



Political Office-Bearers
Pension Fund

June 2024

NEWSFLASH to members of the Political Office-Bearers Pension Fund

Increase in insured death benefits – with effect from 1 August 2024

The Fund insures the death and disability benefits provided to members, and the life insurance benefit on the death of a member's spouse as well as the family funeral benefits, with leading insurance companies. The cost of these benefits (the premium rates charged by the insurance companies) is reviewed every year, and the Fund gets competitor companies to quote premium rates to ensure that the Fund is securing a good deal for its members.

The death benefits were reduced in January 2023 after the insurance premium rates for these benefits doubled over a two-year period during the Covid-19 epidemic. Now that the effects of the epidemic have faded away, the premium rates for the insured death benefits have reduced significantly compared with the very high levels they reached in 2022-23.

For this reason, the Trustee Board has decided that the insured benefit payable on the death of a serving member will be **increased from 3.5 times the member's yearly pensionable salary, to 4.0 times the yearly pensionable salary, with effect from 1 August 2024** – this means that the higher multiple will apply in the case of a member who dies on or after 1 August, while in office. This is in addition to the member's "Fund credit" (the member's retirement savings balance in the Fund).

The benefit normally payable on the death of a member's spouse will also be **increased from 0.5 times the member's yearly pensionable salary, to 0.75 times the yearly pensionable salary, again with effect from 1 August 2024.**

The other terms and conditions applying to the insured benefits remain unchanged.

As a reminder, the pensionable salary is 60% of the gazetted remuneration package.

The insurance premiums for these benefits are funded from the contributions that flow to the Fund each month (member contributions of 7.5% of monthly pensionable salary, and employer contributions of 22.5% - all these contributions form part of your monthly remuneration package). Out of the 22.5% contribution, 4.5% is earmarked for the insured benefit premiums. These premiums and insured benefits are compulsory – there is no "opt out" option. The insured benefits fall away as soon as a member leaves office.

www.pobpf.co.za

Registration Number : 12/8/35658/1

Registered Address :

- Parliament, Plein Street, Cape Town, 8001 •
- PO Box 2164, Cape Town, 8000 •

- Principal Officer : Ms Belinda Burger •
- belindaburger1406@outlook.com – tel. 083 2673983 •

- Chairperson: Ms M G Boroto •



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The Fund will continue to monitor the insurance market, and the Trustees hope that if premium rates fall further, it will in time be possible to further increase the level of the insured death benefits.

More details on the insured benefits provided for members are available on the Fund's website www.pobpf.co.za, and a further communication will be included in the next newsletter. Remember that the payment of Fund benefits on the death of a member is governed by Section 37C of the Pension Funds Act (there is an explanation of this under Member Guides on the home page of the website – "Guide to the allocation of death benefits"). It is also very important for members to complete the nomination forms for the Fund death benefit and the funeral benefit payable on the death of a member while in office – these forms are also available on the website.

(Ms) M G Boroto, MP
Chairperson, Board of Trustees

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