



2023

Newsletter

METROPOLITAN

Metropolitan Life Retirement Annuity Fund
Metropolitan Provident Preservation Fund
Metropolitan Pension Preservation Fund

From your Board of Trustees

South Africans are currently facing uncertain economic realities, with high levels of unemployment, inflation, and a struggling economy. These challenges have made it difficult for many individuals to secure and maintain their retirement savings.

However, there are steps that you can take to protect your retirement savings. Understanding the current economic realities and working with a financial adviser can provide valuable guidance and support in navigating this complex landscape.

Economic realities and your *retirement savings*

The economic turmoil that started anew during the Covid pandemic is still with us. There is still a large degree of uncertainty in the market, and this impacts our day-to-day lives, either directly or indirectly.

Anyone who regularly reads or watches the news may be disheartened. We are being bombarded by challenging and sometimes downright bad news almost daily. South Africa was recently also officially grey-listed by financial watchdog Financial Action Task Force.

So much has been said about loadshedding and its impacts on the South African economy, but no commentary would be complete without it being mentioned. It has a direct impact on our economic growth that, in turn, reduces employment opportunities and foreign money inflows. We have seen continued money outflows in the bond and equity markets.

Despite having to live in the dark, electricity prices are increasing unabatedly. This has forced many businesses to find alternative energy sources, often at huge costs. In early May, the CEO of Pick n Pay revealed in an interview that they spent more than R500m during the previous financial year to contend with the impacts of "unprecedented levels of loadshedding". He also mentioned that this may eventually result in food shortages.

The entire food supply chain, not only the retailers, is under pressure. Food inflation is remaining stubbornly high, and it is up to South Africans to deal with it.

This means that South African consumers are under severe pressure from a cost-of-living perspective.

But all is not doom and gloom. The South African president announced a new ministry in cabinet, with Electricity Minister Kgosientsho Ramokgopa entrusted with this unenviable job. He has proposed a plan to prevent more severe power cuts by adding 4 000MW of electricity to the grid. His proposal involves using more diesel turbines and increasing fuel storage capacity. We all hope that these plans come to fruition soon.

However, with all the uncertainty and negative sentiment, as members of a retirement fund, you are in a better situation than most of our fellow citizens. The fact that you are saving for your retirement puts you in a small minority when compared with the South African population. We urge you to encourage friends and family to follow your lead and start investing in their future.

Always remember, retirement fund investing is long-term in nature.

You can view the performance of our funds [here](#). It is very important to keep in mind your end goal and regularly check-in with your financial adviser for continued peace of mind.



The importance of adding an *inflation-fighting benefit* to your plan



If contributions are not adjusted for inflation, Retirement Annuity Fund members with recurring premium plans may find themselves falling short of their investment goals, which can have serious financial implications.

Having the automatic premium escalation (AIM) benefit as a feature of your retirement annuity plan can be essential in periods of high inflation as it helps your contributions keep pace with the rising cost of living. Inflation erodes the purchasing power of money over time, which means that the value of your contributions may decrease over time if they remain the same.

Automatic premium escalation addresses this issue by automatically increasing your contribution amount to account for inflation. This means that your contributions will increase each year in line with the rising cost of living, enabling you to maintain the same level of investment without having to worry about erosion of the value of your contributions.

Overall, having automatic premium escalation as part of your plan can provide peace of mind by ensuring that your contributions keep pace with inflation and can help to prevent the negative consequences of not saving enough.

You can ensure that you have peace of mind by including the AIM benefit on your plan.

Two-Pot System - proposed changes in legislation will in future allow some access to your funds before retirement

The Minister of Finance in South Africa has confirmed that the National Treasury intends to allow limited access to retirement fund benefits with the aim of improving the retirement outcomes for retirement fund members. The intention is to ensure that members are better able to save for their retirement, whilst having an opportunity to access some of their retirement savings should an emergency arise.

This will be achieved by splitting contributions towards retirement savings between two pots. One part will go into a savings pot and the other will go into a retirement pot. The savings pot will be accessible in the case of emergency, or other needs. The retirement pot will not

be accessible until retirement, when members will be able to use it to provide an income during retirement.

Overall, this Two-Pot system is designed to encourage individuals to save for retirement and provide them with a reliable source of income after they retire. The retirement pot ensures that all workers are saving for retirement, while the savings pot provides additional options for individuals looking to increase their retirement savings while having the ability to access this in the event of an emergency.

Although the Minister of Finance announced that the Two-Pot System will be implemented on 1 March 2024, certain changes to the Pension Funds Act must first be made. Fund administrators can only start with the system development to accommodate the proposed Two-Pot system once the legislative changes enabling it have been finalised. We will advise you once this has happened.





Keeping us informed is important, and it's easy to do online or through WhatsApp.

Keeping your contact information up to date is very important to ensure that we can assist you promptly when you need it most.

Here's why

01

Stay informed about your retirement fund benefits

We may need to contact you regarding important updates or changes to your retirement fund benefit. If your contact information is outdated, you could miss out on critical information that could impact your plan.

02

Faster claims processing

Having accurate contact information on file can help speed up the claims process if you need to submit a claim. If we cannot reach you, the claim will remain pending (unclaimed) until we are able to make contact with you or your dependants.

03

Prevent identity theft

Updating your contact information can also help protect you from identity theft. If we have outdated contact information, it could leave you vulnerable to fraudulent activity on your retirement plan.

We have made connecting with us so much easier with our new self-service options available through WhatsApp and our website.

Here's why you should consider using these options:

Convenience

With our self-service options, you can access your retirement fund information and make changes to your plan from anywhere, at any time. No more waiting on hold or worrying about office hours.

Simple and User-Friendly

Whether you prefer to use WhatsApp or our website, our self-service options are simple and easy to navigate.

Secure and Private

We take the privacy and security of your information seriously, so we use multi-layer authentication as part of the process.

Save Time and Money

By using our self-service options, you can save time and money. You don't have to make a trip to our office or spend time on the phone waiting for assistance.



It is straightforward: our self-service options through WhatsApp and our website offer a convenient, simple, secure, and cost-effective way to access your retirement fund information. If you haven't tried our self-service options yet, give them a try and experience the benefits for yourself.



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www.metropolitan.co.za

Closing

Despite the current challenges, there are also reasons to be optimistic about the future of the South African economy. We have a strong entrepreneurial spirit, a growing middle class, and a rapidly developing technology sector which has seen significant growth in recent years.

Additionally, South Africa has a diverse and skilled workforce, which is capable of adapting to changing economic conditions and driving innovation in a range of sectors. All of these could provide opportunities for growth and development in the years ahead.

Regards, *The Board of Trustees*

Together we can

METROPOLITAN