

Dear Member

## **TRANSNET RETIREMENT FUND – BENEFIT CHANGES – AS FROM 1 APRIL 2023**

This notice is to inform you of some changes to the benefits provided to in-service members of the Transnet Retirement Fund **with effect from 1 April 2023**.

Members will know that the insured death and disability benefits were both reduced with effect from 1 July 2022, and that the allocation of the employer contributions to the Fund (12% of members' pensionable salaries) was also changed from the same date - the allocation to the Reserve Account increased from 4,5% to 5,5% while the portion of the employer contributions that goes towards retirement savings reduced from 7,5% to 6,5%.

### **REDUCED COST OF THE INSURED BENEFITS – AS FROM 1 APRIL 2023**

The Fund pays Old Mutual insurance premiums each month, to cover the cost of the insured death and disability benefits. These premiums (and other Fund expenses) are paid out of the Fund's Reserve Account.

The cost of providing the insured benefits rose significantly in the last few years, mainly because of the impact of the Covid-19 epidemic. This is why the insured benefits were reduced last July.

It is pleasing therefore that, with the Covid-19 epidemic largely behind us, the cost of the insured benefits will reduce significantly as from 1 April 2023. This has given the Trustees the scope to make some immediate benefit changes, which will be good for members.

### **BENEFIT CHANGES – AS FROM 1 APRIL 2023**

The Trustee Board has therefore agreed to the following actions and changes, which will be effective as from **01 April 2023**. (Benefits will only change from that date – not earlier.)

- The split of the employers' 12,0% contributions to the Fund will change again. The allocation to the Reserve Account will reduce from 5,5% to 5,0% - this means that the portion of the employer contributions that goes towards retirement savings will increase from 6,5% to 7,0%.
- Second, the insured disability benefit will be improved from a monthly income of 65% of pensionable salary (before tax), to 75% of monthly pensionable salary. This will apply in cases where the date of disablement (the first day of absence from work) falls on or after 01 April 2023 – if the disability arose earlier than this date (as assessed by Old Mutual), then the lower benefit will still apply.

This is subject to a maximum of R330'000 per month where evidence of health has been submitted by the member and accepted by the Insurer. (This benefit will be

capped at R265'000 per month in the event of evidence of health not submitted or evidence of health not accepted.)

Importantly, **no existing disability benefits that are in payment will be affected** (either increased or decreased – remember that the insured disability benefit was 90% of pensionable salary for cases where the date of disablement was earlier than 1 July 2022).

- Finally, please note that there will be **no changes to the insured death benefit multiples** at this time. The multiples were reduced in July last year, but the Trustees believe the current multiples are reasonable and that priority should be given to increasing the disability benefit and the contributions allocated to retirement savings.

(Remember that if you die while you are a member of the Fund and in service with one of the participating employers, the benefit payable to your dependents, before any tax, will be made up of two portions: your full savings balance in the Fund, plus the insured salary-multiple amount.)

Age	Death Multiple	Age	Death Multiple	Age	Death Multiple
18 - 21	8.7	34	4.4	47	3.4
22	8	35	4.3	48	3.3
23	7.4	36	4.2	49	3.3
24	6.9	37	4.1	50	3.2
25	6.5	38	4	51	3.1
26	6	39	3.9	52	3.1
27	5.6	40	3.7	53	3.1
28	5.3	41	3.6	54	3
29	5	42	3.5	55	3
30	4.8	43	3.5	56	2.9
31	4.7	44	3.4	57	2.8
32	4.5	45	3.4	58 - 63	2.8
33	4.5	46	3.4	+63	Nil

**WILL THIS BE PERMANENT?**

The Trustees hope that further savings will be possible if the insurance market continues to normalize – if this happens, the savings in insurance costs will be used to benefit the members of the Fund. The Fund will continue to “test the market” on a regular basis, with a view to getting even lower premium rates when it is possible to do so.

**QUESTIONS**

Please direct any questions you may have about these changes to the administrator, by sending an e-mail to [MRA.TRFDocs@momentum.co.za](mailto:MRA.TRFDocs@momentum.co.za)

Best regards,



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Assistant Principal Officer: Transnet Retirement Fund