

## **Quick guide to understanding how pension increases are calculated**

Dear Pensioner

This information is to improve understanding of how pension increases are calculated by the EPPF.

### **Pensions increased by 4% from 1 January 2023**

The EPPF Board approved an increase of 4% for all pensions, effective from this year. Those pensioners who began receiving pensions from 1 January 2022 received prorated increases (according to the number of months their pensions have been paid).

### **The increase is decided after the annual actuarial valuation**

The EPPF does an annual actuarial valuation when the actuary compares the assets and liabilities of the Fund. These valuations are necessary to assess the long-term sustainability of the EPPF as a defined benefit pension provider. Following the latest actuarial valuation, the EPPF Board approved the 4% increase.

### **The increase balances inflation with Fund sustainability**

The long-term objective of the EPPF Board when considering pension increases is to assist pensioners. The EPPF aims to award increases that match the rate of inflation as measured by the Consumer Price Index (CPI). However, this must tie to the sustainability of the EPPF.

And at the beginning of 2022, the EPPF carried out an inflation increase 'catch up' to adjust pensions for people who had received increases that were not in line with CPI over the past 20 years.

### **Rule Amendment 2 and what it means for pension increases**

The Financial Sector Conduct Authority (FSCA) registered Rule Amendment 2, which is a change to the consolidated rules that apply to the EPPF, with effect from 19 January 2023.

[Click here to read the EPPF's Consolidated Fund Rules and Rule Amendments](#)

The EPPF will target a pension increase equal to CPI. However, if the Fund's investment performance suggests it can't afford that increase, the minimum that will be granted is 60% of CPI. This means that the next pension increase, which will take effect in January 2024 and will be announced towards the end of this year, will be in line with Rule Amendment 2.

**The following questions were received from pensioners. We have also included our answers to help with understanding the matter of pension increases.**

**Question: My friends with Company X Pension received a higher increase than me. Why is that?**

**EPPF:** There are various factors that must be considered.

1. Is Company X Pension Fund a defined contribution fund considering the EPPF is a defined benefit fund.
2. The operating models and subsequent yields will be different.
3. What is Company X Pension Fund's increase history? In the case of the EPPF, we provided an up to 7,3% increase with effect from 1 January 2022.

**Question: What is the difference between a Defined Benefit Fund and a Defined Contribution Fund?**

**EPPF:**

In a defined benefit fund, the benefits are defined in terms of the rules of the fund and are calculated by using a formula. This means that the benefits are guaranteed and aren't dependant on the investment performance of the fund. A defined benefit fund guarantees the employee a monthly pension from retirement until the pensioner passes away. The value of the pension can be calculated into the future.

In a defined contribution fund, the benefits payable are dependent on the investment returns earned on the contributions of in-service members. This means that the benefits are based on member contributions and investment earned on those contributions. A defined contribution fund promises the employee their accumulated balance at the date of exit (either at resignation or retirement.)

**Question: How can I get in touch with the EPPF? Sometimes I prefer to ask my friends for information because I don't understand all the technology.**

**EPPF:** We encourage you to use our official channels to make contact so we can respond to you within a reasonable timeframe and so that you get correct information. You can phone us toll-free during office hours on 0800 11 45 48. If you'd like to visit us in-person, [click here for the contact details for our various regions.](#)

If you'd like to try our self-service channels, please read the information below.

Our member portal:

Step 1: Go to [www.eppf.co.za](http://www.eppf.co.za)

Step 2: Login to the relevant member portal (in-service members, deferred members or pensioner and beneficiaries) using your unique number.

If not registered, click the register button and follow the prompts.

Step 3: Explore the portal.

Our mobile app:

Step 1: Download the EPPF app on iOS or Android.

Step 2: Login using your unique number and password.

Step 3: Explore the app.

WhatsApp:

Step 1: Download or go to your WhatsApp app on your phone.

Step 2: Text "Hi" to 072 741 7774

Step 3: Follow the prompts.

USSD (remember you will not be charged airtime or data for requesting info):

Step 1: Dial \*120\*1037#

Step 2: Follow the prompts for more information.

### **For our pensioners who're based outside South Africa**

If you'd like to contact us telephonically, please do so during SAST 8:00 and 16:45 on weekdays. Dial +27 (0)11 709 7400.

### **We'd like to invite you to pensioner engagement sessions**

We'll be hosting virtual pensioner engagement sessions on the following dates and times.

| <b>Date</b>                  | <b>Meeting type</b>    | <b>Time</b>   | <b>Meeting link</b>                            |
|------------------------------|------------------------|---------------|--|
| 12 April 2023<br>(Wednesday) | Online via MS<br>Teams | 09:00 - 10:30 | <a href="#">Click here to join the meeting</a> |
| 26 April 2023<br>(Wednesday) | Online via MS<br>Teams | 12:00 - 13:30 | <a href="#">Click here to join the meeting</a> |

Please join us for any one of the following meetings by clicking on the links provided.

We will also be hosting in-person pensioner engagement sessions. You will be invited to those sessions as soon as our schedule is finalised.

Kind regards

The EPPF team