

Newsletter



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THE CRF CONSOLIDATES

~ the final step in our drive to go national!

The BOT recently made the decision to change the Fund's name to the Consolidated Retirement Fund for Local Government. This confirmed the final step, of a journey first taken almost a decade ago, to shift the brand from regional to national.

When asked why the Trustees took the decision to change the Fund's name, Mr Eddie Scott, Chairman of the Member Communication and Recruitment Committee explained that the Trustees are aware that during a possible Freedom of Association drive, only well managed, large Funds will prevail. So with strategic foresight, the Board decided to open the Fund to councillors and members nationally. The Board subsequently moved away from using the name "Cape Retirement Fund" as it suggested that the CRF only accepted members or employers from the Cape Provinces. The Fund's communication service provider, SASH, did a good job in ensuring that the CRF is geared up for FOA, as we now have participation in eight of the nine provinces!

So how does CRF and Cape Joint fit in?

We find that long serving members still manage to confuse the CRF and other Funds with similar names, most frequently the Cape Joint Pension Fund. This goes way back to 1996, when the Fund was established.

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Dear MEMBER



This winter edition of our newsletter is bumper packed with news about your Fund. Did you know that the Fund has changed its name? Read all about it and why the Trustees came to make this important decision. Tell us what the C stands for in CRF by entering our competition, where you stand to win a lovely prize.

We also report on how the Growth Portfolio in the CRF managed to consistently achieve its benchmark returns of CPI+4% over the past decade, while the Investment consultants caution that achieving these returns may be more difficult over the next few years, given the world's economic outlook.

We also share the good news with you about the latest improvements in the Family Assistance Benefits and encourage you to visit the Fund's new website where you can access all your Fund product information. On page 3 we have Q and A section, where we address questions we receive from members on a regular basis. If you have any other questions on topics that are not covered in this newsletter, please send us an email to support@crfund.co.za or contact our call centre on 021 943 5306 for assistance.

George Foreman perfectly sums up how you should plan your retirement future in a quote I recently heard; he said: "The question isn't at what age you want to retire, it's at what income". So, learn all you can about the choices on offer in the CRF, know how much you need to save by the time you retire, then take informed decisions. If you do that, you will be on the right road to a successful retirement!

Please enjoy reading further.

Your Chairman, **Soyisile Andreas Mokweni**

What's in your newsletter



Achieving Incredible Targets



Your New Website Stand a chance to win!

Where have we been?



Trustees Louw and Loko at HR Breakfast Northern Cape



IP 50+ Swartland Municipality



City of Cape Town Depot



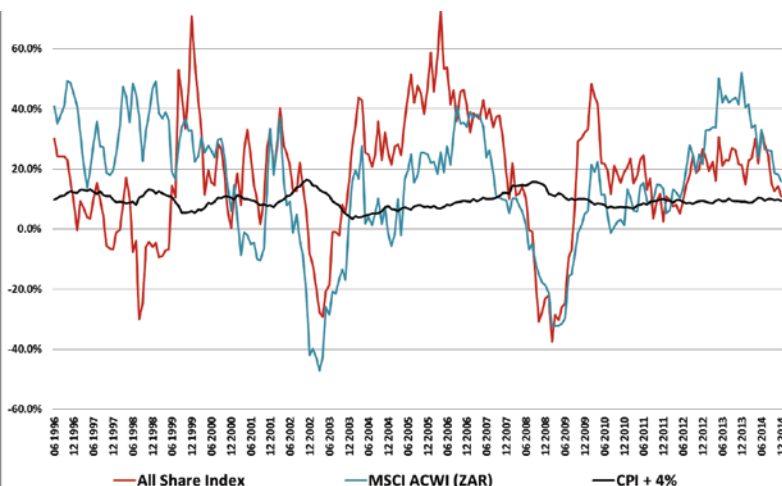
City of Cape Town Depot



West Coast DM

ACHIEVING INCREDIBLE TARGETS IN SPITE OF A DIFFICULT INVESTMENT PERIOD!

The Growth Portfolio aims to achieve inflation (as measured by CPI) + 4% p.a. over the long-term after fees and costs. In order to meet this target consistently over time, risk has to be taken by investing in more risky (or volatile) asset classes such as local and global shares. Shares are more risky because the returns from shares do not come in a straight line. On the contrary, the returns can fluctuate wildly from one year to the next as can be seen in the following chart:



The chart above represents the rolling 12 month returns of local shares in red (as represented by the All Share Index) and global shares in blue (as represented by the MSCI World All-Country World Index). It shows how in any particular year, the 12 month return of local shares can range from -37% to 73% and the 12 month return from global shares can range from -47% to 52%. The target of CPI + 4% is much more consistent and less volatile (black line).

The CRF has consistently achieved higher returns – why do we stick with the target of CPI+4%?

Since the Growth Portfolio invests in a wide range of asset classes including bonds and cash, it is possible for the Growth Portfolio to provide returns ranging between CPI – 14% to CPI + 20% over the short term (in any particular year). The wide range is largely due to the volatility of the returns from risky asset classes such as shares. With such a wide range of returns, the Trustees are comfortable that the CPI + 4% target is still appropriate for its members to provide adequately for their retirement in the long term.

The Trustees are also comfortable with the current target in an environment where returns are likely to be lower. The following table shows the returns from the major asset classes over the past ten years compared to the next ten years as provided by Coronation Fund Managers.

If Coronation is correct, then only three asset classes will be able to deliver around CPI + 4% p.a. over the next decade i.e. local shares, global shares and local property. But this is no guarantee as the returns from these risky asset classes can be quite volatile, as demonstrated in the previous section.

If we were to apply the current asset allocation of the Growth Portfolio to the return forecasts above, the following graphic shows that the Growth Portfolio is likely to provide a return between CPI + 1.3% and CPI + 4.2% over the next decade. This is assuming that the actual returns over the next decade are the same as those predicted by Coronation. In this context, CRF believes that the target remains appropriate.

Is the target of CPI+4% appropriate?

The target for the Growth Portfolio remains appropriate for various reasons. While the Growth Portfolio has delivered more than CPI + 9% p.a. over the past decade due to high returns from most of the major asset classes, it will be difficult to meet the CPI + 4% p.a. target more consistently over the next decade. You can rest assured that CRF will remain proactive to ensure that we achieve our targets without taking undue risk in order to preserve your long-term financial security.

Turning 50 in the Fund has its benefits

~we had a rip roaring turnout at the member sessions this year!

The CRF conducted Investment Portfolio workshops for members older than 50 during the month of May. These workshops are an annual event where members are taken through the various investment options and assisted with retirement planning. The 50 plus members were sent sms's and telephonically invited to the sessions. With eventually 1 387 members packing venues, participating in the presentations and asking questions. Efficient Wealth (previously known as Verso-IS) travelled with the CRF team to assist members with retirement planning and offering financial advice where required.

Here are some of the answers to the questions we received from our members who attended the sessions, just in case you missed out.

Why does the Fund offer different Investment Portfolios only to members older than 50 ?

In order to protect your retirement savings closer to retirement from the risks of a volatile market, the Board of Trustees introduced alternative investment to members 50 years of age or older. Older members can choose the amount of risk they are exposed to.

How do you know which investment portfolio is best for you?

When should you consider investing in the Growth Portfolio?

The objective of the Growth portfolio is to reach the best possible growth over the long term, but it can be volatile over the short term. This can be risky close to retirement in the event of negative returns as you are less risk tolerant and might be in danger of not having sufficient time to recover from a negative return being allocated to your account.

When should you consider investing in the Moderate Portfolio?

In this portfolio the responsibility of the asset allocation decision is transferred from you to an investment committee elected by the Board of Trustees. This is a flexible portfolio which is actively managed according to market conditions and which allows for medium growth and medium risk. The Moderate portfolio will be suited to you if you are nearing retirement (from age 50) and would like more stability in investment returns.

When should you consider investing in the Protection Portfolio?

The investment strategy of this portfolio is seen as an extremely conservative one, which will be best suited to you for the year in which you are retiring, as you will be looking for capital preservation. The objective of this portfolio is to protect your retirement savings and to minimise negative returns in the short term.

Need more information?

Please visit the website to read more about the alternative investment portfolios available to you when you turn 50 years of age. Eligible members will receive an option form together with a letter explaining the process to follow and the investment options in more detail.

	Last 10 years (ZAR) ended April 2015	10 years forecast (ZAR)	
		Low	High
Local shares	19.90%	7%	10%
Global shares	14.80%	10%	13%
Local property	22.10%	7%	10%
Local bonds	8.60%	7%	9%
Global bonds	10.10%	5%	7%
Cash	7.60%	6%	8%
Inflation	6.10%	6% +	

Table provided by Coronation

	CRF Growth Portfolio Allocation
Local equity	44.15%
Global equity	21.37%
Local property	5.84%
Local bonds	12.93%
Global bonds	2.49%
Cash	11.93%
	98.72%
Implied Return	7.3% - 10.2%
Real Return (less 6%)	1.3% - 4.2%

We answer your questions

We receive very valid questions from you when you attend our member education workshops or when you contact the call centre. We have included some of these questions to share with all the members:

Q Why can I not loan directly from the Fund? It is my retirement fund money after all...

A The Pension Funds Act makes specific provision that a loan can only be provided by a fund to a member for housing purposes. Your Fund is prohibited by law from making loans available for any other purpose than housing and if a housing loan is granted, it must comply with the Credit Act as well. In the CRF you may use up to 60% of your fund value as a guarantee for a housing loan. The loan is with FNB, who the Fund has contracted to provide this service. Please remember, although you can check on your fund value on a monthly basis, you cannot access the money until you end service with your Employer. Contact the CRF helpdesk to see what you may qualify for.

Q What will happen if my contributions are not paid over to the Fund, by my employer?

A In the case of **death, disability and dread disease**, no insured risk cover will be payable to you as the risk premiums to the Insurer would not be paid if the Fund has not received your contributions. Only your member share becomes payable.

Funeral Cover: No funeral benefit will be payable to you.

Resignation, dismissal and retirement: Your claim cannot be finalised until the final contributions have been received which results in unnecessary claim delays and loss of investment returns.

Housing loans: Repayments on your housing loan is not deducted from your contributions, but if your Employer does not make the monthly repayments to FNB, then the Fund will receive a request from the bank to settle the outstanding loan amount, plus interest. This will be seen as a withdrawal from the Fund and will have a negative tax and credit record implications for you. You will also not qualify for this benefit in future.

CRF will send you a letter informing you that your contributions have not been received. You can bring further attention to the matter if you go to your union representative immediately and report that your contributions have not been paid over to the Fund.

Q Who is liable when my Employer does not pay my contributions over to the Fund?

A A change in law stipulated that the individuals identified within the Local Authority to be responsible for paying over the monthly contributions to the CRF, will be held personally responsible if they do not comply to this law.

We thank you for your questions and invite you to send any other Fund related queries you may have to support@crfund.co.za and our client services team will respond to you within 48 hours of receiving your query.

Easy navigation and smart phone friendly

~Your new website!

We are very excited to announce the launch of your new website www.crfund.co.za. It's modern and user-friendly design will make finding any Fund information as quick and easy as possible.

Your Fund is constantly looking for new and innovative ways to make fund information available to you. For easy access to your information hub, the CRF website has been simplified. Providing you with improvements in the following areas;

- ✔ **Mobile Friendly** ~ you can access all your Fund information while you are on the go
- ✔ **Central hub of information** ~ ensuring you are up to date with latest fund news
- ✔ **Easy navigation** ~ find the information that you need, when you need it

Please visit the website on www.crfund.co.za and let us know what you think. Please email your comments to support@crfund.co.za.

THE CRF CONSOLIDATES

How does this change impact you as a member?

You now belong to a national Fund that is growing stronger each day. The larger the Fund, the stronger the buying power and better your risk cover becomes. This has been one of the reasons for the recent benefit improvements in the past three years. Everything that you have become accustomed to remains the same, but we always strive to improve. We have been referring to the Fund as the CRF for the past two years and this, including the logo, remains the same.

Your Fund has a unique name and can no longer be confused with other Funds, so hopefully new members and old members will let everyone else in the industry know. We are the Fund of choice in Local Government, offering our members a retirement one stop shop and look forward to growing exponentially in the future.

Stand a chance to win!

You can win a sought after CRF winter warmer hamper, by simply giving us the full correct name of your Fund. Also, give us the Fund's new website and e-mail addresses to increase your chances. Go to page 4 for more details. Clue – find the answers in this newsletter.

1996 The Cape Joint Retirement Fund was established.

The Cape Joint Retirement Fund broke away from the Cape Joint Pension Fund in 1996. The Fund was established as a pure Defined Contribution Fund. The two Funds, even though totally separate Funds managed by two separate Boards of Trustees, were known as the Cape Joint Funds for almost a decade. So you would understand why older members still refer to the CRF as "Cape Joint".

2004 A brand new logo was created to help members differentiate between the two Funds.

2009 The decision was made to further help address the "confusion issue" by dropping the joint and changing the Fund's name to the Cape Retirement Fund. New members joining the Fund from this point forward only knew the Fund as Cape Retirement Fund.

2013 The Fund went national recruiting members and councillors from all the provinces. The brand was adjusted to CRF for Local Government.

2015 The Fund is now national and officially known and registered as the Consolidated Retirement Fund for Local Government.





Getting divorced

~ make sure your attorney knows what makes your divorce order legally binding on the Fund

Divorce claims can be a messy experience for the parties involved. For the Fund to adhere to the "clean break" principle, we have included a checklist of requirements to ensure that there are no unnecessary delays.

FAB!

WE HAVE IMPROVED YOUR FAMILY ASSISTANCE BENEFIT

Who has access to the Family Assistance Benefit?

The Family Assistance Benefit (FAB) is a service offered to all CRF members. You can contact Momentum directly and they will assist you and your immediate family members during traumatic life events.

This benefit was implemented in July 2011 to assist members in bereavement with the following services:

- Repatriation, to ensure the deceased is returned home for burial
- Funeral assistance, to help with funeral arrangements for the deceased
- Legal advice, in the form of legal assistance provided by admitted attorneys
- Bereavement counselling, in the form of face-to-face counselling services for support and advice.

What is new to this already great benefit?

With effect 1 July 2014 the FAB has been upgraded to include Trauma, Assault and HIV Protection and Emergency medical services.

After a traumatic experience, survivors need all the assistance they can get to piece their lives together. We believe that the upgraded benefit will be beneficial to members who experience trauma, either violent or non-violent, as medical assistance will only be a phone call away. For more information on all the FABenefits provided, please download the brochure from our website www.crfund.co.za or contact our friendly Call Centre.



Item	Checklist	Checked
Final order of Divorce	<ul style="list-style-type: none"> ● The decree must be stamped by the court and state the % or amount payable to the non-member spouse ● Ensure that the Fund is identifiable by its correct name, e.g. CRF for Local Government ● The word "pension interest" is defined in the Divorce Act as the benefit the member would have been entitled to, if his membership was terminated voluntarily on the date of divorce. In order to ensure that the divorce order is not vague or unenforceable, the final order of divorce must contain the words "pension interest." 	
What documents will the Fund require to process the final order of Divorce?	<ul style="list-style-type: none"> ● A certified copy of a compliant divorce order and settlement agreement ● Certified copies of the member and ex-spouse's IDs ● Contact details of both parties ● Confirmation of the ex-spouse's banking details ● Payment instruction from the non-member spouse confirming how the benefit should be paid ● Income tax reference number of the non-member spouse 	

What is the clean break principal? – It means that a non-member spouse will be entitled to a payment of the share of the Pension fund benefit shortly after the divorce.

The Fund will notify the member and non-member spouse if the Divorce Order is not enforceable on the Fund. In such an instance, the parties will have to settle between themselves as the Fund is legally not allowed to pay a benefit to a non-member spouse if the Divorce Order is not legally binding on the Fund.

Meet the longest serving member in the Fund



Our longest serving member, Mr Bindeman, an employee of the City of Cape Town, joined the Fund in 1969 when he was just 18 years old and he now has more than 46 years of service!

WEBSITE COMPETITION

Guess what the C stands for in CRF and stand a chance to win a CRF winter hamper.

Send us your answer by 14 August 2015:

Name and Surname
Fund/ Employee Number
Local Authority
Contact Number



Competition Rules:
Entries must reach the Fund by 14 August 2015 to qualify for the lucky draw.
Entrants must be members of the CRF.
Only one entry per member will be accepted.
The judges' decision is final.

You can enter the competition on www.crfund.co.za or post your entry to CRF, PO BOX 4740, Tygervalley, 7536

INDEMNITY STATEMENT:
THE CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT DOES NOT ACCEPT LIABILITY FOR ANY LOSS, DAMAGE OR EXPENSE THAT MAY BE INCURRED AS A DIRECT RESULT OR CONSEQUENCE OF RELIANCE UPON THE INFORMATION IN THIS DOCUMENT. IF THERE IS ANY CONFLICT BETWEEN THE INFORMATION IN THIS DOCUMENT AND THE ACTUAL RULES OF THE FUND, THE ACTUAL RULES OF THE FUND WILL PREVAIL.

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