



Predikante Pensioenfonds Amptenare Pensioenfonds



August 2020

To: All participating employers of the Predikante Pensioenfonds (PPF) and the Amptenare Pensioenfonds (APF)

AMALGAMATION OF THE PREDIKANTE PENSIOENFONDS EN DIE AMPTENARE PENSIOENFONDS: PART 2

Introduction

In my previous letter of June 2020, I pointed out the advantages of amalgamating the Predikante Pensioenfonds and the Amptenare Pensioenfonds.

Below, a short summary of these:

- One fund structure with two categories of membership
- Cheaper management fees
- Greater negotiating power
- Marginally higher spouse's cover for ministers
- Continuation of the group and spouse's schemes for the lay workers (amptenare)
- Generally, more cost effective

Firstly, however, the following important note: the effective date of implementation is no longer 1 August. It has been extended to 1 October 2020. The shifting to a later effective date was necessary due to an enormous amount of administration that must first be put in place.

In this letter, the exact differences in fees are outlined (these were previously dealt with in broad terms).

Cost differences with amalgamation: Predikante Pensioenfonds (category 1 of membership)

Item	Costs wef 1 October 2020
Approved death benefit – 4x salary (non-budget item)	1,4450% (was 1,5810%)
Unapproved death benefit - 4x salary (budget item)	1,3350% (remains the same)
Lump sum disability – 3x salary (budget item)	0,5420% (remains the same)
Disability income - 75% of salary (non-budget item)	1,0820% (was 1,230%)
Spouse's cover 1.25x salary (budget item)	0,2250% (was 0,180% but the benefit is marginally higher)

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Total for risk benefits (Category 1)	4,63% (was 4,87%)
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Cost differences with amalgamation: Amptenare Pensioenfonds (category 2 of membership)

Item	Costs wef 1 October 2020
Approved death benefit – 3x salary (non-budget item)	1,2690% (was 1,384%)
Unapproved death benefit- 2x salary (budget item)	0,8260% (was 0,908%)
Lump sum disability – 1x salary (budget item)	0,156% (remains the same)
Disability income - 75% of salary (non-budget item)	*1,082% (was 0,831%)
Spouse's cover 1x salary (budget item)	0,972% (remains the same)
Total for risk benefits (Category 2)	**4,31% (was 4,25%)

* This premium increases (*the group is bigger and the risk is therefore bigger*) but importantly, the premium waiver benefit increases in order for the unapproved benefits to be covered by this (and not be deducted from the disability income benefit).

** Although the cost of the risk benefits is a little higher for the reason explained, the total cost has reduced if the administration and consulting fees are included (see below).

Cost differences with amalgamation: combined fees

In the table above, the differences between the previous and new premiums are indicated. Below the old and new administration and consultation fees for the two funds:

Predikante Pensioenfonds

1. Previous fee: Administration plus Consultation: $0,1816\% + 0,1262\% = 0,31\%$
2. New fee: Administration plus Consultation: $0,2532\% + 0,1490\% = 0,40\%$

Amptenare Pensioenfonds

1. Previous fee: Administration plus Consultation: $0,4170\% + 0,200\% = 0,62\%$
2. New fee: Administration plus Consultation: $0,2532\% + 0,1490\% = 0,40\%$

New total costs for the two funds (previous fee in brackets)

- Predikante Pensioenfond
- Amptenare Pensioenfond

Commentary

Overall, both categories of membership save more for retirement and this was the aim of the management committees.

The road ahead

- Employers are requested wherever possible, to pay all contributions and premiums by latest 30 September 2020. I request those employers who are often late with their payments, to also conclude their payrolls by the 30th of September.
- If possible, please do not change contribution categories during September even though we communicated to the contrary in the past. If you are adamant, rather opt for additional voluntary contributions in the interim. This functionality is available on the web.
- The *retirementfundweb* will only open on 25 October and not on the 15th as would normally be the case.

Please let me know should you have any questions. I would prefer it if you send an email with your query, rather than a telephonic enquiry. The current lockdown restrictions are causing greater call volumes.

Kind regards

(Signed)

TP SMITH: MANAGER