



NATIONAL TERTIARY RETIREMENT FUND

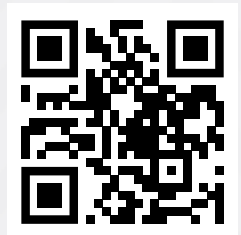


Member **NEWSLETTER**

Quarter 2

In this edition:

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www.ntrf.co.za

The National Budget

How does it affect you?



Let's start with some good news.

For the third year in a row, there were no increases to Value-Added Tax (VAT) and no increases in the fuel levy and Road Accident Fund levy.









But there is some bad news too.

Income tax tables have not been adjusted for inflation. That means, if you get a pension increase this year, you might end up in a higher tax bracket.

In other news:

- A massive **60%** of the Budget – **R3.7 trillion** – will be spent on salaries for teachers, doctors and nurses, and social grants.
- No money was allocated to bail out Transnet, Eskom, or any other struggling State-Owned Enterprises.
- Finance Minister Enoch Godongwana and the National Treasury have decided to take money out of SA's Gold and Foreign Exchange Contingency Reserve Account for the first time in twenty years, to keep the country's debt under control.

Taxes on alcohol and nicotine:

	Increase in duty
 Can of beer (340 ml)	14c
 Bottle of fortified wine (750 ml)	47c
 Spirits (whiskey, brandy – 750 ml)	R5.53
 Pack of 20 cigarettes	97c
 Cigars (23g)	R9.51
 Nicotine and non-nicotine solution electronic cigarettes/vaping	14c per ml

And now... what about Two Pots?

“ The two-pot system ensures that we strike a balance between preserving contributions to safeguard a better retirement for members while addressing the plight of the people to access some of their retirement funds to help ease their financial burdens in times of distress. ”

Enoch Godongwana, SA Minister of Finance

On 20 February 2024, the National Assembly passed the Revenue Laws Amendment Bill (RLAB). The RLAB makes provision for the introduction of the two-pot system with effect from 1 September 2024.

The two-pot system means South Africans will be able to access one-third of their retirement savings throughout their career, while two-thirds will only become accessible on retirement.

The new proposal will mean that, after it comes into effect, you will be able to make one withdrawal from your Fund savings in any 12-month period – BUT:

- That withdrawal may not be less than R2 000.
- You will be taxed on any amount you withdraw.
- It will apply to one-third of the pension savings you accumulate from the date of implementation.
- You cannot withdraw any of the pension money you saved before the implementation date (*old savings*), and two-thirds of the pension money you save after the implementation date (*new savings*).
- You will have to wait until you have R2000 in your new savings pot before you can make a withdrawal.

Important To Note

What still needs to happen?

- The Revenue Laws Amendment Bill (*which allows for Two-Pots in SA legislation*) is following Parliamentary processes. It has been passed by National Assembly but must still be signed into law by the President.
- The Pension Funds Amendment Bill makes changes to the Pension Funds Act to allow for Two-Pots and must also follow Parliamentary processes.
- It is likely there will be further Bills which are drafted e.g. to specify how Two-Pots will work in case of a retrenchment.
- The Fund will keep a close eye on what Parliament does – delays are possible.



For a detailed explanation
www.ntrf.co.za/webinars

Visit



Fund Events

2024 Trustee elections

The Fund is managed by a Board constituted in accordance with the provisions of the Rules of the Fund and consists of:



One Independent Chairperson



Seven Board Members

elected by Members and Pensioners
(currently, 6 elected by members
and 1 elected by Pensioners)



Three Board

Members appointed
by the Employer



Two Board Members

appointed by the
Board

One of the NTRF member trustees' term is ending on **30 September 2024**; therefore, we will be conducting an election during August and September to fill this position.

We encourage all our members (*including pensioner members*) to get involved in this very important process. With national elections around the corner, we are all very much aware of how important it is to have our needs represented by someone we trust and respect.

More information will be communicated to all members closer to the time.



How to read your Benefit Statement

Once again, we are making your life easier in as many ways as possible.

When you received your benefit statement this year, you also received a document that explains the technical terms in the benefit statement. We trust that this helps you to understand your retirement benefits and to plan more effectively for the long term.

Please Note: If you haven't received your benefit statement via email, please contact the fund administrators: 0860 000 071 | NTRF@momentum.co.za

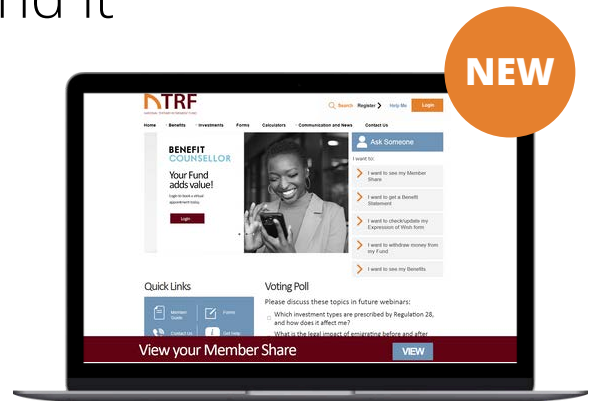
Fund Website



What to find and where to find it

We want to make things as easy as possible for you. That's why we'd like you to be aware of the following online offerings:

All the most up-to-date forms for members of the NTRF – if you are looking for a form, please find it here, as these versions are kept current.



Forms

www.ntrf.co.za/forms

Visit

Everything a new member needs to know, with a letter and a webinar for new members to read and watch.



New Member Induction

www.ntrf.co.za/new-member-induction

Visit

Everything a member who is resigning from their institution needs to know, with a guide and links to various other documents.



Withdrawal Benefits

www.ntrf.co.za/withdrawal-benefits

Visit

All our member webinars are published on this page, for your ease of reference.



Webinars

www.ntrf.co.za/webinars

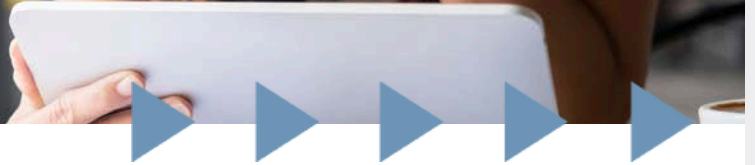
Visit

Videos



Whenever you are in doubt about anything to do with the Fund, please visit www.ntrf.co.za and chat with one of our consultants in real time!

Investment Updates



Trying too hard

“ *Life is really simple, but we insist on making it complicated.* ”
Confucius

One of the enduring quirks of human behaviour is to seek out complexity and intellectual superiority at the expense of easier and simpler things which are very effective.

A good example of such behaviour is cancer research. In 2013 Harold Varmus, then director of the National Cancer Institute delivered a speech describing how difficult the war on cancer was. This institution had, as early as 1971, set itself the goal to eradicate cancer. Forty-two years later Varmus lamented that despite the significant progress made in understanding cancer cells, “we have not succeeded in controlling cancer as human disease to that I believe is possible”.

He went on to say that a key missing piece was that we focus too much on cancer treatment and not enough on cancer prevention. However, prevention is boring, especially compared to the science and prestige of cancer treatments. The team that finds the cure to cancer will receive many more awards and recognition than a party that succeeds in reducing the instances of cancer in the first place.

Implementing a retirement plan successfully is another example of where simplicity is undervalued. The vital elements of such a strategy are:

- You need to be disciplined and you, together with the contributions by your employer, need to save around 15% of your salary each month over your entire working career.
- You need to invest this money in an investment portfolio where the underlying investments are resilient and have a good chance of bouncing back from times of adversity. You need to be patient with this investment strategy.
- However, you also need to be comfortable with the extent to which the above portfolio may deliver negative returns over short measurement periods. It is better to invest your money more conservatively if large negative short-term investment returns will cause you anxiety.
- Keep your costs low.

Of course, the above is not easy to do. However, you should not fool yourself, nor should any financial advisor make you believe that you can make up the deficiencies arising from not applying the above by being clever.

If you think about it carefully, the market overview that the Fund communicates quarterly is of limited value. Yes, it is useful in helping you understand what has driven investment returns over more recent periods, but that is about it. The explanations given for the performance of the market will seem very important and complicated now, but almost all of the short-term performance issues are temporary in nature and will quickly be forgotten when considering longer-term performance. You can test this for yourself by asking how many of the explanations about what happened in investment markets in the first quarter 10 years ago you can recall now – most Fund members will remember very little if anything. Your focus should be on the long-term performance of your investment portfolio.

NTRF Portfolio Returns

The section below sets out the net of fee performance of the Fund’s portfolios for measurement periods to 31 March 2024. Further information is available on the Fund’s Fact Sheets that are published on the NTRF website.



Fact Sheets

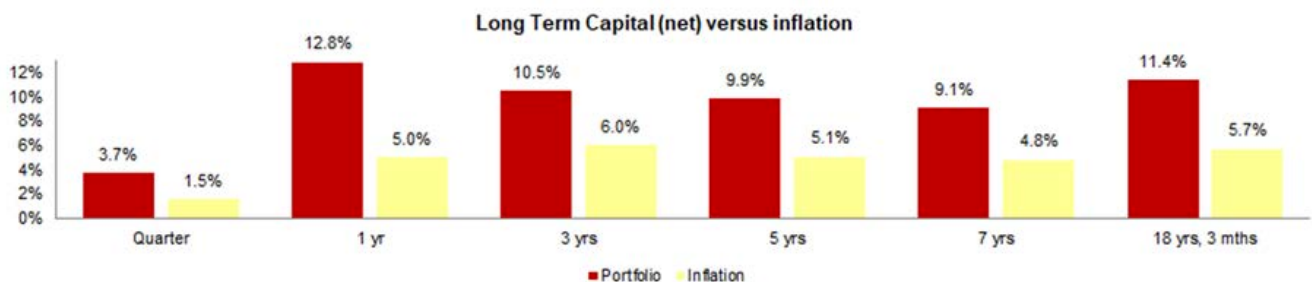
ntrf.co.za/ntrf/how-did-they-perform

Visit

What the portfolios are called tell you a lot about what you are investing in.

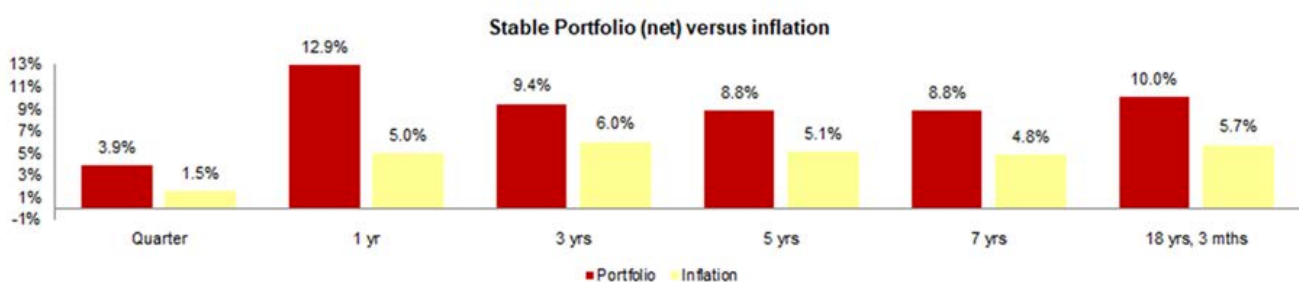
Long-Term Capital Portfolio

The Long-Term Capital portfolio adopts a long-term investment horizon. The portfolio will always have a 70% to 85% exposure to the share (or equity) market. This means that the portfolio’s return will be volatile and there will be periods when the return is significantly negative. However, over long measurement periods, investors should be rewarded for taking on more risk, provided that the underlying system is able to bounce back.



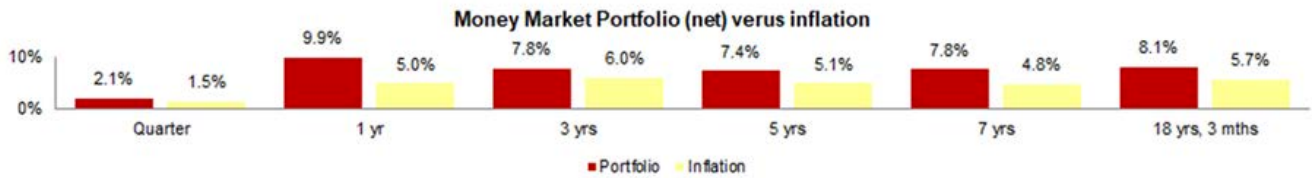
Stable Portfolio

The Stable portfolio is suitable for members that have a shorter investment horizon. Typically, the portfolio will only have a 35% to 45% exposure to the share market. It also aims to deliver a positive return over rolling 12-month periods, although inevitably there will be a few times when the 12-month return is indeed negative.



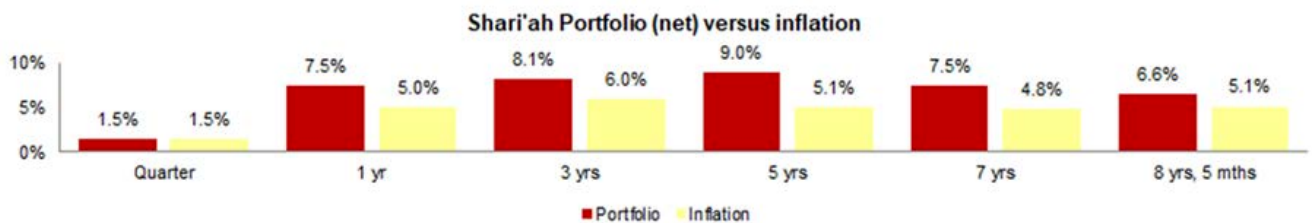
Money Market Portfolio

The Money Market portfolio is invested entirely in money market type instruments and is appropriate for members with a very short investment horizon. Given the short-term nature of this portfolio one should look at the performance up to five years; however, we show the returns over a longer track record.



Shari'ah Portfolio

The Shari'ah portfolio has a 60% to 70% exposure to share markets and is managed in accordance with Shari'ah law.



2024 Webinars



The Fund regularly holds informative and valuable webinars for all members who wish to attend. For those of you who could not join, the recordings are available at the Fund Website.



Webinars

www.ntrf.co.za/webinars

Visit



Your Questions Answered

What is RISK and how should you approach it?

Risky behaviour is not often seen as something positive or good. But when it comes to money, risk can be necessary, even if it feels terrifying.

In investment terms, risk is uncertainty about how an investment will perform in the future.



There is more than one type of risk:

The possibility of losing money in an investment is one reason that you may be more comfortable with a low-risk investment. The possibility of a fall in the value of your investment is known as capital risk.



For younger members, the risk of choosing an investment portfolio that does not keep up with inflation is far worse than short-term capital losses from time to time.

However, there is another, more subtle kind of investment risk that you may not be aware of: the chance that your investment returns may not keep up with inflation, which could erode the purchasing power of your benefits. This is known as inflation risk.



For members closer to retirement, the risk of not keeping pace with inflation for a year or two before retiring is less than big capital losses in the year before retirement.

A third type of risk is income risk: this is the risk that the income obtainable from your capital may reduce as a result of a fall in interest rates. A retired person living off an interest-bearing investment would feel the reduction in monthly interest income if interest rates dropped, even though the value has not reduced. Retirees also face the slightly odd risk of living too long and running out of pension income.



There is no one-size-fits-all solution to choosing a portfolio.

When making your investment decisions, it is important to consider your personal comfort level with risk, as well as the level of returns that you need in order to achieve your financial goals in the time available to you.

Luckily, if all of this is just too much and you get a headache just thinking about it, your Fund offers a default **LIFE STAGE MODEL**. If you are invested in the life stage model, the Fund will handle your investments for you, moving your savings into lower-risk portfolios as you approach retirement. In other words, when you reach a certain age, the Fund will start moving your money into safer portfolios by degrees, thus protecting you from market fluctuations.



***We don't have to be smarter than the rest.
We have to be more disciplined than the rest.***

Warren Buffett





NATIONAL TERTIARY RETIREMENT FUND



Fund Contact Information

ADMINISTRATORS

Contact the Administrator for all claim queries and other Fund-related queries

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