

ENGINEERING INDUSTRIES PENSION FUND

(REG NO. 12/8/5040/2)

ANNUAL REPORT TO MEMBERS – 31 MARCH 2021

Dear Member,

The Board of Management has pleasure in presenting a report on the position of the Fund for the financial year ended 31 March 2021. The Engineering Industries Pension Fund is one of the largest Pension Funds in the country with total assets exceeding R64,2 billion (Sixty four thousand two hundred million rands) at market value.

The Fund provides pension and lump sum benefits on retirement, retrenchment/redundancy and withdrawals to members or to their beneficiaries on their death. Members automatically belong to the Metal and Engineering Industries Permanent Disability Scheme which provides a salary continuation benefit for members who have been declared permanently disabled by the Medical Advisors of the Scheme.

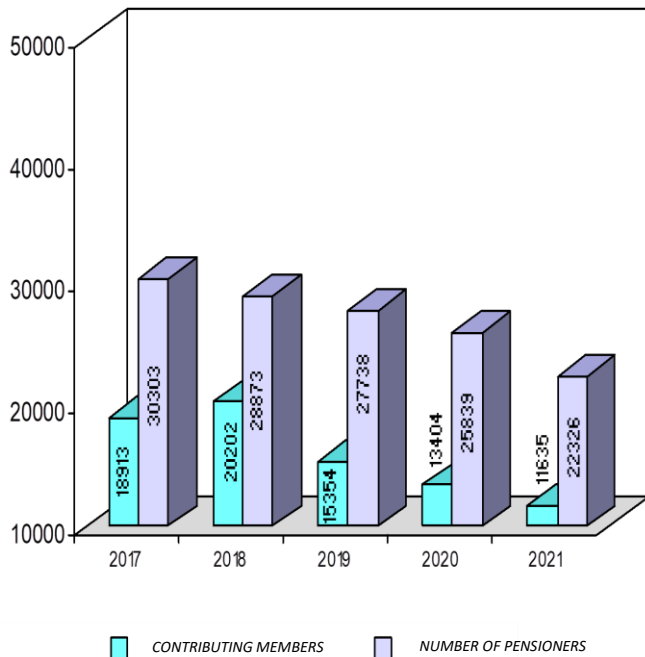
Note:

New employees in the Industry have a choice of participating in the Engineering Industries Pension Fund or in the Metal Industries Provident Fund. This option may be changed within the first 3 months of employment.

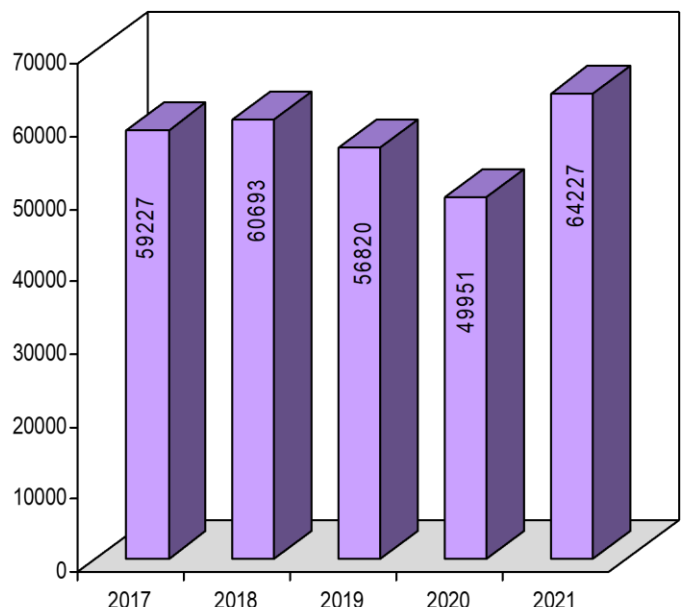
MEMBERSHIP

The composition of the Fund as at 31 March 2021 was 11 635 contributing members and 22 326 pensioners in receipt of monthly payments. (In 2020, there were 13 404 contributing members and 25 839 pensioners).

**CONTRIBUTING MEMBERS
AND PENSIONERS**



**ASSETS
(MARKET VALUE)
(R000,000'S)**



FINANCIAL RESULTS AS AT 31 MARCH 2021

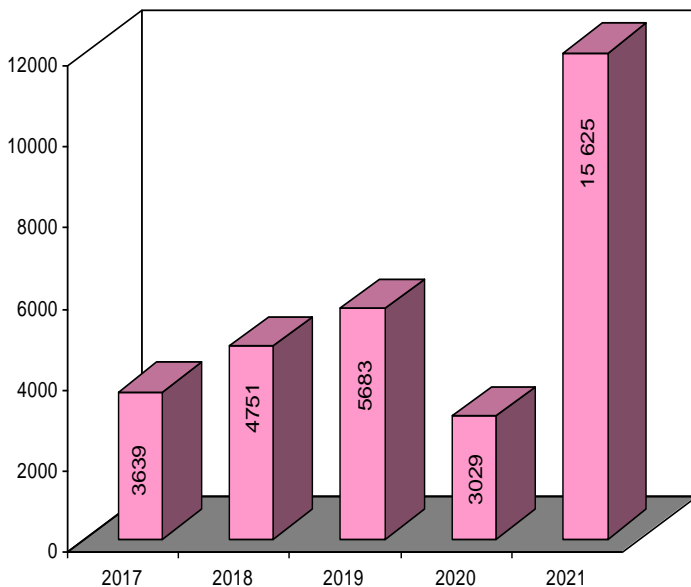
The audited financial position of the Fund as at 31 March 2021 is summarised as follows:

BALANCE SHEET AS AT 31 MARCH 2021	2021 R 000's
FIXED ASSETS & INVESTMENTS (AT MARKET VALUE)	75 781 226
CURRENT ASSETS	422 652
SUB TOTAL	76 203 878
<u>LESS:</u> CURRENT LIABILITIES	(11 976 449)
ACCUMULATED FUNDS TOTAL	64 227 429
REVENUE AND EXPENDITURE - 1 APRIL 2020 TO 31 MARCH 2021	
2021 R 000's	
CONTRIBUTIONS RECEIVED	314 909
TRANSFERS RECEIVED	8 703
INVESTMENT INCOME	15 301 025
TOTAL INCOME	15 624 637
<u>LESS:</u> TOTAL EXPENSES (including risk premiums)	(209 136)
BENEFITS PAID AND TRANSFERS OUT	(1 139 005)
NET EXPENDITURE	14 276 496
<u>ADD:</u> ACCUMULATED FUNDS AT BEGINNING OF YEAR	49 950 933
ACCUMULATED FUNDS AT END OF YEAR	64 227 429

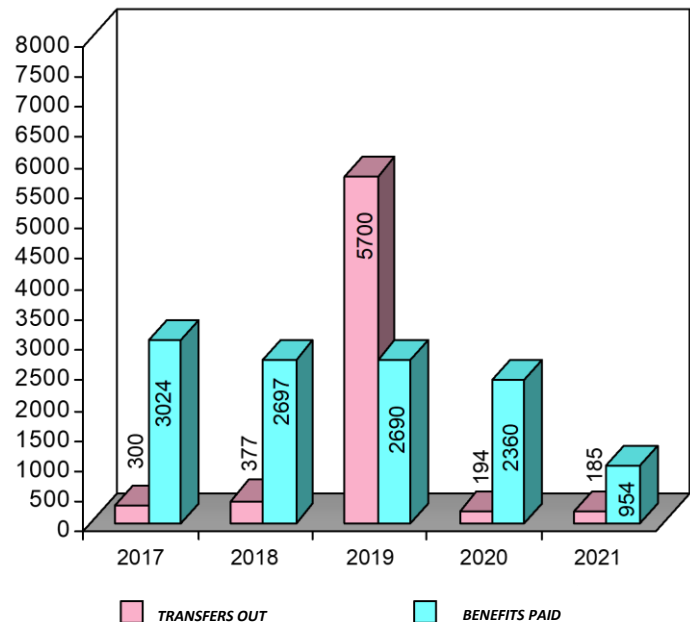
INCOME AND BENEFITS PAID

Contribution and Investment income for 2021 amounted to R15 625 million. Benefits paid and transfers out of the Fund totalled (R1 139 million). In terms of the Industrial Agreement, members contribute 7.5% of pensionable remuneration. Employers contribute at a rate of 7.6% of pensionable remuneration.

**CONTRIBUTION AND
INVESTMENT INCOME
(R000,000'S)**



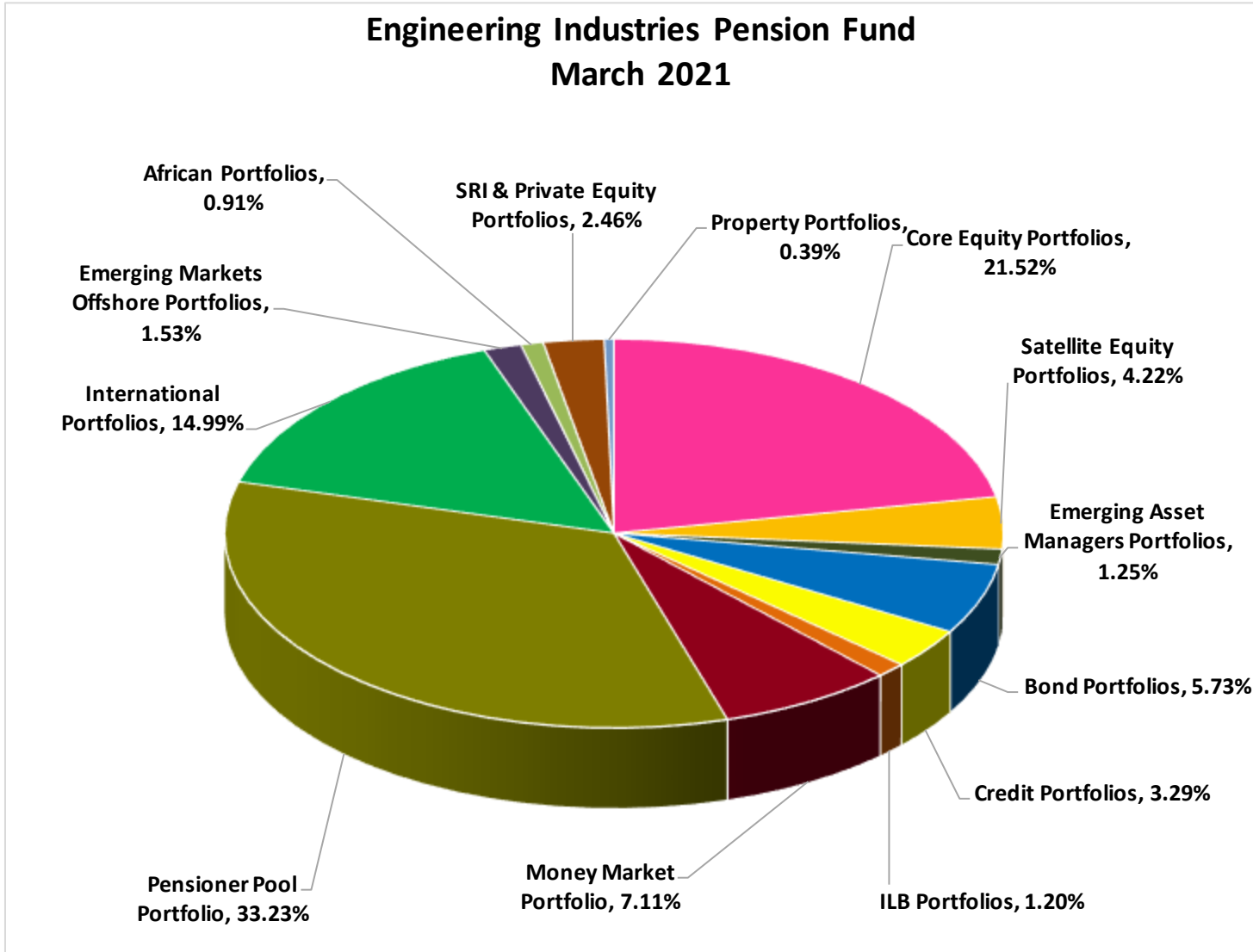
**BENEFITS PAID
AND TRANSFERS OUT
(R000,000'S)**



ASSETS

As at 31 March 2021, the total market value of the assets of the Fund amounted to R64 227 million.

These assets were held in the following types of investments (per market values as set out in the Audited Annual Financial Statements).



The Investments department of MIBFA managed 48,95 % of the investment portfolio, the balance being managed by external managers.

ACTUARIAL REVIEW AS AT 31 MARCH 2020

The Actuary confirmed that the Fund was in a sound financial position as at 31 March 2020 with a funding level of 103,8%.

PENSIONER INCREASES

The Board of Management has as one of its primary objectives the protection of pensions from the impact of inflation. It has declared a 5% increase in pensions with effect from 1 July 2021.

It is the policy of the Board of Management that pensioner increases should at least match the inflation rate, where affordable.

The historic pension increases declared by the Fund.

PERIOD	ANNUAL INCREASE
01.07.2015 – 30.06.2016	6%
01.07.2016 – 30.06.2017	6.5%
01.07.2017 – 30.06.2018	6.1%
01.07.2018 – 30.06.2019	5%
01.07.2019 – 30.06.2020	4.5%
01.07.2020 – 30.06.2021	4.2%
01.07.2021 – 30.06.2022	5%
<i>(Plus a once off bonus of 2 X Monthly Pensions)</i>	

INTEREST DECLARATION ON MEMBERS' FUND CREDITS

The Board of Management in consultation with the Actuary to the Fund declared an interest rate of 26% for the period ended 31 March 2021.

PERIOD	FUND INTEREST
01.04.2015 – 31.03.2016	6%
01.04.2016 – 31.03.2017	6%
01.04.2017 – 01.03.2018	8%
01.04.2018 – 01.03.2019	8%
01.04.2019 – 01.03.2020	0%
01.04.2020 – 01.03.2021	26%

It was further declared that the exit bonus for members leaving the fund is currently 17%, on a sliding scale based on contributory service.

FUND MANAGEMENT

The Management of the Fund is vested in a Board of Management, comprising an equal number of Employee and Employer representatives with the Chairman being appointed from either side on a two yearly rotational basis.

Employers are represented by the Steel and Engineering Industries Federation of South Africa (SEIFSA) while Employees are represented by the following Trade Unions:

Metal & Electrical Workers' Union of SA (MEWUSA)
Solidarity
National Union of Metal Workers' of SA (NUMSA)
United Association of South Africa (UASA)
South African Equity Workers Association (SAEWA)

The Fund is administered by: **Metal Industries Benefit Funds Administrators (MIBFA).**

The Fund's offices are located in Metal Industries House, 42 Anderson Street, Johannesburg.

Chairman: **Ms. Z. Matikinca**

The Fund's Auditors are: **Ernst & Young Inc.**

Principal Officer : **Mr. O. Gire**

The Funds Telephone number : **(011) 870-2000**

Website : **www.mibfa.co.za**

**ALL CLAIMS RELATED QUERIES TO BE DIRECTED
TO MIBFA CALL CENTRE TEL NO. 0860102544**