

16.2 REPORT: TRUSTEES GKSA MINISTERS PENSION FUND (Artt 62, 130, 140)

- A. Rev PA Coetzee delivers the Report.
- B. Rev LH van Schaik introduces the actuary, Mr C Erasmus, to Synod. Mr Erasmus presents a short oral report.
- C. Rev LH van Schaik thanks Mr C Erasmus on behalf of Synod for the service that he has provided for the past 15 years.
- D. **Decision:** The Report is referred to Commission Retirement Care.
- E. Rev JC Aucamp reports on behalf of the Commission Retirement Care.

The Trustees submit the following Report to the Synod.

F. REPORT

1. Summons

To all the members of the GKSA Ministers Pension Fund and Church Councils notice has been given of the general meeting of the Pension Fund that will happen during the Synod of 2009.

Decision: Noted.

2. Constitution

All delegates to the National Synod, ministers and elders, are calculated as present with members and church councils that attend the meeting at own cost, according to the mentioned summons (during the Synod).

According to the Act on Pension Funds this general meeting of the GKSA Ministers pension fund will happen under the supervision of the Council of Trustees of the Pension Fund.

(The minutes of the acts of the Council of Trustees are added as unpublished Appendixes.)

Decision: Approved.

3. Issues to be noted by the Synod

3.1 Assignments from the Synod

3.1.1 *It is assigned to the Trustees to fulfil all issues that the Synod has decided upon concerning the Pension Fund.*

All issues were fulfilled according to the assignment.

Decision: Noted.

3.2 The Synod thanks Mr C Erasmus for the service that he has provided for the past 15 years.

Decision: Noted.

3.2.1 *Fulfil all issues according to the Regulations of the GKSA Ministers Pension Fund that has been assigned to them.*

Assignments were fulfilled continuously.

Decision: Noted.

3.2.2 *The Trustees are assigned to make connections with the Church Councils in which the PGTs (Pension carrying traktement) is below standard and to bring PGT to parity with the care amounts of the retirement care combination*

(a) Synod decisions of 2006 regarding the determination of PGTs were given to the churches, according to which churches had to take responsibility in the Classisses if the Church Councils were to deviate from the set minimum amount. The guideline for the PGT for 2008 was determined on the amount of R250 000 per annum. For a minister above 50 it had to be between R280 000

and R330 000 and for ministers older than 60 R350 000 plus. PGTs should increase with a minimum of 6% per annum.

Decision: Noted.

- (b) A working document for the determination of the PGT of their minister(s) was sent to Church Councils with details of contacting persons if Church Councils and ministers should need help to this regard.

Decision: Approved.

- (c) The Trustees visited the various Classisses in the denomination and they gave them guidance and equipment with the determination of PGTs in the view of the named working document.

Decision: Approved.

- (d) An amount paid by Church Councils yearly for the PPF was confirmed with them.

Decision: Approved.

- (e) The effect of a low PGT is a low investment for the minister from which the pension can be paid. The PGT is the amount on which the pension contribution made for the minister is calculated. This contribution to the pension fund forms at least 20% of the PGT. The Church Council pays 12.5% and the minister 7.5% of the 20%.

Decision: Approved.

- (f) The Ministers Pension Fund is a fixed contribution fund. Therefore the minister gets amounts plus growth when retiring, invested in the fund on his behalf. If the pension amount invested on behalf of the minister is not enough, the pension of the minister will be inadequate and the Church Council(s) in which the minister was serving will have to supplement the shortage. The Ministers Pension Fund will under no circumstances be used to supplement a low PGT.

Decision: Approved.

3.2.3 *Standard procedures as assignments that the Trustees have to look at via the Head Officer of the Fund for completion:*

The Trustees must ensure on a continuous basis that the Head Officer of the Fund execute standard procedures.

3.2.4 *Diverse issues flowing from the execution of assignments*

3.2.4.1 It was decided that all enquiries regarding financial numbers should be requested from the Head Officer or Fund Manager in writing and may not be handled by individual Trustee members. Members/Church Councils can be held accountable for fees, depending on the expertise needed to answer the enquiry, as well as additional costs that accompanied it.

3.2.4.2 Where ministers retired on the grounds of medical reasons in the Church Order, article 13, Church Councils are shown the risks to which they are exposed to as a *Church Council* (regarding investment) if these ministers perform works of service, in whatever form.

3.2.4.3 In Church Councils where ministers retired on the grounds of medical reasons under Church Order, article 13 a written report on the care of the involved ministers must be reported to the Classisses and Trustees yearly.

3.2.4.4 Members are informed that PGTs may increase with a maximum of 20% yearly.

3.2.4.5 In their letter to the Church Councils the Trustees clarified the principle that the PGTs should be sufficient to ultimately provide in the medical care of members as well.

3.2.4.6 Guidelines as aid for the determination of the salary was published in a book format and sent to Church Councils.

3.2.4.7 The Trustees remind members that they should communicate via their different Church Councils with the Trustees in regards to care opportunities, because Church Councils are responsible for the care of the minister in the end (Church Order, article 11). The Trustees communicate only with the Church Councils on issues like this.

- 3.2.4.8 Church Councils in which ministers retire, are shown that the Church Council must endorse the decision of the retiree regarding the utilisation of his Personal Account from the Pension fund.
- 3.2.4.9 Spousal insurance cannot be continued after the age of 65 years.
- 3.2.4.10 Where pension has to be bought by the retiree, the Fund manager provides the Church Council with a list of the instances that can be invested in from which they can make a choice (to ensure that money is invested in trustworthy instances for future care in the light of Church Order, art 13). The alternative choice of either the fixed growth option or the 'with interest' option (with value interest rate) is given to the Church Council and to the minister retiring.
- 3.2.4.11 The Church Council of the Reformed Church Pretoria West and its minister, Rev PJ van der Berg is currently refusing to become part of the PPF.
- 3.2.4.12 Early retirement and its implications regarding amongst other CO, art 13 and 20
If a minister retires earlier than 65, the Church Councils must take note that he and his Church Council is making a calculated choice in favour of lesser care from the EVT (*Retirement Provident Trust*) and PPF.
- 3.2.4.13 Negotiations with the ministers of the Synod Midlands are currently on the way to become part of the PPF.
- 3.2.4.14 Benefit (by name Gerrit le Roux), and the Actuary were requested by the Trustees to give a short presentation at the Synod 2009 in which the investment philosophy, etc., will be explained.
- 3.2.4.15 Investment choices: Trustees, after serious consideration, decided to set out four types of investment portfolios based on the amount of service years till age 65. The underlying investments of the portfolios differ from each other to reach an optimal investment distribution for different life cycles. The portfolios is currently with Benefit Multi fund managers with the following aims:

Portfolio	Compilation	Time to retirement	Max. Expected Loss	Growth target: Inflation plus Percentages below
1. Aggressive Growth	50% Allan Gray balanced 50% Coronation balanced	Own choice	Share Linked	+6%
2. High growth	Maximum shares exposure	More than 10yr	20%	+6%
3. Average growth	50% shares 50% real returns	5 – 9 years	11%	+4%
4. Capital Protector	100% real returns	Less than 5 years	0%	+2%

The following division of the total funds on 31 January 2008 has been made according to the choice of the members:

1. Aggressive growth	R17 741 million
2. High growth	R34 557 million
3. Average growth	R28 510 million
4. Capital protector	R17 424 million
Total	R98 233 million

3.2.4.16 The Trustees and members of the Ministers Pension Fund will meet during the Synod 2009 for a member meeting.

3.2.4.17 The Actuary will speak to the Synod 2009.

3.2.4.18 The representative of Benefits will speak to the Synod 2009.

Decision: Points 3.2.3 to 3.2.4.18 noted.

4. Financial statements

Decision: Approved.

See Addendum: Financial Statements at back of Acta.

5. Regulations of the GKSA Ministers Pension Fund

5.1 The Trustees reviewed and endorsed the regulations of the GKSA Ministers Pension Fund.

5.2 The Regulations were also endorsed and registered by the Council on Financial Services in terms of division 12(4) of the Act on Pension Funds, 24 of 1956.

Decision: Points 5.1 to 5.2 noted.

6. The **Actuarial Validation and Validation Report** of the Ministers Pension Fund for the years 2006 and 2007 will be in the Supplementary Report.

Decision: Noted.

7. Assignments to the new Trustees of the GKSA Ministers Pension Fund

7.1 All assignments of 2006 are continued.

7.1.1 The Trustees have to implement all the issues that the Synod has been decided upon regarding the Pension fund.

Decision: Approved.

7.1.2 Execute all issues given to them according to the Regulations of the GKSA Ministers Pension Fund.

Decision: Approved.

7.1.3 The Trustees are asked to connect with the Church Councils in which the minister's PGTs are below standard and to bring the PGT to parity with the care amounts of the retirement care combination.

Decision: Approved.

7.1.4 Assignments for standard procedures supervised by the Trustees through the Head Officer of the Fund must be completed.

Decision: Approved.

7.2 Diverse affairs as endorsed by the Synod, and the execution thereof, must form part of the abovementioned assignments.

Decision: Approved.

7.3 The following issues need attention and must be completed:

7.3.1 The Reformed Church Pretoria West that refuses that their minister becomes part of PPF.

Decision: Approved.

7.4 In the light of the fact that the current actuary, Mr Charles Erasmus, has retired, it is recommended that Synod appoints Mr Corné Heymans of ABSA Consultants and Actuaries for the Fund.

Decision: Approved.

7.5 Synod thanks Mr Charles Erasmus for the devoted manner in which he was involved with the Trustees.

Decision: Approved.

7.6 The following brothers are elected as trustees for the following term: brs JJ Howell (Randburg), JH van der Merwe (Ontdekkers), BD Bakker (Standerton), AJ Kruger (Kroonstad). Br BG Kukuk is appointed as advisor again. The brothers are thanked for their unselfish service in this regard.

Decision: Approved.