



# ENGINEERING INDUSTRIES PENSION FUND

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

## ANNUAL REPORT TO MEMBERS – 31 MARCH 2017

**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 2017. The Engineering Industries Pension Fund is one of the largest Pension Funds in the country with total assets exceeding R59,2 billion (Fifty nine 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.

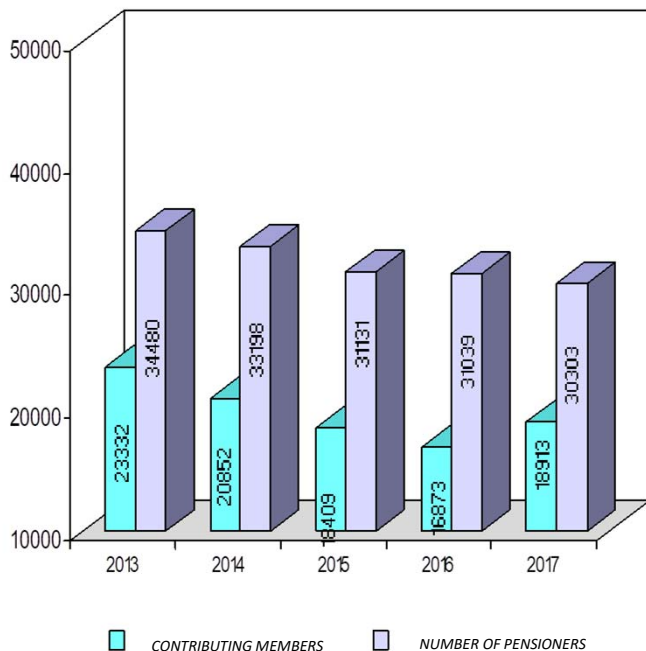
**Note:**

***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.***

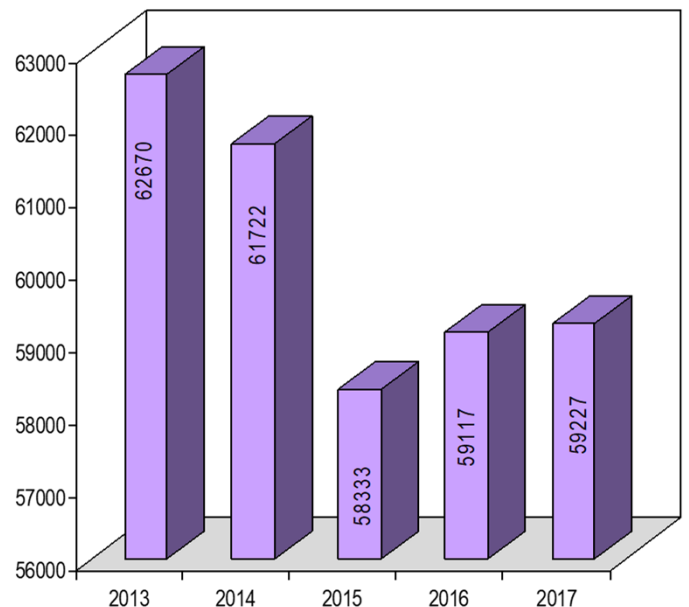
### MEMBERSHIP

The composition of the Fund as at 31 March 2017 was 18 913 contributing members and 30 303 pensioners in receipt of monthly payments. (In 2016, there were 16 873 contributing members and 31 039 pensioners).

**CONTRIBUTING MEMBERS  
AND PENSIONERS**



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



## FINANCIAL RESULTS AS AT 31 MARCH 2017

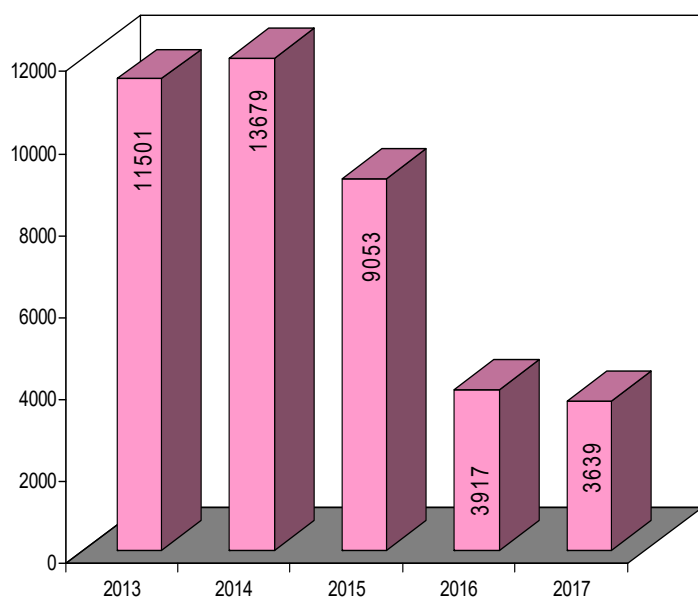
The audited financial position of the Fund as at 31 March 2017 is summarised as follows:

<b>BALANCE SHEET AS AT 31 MARCH 2017</b>		<b>2017 R 000's</b>
FIXED ASSETS & INVESTMENTS (AT MARKET VALUE)		70 632 191
CURRENT ASSETS		1 811 760
<b>SUB TOTAL</b>		<b>72 443 951</b>
LESS: CURRENT LIABILITIES		(13 217 162)
<b>ACCUMULATED FUNDS</b>	<b>TOTAL</b>	<b>59 226 789</b>
<b>REVENUE AND EXPENDITURE - 1 APRIL 2016 TO 31 MARCH 2017</b>		<b>2017 R 000's</b>
CONTRIBUTIONS RECEIVED		387 543
TRANSFERS RECEIVED		6 405
INVESTMENT INCOME		3 244 933
<b>TOTAL INCOME</b>		<b>3 638 881</b>
LESS: TOTAL EXPENSES (including risk premiums)		(204 962)
BENEFITS PAID AND TRANSFERS OUT		(3 323 716)
<b>NET EXPENDITURE</b>		<b>110 203</b>
ADD: ACCUMULATED FUNDS AT BEGINNING OF YEAR		59 116 586
<b>ACCUMULATED FUNDS AT END OF YEAR</b>		<b>59 226 789</b>

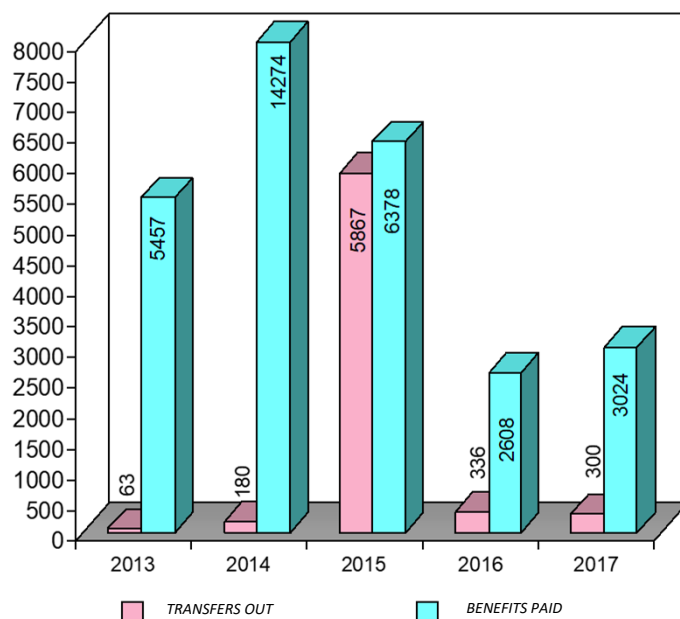
## INCOME AND BENEFITS PAID

Contribution and Investment income for 2017 amounted to R3 639 million. Benefits paid and transfers out of the Fund totalled (R3 324 million). In terms of the Industrial Agreement, members contribute 7.2% of pensionable remuneration. Employers contribute at a rate of 7.2% of pensionable remuneration.

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



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



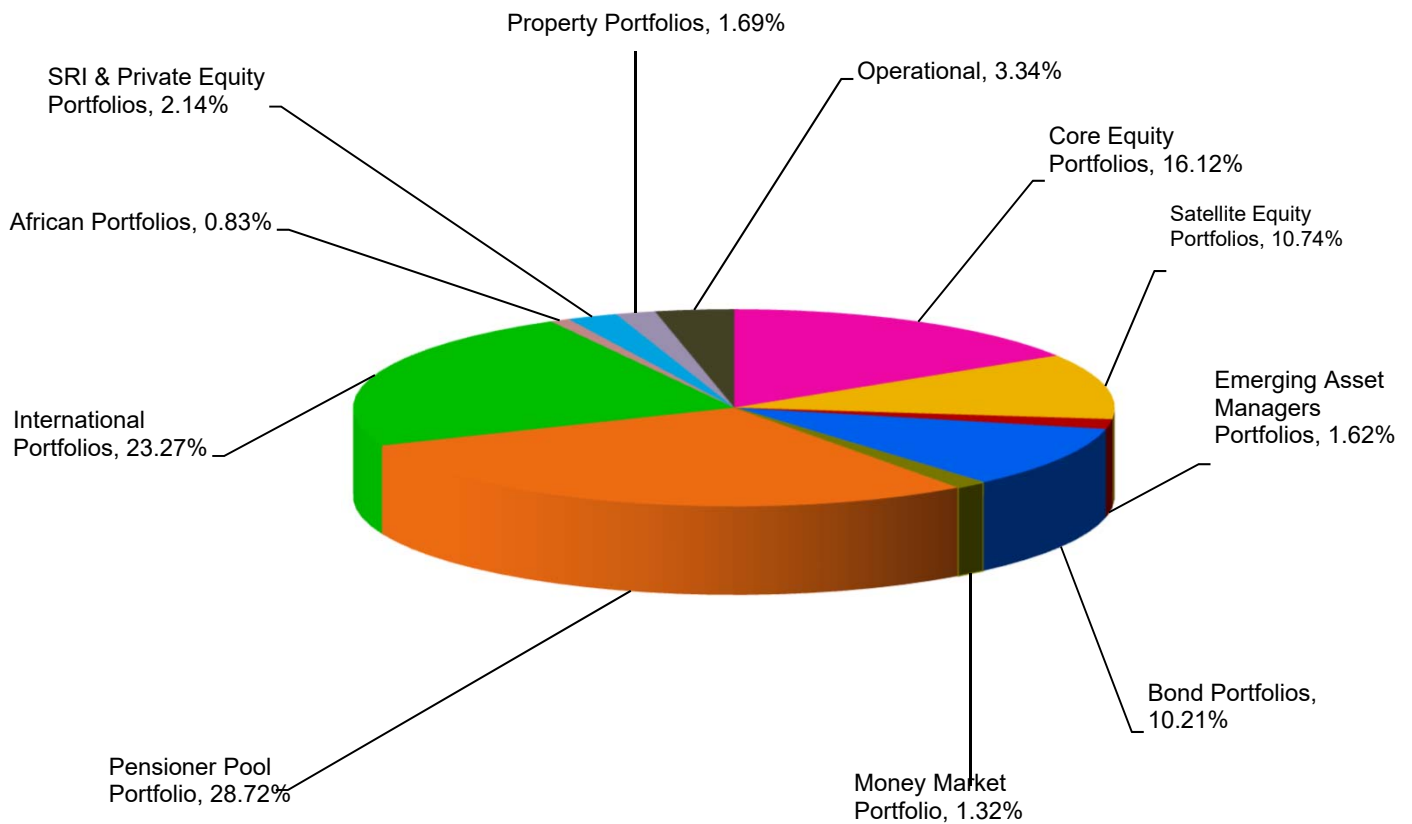
## ASSETS

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As at 31 March 2017, the total market value of the assets of the Fund amounted to R59 227 million.

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

### Engineering Industries Pension Fund March 2017



The Investments department of MIBFA managed 44.44 % of the investment portfolio, the balance being managed by external managers.

## ACTUARIAL REVIEW AS AT 31 MARCH 2016

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The Actuary confirmed that the Fund was in a sound financial position as at 31 March 2016.

## 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 6.1% increase in pensions with effect from 1 July 2017.

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
01.07.2011 – 30.06.2012	7%
01.07.2012 – 30.06.2013	6%
01.07.2013 – 30.06.2014	6%
01.07.2014 – 30.06.2015	6%
01.07.2015 – 30.06.2016	6%
01.07.2016 – 30.06.2017	6.5%
01.07.2017 – 30.06.2018	6.1%

## INTEREST DECLARATION ON MEMBERS' FUND CREDITS

The Board of Management in consultation with the Actuary to the Fund declared an interest rate of 6% for the period ended 31 March 2017.

PERIOD	FUND INTEREST
01.04.2011 – 31.03.2012	7%
01.04.2012 – 31.03.2013	15%
01.04.2013 – 31.03.2014	15%
01.04.2014 – 31.03.2015	7%
01.04.2015 – 31.03.2016	6%
01.04.2016 – 31.03.2017	6%

It was further declared that the exit bonus for members leaving the fund is currently 19%.

## 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: **Mr. B. Khumalo**

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**