tourism,
hospitality
& catering
retirement fund

thacsa

A life of service
deserves a service for life

ANNUAL REPORT

For the year ending 2021

CHAIRPERSON'S REVIEW – 2021

PREPARED BY ANDY NOLD

> **Covid-19 is not over yet and there will be challenges in rebuilding our sector, but I believe that we can work together to see through those and start to enjoy the good times again.**

The past two years have been a roller coaster for everyone. Employers, employees, young, old, no one was spared by the global pandemic, with most people negatively impacted – none more than those in the Hospitality Industry.

However, now that the National State of Disaster has been removed along with many of the most restrictive of associated regulations, we are experiencing positive changes. International arrivals at our airports are increasing and higher than the corresponding period in 2021. Airlines are returning to their seasonally adjusted pre-Covid schedules and anecdotal evidence suggests that hotels are experiencing an uptick in business. These are indeed heartening signs for a return to some form of new normal.

The financial market volatility brought about by Covid-19 has not negatively affected the Fund in the medium term. Early losses – experienced by the entire financial market – have been extinguished and, in fact, one-year returns in the market, as well as the Fund's portfolios, were very high. The adage, that in times of uncertainty it pays to remain invested, could not have been better demonstrated than during the turbulent times we have experienced. The Fund retains the services of experienced and proven investment managers and advisors to safeguard and grow members' retirement savings.

According to the Actuarial Review for the period ending December 2020, the Fund is 100% funded and thus in a sound financial position as at date of valuation.

During the year we had 391 members leave the Fund ostensibly for retrenchments. This was countered with the acquisition of 680 new members, an encouraging increase over the previous year's 461. The sad news of those leaving the Fund was that of the 552 withdrawals and 391 retrenchments, only 74 preserved their retirement savings. It is understandable that when times are tough – as we have experienced – the retirement savings is a handy source of income. But it is always preferable to preserve savings for retirement.

Several administrative rule changes occurred during the year. These included the name change from a *pension* fund to a *retirement* fund, and the extension of the normal retirement age from 60 to 65. It is a reality that many of us are working longer as we are also tending to live longer.

Importantly with this was also the change to the life-stage model, where members' investments are gradually migrated from the more aggressive Diversified Growth Portfolio to the more cautious Stable Growth Portfolio. Previously these migrations were 10% made annually on the member's birthday. Under our new model these transfers occur monthly from age 55, so that when members reach age 65, they are 100% invested in the Stable Growth Portfolio. Members still have the option of opting out, but they would be advised to discuss this with an accredited financial advisor beforehand.

During the year we had three trustees resign, Richard Lyon, Karin Augustyn and Chris Bosenberg, I would like to thank them for their service, and particularly to Chris for the 18 years of resolute and committed service he gave to Thacsa.

On that note I would like to thank all the trustees for their loyal service during 2021. Aside from a modest stipend they receive, they give generously of their time and expertise bringing excellent value to the administration of the Fund in the best interests of members. I would also like to thank our service providers for the roles they play in ensuring Thacsa remains the pre-eminent retirement fund focused on the Hospitality Sector.

Having completed 14 years as Thacsa Chairperson it is time for new blood, and I have every confidence that experienced trustee Chris Godenir will take the Chairperson's mantle and continue to grow the Fund into the future.

I remain as a trustee and am confident the Fund's financial performance will to continue to exceed our goals of beating inflation by 5% in the Diversified Growth Portfolio and 4% in the Stable Growth Portfolio over rolling five-year periods. We continue to offer a number of the foremost benefits in the industry and our member-focused trustees work hard to protect member interests.

Covid-19 is not over yet and there will be challenges in rebuilding our sector, but I believe that we can work together to see through those and start to enjoy the good times again.

Stay safe, vaccinate, and best wishes to your family and loved ones.
June 2022

The good news is that Thacsa's investments have weathered the combined storms of the Covid-19 pandemic and Russian invasion of Ukraine extremely well.

Events of the past few years have reinforced the lessons for retirement investing:

- Don't put all your investment eggs in one basket
- Don't make hasty investment decisions based on emotions
- Stay invested through the ups and downs
- Preserve your retirement savings when moving employers.

10-year average growth returns
- Diversified Growth Portfolio 11.3%
- Stable Growth Portfolio 9.1%

18 minor children of deceased members had their death benefits invested

11 Members made use of the Momentum Golden Income with Profits Annuity on retirement

680 new members joined the Fund

20 members claimed funeral benefits

6 Members have pension-backed home loans

24 employers made use of the temporary suspension of payment contributions

943 members withdrew – only 74 preserved their withdrawal benefit

Trustee update

1. We welcomed Briggett Smit as an alternate independent trustee and bid farewell to Richard Lyon, Karin Augustyn and Chris Bösenberg – the latter after 18 years of dedicated service.
2. Trade union Fedcraw was allocated 2 and Saccawu 5 seats on the Board of Trustees. These seats are based on the number of Thacsa members they represent.

Retirement update

1. The normal retirement age has been changed from 60 to 65 years, this is inline with people tending to work longer.
2. The default investment option now makes for the gradual migration of a member's funds from the Diversified Growth Portfolio to the Stable Growth Portfolio from age 55 in monthly increments.

FROM THE **PRINCIPAL OFFICER'S** DESK

PREPARED BY KEVIN BARNES

In 2021 the Board of Trustees (Board) were in the third year of their three-year term of office. Longstanding Chairman Andy Nold informed the Board that he did not intend to stand as Chairman for the next term of office. A process was started to identify a Chairperson Elect who would work hand-in-hand with him during his final year as Chairman in order to ensure a smooth transition. Chris Godenir was identified as the candidate and his formal appointment took place early in 2022. Although Andy Nold stepped down as Chairman he was reappointed by Fedhasa to continue to serve as an Employer Trustee on the new Board to help ensure continuity of knowledge. On behalf of the Board, the participating employers and the members of the Fund I would like to extend our gratitude to Andy Nold for the tremendous work he has done while Chairman of the Fund – a position he held for 14 years from February 2008 to December 2021.

Karin Augustyn resigned and Richard Lyon was appointed by Fedhasa to serve in her place. He subsequently resigned. There were no changes to the Trustees appointed to represent the members.

Briggett Smit, who had previously served as the Momentum Fund Relationship Consultant, was appointed as the Fund's first-ever Alternate Independent Trustee. The appointment took effect from 1 June 2021.

Christopher Bösenberg decided not to serve another term of office. He had served as the Fund's Independent Trustee for 18 years and his wise council will be sorely missed.

The exercise to determine how many seats each Union will have on the Board of Trustees for the next term of office was conducted. The allocation of seats is based on the number of Fund members who are also Union members. The outcome was that 5 seats were allocated to Saccawu and 2 seats to Fedcraw.

The Trustees in conjunction with Willis Towers Watson conducted a review of the Capital Protection Portfolio and the Life Stage Model. The names of the two portfolios were changed to Diversified Growth and Stable Growth respectively. The new names better reflecting the composition and aims of the portfolios. An additional asset manager was appointed in the Stable Growth portfolio, namely Ninety One Cautious Managed Fund, which was allocated 50% of the Active Members' portfolio. The two-stage life-stage model was retained but the normal retirement age was increased from 60 to 65 and the commencement of the life stage switches were changed from age 50 to age 55. This is in line with current trends to retire later. The annual switch was changed to a monthly switch to safe guard members share against loss when switching when markets are down.

Cognisant of the decisions of the Supreme Court of Appeal of South Africa in the matters of Vrystaatse Munisipale Pensioenfonds v Minister of Finance, Southern Sun Group Retirement Fund v Registrar of Pension Funds and Hortors Pension Fund v Financial Sector Conduct Authority handed down in 2020, the Fund took legal opinion on whether the principles outlined in these decision applied to the Fund. After due consideration the legal advice was that the Fund could amend its Rules to enable it to follow these decisions. The relevant Rule amendment was prepared, submitted and approved by the FSCA. The members are likely to reap the benefit of this during the course of 2022.
In light of the changes in legislation the Fund applied to the FSCA to change its name from the Tourism Hospitality and Catering Pension Fund to the Tourism Hospitality and Catering Retirement Fund. The name change became effective from 1 March 2021.

Despite the continuation of the state of disaster and the various levels of lockdown which prevailed, the Board of Trustees and the Pension Fund continued to operate smoothly.
The Board of Trustees met 4 times in 2021. These meetings were conducted according to the hybrid method of physical and virtual attendance. The Sub Committees met a further 21 times.
The attendance at the meetings of the Board of Trustees and Sub Committee meetings was 86%. This represents the tremendous commitment which the Trustees have to the Fund, especially as they are not employed by the Fund or the Administrator and have numerous other business commitments.

The Board of Trustees continued to grant temporary suspension of payment of contributions in 2021 on application by the employer and provided the risk benefit premiums and the administration fees were paid.

This proved to be most useful to employers and members alike and enabled members to be covered for death, funeral and disability in the high-risk environment while either not working or working part time and not earning the full pensionable remuneration. During the course of 2021, 24 employers had made use of the scheme.

The Covid- 19 pandemic offered the Fund the opportunity to hold its first ever member webinar. This was held on 17 February 2021 and a number of members participated. The topics were Pre-Retirement Planning which was presented by Lynette Uys of Momentum Corporate and Thacsa Risk Policies which was presented by Cindy Soetwater of Sanlam.

The premiums payable for the insured benefits were reviewed by the Underwriters. They advised that due to high claims experience the premium for the Death Benefit had to be increased to 1.925% of pensionable remuneration and the Disability Benefit premium had to be increased to 0.856% of pensionable remuneration with effect from 1 November 2021. The Funeral Benefit remained at R22.53 per member per month. These premiums are guaranteed until 31 October 2022.

In terms of the Funeral Benefit the member, the member's spouse and the children under the age of 21 are covered. In 2021 benefits were paid out to cover the costs of 20 funerals.

The Fund offers a pension backed lending housing loan in conjunction with Standard Bank. In terms of the facility members may borrow money from Standard Bank to buy or upgrade their fixed property using their member's share benefit as collateral. The number of members using the facility stood at 6 as at the end of 2021. At which time the value of the loans was R160 487.00.

The Board has to determine the distribution of death benefits in terms of S37C of the Pension Funds Act. During the year the Fund invested R3 163 851.79 in beneficiary funds for the benefit of 18 minor children of deceased members.

The Board had adopted the Momentum Golden Income with Profits Annuity as its default on retirement. During the course of 2021, 11 members had made use of the default option investing R3 223 895.00.

The Fund's Help Desk situated at No.1 Adderley Street Cape Town was closed for most of 2021 but did reopen in November 2021 and is still open at time of writing. Members should check the website www.thacsa.co.za to establish whether or not the Help Desk is open before visiting.

Members may also use the Fund's toll free telephone number 0860 22 22 88 to make enquiries or to follow up on their claims. Claims can be submitted by email to Thacsahelpdesk@momentum.co.za.

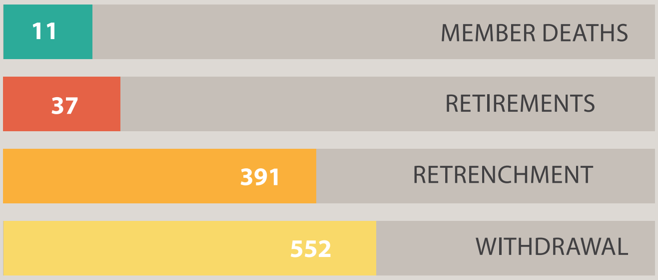
On behalf of the Fund, I would like to thank all the service providers for the quality of service provided. The Fund's service providers in 2021 were:

Administration:	MRA
Actuarial Services:	Arch Actuarial
Death Benefit:	Sanlam
Funeral Benefit:	Sanlam
Investment Consultant:	Willis Towers Watson
Bankers:	Nedbank
Benefit Consulting:	Momentum Consultants & Actuaries
Beneficiary Funds	Absa
Communication:	Imbongi Communications
Disability Benefit:	Sanlam
Auditors:	Price Waterhouse Coopers
Housing Loans:	Standard Bank
Tracing Services:	Extreme Confirmation
Default Annuity:	Momentum

ADMINISTRATOR'S **OVERVIEW**

PREPARED BY SYLVIA PIETERSEN (MOMENTUM RETIREMENT ADMINISTRATORS)

Fund Membership
The membership of the Fund remained stable compared to 2020's increase in retrenchments and withdrawals caused by the impact of the COVID-19 virus. 680 new members joined the Fund during 2021, where 461 new members joined in 2020. During 2021, Momentum Retirement Administrators endeavoured to pay as many claims as possible within the required service level agreement. Below are some statistics with regard to claim payments.



Annual Benefit Statements
Benefit statements for the period, 01/10/2020 to 01/04/2021 were distributed 16 July 2021. Please contact your employer or the Thacsa helpdesk if you have not received your Benefit Statement as yet. The next Annual set of Benefit Statement for 2021 will cover the period, 1/04/2021 to 31/3/2022.

Saving for retirement
Members are encouraged to preserve their withdrawal or retrenchment benefit to keep their retirement savings intact when leaving service. Of the 552 withdrawal claims and 391 retrenchments paid during 2021, 74 members preserved their withdrawal benefit. The balance of members took their full withdrawal benefit in cash.

Some of the most common mistakes made by members of pension and provident funds when it comes to retirement planning, are that people start saving too late, spending their retirement benefits when changing jobs or not getting expert advice. Preparing in advance for retirement is vital. While it is never too early to start saving and planning, this becomes critical as you near your retirement date.

COMMUNICATIONS

PREPARED BY IMBONGI COMMUNICATIONS

The continuation of the National State of Disaster, resulting from the Covid-19 pandemic, and the various levels of lockdowns has tempered our ability to communicate directly with members. Gatherings have largely been impossible to arrange and seen us move to a more online way of communications.

In mid-February Thacsa hosted its first member webinar. It was a combination of a limited number of members socially distanced in a meeting room with live video links to two presenters and physical facilitators on site. Members also had the opportunity of joining the session via Zoom. The number of attendees was small but it showed that this new form of hybrid presentation is feasible and well accepted by those participating.

A member and employer survey during the year also highlighted the acceptance of, and need for more, online communication activities. With limited direct access to members – roughly only half of members have their cell numbers recorded with Thacsa – employers perform a huge gatekeeper role, affecting the flow of information from the Fund to members.

Key outcomes from the survey were:

- Physical communication collateral remains important, the annual report, information brochure and poster.
- Online tools are increasingly acceptable – such as webinars, online tutorials or instructional videos.
- Ongoing education of retirement topics remain a priority – retirement planning, insured benefits, and the Fund's financial performance.

There were various communications to members and employers during the year. These included the change to the normal retirement age from 60 to 65, changes to the life-stage investment model, and the continued reduction in contributions among others.

The Fund's name change, from a pension to a retirement fund, also necessitated a small change to the logo. This was done and implemented.

The harvesting of all members' cell numbers remains one of the biggest challenges to an effective communication programme. Efforts need to be stepped up in this regard, making employers aware it is one of their mandated responsibilities.

If you have any questions about the Fund, the website is a good place to start. If you are unable to find the answers you seek you can email the Help Desk on info@thacsa.co.za or call them 0860 22 22 88, alternatively visit the walk-in centre at 1 Adderley Street, Paul Sauer Building Cape Town.

ACTUARIAL FEEDBACK

HIGHLIGHTS FROM THE ACTUARIAL REVIEW AS AT 31 DECEMBER 2020 SUMMARISED BY MOMENTUM RETIREMENT ADMINISTRATORS BASED ON THE STATUTORY VALUATION REPORT PREPARED BY THE VALUATOR TO THE FUND.

The Fund is a defined contribution pension fund which maintains reserve accounts and is required to submit triennial statutory actuarial valuation reports to the Financial Sector Conduct Authority.

The previous statutory report was dated 31 December 2017, hence the report as at 31 December 2020 is a statutory valuation report. The previous valuation was an interim one, dated 31 December 2019.

The primary objective of a valuation is to investigate and report on the financial soundness of a fund, by comparing the value of assets to the value of liabilities and making appropriate recommendations where necessary.

This financial review summarises the valuation of the Fund's finances over the three years ending 31 December 2020.

The Fund's membership and benefits have changed over the year as set out below.

Membership statistics	31/12/2019	31/12/2020
Active service members	**4,119**	**3,254**
Annual pensionable salaries (R millions)	412.6	315.70
Average annual pensionable salary (Rands)	100 172	97,020
Average age (years)	37.6	38.3
Average Member Share (Rands)	62 940	67,907
Dormant members [1]	**43 924**	**43,896**
Average age (years)	59.9	60.9
Average Member Share (Rands)	9 088	9,305

Note 1: Dormant Members are members who elected to preserve their Member's Share in the Fund, or those to whom an unclaimed benefit accrued, prior to 1 October 2003.

The comparisons show that the Fund's membership is contracting. There are 865 fewer active members and 28 fewer Dormant Members since last year. The average Member Share has increased. There are no pensioners. Pensions are purchased at retirement.

The Fund was 100.0% funded and thus in a sound financial position at the valuation date as summarised below in Rand millions:

Financial condition	31/12/2019	31/12/2020
	Interim	**Statutory**
Total Net Assets	569.827	534.890
Funds and Liabilities		
Members' Shares	259.248	220.968
Amounts to be Allocated	8.812	5.116
Cost Account	(0.003)	-
DMCRA	301.770	308.806
Total Liabilities	**569.827**	**534.890**
Excess/shortfall	0.000	0.000
Total Fund (net assets) Funding Level	100.0%	100.0%
Fund Account Funding Level	100.0%	100.0%

The actuary confirmed that he has investigated the financial position of the Tourism, Hospitality and Catering Retirement Fund as at 31 December 2020 and has found it to be sound.

The fair value of the assets is R534.890 million, which is equal to the accrued liabilities and reserves. The Fund is therefore 100% funded.

Members receive their Member's Share on exit from the Fund. This represents the accumulated sum of their and their employer's net contributions together with actual investment returns net of investment expenses. This complies with the definition of the minimum benefit in terms of the Act. Unallocated amounts at year end, if any, further enhance or reduce Members' Shares.

The Cost Account held was cleared at the Review Date, implying that charges accurately matched expenses. Contributions to this account are reviewed annually in advance, based on projected expenses for the ensuing year.

A Dormant Members Contingency Reserve Account of R308.806 million is recommended to meet the claims of Dormant Members. This represent just over three-quarters of actual benefits, were everyone to claim.

Under this arrangement the Fund will continue to remain in a sound financial position. The next review is the interim valuation which will be conducted as at 31 December 2021.

FINANCIAL OVERVIEW

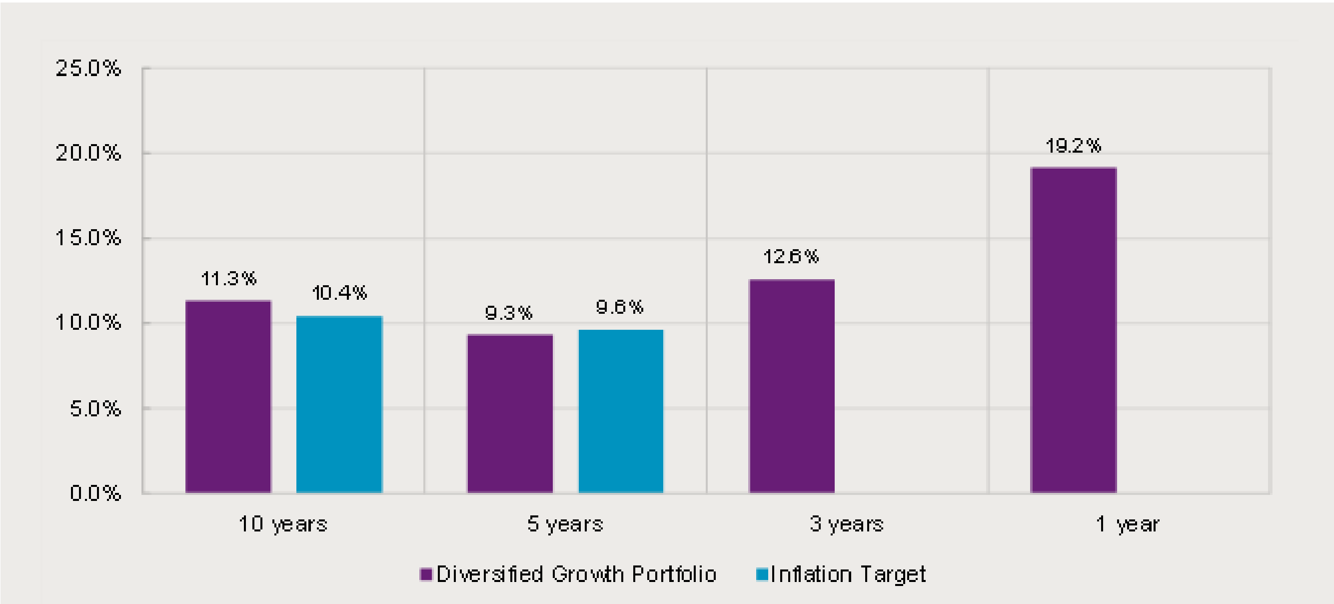
FOR THE YEAR ENDED 31 DECEMBER 2021 | PREPARED BY WILLIS TOWER WATSON

The Fund's recent investment performance

The goal of retirement savings is to provide you with an income in your retirement. To make sure that this income is adequate, you need to contribute as much as you can from your salary to your retirement savings for as long as you can. It is critically important that what you save is protected from the erosion of inflation. This will maintain the value, or purchasing power, of these savings over time. But to provide enough income, your savings also need to grow by an investment return that is above inflation over the long term (ten years and more).

With this in mind, consider the investment returns of the Fund's Diversified Growth Portfolio, in which most members are invested, over different periods ending 31 December 2021, shown on the chart below. The investment returns of the Diversified Growth portfolio are compared to the long term performance objective that has been set for the Fund by the Board of Trustees. The performance objective is inflation plus 5% per annum over periods of five years.

The returns are shown net [after the deduction] of investment management fees.



By delivering returns comfortably higher than inflation over the last ten years, the Diversified Growth Portfolio is succeeding in growing the value of savings over the long term.

Note that the return over the year of 2021 was unusually high. This is part of a period of extreme market movements, with both unusually high positive and negative returns being experienced, in response to particularly high levels of uncertainty, which continue across socio-political, economic and investment contexts. As a result, the extreme movements seen in financial markets over the last two years may continue for some time yet. This means a wider than normal range of returns may be experienced over the shorter term, from high returns to very low or even negative returns. However, on balance, investment markets tend to recover from short term declines and investment market values trend upwards over a longer time frame.

For this reason, and even though this is especially hard to do in uncertain times, it continues to be important to remain focused on the long term investment returns, as this is what builds adequate provision for retirement. A measure of control comes from investing in a diversified and disciplined investment strategy such as that of the Diversified Growth Portfolio, maintaining your contributions to the Fund and staying invested, so as to benefit from the increase in value over time.

A further sense of confidence comes from having some understanding of how and where your retirement savings are invested, even when the decision-making is made by professional investment experts.
Across global economies, many different types of investments compete for the savings of investors. Investments with similar characteristics are grouped together into what are known as "asset classes". Deciding on the appropriate mix of asset classes for the investor's specific objectives is the first step in building an investment strategy. Some information about the main, sometimes referred to as "traditional", investment asset classes follows below.

Equity = Ownership

Companies that are listed on a stock exchange offer investors the opportunity to own a portion of the company by buying a "share" or a "stock" (both terms have the same meaning) in the company. This is called "equity" and exposes the owner to both the rewards and the risks of ownership. Listed shares are traded (bought and sold) on the stock exchange. The price at which a share is traded is not fixed but is set by the demand from investors for owning a stake in the company. The price is determined by the view of investors about the company's future: what its earnings and growth may be. Different investors will make different judgements about the future of a business, and may not agree on what the right price is. Based on the flow of new information about a business, changing beliefs regarding its future and the changing needs of investors, the prices of shares change. The price of a share may increase (giving a positive return) or decrease (giving a negative return) in value over time.

Equities are generally considered to be the riskiest of the traditional asset classes. The factors that investors must forecast to estimate the "right" price for a company are numerous and complex. It is also possible, although not often likely, that the price of a business could fall to zero. Shareholders are owners and not creditors and so it is possible to lose all of the savings invested. On the other hand, with the greater risk comes the possibility for greater returns, so equity investments also offer the most potential for high investment returns, especially compared to inflation.

Forecasting the future is not an exact science. Investment decision-makers are human, and all humans make mistakes. This is particularly true when investors are not aware of their own behavioural biases, some of which we have written about before. Some investors, especially professionals, will be better able to make good estimates of what companies should be worth than others. The valuation errors of one investor are the profitable opportunities of another!

Bonds = interest-bearing investments = long term loans

A different way to grow savings is to lend them to a business or government (the borrower) for long term use, with a promise from the borrower to pay back the loan on a certain date in the future. In return for the use of the savings, the borrower will pay income to the investor, also known as interest, over the period of the loan. These long term loans are divided up into smaller portions, which are called bonds – not to be confused with a mortgage bond where a commercial bank lends money to an individual to buy a property.

Much like shares, bonds can be bought and sold on the exchange on which the bond is listed. However, there are far fewer factors that influence the price of a bond, which is therefore relatively easier to forecast than the price of a share. These factors include the level and direction of inflation and market interest rates, and an assessment of the chance that the borrower may not be able to meet the future commitments, i.e. the credit risk. Governments are some of the biggest borrowers using bonds. Government bonds are considered to be very low risk investments because, unlike companies, a government is always able to raise the funds needed to meet its commitments, even if through further borrowing or taxation.

Money market = "cash" = short term loans

Similar to a bond, money market investments are interest-bearing loans to a government, bank or company. The difference is that the money is lent for only a short period of time (less than one year). The borrower pays interest on the loan and at the end of the term of the loan, returns the capital to the investor. Because of the shorter time frame, the main risk factor is the creditworthiness of the borrower, rather than changes in inflation and/or market interest rates.

Different risk levels result in different return expectations

Bonds and money market investments have more predictable future cash flows than equities. In addition, there is a legal obligation on the borrower to meet its commitments to bond and money market investors. As a result, there is less uncertainty for investors. Less uncertainty means less risk, meaning investors would be willing to accept less potential return over the long term. Money market investments have a shorter time frame than bonds. The shorter time frame means there is even more certainty and less risk, with the result that investors are usually willing to lend savings for lower returns (at lower interest rates).

To conclude, traditional asset classes form the foundational building blocks of long term diversified investment strategies. There are other investment types that can be combined with the traditional asset classes to better maximise inflation-beating returns, and further diversify risks. The next decision required in building an investment strategy is which investment managers to use to build the portfolios and make the on-going day-to-day investment decisions.

Total Investment Charge from 1 January to 31 December 2021:

	TIC
Growth Portfolio aggregate	1.45%
Allan Gray Global Balanced	0.86%
Coronation Houseview*	1.94%
Ninety One Managed	1.52%
Stable Growth Portfolio	
MMSGF Global	1.58%
Ninety One Money Market	0.10%
Ninety One Cautious Managed	0.53%

The fees above are what is known as the "Total Investment Charge". This is the total investment fees you paid on your retirement savings for the year. It includes fees paid to the investment managers, as well as all expenses related to the investment of your savings such as transaction costs. It does not include fees paid to the Fund's administrators or other service providers (although these fees will be much lower than the above).

The Momentum MMSGF Global fee includes an insurance charge, known as the "Capital Charge". This is the cost you pay to receive a minimum investment return of zero (it is the fee paid to the insurance company to protect your funds from negative investment returns).

LEGAL AND TECHNICAL

PREPARED BY SYLVIA PIETERSEN (MOMENTUM RETIREMENT ADMINISTRATORS)

RULE AMENDMENTS

The following Rule amendments were submitted and approved by the FSCA during the period.

Rule Amendment 8

- To update the definition of "Insurer" to align it with current legislation and replace the definition of "Registrar" with a definition of "Authority".
- To allow for transfers to and from a provident Fund and a provident preservation fund in line with the requirements of the Taxation Law Amendment Act, no 23 of 2020.
- Explain how the vested rights of a member transferring to this Fund from a provident fund or a provident preservation fund with regards to his retirement interest relating to those funds, must be treated in line with the requirements of the Taxation Law Amendment Act, no 23 of 2020.
- Change of the Fund name – Tourism, Hospitality and Catering Retirement Fund.
- Change in the Normal Retirement Age from 60 to 65.

Rule Amendment 9

- To establish separate benefit liability accounting provisions in respect of the Preserved members and to categorise them as a type of Paid-up member.
- To clarify that Dormant members are only Former members whose benefit had prior 2013 reverted to the Fund in terms of the Fund Rules at the time.
- To transfer the Fund's liability in respect of the Preserved members to the Preserved Members Account from the Dormant Member Contingency Reserve Account.
- To reflect more correctly the provisions applicable to the Dormant Member Contingency Reserve account as a contingency reserve account as defined in the Act.

Rule Amendment 10

- Provide for the appointment of an alternate for the Independent Trustee.
- Ensure that the decisions made by the trustees remain valid even though there may be a vacancy on the board.

SUMMARY OF RISK BENEFITS

Description	Benefit		Costs
Group Life Assurance (Death Benefit)	Four (4) times annual pensionable remuneration plus share of fund		The rate increased to 1.925% of pensionable salaries.
Income Protection (Disability Benefit)	75% of your monthly pensionable remuneration		The rate increased to 0.856% of pensionable salaries.
Funeral Benefits	Member Spouse	R30 000 R30 000	This rate remained unchanged at R22.53 per member per month.
	Children 14 to 21 years 6 to 13 years 0 to 5 years Stillborn	 R30 000 R15 000 R7 500 R7 500	

RETIREMENT LUMP SUM BENEFITS

Tax relief on retirement lump sum benefits is allocated once in a lifetime in other words if it's used up you can't claim it again. For example, if a person used R300 000 of the R500 000 with the first lump sum, the balance left is R200 000 and once this is used up this relief is not available again.

Tax tables - 2023 tax year (1 March 2022 - 28 February 2023)

Withdrawal Benefit	
Taxable income (R)	**Rate of tax (R)**
0 – 25 000	0%
25 001 - 660 000	18% of taxable income above 25 000
660 001 - 990 000	114 300 + 27% of taxable income above 660 000
990 001 and above	203 400 + 36% of taxable income above 990 000

Retirement & Death Benefits or Severance Benefits	
Taxable income (R)	**Rate of tax (R)**
0 – 500 000	0% of taxable income
500 001 - 700 000	18% of taxable income above 500 000
700 001 – 1 050 000	36 000 + 27% of taxable income above 700 000
1 050 001 and above	130 500 + 36% of taxable income above 1 050 000

FINANCIAL STATEMENTS

AUDITED AS AT 31 DECEMBER 2021

The Fund can confirm that we received an unqualified audit report for the financial year ending 31 December 2021. The Financial Statements were audited by the Fund's auditors PriceWaterhouse Coopers, approved by the Board of Trustees and submitted to the Financial Sector Conduct Authority.

	31 December 2020	31 December 2021
	R	R
ASSETS		
Non-current assets	**614,973,565**	**634, 402,596**
Investments	614,973,565	634, 402,596
Current assets	**6,009,306**	**15,806,179**
Accounts receivable	427,264	1,520,962
Arrear contributions	1,363,403	3,718,817
Cash at bank	4,218,639	10,566,400
Total assets	**620,982,871**	**650,208,775**
FUNDS AND LIABILITIES		
Members' funds	**227,079,786**	**233,506,275**
Members' individual accounts	221,566,044	228,583,946
Amounts to be allocated	5,513,742	4,922,329
Reserves	**307,810,568**	**336,725,568**
Reserve accounts	307,810,568	336,725,568
Total funds and reserves	**534,890,354**	**570,231,843**
Non-current liabilities	**56,011,862**	**64,419,284**
Unclaimed benefits	56,011,862	64,419,284
Current liabilities	**30,080,655**	**15,557,648**
Transfers payable	801,110	510,640
Benefits payable	24,819,434	10,867,046
Accounts payable	4,460,111	4,179,962
Total funds and liabilities	**620,982,871**	**650,208,755**

tourism,
hospitality
& catering
retirement fund

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