddie (Chairperson), Dianne van Heerden (ISASA), Wayne Stuurman (ISASA) and the Principal Officer, Leslie Primo, supported by the Funds' Communication Specialist and fund consultants.

4. Transformation Committee

The Transformation Committee, formed in 2022, meets on a quarterly basis. It consists of five members, the Principal Officer, Leslie Primo (Chairperson), Varinia Eddie, Lebogang Montjane (ISASA), Mike Acutt and Zola Lupondwana, supported by the Funds' consultants.

To assist the Trustees with the management and control of the Funds, the following appointments were in place for the year under review:

Administrators	Old Mutual
Auditors	PwC
Actuaries	Old Mutual Corporate Consultants
Investment Managers	Alexforbes Investments
Fund Consultants	Fairbairn Consult
Insured Death/Disability Benefits	Old Mutual
Communication Consultant	RetirementWise

The Board continues to closely monitor all service providers and the level of service received by the members. They strive to ensure that issues arising are resolved timeously and effectively.

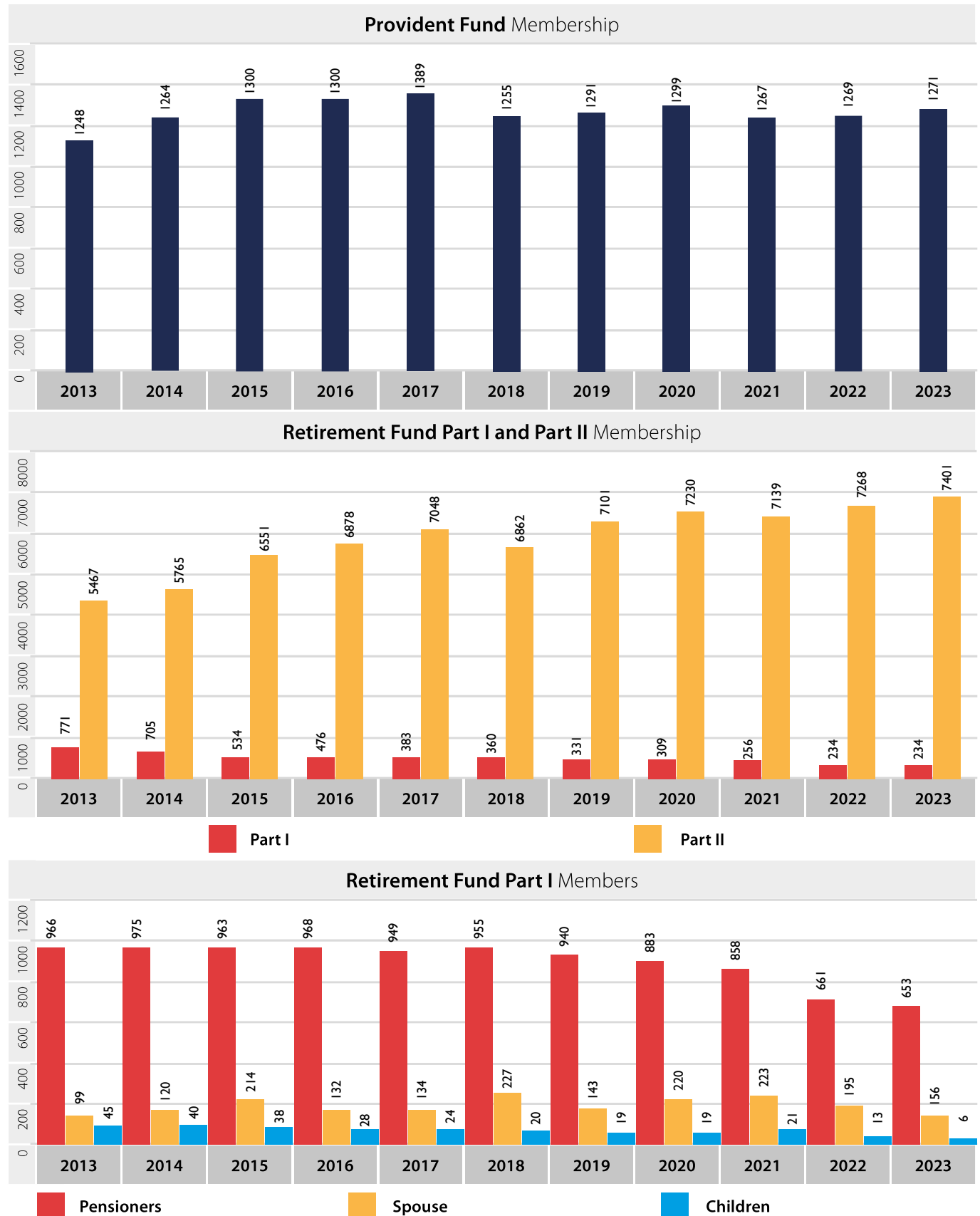
4. Review of the Year's Activities

4.1 Membership: Participating Schools

As at 28 February 2023 there were 144 schools participating in the Funds.

Membership of the Pension Scheme and Provident Fund

As at 28 February 2023 the membership of the Funds, including pensioners and disability income members, was as detailed below:



4.2 Benefits paid

Benefits paid during the financial year were:

Lump Sums	Number of Members paid		Amount paid in Benefits			
	Retirement Fund	Provident Fund	Total Provident Fund (R)	Part I (R)	Part II (R)	Total Retirement Fund (R)
Retirement	144	26	18,579,982	44,391,874	205,815,611	250,207,485
Death	36	5	1,115,451		80,016,901	80,016,901
Withdrawal	641	81	17,399,130	4,680,619	265,708,290	270,388,909
Retrenchment	21	2	727,087		16,380,666	16,380,666
Unclaimed Benefits	18	52	679,454	86,415	1,954,851	2,041,266
Divorce Orders	6				2,430,687	2,430,687
Paid to Pensioners	1,020			86,836,504		86,836,504
TOTAL	1,886	166	38,501,104	135,995,412	572,307,006	708,302,418

4.3 Costing

The employer contribution to the Funds includes fund-related costs. The Board of Trustees approved a budget for the 2024 financial year, which is an average of 0.5% of pensionable salaries for 2024 for the Retirement Fund and 0.7% for the Provident Fund. This is very keen costing for funds such as these Funds (below market average) – and it is pleasing to note that costs are well managed by the Board.

The following important budgeted costs are included in the allocations for the Retirement Fund and Provident Fund respectively.

- Administration Fees: 0.18% p.a. / 0.3% p.a.
- Consulting & Actuarial Fees: 0.22% p.a. / 0.23% p.a.
- Fund operating expenses: 0.10% p.a. / 0.18% p.a.

The costs of the **insured benefits are paid** from the employer contribution. The rates effective 01 April 2023 are:

Part	Benefit	Insurer	Premium Rates
Part 1	Group Life	Old Mutual	0.55%
Part 1 & II	Income Disability	Old Mutual	1.037%
Part 11	Group Life	Old Mutual	As Elected by the school: <ul style="list-style-type: none"> • 0.55% • 1.05% • 1.55%

The benefits provided by this cover would stand members in good stead should any of these risk-related events occur.

Provident Fund	Benefit	Insurer	Premium Rates
	Group Life	Old Mutual	0.75%
	Income Disability	Old Mutual	1.016%

4.4 Rule Amendments

The following Rule Amendments were made during the year.

Retirement Fund Rule Amendments

Rule amendment no.	Motivation and description of rule amendment	Date of Board of Fund's resolution	Effective date	Date registered by the FSCA
13	To account for changes to the Income Tax Act in respect of the annuitisation of the retirement benefits of Members of provident funds and provident preservation funds, and for the ring-fencing of the "Vested Component of the Member Account" and "Non-Vested Component of the Member Account" as requested by the Authority and Revenue Authority.	18 August 2021	1 March 2021	25 September 2021
14	To clarify that a Member who remains in service after the Normal Retirement Date in terms of Master Rule 5.1(5), may not elect to withdraw and receive a withdrawal benefit from the Fund.	23 August 2022	1 August 2022	7 September 2022
15	<ul style="list-style-type: none"> To change the name of the Fund from the "Independent Schools Association of Southern Africa Pension Scheme" to the "Independent Schools Association of Southern Africa Retirement Fund". To provide for additional transfer provisions for the Fund. To clarify the provisions applicable, when a Member transfer from one Participating Employer to another Participating Employer within the Fund. 	26 January 2023	1 November 2022	12 February 2023

Provident Fund Rule Amendments

Rule amendment no.	Motivation and description of rule amendment	Date of Board of Fund's resolution	Effective date	Date registered by the FSCA
12	<ul style="list-style-type: none"> To remove the approval lump sum Disability Benefit from the Rules and replace it with the unapproved disability income benefit in respect of a Member, other than a Preserver Member of Deferred Retiree, who becomes disabled and qualifies for a disability income benefit to be provided in terms of the separate Disability Income Plan, which the Participating Employer participates in for the benefit of its employees; and To amend the definitions, contributions rule, debits and credits of the Member Account and other relevant provision of the Master Rules pertaining to the above, accordingly. 	19 August 2021	1 September 2021	24 August 2021
13	To account for changes to the Income Tax Act in respect of the annuitisation of the retirement benefits of Members of provident funds and provident preservation funds, and the ring-fencing of the "Vested Component of the Member Account" and "Non-Vested Component of the Member Account" as requested by the Authority and Revenue Authority.	19 August 2021	1 March 2021	1 September 2021
14	To clarify that a Member who remains in service after the Normal Retirement Date in terms Master Rule 11.1(5), may not elect to withdraw and receive a withdrawal benefit from the Fund.	26 August 2022	1 August 2022	12 September 2022

...continued overleaf





Provident Fund Rule Amendments

Rule amendment no.	Motivation and description of rule amendment	Date of Board of Fund's resolution	Effective date	Date registered by the FSCA
15	<ul style="list-style-type: none"> To close the Fund to new Participating Employers. To clarify the provisions applicable, when a Member transfer from on Participating Employer to another Participating Employer within the Fund, that: <ol style="list-style-type: none"> - such transfer must happen immediately on the following business day or in terms of the Member's conditions of service, as agreed to with the new Participating Employer; . - such Member will not be entitled to a withdrawal benefit from the Fund; and - such Member's Member Account value in the Sub-Fund of his existing Participating Employer will be transferred to the Member Account to the Sub-Fund of his new Participating Employer. 	2 February 2023	1 November 2022	8 February 2023
16	The amendment is in light of the changes brought about (with effect 1 March 2021) by the enactment of the Taxation Laws.	2 February 2023	1 March 2024	7 February 2023

4.5 Subsequent Event

Mr John Liackman retired as the Chairman of the Funds on 30 June 2023. The Board thanks John for his dedicated service and leadership and wishes him well with his future endeavours.

Mr Deslin Naidoo was appointed as Chairman of the Board on 1 July 2023. Deslin has many years of experience in the financial services and investment industries and has been serving on the Funds' Investment sub-committee for a few years. The Board looks forward to his continued contribution to the success of the Funds.

“
*To improve
is to change,
to be perfect is
to change often*

- Winston Churchill



5. Investments

The accumulated assets of the Funds at 28 February 2023 were as follows:

	Retirement Fund - Part I & Part II (R)	Provident Fund (R)
Total Funds as at 1/3/2022	5,362,047,527	320,194,917
Plus contributions and transfers in	415,600,777	30,834,132
Minus benefits and transfers out	(633,222,236)	(46,219,916)
Plus/minus net investment returns	407,366,703	23,132,754
Reserve transfers	(50,078,971)	(192,417)
TOTAL FUNDS as at 28/02/2023	5,501,713,800	327,749,470

The Funds' performance is always measured against the growth targets set by the Board of Trustees in the Investment Policy Statement. These targets are linked to inflation and measured over specific periods. It is important to remember that there is no guarantee that the growth targets of the Funds will be met. Due to good investment growth during the year the overall assets of the Funds grew by R500 million to R5.8 billion. Global and local markets continue to be characterised by high volatility and, as a consequence of these fragilities, a continuing considered approach to investment scenarios is essential.

The Trustees also strongly recommend that all members who will be retiring or leaving the Funds in the foreseeable future seek professional advice to ensure that their ongoing investments are appropriately structured.

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You must take personal responsibility.

You cannot change the circumstances, the seasons,

or the wind, but you can change yourself.

That is something you have charge of.

- Jim Rohn





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5.1 Retirement Fund (Part I)

Retirement Fund (Part I) participating employers are allowed a choice of investing in the Old Mutual Absolute Growth Portfolios (AGPs) or in the Alexforbes Investments Performer Portfolio (PP), or a combination of both. Pensioner assets are invested in the Old Mutual AGP50 portfolio. The Investment Committee undertook a detailed review of the pensioner portfolio assets during the year but decided after careful deliberation to make no change to the investment strategy.

Old Mutual Absolute Stable Growth Portfolios

The Absolute Growth or 'smooth bonus' Portfolios offer investors exposure to growth assets (like equities, property and alternative assets) while smoothing out the ups and downs typically associated with investing in these assets. These smoothed returns are passed on to investors in the form of bonuses. These portfolios also offer members guarantees to protect them from the impact of severe market downturns that protect members' capital and bonuses to various degrees. This applies to investors who remain in the portfolios until they reach one of the following events: **Retirement, Death, Ill-health retirement, Retrenchment** and **Resignation**.

The two smooth bonus portfolios are:

-  Absolute Stable Growth Portfolio that provides an 80% guarantee (AGP80)
-  Absolute Smooth Growth Portfolio that provides a 50% guarantee (AGP50)

The AGP50 portfolio has the same underlying assets as the AGP80 portfolio and provides the same smoothing mechanism, but has a lower fee and results in a 0.5% per annum higher return for members. Both portfolios target a return of inflation plus 5.5% per annum over rolling 3-year periods while maintaining a relatively high exposure to growth assets.

As at 31 July 2023, the performance of the Absolute Growth Portfolios was:

Period	AGP 80	AGP 50	Inflation (Headline)
1 Year Gross	10.5%	11.0%	5.4%
1 Year Net	9.9%	10.4%	n/a
3 Years Gross	11.0%	11.5%	6.0%
3 Years Net	10.4%	10.9%	n/a
5 Years Gross	7.3%	7.8%	5.0%
5 Years Net	6.7%	7.2%	n/a
10 Years Gross	9.7%	10.2%	5.2%
10 Years Net	9.1%	9.6%	n/a

Inception date of these portfolios was 1 June 2020.

Alexforbes Investments Performer Portfolio

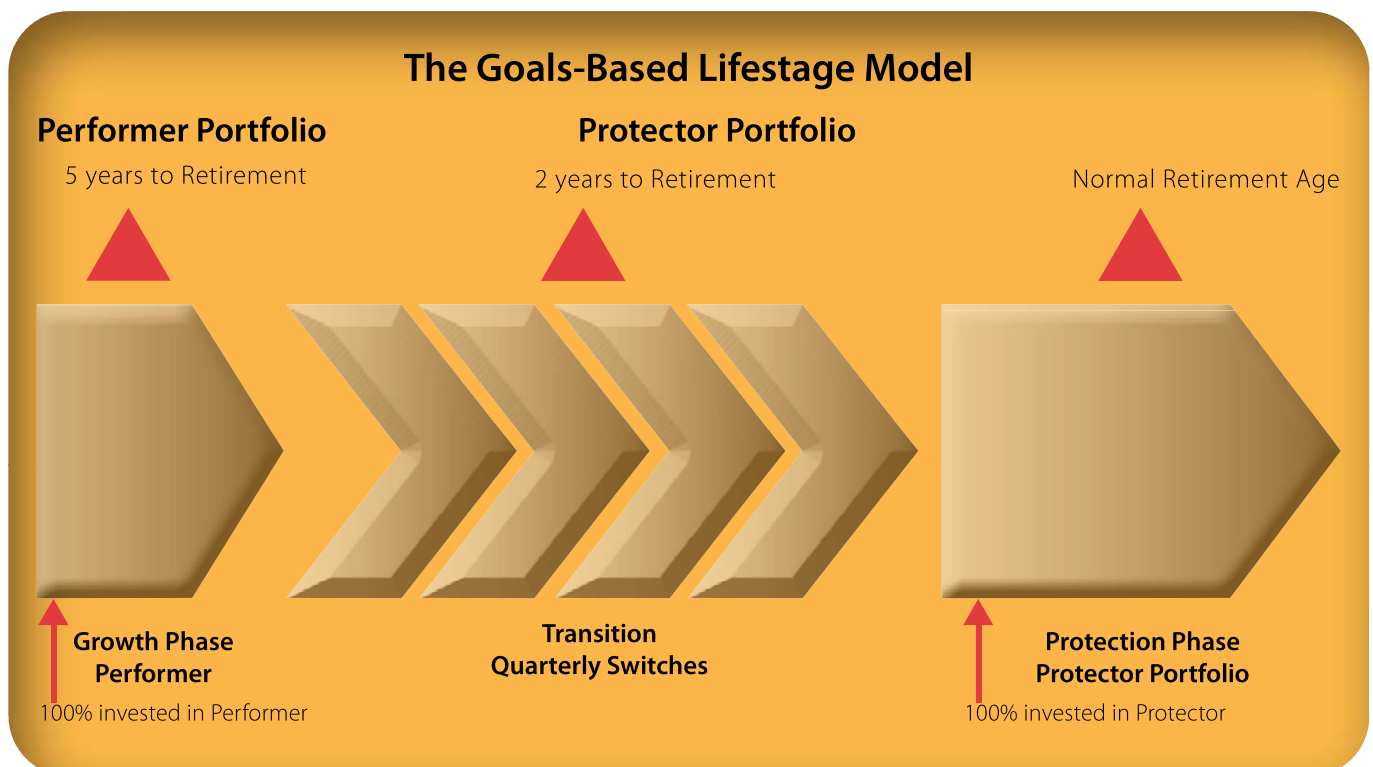
The Performer Portfolio is a diversified and market-related portfolio spread across numerous recognised asset management companies. Alexforbes Investments select and combine several different asset managers – each of whom invests in a mix of asset classes (domestic or global shares, bonds, property and cash). Since it is a market-related portfolio, the value of the portfolio fluctuates daily, in accordance with the daily changes in the various asset classes.

As at 31 July 2023, the performance of the Performer Portfolio was:

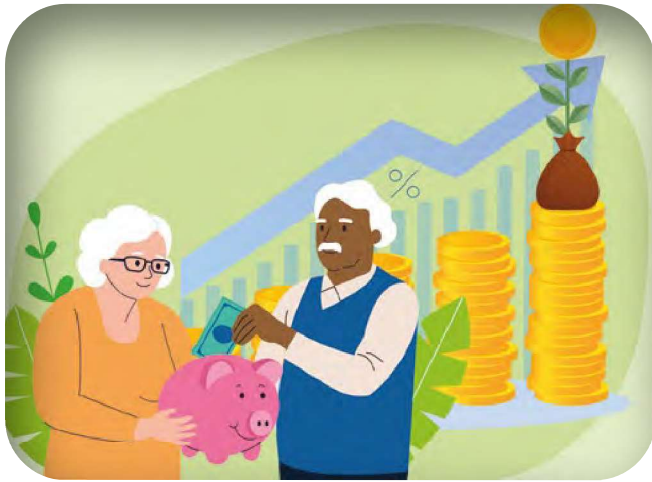
Period	Returns(Annualised)	CPI
1 Year Gross	14.02%	5.4%
1 Year Net	13.33%	n/a
3 Years Gross	13.18%	6.0%
3 Years Net	12.50%	n/a
5 Years Gross	9.96%	5.0%
5 Years Net	9.31%	n/a
10 Years Gross	10.13%	5.2%
10 Years Net	9.48%	n/a

5.2 Retirement Fund (Part II) and Provident Fund

The investment strategy of these Funds was changed, with effect from 1 September 2017, to provide members with a default Goals-based LifeStage model.

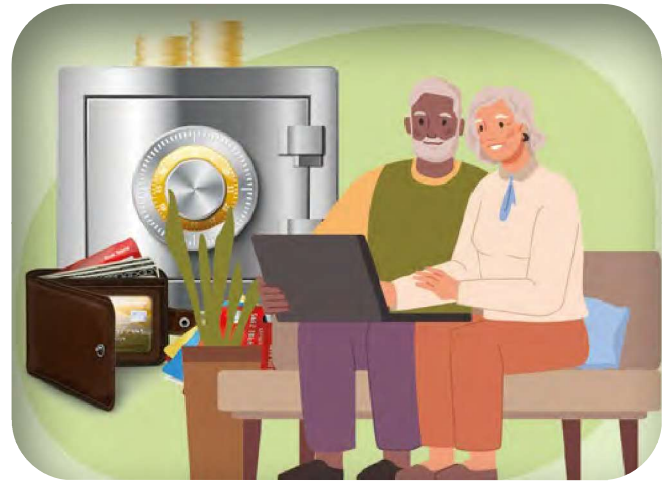


Growing your savings for retirement



Performer Portfolio

Preparing for retirement



Protector Portfolio

Your Fund Credit and ongoing contributions are automatically switched from the Performer portfolio to the Protector portfolio every three months for three years, starting from five years before normal retirement age. In the last two years before normal retirement age, all of the money remains invested in the Protector portfolio.

How is Goals-Based Investing different to Traditional Investing?



It defines risk as being the risk of you falling short of your main goal, which is to meet your minimum income requirements during retirement.



It uses investment strategies and asset classes that are more resilient in relation to the projected income that will be achieved for a member at retirement.

Members who do not wish to follow the LifeStage model have the flexibility of selecting their own portfolio from a range of eight portfolios offered by the Trustees. This is also available to members who are within 2 years of retirement as well. The performance of the two Goals-based LifeStage portfolios as at 31 July 2023 is indicated:

As at 31 July 2023 the performance of the two Goals-Based Lifestage Portfolios are:

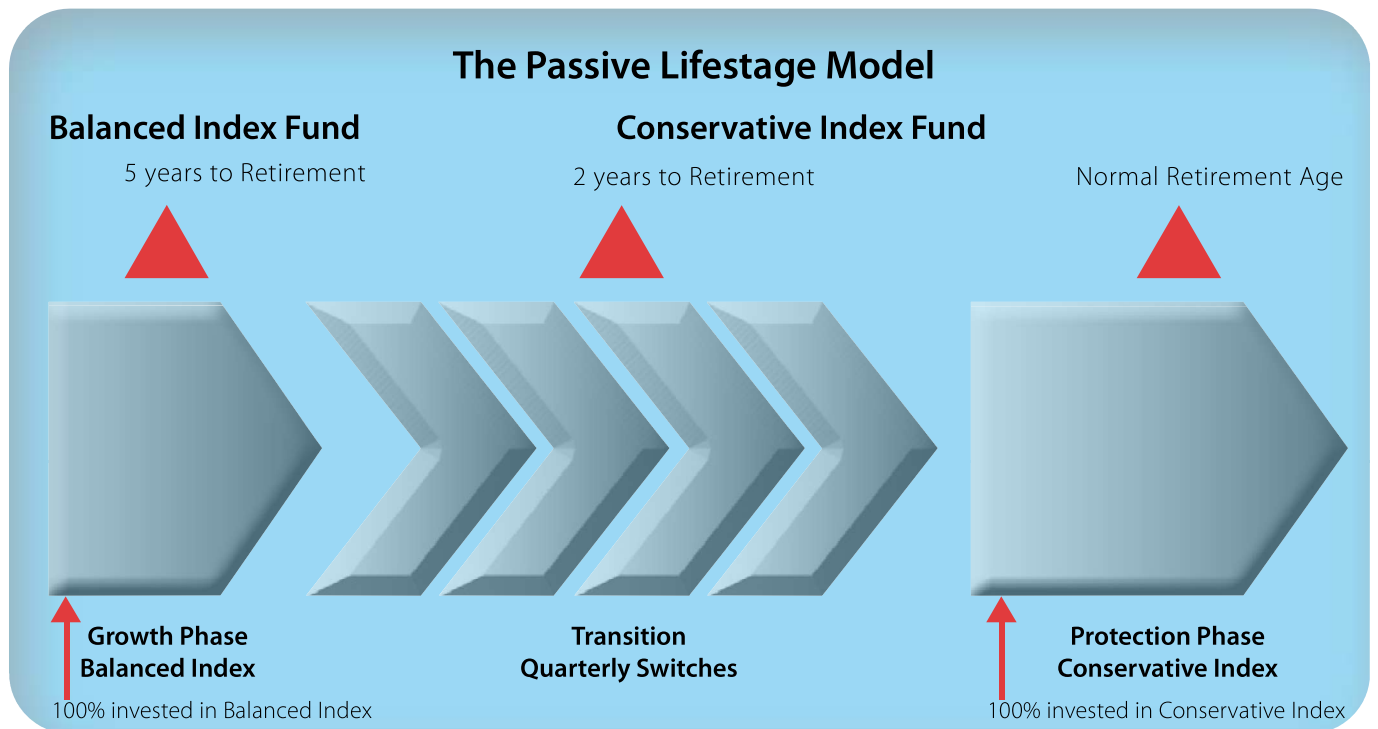
July 2023	Performer	Protector	CPI
1 Year Gross	14.02%	9.35%	5.4%
1 Year Net	13.33%	8.83%	n/a
3 Year Gross	13.18%	10.10%	6.0%
3 Year Net	12.50%	9.55%	n/a
5 Year Gross	9.96%	7.04%	5.0%
5 Year Net	9.31%	6.52%	n/a
10 Year Gross	10.13%	n/a	5.2%
10 Year Net	9.48%	n/a	n/a

**Protector Portfolio inception date is September 2017*



5.2.1 Index-Tracking Lifestage Model

The Index-tracking LifeStage model is similar to the default LifeStage model in that it uses two portfolios and the time horizons for the switches from the growth portfolio to the protection portfolio are the same, i.e. starting from five years to retirement and ending at two years from retirement. The important differences are that the two portfolios are low-cost index-tracking portfolios, and the protection portfolio is NOT goals-based. **The two index-tracking portfolios are:**



As at 31 July 2023 the performance of the two Index Lifestage Portfolios is indicated below:

July 2023	Balanced Index	Conservative Index	CPI
1 Year Gross	14.32%	10.50%	5.4%
1 Year Net	14.08%	10.26%	n/a
3 Years Gross	13.05%	9.71%	6.0%
3 Years Net	12.78%	9.43%	n/a
5 Years Gross	8.24%	7.76%	5.0%
5 Years Net	7.97%	7.47%	n/a

*Inception date of the Conservative Index Portfolio is April 2018.



5.2.2 Shari'ah Portfolio

With effect from 1 April 2017 the Funds added a Shari'ah portfolio that conforms to Islamic Law. The portfolio prohibits investments in companies that are involved in gambling, alcohol, non-permitted entertainment, tobacco or pork trade and other defined forbidden activities, including the earning of income from interest. Members who elect this portfolio, can be assured that the underlying portfolio managers adhere to the prescribed guidelines, as all investments are thoroughly screened and analysed to ensure conformity to Shari'ah Law.

Portfolio objective

The Shari'ah High Growth Portfolio is a multi-asset class or balanced portfolio that maintains a relatively large holding in equity instruments. The objective is to provide a relatively high rate of capital growth, when compared to other asset allocation funds. The portfolio will also invest in property and approved bond (sukuk) instruments. The portfolio is based on a selection of underlying investments that comply with the criteria for Shari'ah investments. It is classified as a multi-managed high-equity portfolio that is well diversified by asset class in accordance with Regulation 28 of the Pension Funds Act.

As at 31 July 2023 the performance of the Shari'ah Portfolio was:

July 2023	Returns (Annualised)	CPI
1 Year Gross	8.69%	5.4%
1 Year Net	7.51%	n/a
3 Years Gross	13.25%	6.0%
3 Years Net	12.02%	n/a
5 Years Gross	10.28%	5.0%
5 Years Net	9.08%	n/a

5.2.3 Money Market (Banker) Portfolio

The Money Market portfolio is a portfolio invested in short-term money market instruments that should deliver returns in excess of those expected from bank deposits.

As at 31 July 2023 the performance of the Money Market (Banker) Portfolio was:

July 2023	Returns (Annualised)	CPI
1 Year Gross	8.73%	5.4%
1 Year Net	8.51%	n/a
3 Years Gross	6.35%	6.0%
3 Years Net	6.13%	n/a
5 Years Gross	7.17%	5.0%
5 Years Net	6.93%	n/a
10 Years Gross	7.56%	5.2%
10 Years Net	7.31%	n/a

“
*If you change the way
 you look at things,
 the things you look at
 change.*

- Wayne Dyer



6. Pension increases

The Board has approved a 4% increase in pensions with effect from 1 September 2023.

The growth in the investment markets in 2023 contributed to the soundness of the Retirement Fund. Based on the position of the Pensioner Account, the Trustees were comfortable that a 4% increase in pensions is affordable and sustainable for the Retirement Fund.

A table setting out actual increases to pensioners over recent years follows:

Actual increases to pensioners over recent years is as follows:			
Date of Increase	Increase	CPI over period	Increase as % of CPI
1.9.2013	7.0%	6.4%	109%
1.9.2014	6.0%	6.6%	91%
1.9.2015	4.7%	4.7%	100%
1.9.2016	5.3%	6.3%	84%
1.9.2017	2.6%	6.1%	50%
1.9.2018	3.5%	4.6%	76%
1.9.2019	2.25%	4.5%	50%
1.9.2020	0.0%	2.1%	0%
1.9.2021	2.0%	4.6%	50%
1.9.2022	3.5%	7.9%	44%
1.9.2023	4.0%	7.9%	45%

*Note that the figures for the “CPI over the period” are reported for year on year ending 31 August, except those from 2015 onwards, which are reported for year on year ending 30 June 2017. The 30 June CPI figure is used as a basis for future increases to allow more time for the Trustees to assess the financial position of the Pensioner Account, against a consistent CPI (inflation) measure, prior to the announcement of the annual pension increase.





“
*Change
is inevitable.
Growth
is optional*

-John Maxwell

7. Legislative changes and industry update

7.1 Disability Income Benefits

The payment of disability income benefits is subject to acceptance by the insurer in terms of the policies held in the names of the employers, outside of the Funds. Following the annuitisation of provident funds, the Board decided to replace the Lump Sum Disability benefit with the Income Replacement Disability benefit which is a far superior benefit. This change affected members of 17 schools and communication was sent to the relevant members.

7.2 Protection Of Personal Information Act (Popia)

The right to privacy of personal information is enshrined in law in South Africa, both in the Constitution and in the enabling legislation, the Protection of Personal Information Act 4 of 2013 (POPIA), which became fully enforceable and operational from 1 July 2021. POPIA has brought South African privacy laws in line with existing current international trends and laws on privacy. POPIA has implications for all responsible parties, and this section intends to detail what this legislation entails.

The intention behind POPIA is to regulate the processing of personal information.

The two main objects of POPIA are to:

1. **Safeguard** personal information in line with rights of privacy, as specified in the Constitution; and
2. **Regulate** the processing of personal information.

POPIA sets out eight principles. The introduction and compliance with the eight principles of POPIA will to a large extent, limit the processing of personal information. Compliance with the requirements of

POPIA requires conducting business within the parameters of the eight information processing principles set out in the legislation.

This will require:

- The capturing of the minimum amount of information,
- Only capturing information that is required for the purpose which it aims to achieve;
- Ensuring the accuracy of the data;
- Deleting and destroying data which is no longer required, i.e. introducing a Retention Policy, being transparent about procedures used to process information; and
- Permit the data subject (in this case, you, the member) to access and check information.

All personal information and types of personal information must be identified, and reasonable measures implemented to protect and secure all such information. This means that the risk of data breaches must be identified and mitigated to avoid regulatory action and administrative penalties associated with the failure to comply with the provisions of POPIA.

What does this mean for our stakeholders?

The Funds are committed to treating member information in an ethical way and POPIA sets out the legal framework for the Funds to do so. We are committed to dealing with members' personal information with far more diligence than ever before. This means that we will collect information responsibly, will only request and process personal information that is absolutely necessary, share and store information securely and responsibly.

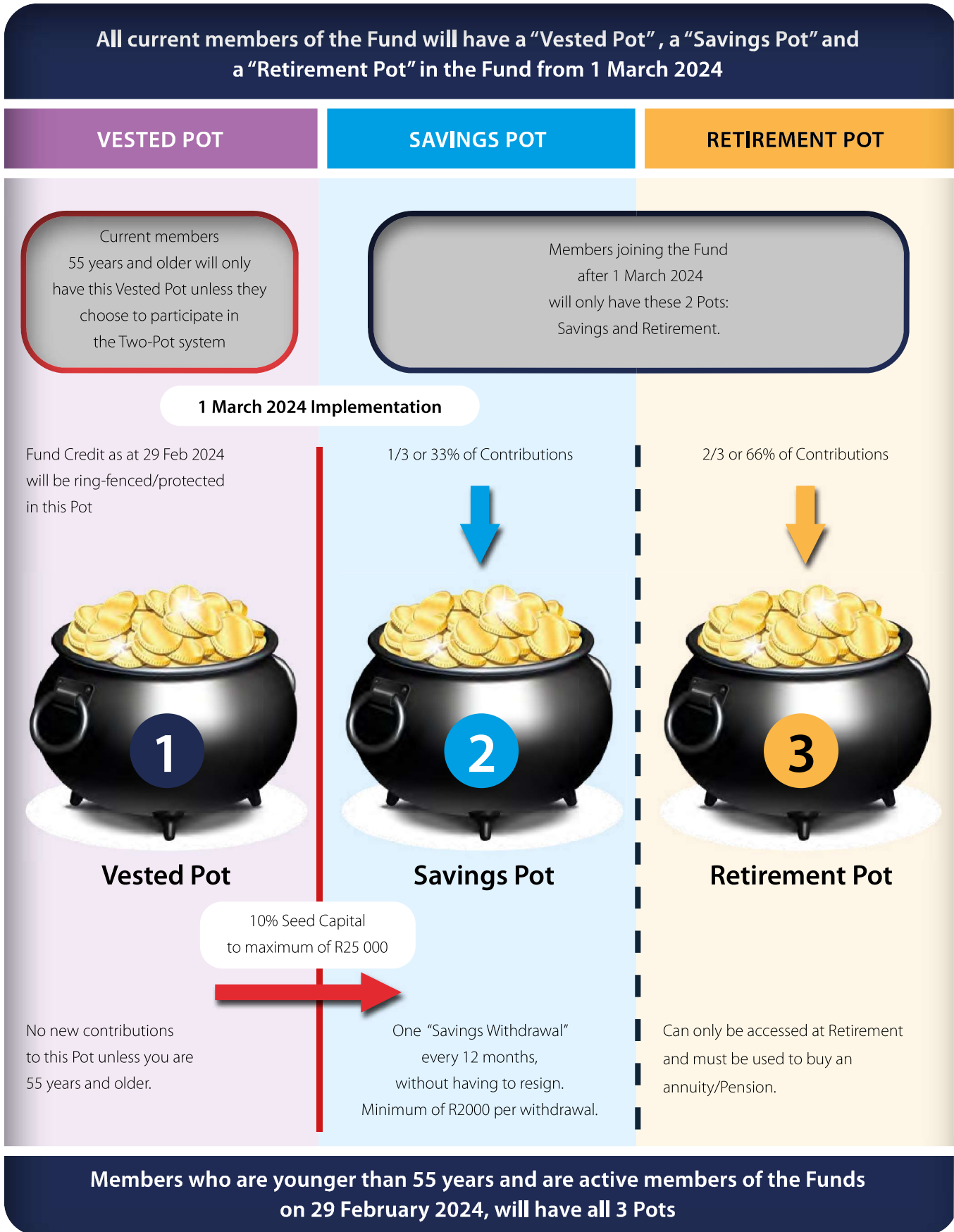
Information Officer:

The Principal Officer of the Funds has been appointed as the Information Officer of the Funds.

7.3 Two-Pot system

National Treasury has released a Media Statement with an update on the revised 2023 Draft Revenue Laws Amendment Bill that will allow for the implementation of a Two-Pot system from 1 March 2024.

This change will allow members to take a portion of their retirement benefit, before they actually retire. These changes are called the Two-Pot System. Retirement Funds will have to amend their Rules to make this possible and administration systems will have to be changed to manage the withdrawals. **Here is how it is proposed to work:**



The VESTED POT component



Vested Pot

Your Fund credit as at 29 February 2024 will be ring-fenced and protected in the “vested pot”. Retirement funds will be required to value a member’s retirement interest on the date immediately prior to implementation date, as this amount, together with fund return/growth, will be subject to the current retirement regime. Vested rights as relates to the “vested component” and the rules that apply thereto under the current regime, will continue to apply after the implementation of the “Two-Pot” system. **Members of the Retirement Fund may take up to one third of the “vested component” in cash and must use two-thirds to buy an annuity/pension at retirement.** Once the “Two-Pot” system comes into effect, members will no longer be able to make contributions to their “vested component”, unless you are 55 years and older.

Please Note - Members 55 and older Retirement Fund members that are 55 years and older at 1 March 2024 will ONLY have a “Vested Pot/Component” of which you may take up to one third in cash and must use two-thirds to buy an annuity/pension at retirement.

Immediate Access: A new proposal is being considered, which will allow for immediate access to the available balance (Accumulated Credit) in the Fund on the implementation date of the “Two-Pot” system. This will allow members to withdraw up to 10% of their savings as of 29 February 2024, to a minimum of R2,000 but not exceeding R25,000 from the Savings Components This option will be available on 1 March 2024 or any time thereafter. “Savings Withdrawals” will be taxed at the member’s marginal tax rate.

The SAVINGS POT component



Savings Pot

Fund members will be required to contribute an amount of one-third (about 33%) of their total retirement fund contributions, after all deductions have been made, to the “savings component”. The amounts contributed to the “savings component”, together with fund return/growth, will be available for withdrawal by the Fund member in the form of a “savings withdrawal benefit” once a year before retirement.

Amounts in the “savings component” would thus be accessible to members without having to resign from employment or retire from the Fund. Members will be allowed to access their savings component once a year.. The minimum withdrawal amount is R2 000 and there is no limit on the maximum amount a member is allowed to withdraw.

This “savings component” may always be paid in cash when you resign or retire (provided that you did not make a “savings withdrawal” in the preceding 12 months).

Important to note: Withdrawals from the “savings component” will be added to Fund members’ taxable income and taxed as normal income at their marginal rates. This means it will not be taxed as a lump sum withdrawal benefit.

Think carefully before making a “savings withdrawal”. Members of the Funds are encouraged only to exercise the withdrawal option as a last resort, and to try and preserve their savings for when they retire. Early withdrawal could have a negative impact on your expected amount of money available as a lump sum at retirement, as you will forfeit compounded investment return on the amounts withdrawn.

The **consequences** of making a “savings withdrawal” are:

- **Paying more tax**
- **Having less money at retirement**

The RETIREMENT POT component



Retirement Pot

Two-thirds (about 67%) of your contributions from 1 March 2024, after all deductions have been made, must be allocated to your “retirement component”. The “retirement component” may only be accessed at retirement and may not be paid in cash. The “retirement pot” (contributions plus investment returns/growth) will have to be transferred to an annuity or new employer’s “retirement pot” should a member resign from their employer, as it may not be taken in cash.

At retirement it must be invested in a pension plan/annuity to pay a monthly pension to the member.

Important to note: The full amount in the “retirement component” may however be commuted as a lump sum if its full value, plus two-thirds of the value in the member’s “vested component” do not exceed R165 000. This amount will be calculated on a “per fund” basis. In such an instance, the lump sum accruing to the member will be taxed as a retirement fund lump sum benefit

Please remember that new members that join the Funds for the first time after 1 March 2024 will be members of the Retirement Fund and will only have Savings and Retirement Pots/components unless they transfer a “Vested Pot” from a previous fund.

There may still be a few amendments to this legislation until it is passed into law and the Funds will keep members posted on these changes, if any.



“
*Change begins
at the end
of your
comfort zone*

- Roy T Bennett



8. General

8.1 Preservation of Benefits

When withdrawing from the Funds and considering what to do with your fund benefit, the preservation of your retirement savings should always be your first consideration.

Preservation occurs when money saved for retirement through pension, provident and preservation funds remain in those funds until the person retires or is rolled over into another similar retirement savings vehicle without incurring taxes or penalties when a person changes jobs.

Retirement savings, for the average worker, are the single largest source of income after retirement. However, rates of preservation by members are very low. Cashing out accumulated retirement savings prematurely erodes financial security in old age, undermines the alleviation of poverty and increases reliance on others.

The Funds' benefits can be preserved within the Funds (in Fund Preserver member) or kept in the retirement funding system by placing them in a retirement annuity, transferring them to your new employer's fund or to an external preservation fund.

8.2 Nomination of Beneficiaries

One of the most challenging tasks facing the Trustees is to ensure that lump sum benefits paid on the death of a member are equitably allocated to the appropriate dependants of that member. Although the nomination form is not binding on the Trustees, it does serve as an important guide in the event of the death of a member.

The Trustees therefore urge all members of the Funds to ensure that their Nomination of Beneficiary forms are completed and submitted to their Bursar or HR person, and thereafter updated on a regular basis, to reflect an accurate record of the status of each member's dependants and/or nominees.

This form can be obtained from your Bursar/HR or directly from the Funds' website at www.isasaretirementfund.co.za.

The Government recently changed the law and it is now a requirement that all members enjoying cover under a funeral policy must also complete a Nomination of Beneficiary form for the funeral benefit. If this is not done, the funeral benefit has to be paid into a member's estate, defeating the whole purpose of having the benefit in the first place!



8.3 Voluntary Family Funeral Cover

The Funds offer a Voluntary Funeral Benefit ("Family Cover Policy") for the whole family. The cover is available at a premium of R18.60 per member per month and offers funeral cover of up to R24 200. This is a valuable benefit for you and your immediate family members.

Peace of mind

Arranging a funeral of a loved one is often difficult and stressful. The Funeral Support Service is about making life a little easier during a time of grief. The benefit of this cover is that it will be paid to the family immediately after all required documents have been received. Many families need additional financial assistance to pay for a funeral, and this cover will provide you with peace of mind.

Additional information about the policy benefits

Funeral support service

People insured under the Family Cover Policy with Old Mutual Group Assurance, their spouses and dependent children will have access to our Funeral Support Service at no extra charge.

This service provides for transportation of the deceased by road or air to the final funeral home, closest to the place of burial in South Africa or its Neighbouring Countries*, from anywhere in the world.

In addition, the service also includes the following features:

- A 24-hour call centre, which caters for all 11 official languages.
- Referral to reputable undertakers and providers of other funeral services e.g. catering, tents/marquees, etc.
- Discounted funeral packages with a network of funeral service providers.
- Assistance in finding a tombstone provider.
- Where death occurs within South Africa, a relative may accompany the body to the funeral home and, if needed, overnight accommodation will be provided at no additional cost.
- Legal assistance can be provided regarding funeral procedures, e.g. death certificate, removal of body, etc.
- Advice on handling of all necessary documentation such as obtaining a death certificate and cross-border documentation.
- Referral to a pathologist if an autopsy is necessary.
- This **free Funeral Support Service** applies to the insured person and his/her spouse and dependent children.
- The service can be accessed at any time by calling **0860 000 500**.

ISASA Family Cover – Old Mutual

Primary Insured (Member)	R24 200
Insured Spouse	R24 200
Insured Child	
Aged older than 14	R24 200
Aged between 6 and 14	R12 100
Aged between 2 and 6	R6 050
Aged less than 2 and stillborn	R6 050



- Old Mutual can assist you in communicating this valuable service to eligible people by providing marketing material.

* *Neighbouring Countries mean Namibia, Zimbabwe, Botswana, Swaziland, Lesotho and Mozambique (south of the 22° parallel in Mozambique).*

Participation

Current employees have the option of joining the Family Cover Policy when the school first joins the ISASA Retirement or Provident Fund. Thereafter, members may only join at the following review date (1 March). New employees will have the option to join the Family Cover Policy when they first join the school and thereafter also at the following review date (1 March) by asking the Bursar to be included in the scheme.

Once you leave the Funds, you will not be covered under this scheme any longer. You will not be able to continue on an individual basis as this is a group scheme.

8.4 Advice to Members

It is crucial that members seek and obtain appropriate advice from a financial adviser on the investment of their benefits before leaving the Funds, especially in the lead-up to retirement.

To find an accredited financial adviser you can visit the

Financial Planning Institute's website at:



www.fpi.co.za or you can **phone Old Mutual** on







0860 388 873

8.5 Old Mutual Rewards

Members of the Funds can now also register for Old Mutual Rewards. Members can earn rewards points for building financial knowledge and making sensible financial decisions. Point-earning activities include completing financial assessments, using online calculators like the education savings or debt repayment calculators and completing education modules on Moneyversity, Old Mutual's online financial education hub.

Rewarding good financial behaviour is key to improving our members' savings culture and helping members to take charge of their own financial future. Effective day-to-day money management, financial knowledge-seeking to support sound financial decision-making, gaining insight into your own financial needs, financial planning, and goal setting will be encouraged through this programme.

Old Mutual Rewards members can:

-  **Re-invest or donate their points;**
-  **Convert points to products like the Old Mutual Money Account;**
-  **Redeem points at any Old Mutual Rewards partner, or**
-  **Use points to buy airtime and data bundles.**

Points Earning Table

Join Old Mutual Rewards	500
Refer a friend	200
Speak to an adviser	250
Complete MoneyVersity courses	50
Use financial tools and calculators	25
Complete financial assessments	25
Request a credit report	100
Complete Fin360 courses	500
Complete On The Money courses	500
Surveys	50

Old Mutual Rewards Partners

*Spend your points
with these
Old Mutual
Rewards partners:*



9. Making it easy for Members to Contact the Funds

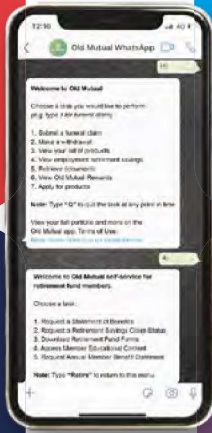
Contacting the Funds has never been easier! We are waiting to be of service to Members



WhatsApp: 0860 933 333

Get your fund updates super easy! You now have access to valuable information about your retirement benefits right at your fingertips:

Track a claim.
Check the status or progress of a claim you've lodged.



Annual Member Benefit Statement.
Instantly access your annual Member Benefit Statement.

Beneficiary nomination form.
Download the latest beneficiary nomination form.

Check your statement of benefits.
A useful summary of your current risk benefits & total fund savings value.

Save the Old Mutual WhatsApp number **0860 933 333** to your phone as a contact or scan the **QR code** below to do so. To use the service, type **'ISASA'** and send.



Fund Details

Registered Office:

Old Mutual Corporate, 1 Mutual Place, 107 Rivonia Road Sandton, 2146

Administrator's Office:

Mutualpark, Jan Smuts Dr, Pinelands, Cape Town, 7405

Member Queries: Tel: 0860 466 466

Email: isasa@oldmutual.com

Principal Officer - Leslie Primo

Email: leslie.primo@mweb.co.za

Fund's Registration numbers at the Office of the Financial Sector Conduct Authority (FSCA):

Retirement Fund (Part I and Part II): 12/8/11388/1

Provident Fund: 12/8/20855/1

Fund Consultants

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069 500 8881

Fund Actuary and Valuator

Mr Stephen Walker

SWalker@oldmutual.com

021 509 5152

Please also remember to update your contact details with your school on a regular basis.

“

*The people who are crazy enough
to think they can change the world
are the ones who do*

- Steve Jobs



ISASA Funds' Website:

www.isasaretirementfund.co.za



Call Centre: 0860 455 455

- Defined Contributions (Part 11) and Provident Fund member quotations
- General enquiries
- Claim payment enquiries



RFAmembers@oldmutual.com



Learning Planning Living