



# Welcome

**National Tertiary  
Retirement Fund  
(NTRF) webinar on  
Fund costs**

**19<sup>th</sup> MARCH 2024**

Presented by the Principal  
Officer's Office





## Agenda

- > Costs deducted from contributions
- > Other deductions from contributions
- > Costs deducted from investments



## Agenda

> Post retirement costs

> Other costs

> Questions



## **COSTS DEDUCTED FROM CONTRIBUTIONS**

The Fund incurs costs in respect of various service providers

- > Fund administration : Momentum Retirement Fund administrators**
- > Annual retirement fund audit : PWC**
- > Fund Actuary : Willis Towers Watson**



## COSTS DEDUCTED FROM CONTRIBUTIONS

- > Regulator levies : Financial Sector Control Authority and Pension Funds Adjudicator
- > Principal Officer and Principal Officers office
- > PI and FG insurance : Marsh / Camargue



## COSTS DEDUCTED FROM CONTRIBUTIONS

- Bank charges on Fund accounts administered by Administrator: Nedbank
- Specialist service providers as required: pension lawyers, communication specialists etc



## NTRF is different to a Commercial Umbrella Fund



*The NTRF is a stand-alone fund, and the Trustees are totally independent of the underlying service providers. It is a not-for-profit fund, and membership is restricted to higher education institutions, unlike a commercial or 'open' umbrella fund.*



*The Trustees strive to deliver the best possible service and benefits to you.*



## COSTS DEDUCTED FROM CONTRIBUTIONS

- > The provision to cover all of these costs is 0.25% of pensionable salary.
- > Note that many Funds will split the administration fee from the other governance costs.
- > Note that some Funds will express these costs as a Rand cost per month.





## COSTS DEDUCTED FROM CONTRIBUTIONS

- > The 0.25% of pensionable salary provision is reviewed annually as part of the actuarial review



## OTHER COSTS DEDUCTED FROM CONTRIBUTIONS

- > Risk benefits to provide the insured death and disability benefits
- > Members can select 2% or 4% of pensionable salary.



## ALLOCATION TO RETIREMENT SAVINGS

- Depending on the risk benefit option selected the NET contribution to retirement savings is either **19.75%** or **21.75%**.
- Sanlam Benchmark survey indicated an industry average of **12.80%**.



## INVESTMENT CHARGES

### Base portfolio fee

This is the fee charged by the asset manager for assets invested in the selected portfolio

### Platform fee

This could be a fee levied by a multi manager (if the portfolio has building blocks or an administrator). For NTRF portfolios these are included in the base fee.

### Portfolio expenses

Certain other costs, such as custody charges, are levied against the portfolio over and above the quoted fees

### Trading costs

The stockbroking costs, STT on some trades and bank charges are levied against the portfolio over and above the quoted fees



## BASE PORTFOLIO COSTS

- These are the often quoted but are misleading as they exclude the other costs.
- Be careful that Fund fact sheets viewed apply to your investment, as there are different fee classes.
- Underlying asset manager “profit” is factored into the base portfolio fee

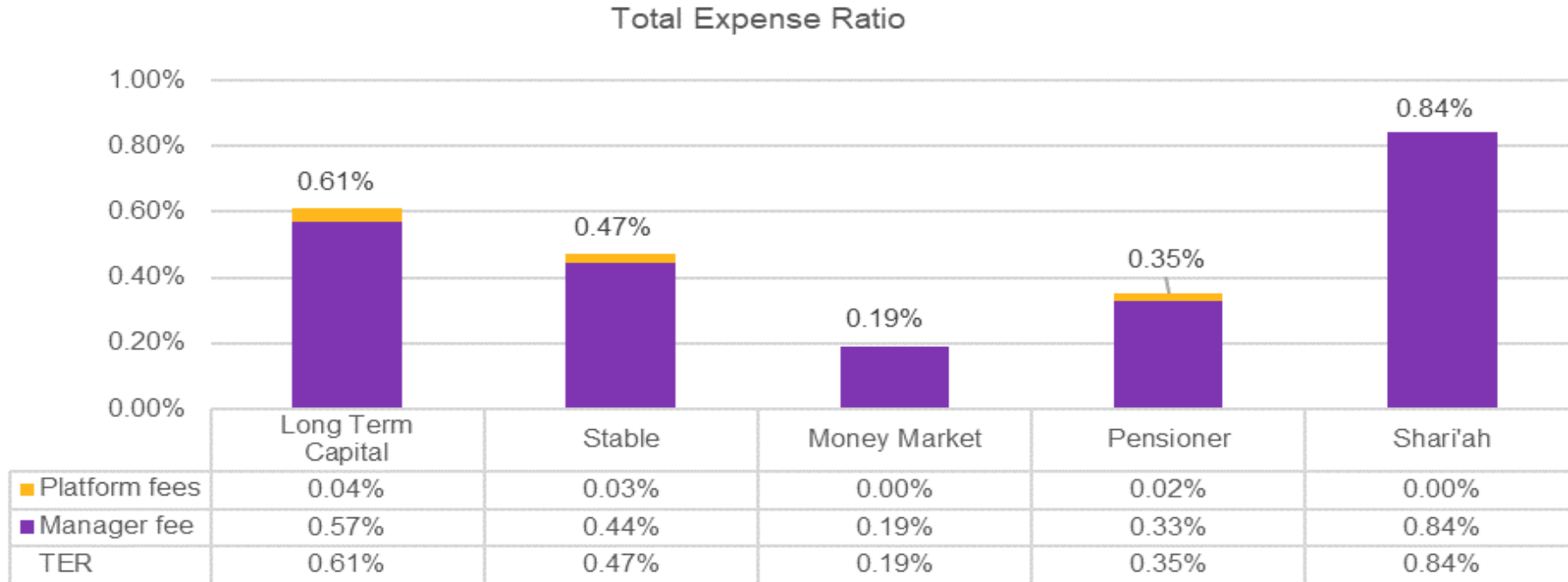


## PLATFORM FEES

- In some instances a multi manager solution is a “product” and multi manager fees are included in the base price. Only Shari’ah multi manager with NTRF not any the other portfolios
- In other instances there is a distinct fee for the multi manager service and this is added to the cost of the building blocks. Not applicable for NTRF portfolios.
- Some retirement funds and / or retirement fund administrators levy a platform or handling fee for external assets. This is not applicable to NTRF.

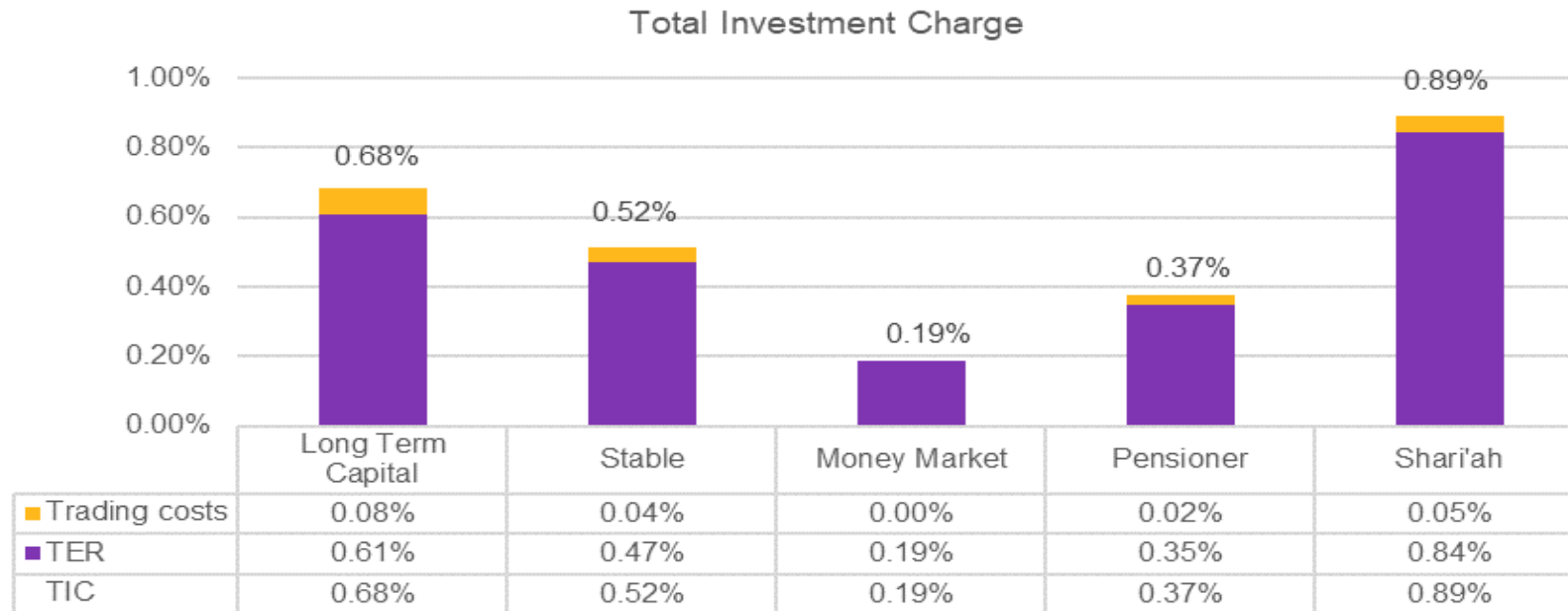


# NTRF Portfolio fees : Total expense charges





## NTRF Portfolio fees : Total Investment Charge

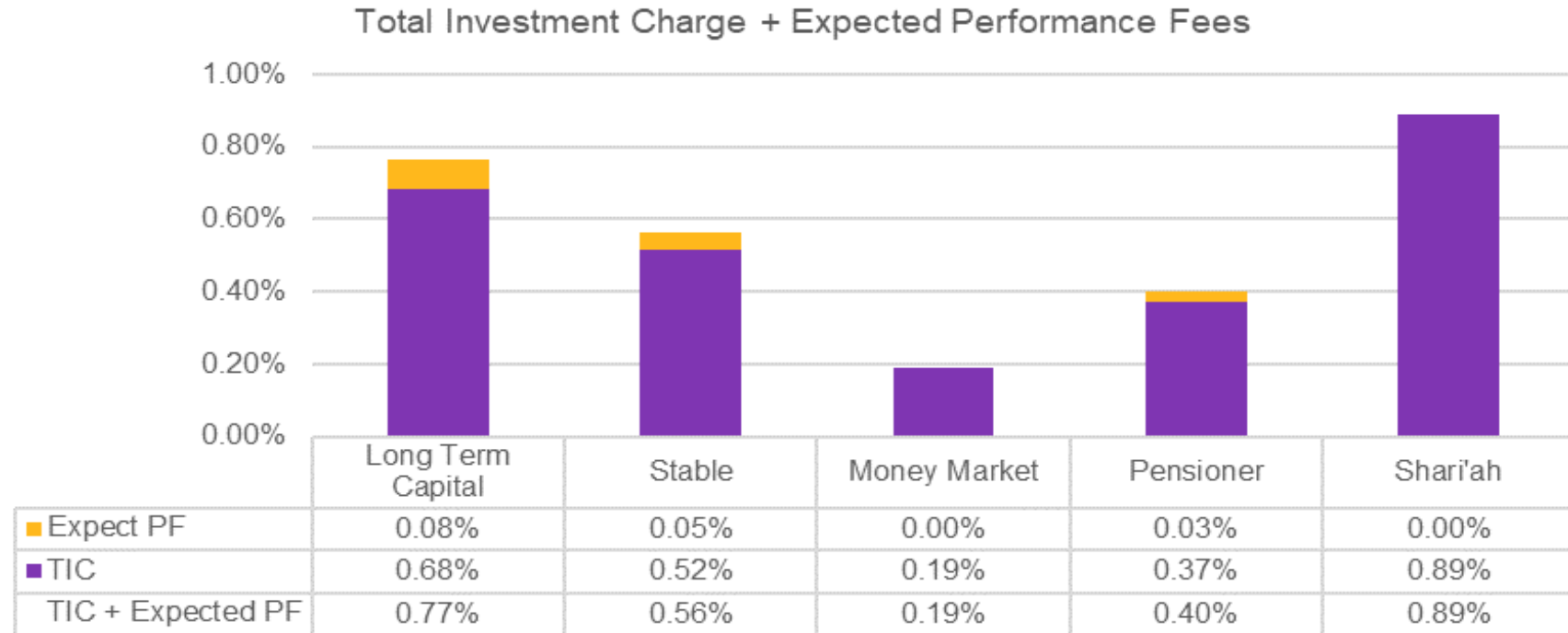


Total Investment Charge takes account of the expected trading costs





# Portfolio fees : Total Investment Charge plus performance fees



TIC plus an allowance for expected performance fees where such fees are estimated assuming that the manager delivers performance in line with its performance target



## Portfolio fees : comparative

These costs are about 30% to 40% of the charge the members would typically pay as a retail investor.

They are also lower than the fees paid in most commercial umbrella Funds

Note that the 0.25% of contributions equates to **9bps** of the asset value (for comparisons where umbrella funds recover costs via asset fees).



## Post retirement costs

Pensioners need to consider the following costs:

- Investment fees that is the fees (TER and TIC) as per previous slides
- For Life annuitants they also need to consider any built in charges for risk
- Administration and platform fees
- Advice fees / commission



## Indicative Fee Comparison: Life Annuity

	IN FUND ANNUITY	OUT OF FUND ANNUITY
Investment manager fee	Total investment charge: 0.37% p.a.	Not disclosed but will include a risk charge.
Administration fee	R50.63 pm	Not disclosed
Platform fee	Nil	
Commission	Nil	Max 1.5% Plus VAT up front



## Indicative Fee Comparison: Living Annuity

	IN FUND ANNUITY	OUT OF FUND ANNUITY
Investment manager fee	Long Term Capital 0.68% pa Stable 0.52%pa Member can also invest in MM and Shari'ah	Range from 1.00% to 2.5%pa
Platform fee	R92.50 pm	Range from 0.25%pa to 0.50%pa
Commission / Advice fee	Nil	1% - 2% upfront 0.50% - 1.0% pa

**The Out of Fund costs are indicative, based on fees quoted by one insurer as an example.**



## OTHER COSTS

- Administrative charges can be levied for certain events:
  - Processing a divorce order payment
  - Registering a home loan – this is capitalised by the Bank
  - Death in service payments – tracing or paternity cost could be levied and deducted from the benefit
  - If benefit not paid for 24 months (unclaimed benefits), tracing cost can be deducted



## QUIZ TIME

- If you have selected the 4% risk benefit category, what percentage of your salary is applied for retirement savings each month?
  - A: 17.50%
  - B: 19.75%
  - C: 21.75%



## QUIZ TIME

The current Total Investment charge (TIC) of 0.68%pa for the Long term Capital Portfolio excludes the fees paid to the underlying asset managers.

True or False?





## QUIZ TIME

Which of the following administrative processes will incur a fee from the administrator as it is not covered by the monthly deduction from your contributions?

- A. The payment of your benefit on leaving the Fund (on withdrawal or retirement).
- B. The use of the services of the Benefit Counsellor.
- C. The processing of a benefit to a non member spouse in terms of a divorce order.



# Fund Contact Information

Member Website: [www.ntrf.co.za](http://www.ntrf.co.za)

## OFFICE OF THE PRINCIPAL OFFICER (Management of the Fund)

Contact the Principal Officer for all escalations of queries

Physical address	Telephone	Email
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## ADMINISTRATOR (Administrative matters)

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

Physical address	Telephone	Email
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# Questions

