

ANNUAL REPORT OF THE BOARD OF TRUSTEES

for the year ended
31 December 2020

My RETIREMENT FUND



TFG 
retirement fund
you can never start too early



1. Message from your chairman

It is a bittersweet moment as we say goodbye to the chairman of the Board, Mr Ronnie Stein. May 2021 was Ronnie's last meeting as trustee and chairman of the Board. During his tenure the Fund has grown in membership from approx. 7 855 members, (including 402 pensioners and 206 beneficiaries) in 1997/1998 to 21 610 members, (including 998 pensioners and 634 beneficiaries), in 2021. During the same period, Fund assets have grown from R432 million to over R6 billion. After 24 years of service to TFG Retirement Fund, Ronnie is retiring, leaving this well-governed Fund in a strong and sound financial position.

I would like to extend my gratitude on behalf of the trustees of the Board, the Principal Officer, our service providers and our members for the many years of service, insightful leadership and contribution towards ensuring positive retirement outcomes for fund members. Ronnie, we wish you all the best for your future plans and well deserved retirement.

It is with great pleasure that I present to you the Annual Trustee Report, which focuses on the activities of the Fund for the period ended 31 December 2020.

Looking back on the year under review, the Covid-19 pandemic changed our world in ways we could not have anticipated. Although we experienced significant market volatility as a result of the pandemic in the early part of the year, adherence to the Fund's investment strategy enabled us to end the calendar year on a positive note. The markets are likely to remain volatile as the pandemic progresses and uncertainty prevails. The trustees' approach to investing your savings has however not changed. We evaluate the appropriateness of the Fund's investment strategy on an ongoing basis and continuously look for opportunities to create long-term value without exposing our members to undue risks.

One of the impactful decisions taken by the Trustees during the past year, was the appointment of fund endorsed independent financial advisors who are assisting members with retirement planning and providing them with financial advice. This initiative could not have come at a better time!

In order to provide members more flexibility and the opportunity to save more for retirement, the Trustees changed the contribution structure of the Fund by providing members with member contribution choices between 3% and 18%, effective from 1 March 2021. Default member contribution remains 7.5% but if necessary, this new structure allows members to tailor their retirement savings plan according to their individual needs.

I would like to thank my fellow trustees, the Principal Officer, and the Fund's service providers for their tremendous efforts over the past year. I hope you find this report to be informative, and that it will contribute in helping you plan a successful retirement. We urge you to stay positive, act wisely and remember that saving for retirement is a long-term investment.

Paul Barnard
Chairman

2. Investments

2020 was a year filled with uncertainty and volatility for financial markets all over the world.

The spread of Covid-19 through the world left investment markets devastated by the end of March 2020 and most asset classes were impacted negatively over the period. However, the markets recovered in the second half of 2020, resulting in the ending of the calendar year on a positive note.

An important lesson to learn from 2020 is that saving for retirement is a long-term investment and short-term volatility should not tempt members to disinvest from the markets.

On average, the portfolios yielded an annual return of 5.8% as at 31 December 2020.

The Trustees continue to monitor the investment portfolios and are comfortable that it is well diversified and geared for events such as the pandemic.



CLICK HERE

for a more detailed look at the investment information, returns and reports.

Investment strategy

The main investment objective of the Fund is to provide Fund members with the greatest likelihood of securing a reasonable pension at retirement.



CLICK HERE

to view the Investment Policy Statement of the Fund.

3. Board of Trustees

The Board of Trustees (and the Principal Officer) is accountable and responsible for the performance and management of the Fund, with the assistance of various appointed service providers. The Board of Trustees met four times during 2020 and always strive to act in the best interest of members and pensioners at all times.

The Board of Trustees consist of ten trustees, of whom five are appointed by the company and five elected by the members. The Chairman of the Board of Trustees is elected annually by the members of the Board of Trustees. All Board members are elected/appointed for a period of five years.

Mr Ronnie Stein, the Chairman of the Board of Trustees retired as an employer trustee and was replaced by Mr Clement Singh on the Board of Trustees. Mr Paul Barnard was elected as the new Chairman of the Board of Trustees.



[CLICK HERE](#)

for information about the Fund management, Board of Trustees and Specialist Committees and service providers.

4. Effective governance

The TFG Retirement Fund is governed primarily by the Pension Funds Act as well as various other pieces of legislation, which provide a legislative framework to ensure that the rights of members are protected. The Board of Trustees has adopted a Code of Conduct that ensures its rules, responsibilities and accountability are documented and adhered to.

The protection of personal information legislation (POPIA) came into effect on 1 July 2021. The fund has set a framework to work towards continuous compliance with the letter and spirit of the legislation.

5. Fund developments

Change in remuneration basis and member contribution choices

In 2020, TFG commenced with a process of changing pensionable salary to Total Guaranteed Package (TGP) for employees with a job grade 9 and above, now referred to as TGP employees. Their contribution to the Fund is calculated at 75% of TGP.

Employees on job grade 10 and below were not affected and are now called Salary Plus employees.

The Fund also introduced contribution choices, where members were provided with an opportunity to choose a new member contribution rate between a minimum of 3% and a maximum of 18%. This provided greater flexibility to members and an opportunity to save more for retirement. The default contribution rate for new members will be 7.5% of pensionable pay. These changes were effective from 1 March 2021.

Benefit and Projection Statements

Annually, the Fund produces Benefit and Projection statements for members of the Fund. These provide a summary of the member's retirement savings and the projected pension income at retirement (which is also known as a projected replacement ratio).

Due to the change in the contribution structure which affected the member's retirement savings, the Fund produced a second batch of projection statements in April 2021 to show members how their contribution choices affected their projected replacement ratio and estimated monthly retirement savings and to encourage them to increase their contribution rate where necessary.

View your benefit and projection statement on your HR Connect profile.

Additional Voluntary Contribution

Even though the Fund has changed the basis of pensionable pay and allowed for flexible contribution choices, members can still make Additional Voluntary Contributions (AVC's) to enhance their retirement savings. Members are encouraged to take advantage of this, especially during the salary increase period and bonus time.



[CLICK HERE](#)

to access the AVC form.

6. Rule amendments

The TFG Retirement Fund is managed according to a set of Rules, which have to comply with the requirements of the Pension Funds Act.

During the past year, there were four rule amendments submitted to the Financial Sector Conduct Authority:

- Rule amendment No.7 – effective 01 March 2019 - approved 05 August 2020
- Rule amendment No.10 – effective 01 April 2020 - approved 04 May 2020
- Rule amendment No.11 – effective 01 March 2021 - approved 24 July 2020
- Rule amendment No.12 – effective 01 March 2021 - approved 12 February 2021



CLICK HERE

to read more about the rule amendments.

7. Financial overview

The Fund has received an unqualified (clean) audit result from the Fund's auditor, Deloitte & Touche. In addition, the latest actuarial valuation as at 31 December 2020, confirmed that the Fund is in a sound financial position. This can be linked to the high level of governance, which entails various monitoring tools and checks and balances.



CLICK HERE

to view the latest breakdown of assets and liabilities of the Fund.

8. Fund membership and benefits awarded

At 31 December 2020, the TFG Retirement Fund had the following membership:

- 14 984 Active members
- 998 Pensioners
- 687 Beneficiaries
- 1 327 Unclaimed benefits.

TFG has made a number of business acquisitions which has resulted in the fund membership bolstered to 21 610 members in 2021.

Benefits totalling R500 million were awarded during the financial year upon resignation, retirement or death.



CLICK HERE

to view the latest Fund membership breakdown.

CLICK HERE

to view your contributions.

CLICK HERE

to view your benefits.

9. Legislative changes “T-Day” changes

“T-Day”, which refers to the compulsory annuitisation of provident funds, became effective from 1 March 2021. From this date, retirement benefits from provident funds / provident preservation funds will have the same rules as pension funds.

Please note that TFG Retirement Fund is a pension fund. Pension fund members are not affected by the annuitisation legislative changes.

10. Beneficiary Nomination Forms

The death benefit payable from the Fund is subject to Section 37C of the Pension Funds Act and involves a process where the Trustees are required to investigate and ensure that all the dependants receive an equitable portion of the death benefit. Your beneficiary nomination form is very important to assist the Trustees in allocating your death benefit to your beneficiaries.

Update your beneficiary nomination form if your circumstances have changed, for example any change in your marital status, having or adopting a child. Your nominated beneficiaries are listed on your benefit statement and can also be found on HR connect. If you have not yet completed a beneficiary nomination form, this must be done as soon as possible.



[CLICK HERE](#)

to read more about how to capture your beneficiaries on HR Connect.

11. Retirement Benefit Counselling and Financial Advisors services for exiting members

Members who leave the Fund (e.g. resignation or retirement) are encouraged to make use of the retirement benefit counselling services offered by the Fund. The service includes information to understand and consider all the options available to you. Your decisions will affect your standard of living in retirement and how much tax you will be paying.

The Fund also offers members close to retirement free access to Independent Financial Advisors to assist them with retirement planning.



[CLICK HERE](#)

to find out more about these services.

12. Fund Website

The TFG Retirement Fund website is continuously updated with the latest Fund information, interesting and informative articles and any legislative changes relevant to members. As a member of the Fund, you are encouraged to visit the website in order to learn more about your Fund benefits.



CLICK HERE

to access the Fund's website.

13. Contact information

For Fund related queries, send an email to fuse@tfg.co.za

TFG Retirement Fund – Registered under the Pension Funds Act 1956 (Reg.No 12/8/10150/2)

Registered Office: Stanley Lewis Centre, 340 Voortrekker Road, Parow East, 7500

P O Box 6020, Parow East, 7501. Tel: (021) 937 4742. Fax: (021) 937 5401

All correspondence should be addressed to the Principal Officer at fuse@tfg.co.za