

Retirement Fund Newsletter

April 2024

Welcome to our first newsletter for 2024.

The implementation of pension reform measures that will enable members to take withdrawals from a “savings pot” before retirement makes this year crucial for the retirement fund industry. Even though the appropriate law’s draft revisions were released in the first quarter of the year to implement these changes, the industry has offered thorough input that must be considered before the final legislation is released. Through this email, we’ll keep you informed about any advancements achieved in this area.

As a result of the anticipated changes mentioned above, we want to remind you about the importance of keeping your personal information with the retirement funds up to date. The last thing anyone wants when a member needs to access some of his or her retirement money, is a delay due to incomplete member data. Please refer to our second article of the newsletter in this regard.

Our first newsletter article deals with “retirement age” and the ways in which an employer-mandated retirement age could impact your retirement plans. If you are a member of one of our umbrella funds, make sure you are aware of the retirement age specified by your employer and take this age into account when making investment and retirement decisions.

We also include a monthly commentary from the Prescient investment team for an update on the markets and how investments are being impacted by economic changes.

Happy reading,

Helena

We want to remind you about the importance of keeping your personal information with the retirement funds up to date.



HELENA SWART

*Independent Principal Officer,
Prescient Retirement Funds*

Redefining Retirement: exploring the rules around employer-prescribed retirement age

The picture you have in your mind's eye of the 55-year-old you, puttering around in your garden with your sunhat on and iced lemonade ready and waiting on your stoep, may likely never realise. Not because you find you're not that into gardening after all, and you've always actually liked a somewhat stronger beverage when given the option, but rather because you probably won't be able to afford to quit your job at 55, and you'll probably be working 8 to 5 well into your 60s!

These days, working beyond the classic retirement age of 55 seems to be more of a norm than an exception to the rule. A recent report by 10X Investments cited figures provided by the National Treasury, indicating that only 6% of South Africans are on track to retire comfortably. The report further identified that many economically active South Africans have not formally planned their retirement and those who had, were unsure whether they were on track to be able to support themselves in old age.

Due to the current economic conditions in SA (including high interest and unemployment rates), people can no longer afford to stop working at the "normal" retirement age. The high cost of living means that many, if not most, people will have to carry on working in some shape or form in order to support themselves in the later years of their lives.

Whilst South Africa does not have a legislated, mandatory retirement age, most employers set a retirement age for their employees in their employment contracts or policies or both. Up until recently, this position was protected for employers under the Labour Relations Act, section 187(2)(b), which effectively allows employers to dismiss employees on the basis of their age, i.e., if the employee has reached the agreed/standard retirement age. In the recent judgement of the Labour Court in the case of *Seokwane v Bidvest Prestige Cleaning Services (Pty) Ltd*, the Court found that through employing an employee beyond their stipulated retirement age of 60, the employer effectively waived their rights in terms of s187(2)

(b) which meant that the employee in question was successful with a claim of unfair dismissal based on discrimination on the basis of their age.

Even though this case does not affect the employer's ability to set a retirement age for their employees contractually, it is encouraging that the legal system seems to be moving with societal trends, considering the need to work beyond a traditional retirement age, and is moving towards protecting employees' interests when they are in this kind of situation.

Although the dream of retiring at 55 seems to be inaccessible to most of us, all is not lost. We seem to be living quite a lot longer than our gardening, lemonade-drinking predecessors. So perhaps we can't afford to retire at 55, but we also don't expect to die at the age of 60, all things considered.

In conclusion, the key take aways are, first and foremost, to plan when it comes to your finances, spend responsibly and save as much as you can. Then make sure you are familiar with and know your legal rights as an employee and an employer when it comes to your retirement, retirement planning and your options for working beyond any stipulated retirement age that may be imposed.



**BY: IMKE
DE WET**
*Head of Risk and
Internal Audit*

Keep Your Information Up-to-Date for a Secure Retirement Future

As your trusted retirement fund, we are committed to ensuring that your journey towards a secure financial future is smooth and hassle-free. One crucial aspect of this journey is the importance of keeping your personal information updated with us.

“Why is this so important?” you may ask.

First and foremost, maintaining accurate personal information allows us to communicate with you effectively. Whether it's important updates regarding your retirement benefits, changes in policies, or reminders about upcoming events, having your current contact details ensures that you stay informed every step of the way.

Moreover, accurate information helps us deliver your retirement benefits promptly and efficiently when the time comes. Whether you're retiring, resigning from employment, or encountering any other life event that may impact your benefits, having the correct information on file streamlines the process and ensures that you receive what you're entitled to without unnecessary delays.

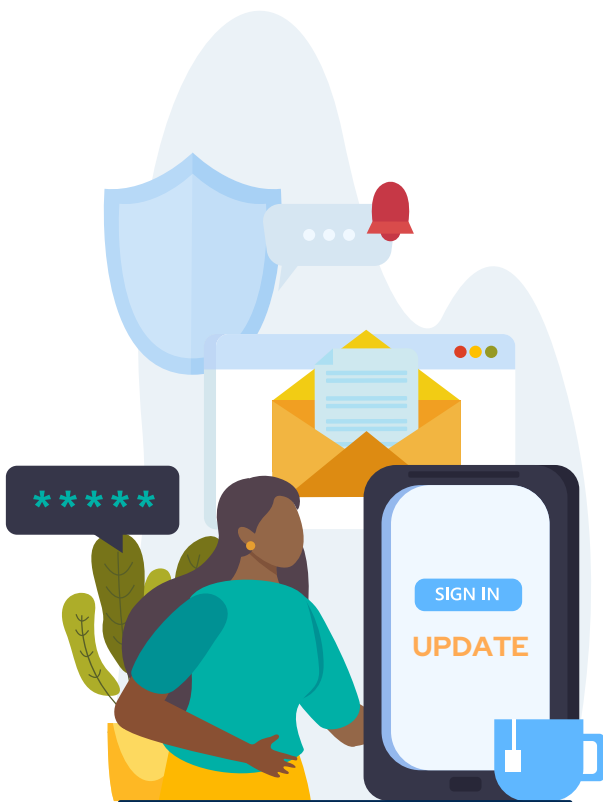
Additionally, keeping your information updated enhances the security of your retirement savings. By ensuring that we have the right contact details on file, we can verify your identity more effectively, safeguarding your account against unauthorized access and potential fraud.

SO, HOW CAN YOU HELP?

It's simple. Whenever there's a change in your personal information—whether it's a new address, phone number, or email address—please take a moment to update your details with us. You can do this easily by logging into your account on the Prescient website (<https://www.prescientonline.co.za/>) or contacting our dedicated support team for assistance at retirement@prescient.co.za.

Remember, your retirement future is too important to leave to chance. By keeping your information up-to-date, you're not only ensuring smooth communication and efficient service but also taking an active step towards securing a brighter tomorrow.

Thank you for your attention to this matter, and, as always, we're here to support you on your journey towards a fulfilling retirement.



BY: HELENA SWART
*Principal officer
at Retirement
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Prescient Multi-Asset Commentary



**BASTIAN
TEICHGREEBER**
Chief Investment Officer



**RUPERT
HARE**
Head of Multi-Asset



**NABEEL
KOLIA**
Portfolio Manager

MARCH 2024

Quick View

- > Developed markets experienced strong stock performance during February, led by the US and Japan.
- > Emerging markets rebounded, especially in China, while South Africa's index declined.
- > Global bond yields rose, resulting in a decline in the Bloomberg Global Aggregate Index.
- > US inflation exceeded expectations, tempering rate cut predictions.

[VIEW FULL COMMENTARY](#)

In February, developed market stocks continued their upward trend that began towards the end of last year. The MSCI World Total Return Index surged for the fourth consecutive month, rising by 4.2%. In the US, both the S&P 500 and Nasdaq Composite indices experienced significant gains of 5.3% and 6.2% respectively. This surge was largely attributed to the impressive earnings of tech AI giant Nvidia, reinforcing optimism on Wall Street about the potential artificial intelligence has to transform the tech industry. Nvidia's market value surpassed that of Saudi Aramco, making it the world's third-most valuable public company, following Apple Inc. and Microsoft Corp. European and Japanese indices also experienced notable increases, with Japan's Nikkei Index rising by 8%, bringing its year-to-date increase to over 16%.

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