



UNICOVER RETIREMENT FUNDS

TRUSTEE REPORT

2024



❖ Welcome to the **2024** Annual Trustee Report of the Uncover Retirement Funds.

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INTRODUCTION

Welcome to the 2024 Annual Trustee Report of the Uncover Retirement Funds (“the Fund”). This Trustee Report provides you with an overview of the Fund and its operation. Please familiarise yourself with the content of this report.

You are a member of the Fund, because your employer decided to join the Fund. The Fund consists of:

- **The Uncover Pension Fund (“the Pension Fund”)**
FSCA number 12/8/18452
SARS Registration number 18/20/4/26325
- **The Uncover Provident Fund (“the Provident Fund”)**
FSCA number 12/8/24299
SARS Registration number 18/20/4/26305

Both of these funds are umbrella funds. An umbrella fund allows various different employers to belong to the same retirement fund. One of the advantages of using an umbrella fund as the choice for retirement savings is the economies of scale being achieved as a result of a bigger membership base and the cost savings relating to this.

Interesting Fact -



Total Assets Under Management in **2013** was

R575 689 868

VS

Total Assets Under Management **2023** was

R1 471 617 800

2024

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The Board of Trustees is responsible and accountable for all of the activities of the Fund.

GOVERNANCE

Management of the Fund

The retirement landscape is a complex and ever evolving one. The Fund is primarily governed by the Pension Funds Act and its regulations. There are constant changes and additional regulatory requirements placed on retirement funds.

The Pension Fund and the Provident Fund are separate legal entities. These funds are managed by a Board of Trustees. The Board of Trustees is responsible and accountable for all of the activities of the Fund. Some of the duties of the Board of Trustees include, but are not limited to, the following:

- Ensure the interest of members are protected at all times,
- Act with due care, diligence and good faith,
- Avoid conflicts of interest, and
- Act with impartiality in respect of all members and beneficiaries

❖ The trustees of the Fund are:

Name	Position
Roy Zazeraj	Chairman & Independent Trustee
Shahied Allie	Independent Trustee
Anne McNally	Sponsor Trustee
Jacques Roos	Sponsor Trustee
Shaun Ritchie	Alternate Trustee
Alister Duminy	Principal Officer

Each employer that participates in the Fund has a Management Committee in place. The Management Committee would be responsible for setting up and reviewing the benefit structure (this includes the level of contributions made to the Fund, the level of all approved risk benefits as well as the investment portfolios offered to members). In addition, the Management Committee could also make decisions regarding other matters that are unique to your participation in the Fund. Please contact your human resources department should you require more information regarding your Management Committee.

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Fund Rules and Annual Financial Statements

The Rules of the Fund is registered under the Pension Funds Act and approved under the Income Tax Act. Any changes to the Rules (which are called amendments) must be registered and approved by the Financial Sector Conduct Authority (“FSCA”). Rule Amendments catering for the two Pot System were approved by the FSCA during August 2024.

The Trustees have pleasure in informing you that the unqualified Annual Financial Statements of the Fund as at 30 June 2023 were submitted to the FSCA timeously. Copies of the latest Annual Financial Statements as well as the Rules of the Fund can be viewed at the Administrator’s office, at no cost.

The Fund is further supported by appointed service providers as set out below:

Service	Provider	Description
Sponsor	Evolution Corporate Benefits	Sets up the Fund to provide retirement and approved risk benefits to members.
Administrator	Evolution Corporate Benefits	Responsible for day-to-day administration activities of the Fund. They ensure that your contributions are invested, benefits are paid etc.
Actuary	Mr Asim Gani (Independent Actuarial Consultants)	Ensures that the Fund is financially sound.
Auditors	SDK Chartered Accountants	Examines the Fund’s financial statements on an annual basis to ensure that the Fund is financially sound and that the information provided in the financial statements are correct.
Consultants	Evolution Corporate Benefits	Provides the Board of Trustees and Management Committee with advice regarding the retirement landscape, benefit design as well as investment solutions.
Asset Managers*	Allan Gray Investec Alexander Forbes Momentum Old Mutual Sanlam Sygnia	Decides on asset composition of their portfolios, whilst ensuring that the portfolios comply with pension fund regulations.
Risk Benefits Insurers*	Discovery Sanlam Hollard Capital Alliance Jigsaw	Provider of approved risk benefits provided by the Fund.

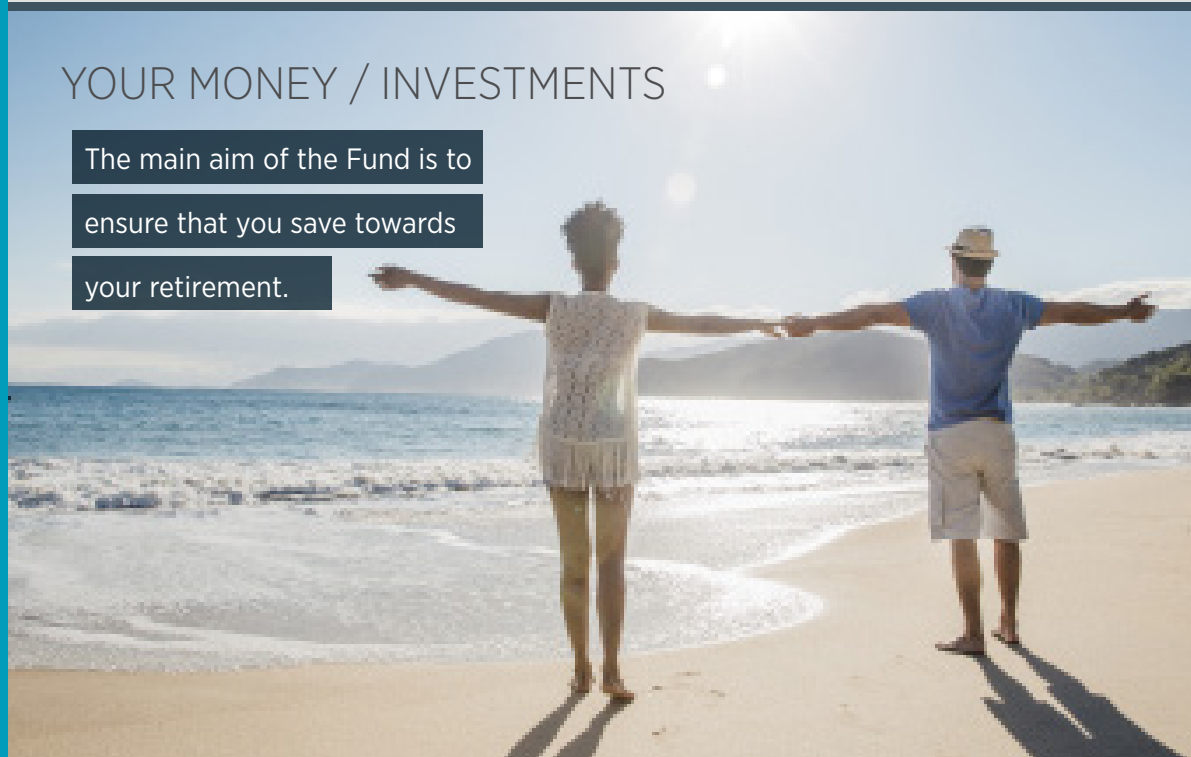
* Depending on your employers’ choice (based on the membership profile)



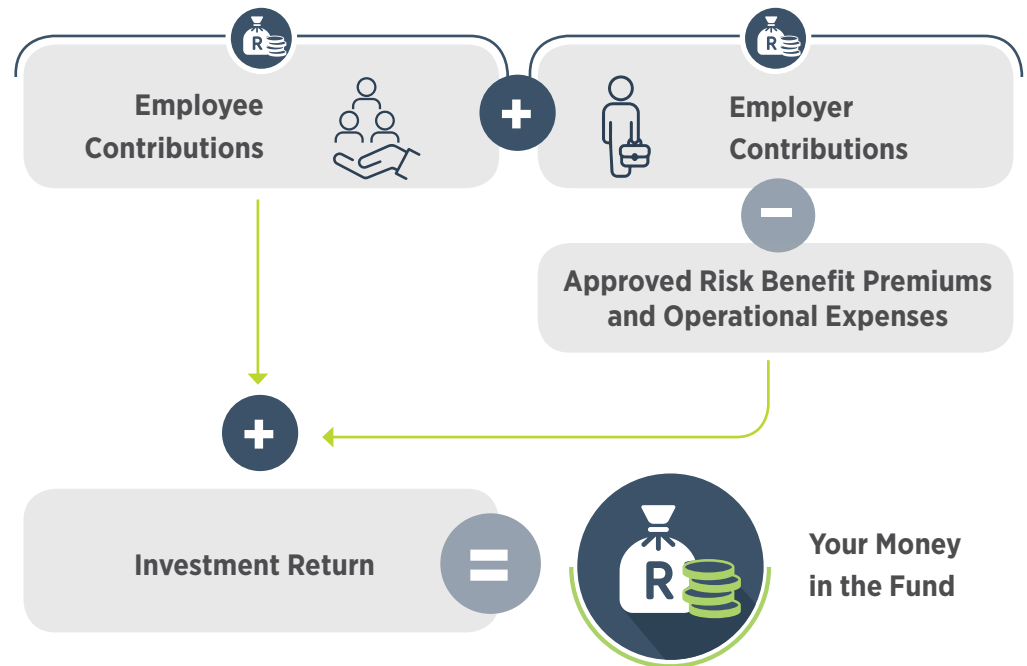
More than
90%
of retirees are
unable to maintain
their standard
of living prior to
retirement.

YOUR MONEY / INVESTMENTS

The main aim of the Fund is to ensure that you save towards your retirement.



Your contribution, together with the net employer contribution (after the deduction of operational costs and approved risk benefit premiums) are invested in the investment portfolio/s chosen. A simple example of your money in the Fund is set out in the graph below.




There are various factors that influence your final retirement money in the Fund. Four of these factors that have a large impact are:

- Contributing as much as you can each month,
- Preserving (i.e. not taking you benefit in cash) when you change jobs,
- Retiring at a later age, if this is allowed, because you will have a longer time to save, and
- The investment growth you earn on your savings.
- Not withdrawing any money from your savings pot.

Investments

Given the perceived diversity of needs and circumstances pertaining to each participating employer in an umbrella fund, the Board of Trustees consider it inappropriate to prescribe a limited selection of investment portfolios as this could expose you to extraneous investment risks that could lead to capital losses being incurred. Consequently, the Board of Trustees is firmly of the opinion that a single “one-size-fits-all” investment portfolio for all members in an umbrella fund is not an appropriate strategy to follow.

The Board of Trustees has concluded as part of their Investment Philosophy, that investment choice is desirable, viable and practical to implement at an individual participating employer level only, where appropriate. The Fund therefore allows participating employers, on behalf of their fund members, sufficient flexibility and discretion to avail themselves, of appropriate investment opportunities within the investment arena, subject always to due account being taken for the imperative for prudence and compliance with the Fund Rules, Board of Trustees’ approval, pension fund regulations and any other statutory requirements.



The Board of Trustees has concluded as part of their Investment Philosophy, that investment choice is desirable, viable and practical to implement at an individual participating employer level only, where appropriate.



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In delegating the process of asset manager and investment portfolio selection to the Management Committee of participating employers, the Board of Trustees have committed themselves and the Fund’s Investment Consultant to ensure that such selection decisions (and possible future switch decisions) are made in an informed way.

In delegating the portfolio choice to the Management Committees of participating employers, the Trustees do so with the proviso that:

- They utilise the Multi-Asset Class Portfolio Range available on the Alexander Forbes Platform;
- only licensed with the Financial Sector Conduct Authority, Financial Intelligence Centre Act and Protection Of Personal Information Act compliant asset managers be selected, with proven, long-term track records;
- stable investment management teams;
- credible investment processes & information systems;
- comprehensive and transparent reporting services to both the clients and the Funds’ investment consultant alike; and
- asset managers who adopt and publicly disclose their policies and methods of incorporating Environmental, Social and Governance factors into their investment processes.

The Board of Trustees relies on and ensures that the Multi-Manager adopts and implements the above principles on all asset managers on their platform.



Always keep in mind that retirement savings are long-term investments. When investing for retirement, keep the following in mind:

- **Don't panic** about short-term fluctuations in the market. Rather focus on the long-term growth of your investment.
- **Talk to a qualified financial** advisor before making any hasty decisions.
- **Take time to understand your investment** and how markets affect your savings.
- **Always try and save as much as possible** for retirement – these savings should support you throughout your whole retirement.



You can contact your human resources department should you require more details regarding your specific investment options.

DEFAULT REGULATIONS

In terms of legislation, the Fund has to cater for certain default options in the Fund. The Fund complies with the legislation and set out below is the approach the Board of Trustees have developed in line with the legislation.



The Board of Trustees has adopted an out of fund annuity strategy that you can select if you retire from the Fund.



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Default Investment Portfolio

In the event where a participating employer or member does not make a choice of investment portfolio/s the Board of Trustees has approved the following default investment portfolio:

- *Alexander Forbes Investments: Performer Portfolio*

The above investment portfolio will be reviewed by the Board of Trustees from time to time to ensure that it remains appropriate to the members who are automatically placed in this portfolio.

Default Preservation/ Paid-Up

The Board of Trustees encourages preservation on withdrawal and/or retrenchment to all its members. The rules of the fund allow members of the fund to become paid-up. When a member becomes paid-up, no new contributions will be accepted, and the member will no longer be covered for risk benefits. The Board of Trustees has approved the following investment portfolio for paid-up members:

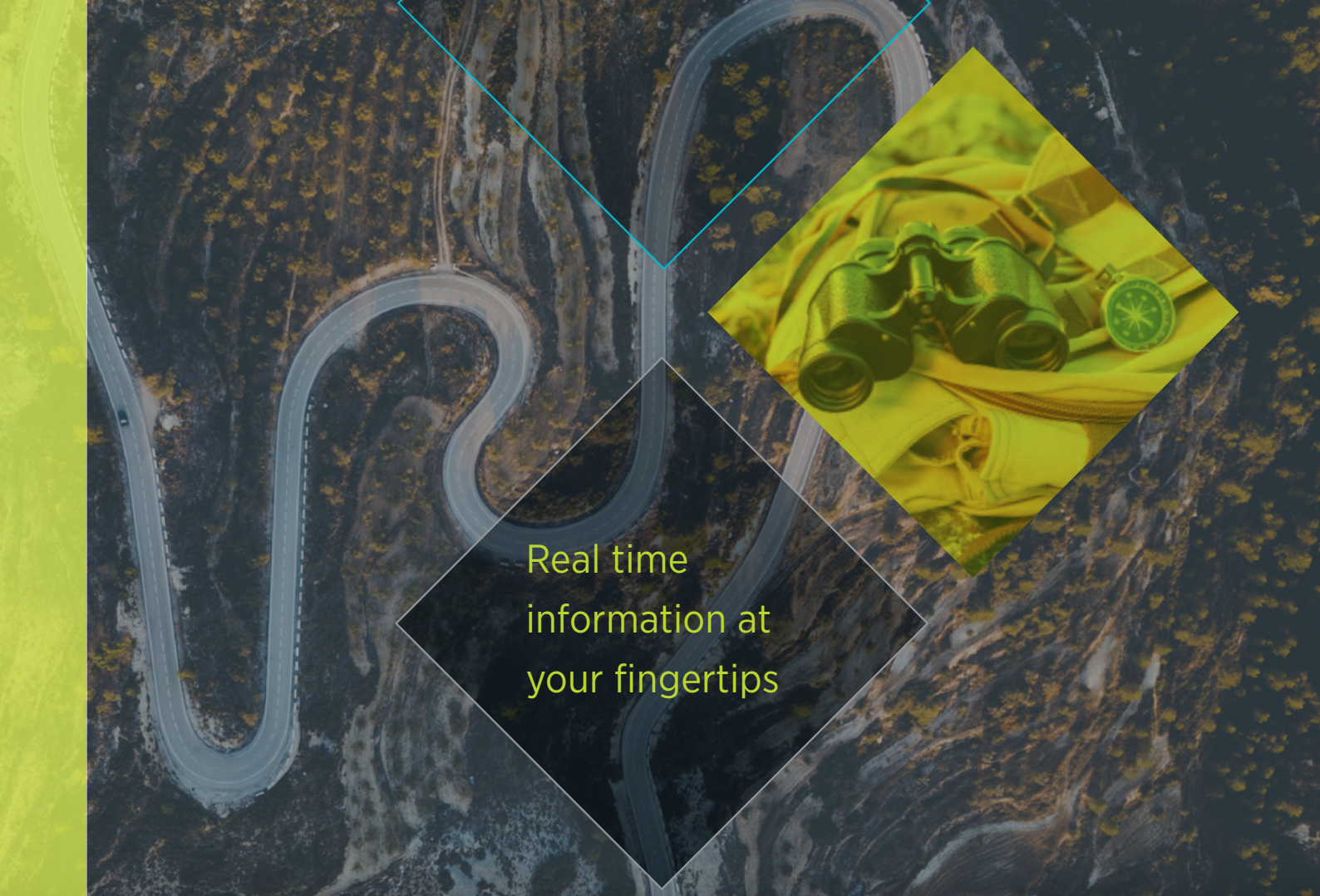
- *Alexander Forbes Investments: Performer Portfolio*

Annuity Strategy

The Board of Trustees has adopted an out of fund annuity strategy that you can select if you retire from the Fund. The default annuity is a guaranteed annuity with an annual inflationary adjustment. The Board of Trustees has elected an external service provider to supply the annuity of the Fund and will review the appropriateness of the annuity type and service provider on an annual basis. It is important to note that you do not have to select the Fund's annuity. You can select any annuity that is available in the market.

Retirement Benefit Counselling

The Board of Trustees will ensure, through the assistance of an appropriate counsellor, that members receive retirement counselling not less than six months prior to their normal retirement age, and at retirement age.



Real time
information at
your fingertips

OTHER BENEFITS

In addition to ensure that you save towards your retirement, the Fund also provides other approved benefits as decided by your Management Committee or employer. Every year the Fund sends your Member Benefit Statement ("MBS") to your employer to distribute to you.

The MBS sets out all the benefits provided to you by the Fund, as well as how your money in the Fund has grown with contributions and investment returns over the period. It is important that you understand your MBS and the benefits you have in place. This would ensure that you can, with the help of an advisor, properly do financial planning that caters for your unique needs.

You are requested to carefully review your personal details set out in the MBS and to send any necessary amendments to the Administrator, via your employer.



You can also access your MBS by registering for the Administrator's web application product.

Access to the web application product will also allow you to view your current benefits at any time. Please contact your human resources department to get more information on the registration process.

Death benefit distribution

It is important to note that the death benefit provided by the Fund is paid according to the Pension Funds Act. This benefit does not form part of your estate and will not be paid according to your wishes expressed in your will. All factual and financial dependency on you is taken into account when the Board of Trustees determine the distribution of your death benefit.

The Board of Trustees is obliged to consider your beneficiary nomination form when they consider the distribution of your death benefit. It is therefore critical that you ensure that you complete this form and keep it updated when you have any life changing situations (for instance when you get married, divorced or have children).

LEGAL UPDATE

TWO POT SYSTEM



VESTED POT (PROVIDENT FUND)

On 31 August 2024 you will already have two pots unless you were 55 or older on 1 March 2021. The one pot is your Vested Pot (savings up until 28 February 2021, together with growth up until 31 August 2024). The other pot is your New Provident Fund Pot (savings from 1 March 2021 to 31 August 2024, together with growth up until 31 August 2024).

The current rules apply for these Pots meaning that if you leave your job, you can withdraw the entire amounts along with any growth in these Pots.

10%, up to a combined maximum of R30,000, will be withdrawn from the two Pots and transferred to your Savings Pot on 1 September 2024 proportionately (this is the seeding capital portion).

At retirement, you can withdraw your Vested Pot PLUS one third of your new Provident Fund Pot PLUS your Savings Pot as cash. Two thirds of your new Provident Fund Pot must be used to purchase a pension.

VESTED POT (PENSION FUND)

On 31 August 2024, all your retirement savings (less the seeding capital portion) will be transferred into the Vested Pot.

10%, up to a maximum of R30,000, will be withdrawn from this pot and transferred to your Savings Pot on 1 September 2024 (this is the seeding capital portion).

The current rules apply for this pot meaning that if you leave your job, you can withdraw the entire amount along with any growth in your Vested Pot.

At retirement, you can withdraw one third of your Vested Pot as cash, and the other two thirds must be used to purchase a pension.



SAVINGS POT

The Savings Pot starts with 10% of your Vested and New Provident Fund Pot (capped at a combined maximum of R30,000) transferred thereto (once-off seeding capital portion).

Starting with your contributions and that of your employer for the month of September 2024, one third of your monthly contributions will be added to this pot.

You can withdraw cash once per tax year, subject to a minimum of R2,000.

Withdrawals are subject to tax at marginal rates and processing fees.

At retirement, you can withdraw the balance of the Savings Pot in cash or you can add some or even all of it to your Retirement Pot to ensure a better pension.



RETIREMENT POT

From 1 September 2024, two thirds of your and your employer monthly contributions will be allocated to this Retirement Pot.

This is intended to provide you with a monthly income at retirement age.

You cannot access the benefit in the Retirement Pot until you reach retirement age.

You can only use this money to purchase a pension.



Use your
SAVINGS POT
for emergencies
ONLY
Consider before
you withdraw!



The Two Pot System

does not apply to members who were 55 and older on 1 March 2021.

However, those members will be given the opportunity to OPT in within 12 months from 1 September 2024



How do you claim from your savings pot?

Complete the Two Pot claim form with your employer
Submit a copy of your ID and proof of banking details
Allow up to 6 weeks for processing



Important notes

Cash withdrawals are limited to once per tax year (March - February)
Minimum withdrawal amount is R2,000
Tax will be deducted at your marginal rate
Any overdue tax will be deducted from your benefit
Processing fees will also be deducted from your benefit at R250, vat inclusive.



Please carefully consider these details before you decide to withdraw or make any decisions about your retirement savings.



CONTACT DETAILS

If you have any queries relating to the Fund you can contact your administrator at:

Evolution Corporate Benefits

Suite G01 – A, Millvale House, 6 Millvale Road, Milnerton, 7441
P.O. Box 1829 Milnerton 7435
Cape Town: (021) 551 2140
Johannesburg: (011) 675 3000
www.evolutiongroup.co.za

Complaints

If you have a complaint regarding any Fund related matters, please raise your complaint in writing to the Fund. The Fund must respond to your complaint within 30 days.

Should the Fund not respond to your complaint within 30 days, or you are not satisfied with the response to your complaint, you can lodge your complaint with the Pension Funds Adjudicator.

Pension Funds Adjudicator

Tel: 012 346 1738 / 012 748 4000
Fax: 086 693 7472
www.pfa.org.za



CONCLUSION

It is trusted that the information in this brief report is useful for you. It is essential that you make every effort to understand the retirement, death and other benefits provided to you by the Fund. They can have a significant effect on the quality of life of yourself and your loved ones.

The Board of Trustees assure you that they take their trust and fiduciary responsibility very seriously and are at all times focused on acting in your best interest. They do, of course, have to work within the requirements of all applicable laws and regulations.