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Consolidated Retirement Fund for Local Government

Summary of the Actuarial Valuation as at 30 June 2025

1. Introduction

This summary reflects the results of the actuarial valuation of the Consolidated Retirement Fund for Local Government (the Fund) carried out as at 30 June 2025, the valuation date.

The objectives of the valuation are to:

(a) determine the financial condition of the Pensions Account, Preservation Pension Account, Living Annuity Account, Member Share Account and the Beneficiary Account by comparing the value of the assets to the value of the liabilities for the respective accounts;
(b) review the investment return allocations;
(c) determine the balances of the respective Fund accounts;
(d) review the allocation of contributions towards retirement benefits and
(e) recommend the level of pension increases for pensioners.

2. Benefits

The Fund provides defined contribution benefits to its active members, deferred members and living annuitants. The benefit payable on exit of an active or deferred member is the Member's Share. This is broadly equal to the contributions (after costs) with the addition of investment returns.

Members have different options with respect to death and disability benefits (payable in addition to the Member's Share), with corresponding differences in the contributions allocated towards Members' Shares.

The Fund pays monthly pensions to pensioners with target pension increases of 100% of price inflation. The Fund pays a regular income to the living annuitants in line with the annuitant's chosen draw down rate. The Fund also pays annuities to child beneficiaries.

3. Membership

At the valuation date there were 58 245 active members (including 117 deferred members), 531 pensioners and 100 living annuitants.

4. Assets

The total value of the net assets of the Fund was R 54 606 million at the valuation date.

5. Growth Portfolio

The Fund provides the Growth Portfolio as the primary investment portfolio for members under age 50. Investment return of 17.1% per annum was allocated to the Growth Portfolio for the year ending 30 June 2025.

6. Money Market Portfolio

The Money Market Portfolio provides protection against market volatility particularly for members closer to retirement age. The investment return for members who elected the portfolio amounted to 9.7% per annum for the year ending 30 June 2025.

7. Moderate Portfolio

Members may invest 25%, 50%, 75% or 100% of their Member's Share in the Moderate Portfolio. The assets of the Moderate Portfolio are limited to between 18% and 56% in equity investments and are managed on a "life-stage" basis depending on the member's age. The investment return for members who elected the Moderate Portfolio amounted to 14.8% per annum for the year ending 30 June 2025.

8. Shari'ah Portfolio

The Fund introduced the Shari'ah Portfolio on 1 September 2016 for members that wish their investments to meet the requirements of Shari'ah law and the principles for Islamic finance. The investment return for members who elected the portfolio amounted to 10.7% per annum for the year ending 30 June 2025.

9. Aggressive Portfolio

The Fund introduced the Aggressive Portfolio on 1 December 2019 to meet the needs of younger members and those members with a high-risk tolerance. Members may access this portfolio if they meet certain requirements set out by the Trustees. The investment return for members who elected the portfolio amounted to 18.7% per annum for the year ending 30 June 2025.

10. Pensioner Portfolio

The assets of the Pensioner Portfolio are invested to broadly match the term and nature of the pensioner liabilities. The return on the Pensioner Portfolio was 10.6% per annum for the year ending 30 June 2025.

11. Pension increase and bonus

The Trustees granted a pension increase of 5.1% on 1 March 2025. A pensioner bonus of 200% of monthly pension was paid in December 2024. A special pensioner bonus of 600% of monthly pension was paid in April 2025.

12. Pensions Account

The financial condition of the Pensions Account at 30 June 2025 was as follows:

Pensions Account	**30 June 2025 R 000**
Value of assets	750 871
Pensioner liability	(566 269)
Solvency Reserve	(73 591)
Provision for death after retirement benefit	(5 854)
Actuarial surplus	105 157
Funding level	**116.3%**

13. Financial condition

The overall financial condition of the Fund at 30 June 2025 was as follows:

Financial condition of the Fund	**30 June 2025 R 000**
Total net assets	**54 606 241**
Liabilities	
Pensioner liability	(566 269)
Provision for death after retirement	(5 854)
Members' Shares – Member Share Account	(52 574 982)
Beneficiary Shares – Beneficiary Account	(622 677)
Members' Shares – Preservation Pension Account	(166 581)
Living Annuitant accounts	(241 903)
Contingency reserves	
Solvency Reserve	(73 591)
Risk Reserve Account	(268 114)
Processing Reserve Account	18 887
Actuarial surplus	105 157
Funding level	**100.2%**

The funding levels of the Member Share Account, Preservation Pension Account, Living Annuity Account and Beneficiary Account were 100% as at the valuation date. The Processing Reserve Account represents -0.04% of the sum of the Members' Shares, Beneficiary Shares and Living Annuitants' accounts.

14. Contribution rates

				Category				
Contributions as a percentage of payroll	**Total**	**A**	**B**	**C**	**D**	**E**	**F**	**G**
Employer contribution [1]	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Less:								
Death and disability	(4.00)	(4.03)	(5.08)	(2.18)	-	(3.45)	(3.00)	(0.60)
Funeral expenses [2]	(0.17)	(0.17)	(0.17)	(0.17)	(0.17)	(0.17)	(0.17)	(0.17)
Expense allowance	(0.38)	(0.38)	(0.38)	(0.38)	(0.38)	(0.38)	(0.38)	(0.38)
Net Employer contribution	13.45	13.42	12.37	15.27	17.45	14.00	14.45	16.85
Plus:								
Member contribution	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Towards retirement	**22.45**	**22.42**	**21.37**	**24.27**	**26.45**	**23.00**	**23.45**	**25.85**

Notes

1. For Contract Employees and Councillors, the Participating Employer contribution rate is 19.5% of salary. The member contribution rate for these members is 7.5% of salary. The total member and Participating Employer contribution rate of 27% of salary is the same as for other members. New Employees are defined as employees who were employed on contract by the City of Cape Town at the time of joining the Fund or who were newly employed by the City of Cape Town after 1 August 2006. The Participating Employer contribution for these members may change as agreed by SA Local Government Bargaining Council. A Municipal Manager has the option, on joining the Fund, to contribute at 7.5% of salary.

2. Funeral expenses represent an average of the overall premium, expressed as a percentage of salary.

15. Conclusion

The Fund is in a sound financial condition at the valuation date.

Sean Neethling BSc CFP® FIA FASSA
Fellow of the Actuarial Society of South Africa
in my capacity as Actuary to the Fund and
as an employee of Momentum Metropolitan Life Limited

The Actuarial Society of South Africa is the primary regulator in my professional capacity.

23 January 2026