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MEPF NEWSLETTER



Your No. 1 Pension Fund

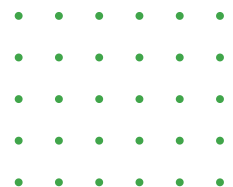


Your No. 1 Pension Fund

Dear Member,

Welcome to the very first edition of the MEPF Newsletter! As part of our commitment to keeping you informed, we are excited to bring you updates on your Fund, highlight the valuable benefits available to you, and provide important information to help you make the most of your membership.

In this issue, we reflect on the Fund's history, explain the key differences between **Defined Benefit (DB)** and **Defined Contribution (DC)** categories, discuss the Fund's financial strength and performance, address recent misleading campaigns, highlight the importance of **timely contributions**, and unpack the new **Two-Pot Retirement System** and its impact on you.



Understanding Defined Benefit (DB) vs. Defined Contribution (DC) Categories

Traditionally, pension funds operated under the Defined Benefit (DB) model, where members were guaranteed a specific pension based on a formula considering salary and years of service. In this model, the employer assumes the investment risk, giving members certainty about their retirement income.

However, factors such as increased life expectancy, market volatility, and rising liabilities made the DB model challenging to sustain. As a result, on 1 August 2012, the MEPF adopted a Hybrid structure, introducing a Defined Contribution (DC) category alongside the existing DB category.

Key Differences:

| Feature | DB Fund | DC Fund |
|-------------------------|---|---|
| Benefit Formula | Based on salary and years of service | Based on accumulated contributions + investment returns |
| Investment Risk | Employer bears the risk | Member bears the risk |
| Retirement Value | Calculated formula using: 3yrs Average Salary, Years of service, and Age factors. | Based on actual Fund Credit |
| Contributions | Employee = 7.5% (Minimum) Employer = 22% | Employee = 7.5% (Minimum) Employer = 18% |

The move to DC gives members greater ownership of their retirement savings, with increased flexibility.

MEPF Funeral Benefit

One of the most valued benefits of MEPF membership is the free funeral benefit. This benefit covers the main member, spouse, and children (up to six), as well as four extended family members who are strictly biological parents and parents-in-law only. Children are covered up to the age of 21, and up to 23 years if they are full-time students.

Who is Covered?

- **Main Member / Pensioner:** R40,000
- **Spouse:** R40,000
- **Children aged 7 to 21:** R25,000
- **Children aged 1 to 6:** R10,000
- **Children under 1 year (including stillborn from 26 weeks):** R10,000

Extended Family Benefit:

Only the member's **biological parents and parents-in-law** are eligible for this benefit, with each covered for R25,000.

Important Note:

- A six-month waiting period applies to all lives covered excluding the main member.
- If members are siblings or married to each other and have listed the same parents or children, a life will only be covered once. This means only one funeral benefit will be paid per life, so members must decide in advance who will claim in the event of a loss.
- The only exception is when both spouses are MEPF members. If one spouse passes away, each can claim the R40,000 benefit for their spouse. In addition, the deceased member's own R40,000 funeral benefit will be paid to their nominated beneficiary or family for funeral expenses. This ensures that, in such cases, both the member and their spouse's funeral benefits are honoured according to the Fund's benefits.



MEPF's Financial Strength and Pension Increases

MEPF continues to demonstrate exceptional financial soundness and prudent management. The Fund's assets have grown from R18 billion (as of 28 February 2020) to **R28.6 billion** (as of February 2025), reflecting our commitment to responsible investment and member security.

Monthly payouts to over 10,000 pensioners and beneficiaries now exceed R50 million, ensuring ongoing support for our members and their families. In November 2024, MEPF awarded an annual bonus to retired pensioners and implemented a 6.8 increase in monthly pensions. This was a second increase for the 2024 financial year, following an earlier increase of 3%. As a result, MEPF pensioners received a total monthly pension increase of 10% during the 2024 financial year. These increases are in line with the Fund's strong performance and commitment to improving the quality of life for our retired members.

By end of December 2024, MEPF also successfully paid out over R200 million in Two-Pot withdrawal claims, demonstrating our readiness and operational efficiency in adapting to legislative changes while safeguarding the long-term sustainability of the Fund.

These achievements collectively reinforce MEPF's reputation as a secure, member-focused pension fund that delivers consistent value and peace of mind to its members.



Important Notice: Beware of Misinformation

MEPF is aware of a campaign by Ndou Attorneys, reportedly funded by Mergence Asset Management, spreading misinformation about the Fund and its administrator, Akani Retirement Fund Administrators.

Mergence Asset Management was fired by the Board of Trustees due to their involvement in the misappropriation of Fund assets. Ndou Attorneys appears to have been appointed with the specific intent to mislead members, discredit the current Board of Trustees, and facilitate Mergence's reappointment. This attempt to destabilize the governance of the Fund poses a serious risk to the financial security of our members and their families.

We urge members and stakeholders to be cautious of misleading information and to report any suspicious activities directly to MEPF. Your vigilance helps protect the integrity and security of your Fund.

The Importance of Timely Contribution Payments

Municipalities are required to pay member contributions to MEPF by the 7th of each month. Timely payments ensure that your retirement savings and risk benefits remain secure and up to date.

Consequences of Late or Non-Payment:

- **Delays in Two-Pot Retirement Claims:** Late contributions can delay or disqualify claims, depriving members of needed funds.
- **Suspension of Risk Benefits:** Non-payment can lead to suspension of risk benefits such as death, ill-health, and the funeral benefit, leaving families vulnerable.

Ultimately, non-compliance not only violates Fund rules but also undermines the financial security and peace of mind of members and their loved ones.

OVERDUE

The Two-Pot Retirement System

As of 1 September 2024, South Africa introduced the **Two-Pot Retirement System** to improve access to retirement savings while safeguarding long-term financial security. Your retirement contributions are now split into:

- **Vested Pot:** All contributions up to 31 August 2024, sealed until retirement or resignation (except for a once-off 'seed capital' withdrawal of up to 10%, capped at R30,000, available from 1 September 2024).
- **Savings Pot (One-third of contributions):** Accessible once a tax year (minimum R2,000) for emergency withdrawals.
- **Retirement Pot (Two-thirds of contributions):** Preserved until retirement, ensuring you have a safety net in the future.



VESTED POT



SAVINGS POT



RETIREMENT POT

Impact on DB and DC Members:

- **DB Fund:** Withdrawals are more complex and will **reduce your final pension benefit** significantly, as each withdrawal decreases your years of pensionable service.
- **DC Fund:** Withdrawals are straightforward but reduce your retirement savings and investment returns.

Our Pensioners Speak: Real Stories, Real Impact



TESTIMONIAL

L.J. MAKGOBATLOU (69)

★★★★★

"I have had a wonderful experience with MEPF. I have never faced any issues with my income. To current municipal employees, I would say: 'gore ba joine pension fund ya rena' (I would encourage them to join our pension fund)."

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TESTIMONIAL

M.T. MATHANE (69)

★★★★★

"My son and I are both happy with the support I receive from MEPF. While I prefer not to discuss my 13th cheque in detail, I can confidently say that I continue to receive my income on time and can support my family."

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TESTIMONIAL

GRACE N. MOSIA (70)

★★★★★

"I am extremely happy with my pension from MEPF. The 13th cheque and annual increases have exceeded my expectations. I am especially glad I didn't listen to those who urged me to leave the fund. I urge everyone to recruit more members so that more people can benefit like I have. I would love to share my story at our roadshows to inspire others. MEPF iyadlisa."

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TESTIMONIAL

J.M. LEBELE (69)

★★★★★

"I am very satisfied with my pension from MEPF and wouldn't trade it for anything. I've seen many people I know who cashed in their pensions struggle financially. The increase in my salary has allowed me to secure top-tier Discovery medical aid, which provides me with peace of mind. I encourage younger members to join the fund; it truly works for us."

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In Closing

We would like to extend our heartfelt thanks to all our valued members for your continued support and trust. The move to a Hybrid Fund was a necessary step to honour our commitment to long-standing members and to align with industry changes. MEPF remains guided by the Pension Fund Act 24 of 1956 and regulated by the Financial Sector Conduct Authority (FSCA), ensuring your interests are always protected and prioritized.

For accurate and up-to-date information, please contact MEPF directly. Our Stakeholder Relations Officers are always ready to assist you.

Contact Numbers:

- i.066 020 8535
- ii.072 352 4792
- iii.082 289 0100
- iv.072 352 7144
- v.082 585 5931
- vi.072 352 6894

Regards,

Municipal Employees Pension Fund (MEPF)
Your Number 1 Pension Fund