



RFLAUN

Retirement Fund for Local Authorities
and Utility Services in Namibia

NEWSLETTER

OCTOBER 2024



INSIDE

New Tax Scales
for Pensioners

PAGE 3



Market
Commentary
Q3 2024

PAGE 6





INDEX PAGE

Editor's Desk	Page 3
New Tax Scales for Pensioners	Page 3
Board of Trustees Elections 2024	Page 4
Pension Increases	Page 5
Additional Bonus Declaration to Active Members	Page 5
Disability Benefits	Page 5
Annual Investment Returns	Page 6

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.

EDITOR'S DESK



Mr. Julianus Rukamba
Senior Officer: Information and Marketing

I would like to take this opportunity to welcome all our loyal readers to the 3rd edition of the 2024 newsletter.

As a Fund that always aims to add value to our active members and pensioners, once more we strive not to fail in keeping that promise. In this newsletter you will read about how the Fund keeps on uplifting the lives and financial positions of our members and pensioners.

Despite the turbulence we experience in the global economy and uncertainty aided by the geopolitical tensions, inflation and health factors (M-pox), our portfolios have been performing positively for

the longest time. As at the end of September 2024, the Market Value Portfolio yielded 10.5%, the CPO 1 stands at 6.1% and the CPO 2 at 7.6%.

Our Administrator informed us that they have successfully onboarded RFLAUN onto the new administration system. This means we will be launching the new member portal EPIC soon, and members will once more enjoy the convenience of viewing their benefits online again.

We hope that you enjoy the publication.

Choe till next time.

WELCOMING

MR. GLENN JAGGER

ASSISTANT ADMINISTRATION OFFICER: PENSION

The **RFLAUN** team is excited to announce the appointment of **Mr. Glenn Jagger as Assistant Administration Officer: Pension.**

Glenn will play a critical role in assisting the Fund's stakeholder claims and fund administration.

Welcome to the team.



New Tax Scales for Pensioners

As you might know by now, the Ministry of Finance earlier in the year announced a reduction in the annual tax rates payable by us as Namibians.

Before this announced reduction could however be implemented, it first had to be formally affected by means of a Government Gazette, and this was only done on the 16th of September 2024 by means of Government Notice No. 264.

What this means is that as a result of the said reduction in tax rates, **for the period 1 March 2024 to 30 September 2024 (last 7 months) too much tax**

was deducted from your monthly pension. This "overpaid" tax for the period as indicated will be refunded to you together with your October 2024 monthly pension.

You will thus receive proportionally much more in pension this month due to the "back-pay" of the overpaid taxes as indicated.

From the month of November 2024 onwards, you will then again receive your normal monthly pension with the correct taxes deducted as per the published revised tax scales.

Board of Trustee Elections 2024

In accordance with the Fund Rules, the Board of Trustees serves for a period of 4 years in the Fund, whereby 50% of trustees are elected after every two years. This year, trustee elections took place in Oshana, Ohangwena, Omusati, Omaheke, Otjozondjupa, Kunene, Kavango East and Oshikoto region. The elected trustees will serve on the board from 1 September 2024 till 31 August 2028.

We urge all the stakeholders to welcome the trustees to their roles at the Board of RFLAUN.

The newly elected trustees are seen below:



Cllr Naemi Amuthenu



Cllr Godhard Hoko



Cllr Darius Shaalukeni



Cllr Kamutuwa R. Mbinge



Cllr David S. Kambonde



Cllr Selma Kadhila



Cllr Petra S. Witbooi



Mr Frederick Ueitele



Ms Rachel Engelbrecht



Mr Julius G. Gaeseb



Mr Immanuel Tjipura



Ms Elizabeth Amuthenu



Mr Fillemon Haiduwa



Ms Martha Krispus

Pension Increases

Considering the excellent returns the Fund achieved on its underlying assets for the Fund year ended 31 December 2023, the Trustees based on recommendations received from the Fund's valuator in this regard, approved a **pensioner increase effective the 1st of July 2024 of 4%, PLUS a 13th bonus payment in December 2024 to the pensioners which will be equal to one-month's pension.**

Please note that as in 2021, this bonus of an additional 13th payment to pensioners are again due to the very strong investment performance that the Fund achieved for the financial year ended 31 December 2023.

The Trustees accesses the financial position of the Fund on an annual basis and based on the recommendations then received from the Fund's actuary, grants pensioner increases in that particular year taking into account factors like affordability and keeping the Fund financially sound over the long term. The 13th payment to pensioners should thus not be expected every year and as indicated will be considered on a year-to-year basis.



Additional Bonus Declaration to Active Members

As highlighted before, the Trustees continuously endeavors to increase and enhance the current benefits being provided to you as a member of the Fund.

Testament to this value-add focus by the Trustees is that following the finalization of the Fund's Actuarial Valuation as at 31 December 2023, and based on a recommendation received from the Fund's actuary in this regard, the Trustees decided to grant a further **0.50% enhancement to all active members Fund values** to be funded from the Fund's current reserves.

This meant that your credit in the Fund were increased by 0.50%.

Disability Benefits

Should you because of medical reasons become unable to continue doing the work for which you were employed, you will **after a three month waiting period (date of disablement) receive a monthly disability income equal to 100% of your monthly pensionable salary.**

The monthly disability income benefit will be paid for as long as the underwriting Insurer recognizes your disability based on medical grounds, you have not died, you are not engaged in other employment (income generating means), and you have not reached your normal retirement age. To confirm your continuous state of disablement, the Insurer will request you to submit full supporting medical reports every two years once you are on disability. Failure to submit said medical reports will result in the monthly disability benefit be immediately suspended.

Whilst on disability you therefor remain a member of the Fund with your contributions towards retirement continuing as well as your Employer's contributions towards retirement on your behalf also continuing. Because you remained a member of the Fund, when you reach the normal retirement age of 60, and you are still in receipt of a monthly disability pension, the monthly disability payment will cease and your retirement benefits (Fund Credit) will become payable.

Should you die whilst on disability, the death benefits as provided by the Fund at that stage will also become payable to your beneficiaries.

The disability income benefit will further annually escalate at the lesser of 5% or the annual change in the Consumer Price Index (inflation).

As indicated above, there is a three months waiting period before the Fund starts paying the monthly disability income. In these three months waiting period, the assessment of your claim will take place in order to determine whether it is a recognized claim

or not, plus the severity of the disability. During these three months period, the Employer is therefore still responsible for paying you in terms of sick leave as well as benefits payable as provided by the Social Security Commission.

In some instances, it might happen that it takes longer than the initial three months period to complete a full assessment of a potential claim. During this period the Employer normally then continue paying the individuals monthly salary.

Upon final assessment and approval of the claim by the Insurer, the date of disablement is backdated and **any salary payments made by the Employer beyond the three months period, is then first refunded to the Employer and is not due to the Member considering that the Member would then receive his/her monthly disability payment, also from backdated date of disablement.**

Annual Investment Returns

The Funds' total assets as at **31 September 2024** amounted to **N\$7,687,970,939** which comprises of the portfolios below:

Market Value Portfolio N\$6,928,584,599

Capital Protection Portfolio (CPO 1) (Old Mutual) N\$7,490,967

Capital Protection Portfolio (CPO 2) (Sanlam, Old Mutual, Momentum & Standard Bank) N\$751,895,373

The table below provides an indication of the monthly investment returns earned on the respective portfolios for the Fund year from 1 January 2024 to 30 September 2024.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD 2024
Market Value Portfolio	-0.4	0.7	1.3	0.9	1.2	1.2	2.3	1.0	1.7	10.5%
CPO 1	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	6.1%
CPO 2	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.8	0.9	7.6%

Market Commentary Q3 2024

And just like that we are entering the final stages of another year with Christmas decorations already starting to fill the shelves of all major outlets.

And what an interesting year it hasn't been? A year dominated by elections with approximately 60% of the World's population that either already went to the polls or are still going to cast their ballots later the year. The latter most notably ones our own elections scheduled for the **27th of November 2024** and then from a global perspective the American elections scheduled for the 5th of November 2024 which at this stage appear to be a very close race between Kamala Harris and Donald Trump.

The outcome of the American elections might still be in the balance, but if there are one thing that we are sure about it is the fact that investment markets do not like uncertainty and always overreacts to any changes that might have a significant impact on dynamics and sentiment.



With the last couple of newsletters issued by the Fund we repeatedly informed you that globally Central Banks were fighting the same fight and that was the rein in **INFLATION**.

As highlighted in previous editions of the newsletter inflation had its initial origins in the billions and billions of US\$ that were made available by Governments by means of stimulus packages during COVID lockdowns in order to support the consumer financially, and to protect economies during these unprecedented periods. Supply chain constraints when economies started opening up again further fuelled the inflation fires and then the invasion of Ukraine by Russia resulted in inflation "blowing out" and breaching its targeted levels globally.

Central Banks reacted to this "runaway inflation fires" by drastically increasing interest rates and most of us can probably attest to the fact that this resulted in us as consumers becoming more and more under financial pressure on a monthly basis. The **good news is that it would appear that these measures (hiking of interest rates) had its desired effect and globally inflation is trending within accepted target ranges.**

Evidence of this downward trend was the Bank of Namibia taking the lead in reducing our Namibian Repo rate by 0.25% to 7.50% towards the end of August 2024. This was followed by the United States Federal Reserve who reduced rates by 0.50% and the South African Reserve Bank reducing rates also by 0.25% in September.



This reduction in the Repo rate will definitely release some financial pressure on an already vulnerable Namibian consumer and together with the reduction in individual tax rates that were Gazetted in September, will definitely result in a bit of additional cashflow now being available at the end of every month.

If inflation can remain within its targeted ranges, and there is no further escalation in geo-political conflicts, then the expectations are that we will see further cuts in the Repo rate towards year-end and then also continuing into the New Year.



The current volatile situation in the Middle-East between Israel and Iran (Hamas / Hezbollah) could however quickly escalate in a broader regional conflict which will result in oil prices increasing as well as the US \$ strengthening. This will again put upward pressure on inflation and might very well result in the current interest rate cutting cycle being paused, or in a worse-case scenario being increased again.

The positive sentiment and momentum following the outcome of the South African elections with the formation of the Government of National Union continue to drive

equity markets to record levels and further also resulted in the South African Rand strengthening quite considerably against the US \$.



Namibia continues to show signs of economic resilience and on the back of the potential oil finds along the coasts continue to attract foreign direct investments. In 2023 alone approximately N\$ 50 billion (21% of GDP) flowed into the Country predominantly as a result of the exploration work being undertaken by Shell, Total Energies and Galp.

It is further expected that by the 2nd quarter of 2025 announcements will be made whether the exploration work being done will go over into actual production which will be a defining moment for the Country as it will change the current economic landscape and climate forever.

In the previous newsletter we informed you that regardless of all the market turmoil, volatility, geo-political developments and risks the Fund recorded one of its best investment performances in a very long time with a return of 16.10% achieved on the market value portfolio for the twelve-month period ended 31 December 2023.

For the first eight months of the Fund's financial year ended 31 August 2024 the investment returns are again stellar with a return of 8.70% in respect of the market value portfolio. The total value of the Fund's investments as at 31 August 2024 amounted to N\$ 7,7 billion.

Again, proof that the Fund's current long-term focussed investment strategy of having a diversified portfolio investing in different asset classes, exposed to different geographical areas and managed by big reputable investment managers, each with their own unique investment philosophies and style, are indeed the prudent and correct approach to follow.

RFLAUN ELSEWHERE

Stay up to date on the latest **events, news, and fund-related information**. We also answer any **questions or queries** you may have via our **Facebook and Twitter** pages.

Follow us on:



Contact us via email
marketing@rflaun.com.na



Visit our website:
www.rflaun.com.na



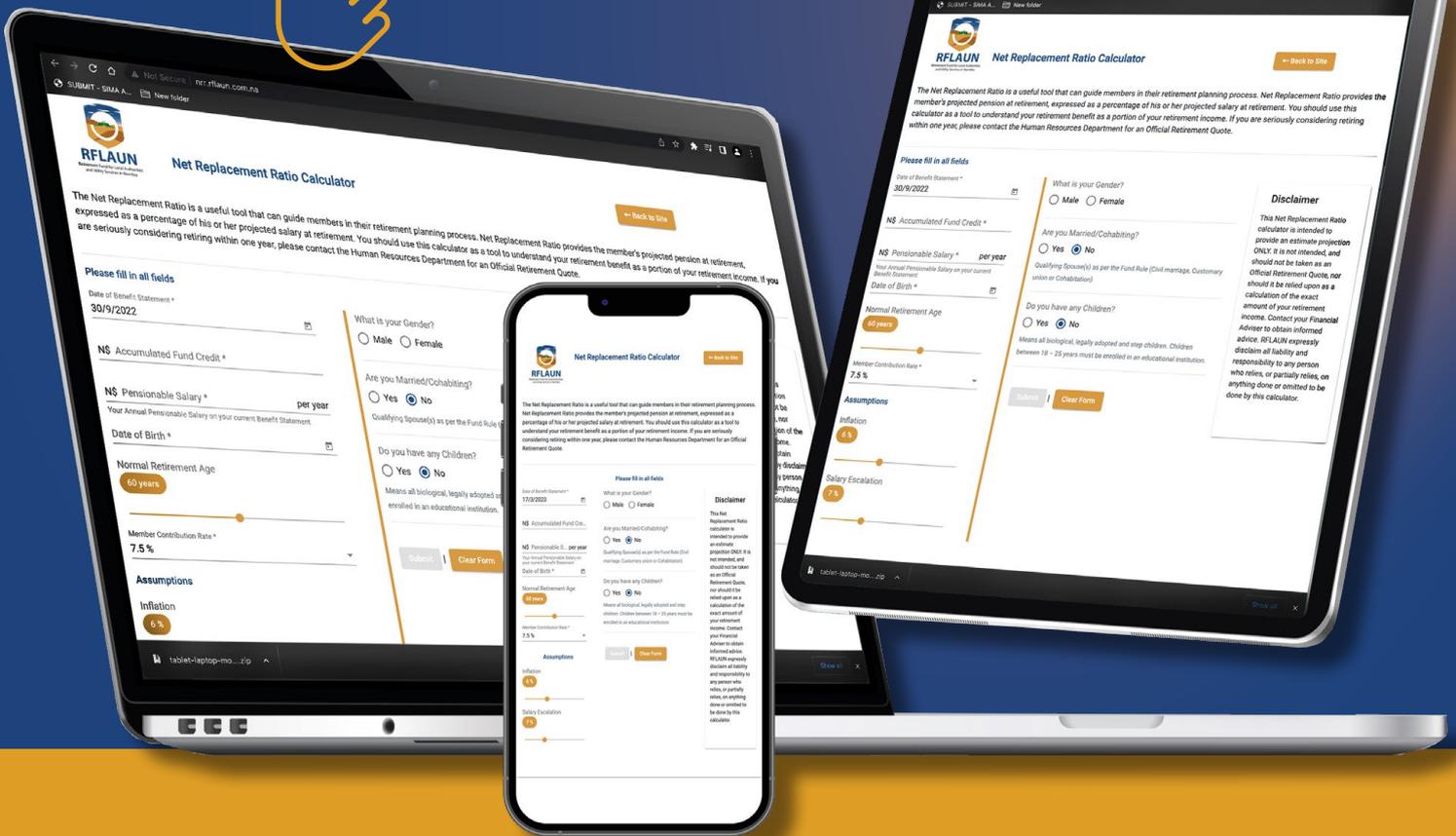
RFLAUN

Retirement Fund for Local Authorities
and Utility Services In Namibia

NET REPLACEMENT RATIO CALCULATOR

The Net Replacement Ratio is a useful tool that can guide members in their retirement planning process. Net Replacement Ratio provides the member's projected pension at retirement, expressed as a percentage of his or her projected salary at retirement. Visit our website.

 <http://nrr.rflaun.com.na/>



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.