



RFLAUN

Retirement Fund for Local Authorities
and Utility Services in Namibia

NEWSLETTER

JUNE 2022

NET REPLACEMENT RATIO TOOL LAUNCHED

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DISCLAIMER

While every effort has been made to ensure the accuracy of the information in this newsletter, if any discrepancy occurs between the Rules of RFLAUN and any information or statement in this publication, the Rules of RFLAUN will prevail. The articles and topics discussed in this publication are for information purposes only and are not intended to be and do not constitute, nor should they be interpreted as financial advice.

RFLAUN FEEDBACK TO MEMBERS ON PROPOSED 75% COMPULSORY PRESERVATION OF RETIREMENT BENEFITS

THE Retirement Fund for Local Authorities and Utility Services (RFLAUN) is committed to keep members up to date regarding developments pertaining to the compulsory preservation of 75% as proposed under the **drafted Regulation** issued by the Minister of Finance as provided for in terms of **THE FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021 (FIMA), Regulation No: RF.R.5.10.**



Mr. Julianus Rukamba
Senior Officer: Information and Marketing

By now all members should be aware that the Minister of Finance made an announcement on 13 May 2022 that the proposed compulsory preservation of retirement benefits was postponed for the time being. The Minister indicated that the postponement was to allow adequate time for broader consultations in terms of the envisaged regulation.

The Fund would still like to inform the members that the postponement of the proposed regulations only affects Regulation No: RF.R.5.10. The implementation of FIMA is however still scheduled for 1 October 2022 as promulgated.

With all that said, RFLAUN still maintained its obligation to submit the Board and member comments to NAMFISA regarding the proposed Regulation No: RF.R.5.10.

The following submissions were made:

Authority to decide on Preservation of Benefit

The 75% proposed preservation matter should ei-

ther be decided by:

A member as an option on a voluntary basis

Or

By the Namibian Parliament as elected representatives of the Namibian people and to allow the public to transparently follow the debates and decision on this very important matter.

In the meantime, do not implement any compulsory preservation provisions whilst preparing for the decision to be referred to Parliament and while at the same time allow-

ing proper consultations through the parliamentary system.

The following proposals were then also submitted by RFLAUN to NAMFISA for consideration.

Benefits accrued under the Pension Fund's Act

- Ringfenced as at 30 September 2022 considering a FIMA implementation date of 1 October 2022;
- Accrue with monthly investment returns after 1 October 2022 until the date of termination of membership;
- Upon termination of membership, this accrued portion paid as per the current terms and conditions of the Fund's existing rules.

Benefits accruing under FIMA

- All new contributions (member as well as employer) effective 1 October 2022;
- Accrue monthly investment returns;

- Exit before attaining the age of 55;
 - maximum of one-third of this “FIMA” accrued portion can be taken in cash;
 - two-thirds must be preserved as per current intention of R.F.R.5.10 unless in the event of retrenchment or dismissal, then this two-thirds portion can also be taken in cash;
 - capital value of remaining two-third portion less than N\$ 50,000 – also paid in cash.
- In future, members can whilst still in service and actively participating in the fund, access one-third of the available accrued portion at that date in cash to alleviate financial distress.

RFLAUN survey on Members opinion regarding the Proposed Regulation R.F.R.5.10 Compulsory Preservation

The Fund further conducted a survey on Members opinions regarding the proposed Compulsory Preservation Regulation (R.F.R.5.10) and the preliminary outcome of the survey was as follows:

1. I think it is a good idea to preserve retirement benefits when exiting a Retirement Fund.

	Percentage outcome
Yes	16%
No	84%

2. I am in favour of the current drafted regulation requiring 75% preservation and 25% access to my benefit in the Fund.

	Percentage outcome
Strongly disagree	90%
Disagree	5%
Indifferent	1%
Agree	1%
Strongly agree	3%

3. My opinion on preservation is...

	Percentage outcome
No preservation	38%
75% preservation	1%
50% preservation	3%
33% preservation	5%
Voluntary preservation	53%

It is our hope that the results of the survey conducted and with the outcome as indicated above will further guide the policy makers in terms of the members sentiments regarding preservation. It should be further noted that the same submission above will also be made as part of the consultation process with the Minister of Finance.

As soon as the final determination on preservation is made, RFLAUN will communicate to the members timeously, hence we caution members against any hasty decision regarding retirement benefits during this time when no decision has been taken regarding the preservation of benefits.

RFLAUN is grateful for the willingness to engage and patience granted by the members during this process and will always act in the best interest of its members.

NET REPLACEMENT RATIO (NRR) TOOL

The Fund launched the NRR tool for the members on the Fund's website. The Net Replacement Ratio is a useful tool that can guide members in their retirement planning process.

NRR provides the member's projected pension at retirement, expressed as a percentage of his or her projected salary at retirement. Simply put, the tool takes in all your relevant information (fund

credit, age, contribution rate, marital status, assumed inflation, children, etc.) and provides you with a projected pension after retirement.

The Fund will demonstrate and provide more insight of the tool during the Roadshow engagements with the members. Visit the Fund's website (www.rflaun.com.na) and start exploring the NRR Tool.

ANNUAL INVESTMENT RETURNS

The Funds' total assets as at 31 May 2022 amounted to **N\$6,173,362,187**. This is made up of the portfolios below:

Market Value Portfolio N\$5,396,724,572

Capital Protection Portfolio (CPO 1) (Old Mutual) N\$143,979,363

Capital Protection Portfolio (CPO 2) (Sanlam, Old Mutual & Standard Bank) N\$632,658,252

The table below clearly gives figures on the investment returns within the said portfolios from 01 January 2022 till 31 May 2022.

	Jan	Feb	Mar	Apr	May	YTD
Market Value Portfolio	-1.0	0.6	-1.1	-0.7	0.4	-1.8%
CPO 1	1.1	0.9	4.1	0.5	0.5	7.2%
CPO 2	0.7	0.6	1.3	0.5	0.5	3.7%

MARKET COMMENTARY Q1 2022

THE first quarter of the year has been dominated by the invasion of Ukraine by Russia and all indications at this stage is that the situation will unfortunately not reach a quick conclusion and with a protracted war more likely on the cards, or even an escalation of current events to other neighbouring NATO countries, further volatility and market uncertainty can be expected.

The said invasion then also resulted in further upward pressures in inflation that already started rising towards the latter part of last year and it was then especially the increase in the price of oil, as

well as certain commodities that pushed inflation further up to record high levels during the first quarter of 2022.

As can be seen from the following graph Russia and Ukraine are responsible for approximately 30% of the World's wheat exports and any shortages in these basic food stuffs like grain and sunflower oil which are consumed by a large part of the population on a daily basis are of major concern for developing economies. Further also considering that Russia produces close to 25% of the World's fertilizer needs,

% share of world exports, 2020



Markets

The Namibian Overall Index delivered an impressive 21.2% return in Quarter 1 of 2022. The main contributors to performance in the quarter were Anglo American (22.4%) and FirstRand (30.1%). The Namibian Local Index returned -2.1% in Quarter 1 with the main detractors being Namibian Breweries (-9.1%) as well as Mobile Telecommunications (-6.8%).

While local equities underperformed the Namibian Property market also came up strong with a 18.6% return, although it must be borne in mind that this sector consists of only two relatively small stocks (Oryx and Vukile).

South African equities delivered a respectable return of 3.8%, whereas South African property on the flipside ended the quarter in the red at -1.6%. South African bonds delivered a 1.9% return in Q1 2022, while cash remained stable at 1.0%. Global financial markets were overwhelmed by

high levels of market volatility in Q1 2022 which was mainly driven by geo-political tensions between Russia and Ukraine, multi-decade high inflation and rising interest rates as indicated. As a result, global equities declined with bond yields rising on the back of tighter monetary policy.

The S&P 500 Index (top 500 US companies) was down (-4.6%). Equity markets will come under further pressure as the Federal Reserve Bank (FED) raised its base rate by 0.25% to 0.50% during the March 2022 meeting. Sharper rate hike increases can be expected as inflationary pressures continue to rise with fuel prices likely to be higher for longer due to extended sanctions and supply chain difficulties.

Despite a positive first quarter by South Africa, GDP has failed to accelerate materially and remains hamstrung by structural issues, primarily energy supply and inefficient infrastructure. Namibian economic growth remains low but steady. The

slow growth is articulated by retail, tourism, and construction, while mining continued to be the biggest contributor. Inflation in Namibia has remained around 4.5%, largely impacted by food and fuel prices and in line with regional peers.

The combination of a current account surplus and inward investment flows in South Africa has created conditions supportive of a strong rand. In the first quarter of 2022, the rand and therefore Namibian dollar was among the strongest currencies globally.

Assets	Q1 2022	2021	2020	2019	3 Years	5 Years	10 Years	1 Years
Nam Equities (Overall)	21,2%	33,9%	-2,0%	4,6%	17,6%	16,8%	12,0%	47,7%
Nam Equities (Local)	-2,1%	21,6%	-22,2%	3,0%	-2,3%	2,0%	13,2%	21,5%
Nam Property	18,6%	-30,2%	-25,1%	8,5%	-13,7%	-6,0%	5,2%	-7,7%
Nam Bond	0,0%	4,4%	14,4%	12,1%	8,8%	10,4%	9,2%	5,8%
Nam Cash	1,2%	4,2%	5,8%	7,5%	5,6%	6,5%	6,4%	4,4%
SA Equities	3,8%	29,2%	7,0%	12,0%	14,2%	11,4%	11,9%	18,6%
SA Property	-1,6%	38,6%	-35,5%	-0,4%	-4,7%	-5,7%	4,4%	26,3%
SA Bonds	1,9%	8,4%	8,7%	10,3%	8,4%	8,9%	8,1%	12,4%
SA Cash	1,0%	3,8%	5,4%	7,3%	5,2%	6,1%	6,1%	3,9%
Offdhore Equities	-13,2%	32,4%	21,7%	24,1%	15,5%	14,4%	18,3%	9,0
Offdhore Property	-11,5%	33,2%	-2,5%	19,5%	6,2%	8,9%	14,8%	11,3%
Offdhore Bonds	-12,7%	6,2%	11,5%	4,6%	1,7%	4,0%	9,6	-4,6
Offdhore Cash	-8,4%	9,0%	6,4%	-0,1%	1,6%	3,4%	7,8%	-0,8%
Average (NAM, SA, Offshore)	-0,1%	15,0%	-0,5%	8,7%	4,9%	6,2%	9,8%	11,4%
Average Nam	7,8%	6,8%	-5,8%	7,1%	3,2%	5,9%	9,2%	14,3%

Fund Performance

What is firstly very important to understand is that the Fund's assets are invested in different underlying classes (baskets) such as equities, bonds, listed property and cash. The risk is further diversified by investing in different geographical areas. For instance, 45% of the Fund's assets must be invested in Namibia, a maximum of 35% can be invested internationally with the balance then invested in South Africa.

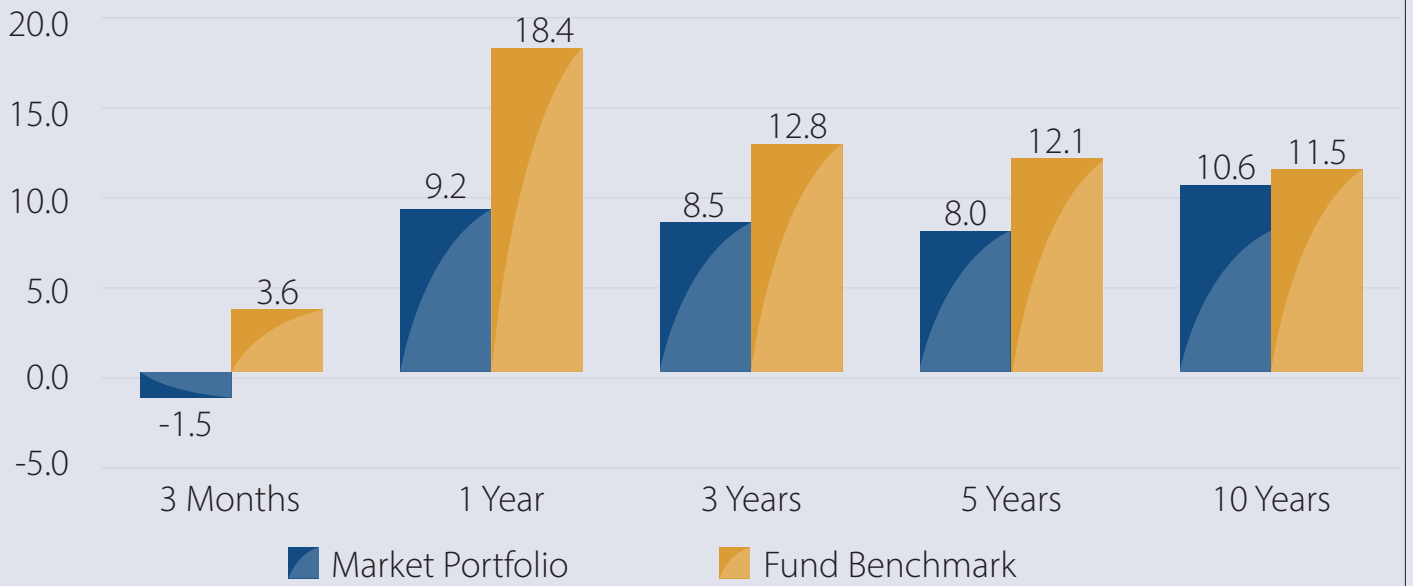
The Total Fund value at the end of Q1 2022 stood at N\$6.2 billion. The Market-linked portfolio came in at N\$5.2 billion, the Capital Protection Option portfolios were N\$810 million and Capital account at N\$83.6 million.

M&G was the top performing manager over the quarter with a (-0.4%) return followed by Allan Gray (-1.0%), Namibia Asset Managers (-2.6%) and Ninety-One (-2.6%) respectively.

The asset allocation of the Market-linked portfolio at the end of Q1 2022 was as follows:

Asset class	Allocation
Equities	64.6%
Bonds	21.9%
Cash	10.3%
Property	1.7%
Other assets	0.5%
UIM's	1.0%

Cashflows were positive



N\$3.9million over the quarter, despite sizeable payments for members reaching retirement age of 55.

Capital Protection Option

CPO1 made up of the Old Mutual Core Growth Portfolio had N\$166.9million and outperformed its benchmark by 3.8% in Q1 2022. The assets in the Old Mutual Secure Growth were switched to the Old Mutual Core Growth Portfolio with effect from 31 March 2022.

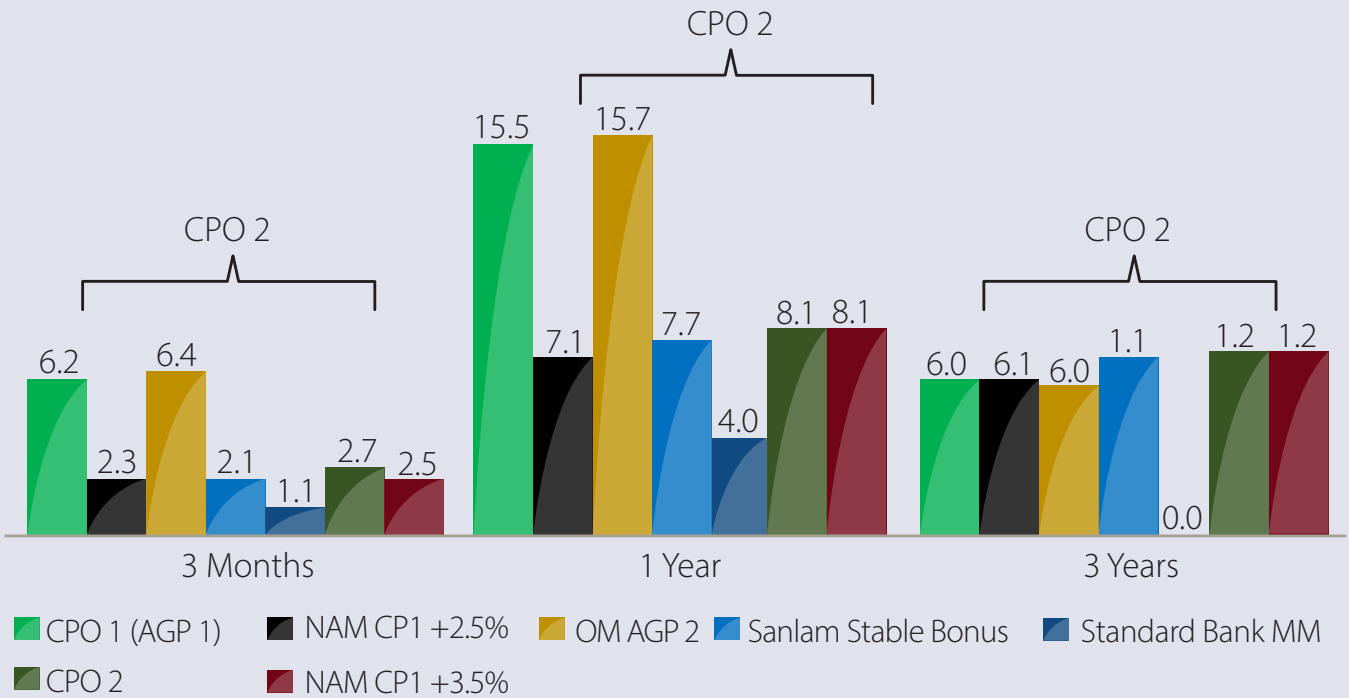
The performance for the quarter was therefore 6.2% for the Secure Growth portfolio. CPO 1

had a negative cashflow of N\$31.3 million in the quarter.

CPO2 is made up of the Old Mutual Core Growth Portfolio N\$154.7million, Sanlam Stable Bonus N\$314.3million and Stanlib MMF N\$174 million.

The assets in the Old Mutual Secure Growth were switched to the Old Mutual Core Growth Portfolio with effect from 31 March 2022. CPO2 returned 2.7% vs the benchmark of 2.5% in Q1.

The returns on the CPO1 and CPO2 portfolios and the CPI targets are targets over various periods to 31 March 2022 are shown in the table below.



DISABILITY CLAIM PROCESS

The purpose of this article is to clarify the process in the event a member of the Fund becomes disabled while in the service of a Participating Employer.

All **members of the Fund are insured** should they become **disabled while in the service of a Participating Employer. As an indicator of a potential disability Participating Employers should review their staff absenteeism incidences with the view to identify any extended or repeated period of absence on sick leave. In case of any doubt, Employers should report a potential disability claim to the Administrators and Insurers through the Fund and information pertaining to the employee’s condition should be provided to both the administrators**



Ms. Marina K Ishidhimbwa
Senior Administration officer: Pension

and the Insurer.

Please note that the claim must be reported to the insurer **within 3 months from the period a member starts being absent from work** due to sickness etc. Once the claim has been reported, the necessary forms must be completed and be submitted to the insurer as soon as possible or within 3 months from the date the claim was reported. The forms to be completed are the **declaration by the employer, declaration by the employee, declaration by a general practitioner and the declaration by a specialist.**

Once the insurer is satisfied with all the documentation received, they will commence with the assessment of the claim. **The insurer can request additional reports**

during the time of the assessment. The insurer may either accept the disability claim or decline the disability claim based on the Members ability to perform his full job function. The Insurer can also refer the claim to the Occupational Therapist who can recommend that a member be allocated a position suitable for his condition at his/her Employer. However, any member who has become incapable, through ill health and the **Insurer decline the disability claim may retire** from the Fund subject to approval by the Board of RFLAUN.

During the 3 months waiting period when the

claim is assessed by the insurer, the employer should still treat the member as an employee and still pay over all the contributions, otherwise if no premiums are paid to the insurer, the claim will be repudiated.

A member whose disability claim has been accepted may at the Insurer's expense be required from time to time to submit proof that he/she still suffer total disability and loss of remuneration. The Fund has trained the HR officers of the Participating Employers on how to deal with disability in the context of the Fund.

INCREASE IN PENSIONER FUNERAL BENEFITS

The Board of Trustees of the RFLAUN are not only custodians looking after active members' retirement savings that accrues on a monthly basis whilst in employment, but are also responsible for the safe-guarding of the pensioners financial interest who have already retired and who are dependent on a monthly income from the Fund.

As such the Trustees continuously strives to optimize the benefits provided by the Fund for both active members as well as pensioners. It was therefore recently decided to increase the amount of funeral cover provided in the event of death of a pensioner from N\$ 3,000 to N\$ 10,000 to assist the deceased's family financially.

PROOF OF LIFE FOR PENSIONERS

To efficiently manage pension money, pensioners need to verify their existence with the Fund. The Fund has distributed "Certificate of Existence forms" to all the pensioners to their postal addresses. It is important that the form is completed and submitted before 30th June every year.

Doing so will ensure that the money paid goes to the correct receivers and to an active pensioner. Failure to prove or submitted your existence will result in suspension of the pension payment.

The Fund also encourages pensioners to ensure their latest banking details and postal address are

confirmed during the Proof of Life submission. The Certificate of Existence is also available on the Fund's website (www.rflaun.com.na). It is important to update your Beneficiary Nomination form during this exercise as well.

The Fund encourages the regular reader of the Newsletter to help out by spreading the message to our pensioners. The Certificate of Existence forms can still be summited after the deadline date.



RFLAUN

Retirement Fund for Local Authorities
and Utility Services In Namibia

OUTSTANDING STUDENT DECLARATIONS

The following students who have been receiving pension payments as dependents of RFLAUN members should URGENTLY provide a declaration of student status and contact details (which should include cellphone number) to the Fund to avoid payment suspension.

The Student Declaration Form is available on the website (www.rflaun.com.na).

Title	Initials	Surname	First names	Date of birth
Ms	A	Muhimba	Avihe	Saturday, January 08, 2011
Ms	RN	Vaino	Rauna Ndambela	Thursday, December 31, 2009
Mr	T	Muhimba	Talakuje	Sunday, April 09, 2006
Mr	A	Vaino	Amalwa	Thursday, January 05, 2006
Mr	ULGE	Namaseb	Uncle Ludwig Ge	Monday, May 17, 2004
Mr	C	Van Der Westhuizen	Christiaan	Thursday, May 13, 2004
Mr	DN	Gowaseb	Dankie Naftalie	Thursday, May 06, 2004
Mrs	R	Moses	R	Saturday, February 15, 1975
Mrs	AK	Alugodhi	Anna K	Friday, May 07, 1971
Mrs	M	Hangula	Mwatongasheni	Tuesday, January 11, 1966
Ms	RN	Wilpard	Ruth N	Saturday, January 01, 1966
Mrs	N	Ashili	Natalia	Tuesday, May 18, 1965
Mrs	A	Mumbala	Alina	Sunday, April 04, 1965
Mrs	N	Shasiona	Ndadaleka	Thursday, November 28, 1963
Mrs	E	Ndeshilile	Emilia	Friday, July 12, 1963
Mrs	MN	Mwandingi	Maria Ndahekelekwa	Wednesday, December 12, 1962
Mrs	L	Shimaneni	Laimi	Friday, July 20, 1962
Ms	R	Petrus	R	Saturday, November 11, 1961
Ms	R	Shingoma	Rosalia	Sunday, April 02, 1961
Mr	PT	Kandjumbwa	Peter Tuna	Monday, October 03, 1960
Mrs	S	Ilongo	Selma	Saturday, July 02, 1960
Mrs	M	Magaomphe	Moseke	Tuesday, June 10, 1958
Mrs	B	Vilho	Bertha	Friday, June 06, 1958
Ms	K	Johannes	Katjanga	Thursday, June 13, 1957
Mrs	L	Petrus	Linda	Tuesday, January 01, 1957
Mrs	E	Nanus	Elizabeth	Monday, November 12, 1956
Mr	M	Sakaria	Maulis	Sunday, September 12, 1954
Mrs	EH	Pedro	Emilia H	Monday, May 03, 1954
Mrs	V	Paulus	Victoria	Thursday, September 25, 1952
Mrs	E	Tapange	Emilia	Wednesday, September 24, 1952
Ms	N	Silas	Naemi	Sunday, September 17, 1950
Ms	S	Frans	Saimi	Wednesday, October 12, 1949
Mr	E	Amavila	Erasmus	Wednesday, January 12, 1949
Mr	S	Uushona	Shanika	Thursday, July 29, 1948
Mr	W	Johannes	Wilbard	Thursday, September 05, 1946
Mrs	E	Albin	Ester	Wednesday, January 16, 1946

Title	Initials	Surname	First names	Date of birth
Mr	F	Elia	Frans	Tuesday, January 01, 1946
Ms	M	Armandu	Marta	Saturday, September 01, 1945
Mrs	M	Haukelo	Maria	Wednesday, August 08, 1945
Mrs	T	Nilenge	Tuwilika	Saturday, July 07, 1945
Mrs	LS	Mutleni	Luise Saima	Saturday, August 28, 1943
Mr	A	Ngeno	Amupolo	Wednesday, July 14, 1943
Mr	N	Gotlieb	Nehemia	Monday, July 12, 1943
Mrs	P	Nakale	Paendohamba	Sunday, April 04, 1943
Mr	T	Ndiwenda	Tarasi	Wednesday, March 03, 1943
Mr	T	Hengari	Timoteus	Tuesday, December 01, 1942
Mr	HS	Josef	Hilitenanye S	Saturday, June 06, 1942
Mr	G	Steenkamp	Gert	Thursday, May 28, 1942
Mrs	N	Ndeitumba	Ndillinonkoshi	Friday, March 20, 1942
Mr	A	Ambunga	Andreas	Tuesday, September 02, 1941
Mr	D	Shitungu	David	Sunday, August 24, 1941
Mr	L	Kandjibi	Lazarus	Sunday, June 15, 1941
Mr	M	Kaudingililwa	Matheus	Friday, September 13, 1940
Mr	L	David	Lazarus	Thursday, March 07, 1940
Mr	M	Dumeni	Modestu	Saturday, January 27, 1940
Mrs	M	Christiaan	Magriet	Friday, June 17, 1938
Mr	A	Nangolo	Albert	Wednesday, May 11, 1938
Mr	D	Joseph	David	Wednesday, January 19, 1938
Mr	SI	Sheya	Simon Iyambo	Saturday, December 25, 1937
Mr	S	Gideon	Saratiel	Wednesday, July 07, 1937
Mr	G	Mateus	Gabriel	Saturday, June 06, 1936
Mr	KN	Dragot	Kefas N	Wednesday, May 20, 1936
Mr	D	Hiikupua	Daniel	Saturday, February 01, 1936
Mr	I	Amutenya	Isak	Sunday, December 15, 1935
Mr	N	Bonifasius	Natanael	Thursday, August 01, 1935
Mr	J	Nel	Jacob	Friday, May 12, 1933
Mrs	H	Nekongo	Hillia	Thursday, April 14, 1932
Mr	L N	Johannes	Lucas N	Monday, December 15, 1930
Mr	F	Pahukeni	Folomina	Wednesday, November 12, 1930
Mrs	J	Hamakali	Johanna	Tuesday, September 10, 1929
Mrs	L	Swartbooi	Lidia	Tuesday, June 10, 1919

This newsletter has a dual purpose, firstly to keep the members up to date on the developments of the Fund and secondly, it serves as an educational tool. As a member or pensioner of the Fund, you are invited to forward comments, suggestions and contributions to marketing@rflaun.com.na.

FOR MORE INFORMATION CONTACT: YOLINDE TITUS +264 61 446 000