



MGF
Wealth
creator of
choice

MUNICIPAL GRATUITY FUND

14 Bedfordview Office Park, 3 Riley Road, Bedfordview, 2007

Private Bag X1190, Bedfordview, 2008

Tel: (011) 450-1224/5 • **Fax:** 086 682 9178 / 086 678 7733 / 086 675 8586

Website: www.mymgf.co.za • **FSCA Reg. No:** 12/8/29256/2

NEWS FLASH 15 FEBRUARY 2024

1. REDUCTION IN CONTRIBUTION TOWARDS THE RISK ACCOUNT

It is with great pleasure that I can inform you that the Board, at its Board meeting on 14 February 2024, in conjunction with the Actuary of the Fund, approved the reduction in the contribution towards the Risk Account from 3.60% to 2.60% of salary, which will be effective from 1 March 2024. The administration expenses remain at 0.40% of salary. The total contribution towards risk benefits and administration expenses thus reduce from 4% of salary to 3% of salary.

Let us unpack the meaning of this reduction. Members who have been in service prior to August 2012 receive an employer contribution of 22%, whilst members who started their service with the municipality from August 2012 onwards receive an 18% employer contribution. The 3% of salary is funded from the employer contribution, thus if your employer contributes 22% on your behalf, 19% of salary will be invested in your fund credit and if your employer contributes 18% on your behalf, 15% of salary will be invested in your fund credit.

2. “TWO-POT” SYSTEM: EARLY WITHDRAWAL - UPDATE

The two-pot system remains on the lips of our members. Towards the end of last year National Treasury confirmed that it will be applicable from 1 September 2024. Unfortunately, the industry is still waiting for the final legislation to establish exactly what benefit will be available for our members. As previously explained all the funds have to amend their rules to make provision for the early withdrawal of active contributing members. At the same time the Pension Funds Act must also be amended.

Sanlam, our administrator, indicated that their systems will be ready on 1 September 2024 to deal with the two-pot withdrawal requests from members. The Fund will keep our members updated on an ongoing basis.

Kind regards

Christine Seierlein
CHIEF EXECUTIVE OFFICER