



# ANNUAL REPORT OF THE BOARD OF TRUSTEES

for the year ended **31 December 2021**





## 1. MESSAGE FROM YOUR CHAIRMAN

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 2021. The report contains important information about fund developments and activities over the past year.

Your Fund performed well during 2021 with a growth in the Active Member Balanced portfolio of 23.9% for the year ending December 2021. The trustees are satisfied that the Fund's investment strategy is sound and is well structured to cope with market volatility such as we experienced during the COVID-19 pandemic and such as we are currently experiencing arising from the conflict in Ukraine. The trustees are confident that this strategy will deliver the required returns to meet the Fund's long term investment targets.

On 1 March 2022 the Fund appointed Alexforbes as the Fund's benefit administrator. This change will lead to greater efficiencies and has been made to provide members with digital access to their real-time Fund information through the various digital platforms Alexforbes offers.

The Fund continues to focus on better outcomes for members at retirement and has extended the financial advice model offering to members from the age of 50 years.

We urge you to update your nominated beneficiaries, which must now be done on the AF Online Platform. This information is used to identify the beneficiaries to distribute your benefit to, in the event of your death.

You are urged to contact the Fund to ensure that the Fund has your latest contact details.

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.

Warmest regards

Paul Barnard  
Chairman



## 2. INVESTMENTS

The investment markets continued in the positive manner it ended the year 2020 in response to the expectation of economies opening up from COVID lock-downs. Financial markets are forward looking and begin to anticipate the improving economic conditions in their prices. These expectations meant that equities both locally and globally had high returns in 2021 – much higher than what was originally anticipated.

The Active Member Balanced portfolio achieved excellent returns, delivering 23.9% for the year ending December 2021. The default final year portfolio also delivered a good return of 7.1% for the year ending December 2021, outperforming inflation by more than 1%.



[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 meets four times during the year 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.



[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 Trustees aim to ensure that the Fund complies with all applicable laws, FSCA directives and circulars.

## 5. FUND DEVELOPMENTS

### 2022 Contribution options

From 1 March 2021 the Fund introduced contribution choices, where members were provided with a chance 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. Even further flexibility will be provided with effect from 1 October 2022, with additional member contribution categories.

[CLICK HERE](#)

for information about your contribution options and when you can change your contribution rate to the Fund.



### Change in Fund administrator

Retirement Services outsourced its administration function to Alexforbes as of 1st of March 2022. This means that Alexforbes will be responsible for processing members contributions, benefit payments and attend to general fund related queries. The change will also provide improved member experience through real-time direct access to your online information and your fund credit.

[CLICK HERE](#)

to access the FAQ for more information.



### Benefit and Projection Statements

Annually, the Fund produces Benefit and Projection statements in respect the 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).

View your benefit and projection statements up to December 2021 on your HR Connect profile or via TFG on the go. Note that going forward, benefit statements issued by the new administrator will be made available on the AF Online digital platform.



### 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 read more about AVC's.

## 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 3 rule amendments submitted to the Financial Sector Conduct Authority:

- Rule amendment No.13 – effective 01 March 2021 – approved 14 October 2021
- Rule amendment No.14 – effective 01 September 2021 – approved 19 October 2021
- Rule amendment No.15 – effective 01 November 2021 – approved 19 January 2022



[CLICK HERE](#)

to read more about the rule amendments.

## 7. FINANCIAL OVERVIEW

The Fund has received an unqualified audit result from the Fund's auditor, Deloitte & Touche. In addition, the latest actuarial valuation as at 31 December 2021, 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 2021, the TFG Retirement Fund had the following membership:

- 20 347 Active members
- 987 Pensioners
- 644 Beneficiaries
- 1 320 Unclaimed benefits

Benefits totalling R354 379 995 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 the contributions.

[CLICK HERE](#)

to view the benefits.

## 9. LEGISLATIVE CHANGES

### Protection of Personal Information Act (POPIA)

Retirement funds must comply with the requirements of the Protection of Personal Information Act with effect from 1 July 2021. Its purpose is to, amongst others, safeguard and regulate the manner in which personal information may be processed and provides members with rights and remedies if POPIA is contravened.

As a Board of Trustees we are comfortable that it has entered into the necessary engagements with our service providers to ensure adherence to the Act.

### Early access to retirement benefits and compulsory preservation (the “two-pot system”)

National Treasury has released this year’s draft Tax Bills, which will be open for comments until 29 August 2022. For working South Africans, early access to retirement benefits (the so-called two-pot system), is of importance in the draft Tax Bills.



[CLICK HERE](#)

for the latest information in this regard.

Note that the proposed two-pot system is still under consideration and the draft proposal is being consulted on with the retirement funds industry and other stakeholders.



## 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 getting married, having a baby.



[CLICK HERE](#)

to read more about how to capture your beneficiaries on AF online.

## 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 include 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 Financial Advisors to assist them with retirement planning. The trustees has recently approved that members receive access to financial advice five years before retirement.



[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 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](mailto:fuse@tfg.co.za)

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

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**All correspondence should be addressed to the Principal Officer at [fuse@tfg.co.za](mailto:fuse@tfg.co.za)**