



## How does the Covid-19 novel coronavirus affect my retirement fund investments?

In consultation with investment consultants and financial advisors, we provide you with some answers to questions you may have on how the Covid-19 novel coronavirus might affect your retirement fund investments.

### How will my retirement fund savings be affected by Covid-19?

Over the short term, you will most likely experience negative returns. History shows it is not uncommon for markets to react negatively, and then to recover over the medium and long term. History has also taught us that, in time, there will be recovery in financial markets as the Covid-19 novel coronavirus is brought under control eventually.

The Board of Trustees (“the Board”) appointed expert investment consultants to assist with developing an investment strategy best suited for the members of the Fund. The Board closely monitors any developments in the markets and in these unpredictable times, will create opportunity for the Fund’s investment consultants to explore necessary adjustments to the Fund’s strategy, in order to protect members’ interests.

### How is my retirement fund money protected against market uncertainties such as Covid-19?

The retirement fund portfolios are not only invested in equities but are spread across various asset classes, such as bonds, property, cash and international assets, to reduce risk. Members’ monies are also protected by the limitations of exposure to asset classes enforced by Regulation 28 of the Pension Funds Act.

### Should I switch my retirement fund money to another portfolio to reduce the risk exposure to equity (shares) markets?

No, switching to a lower risk portfolio leads to “locking in losses”. Remember, cashing in at a low point makes a paper loss a real loss. Saving for retirement is a long-term strategy that involves many risks and uncertainty. The best way to deal with uncertainty is through proper financial planning and patience, and persistence with the long-term investment strategy. Making “knee-jerk” changes to a long-term strategy may result in more harm than good and destroy long-term value to your savings. We must be careful not to make hasty decisions in the moment, based on fear.

### How will my retirement fund savings be affected if I am close to retirement?

If you are invested in a life-stage investment portfolio, your monies are moved from high-risk portfolios to lower-risk portfolios as you approach retirement. Lower-risk portfolios have less equity exposure in the portfolio, which reduces the impact of the falling markets. The life-stage investment portfolios are constructed using reliable investment principles, which are based on a long-term investment approach.

Whether you are invested in a life-stage investment portfolio (the Fund’s default portfolio) or have specifically chosen your own investment portfolio, we strongly urge you to consult with a financial advisor, if you have not done so already, so that you make sound financial decisions which are aligned to your retirement plan.

### What will the impact be if I choose to retire in the near future?

Consult with a financial advisors for reliable assistance.

You also have the option to defer your retirement from the Fund, even if you retire from your employer. What this means is that you can leave your retirement savings in the Fund, until such time that the markets have recovered and you are ready to buy a pension.

## What will the impact be if I leave my current employer?

If you choose to take your benefit in cash, you may not benefit from any gains when the market recovers. This means not only would you have lost out due to the market having fallen so drastically, your benefit will also be taxed.

You have the option to preserve your money in the Fund, i.e. make it paid-up, even if you leave your employer. This means that you may leave your retirement savings in the Fund until such time that the markets have recovered. If you have a financial advisor, we strongly recommend that you consult with him or her for guidance.

## How will COVID-19 impact my risk benefits?

There will be no impact on the payment of risk benefits due to Covid-19.

We understand that members may be scared as they want to protect their capital and not suffer any further losses. However, this will result in members not benefiting from investment returns when the market turns upwards again. Unfortunately, we cannot predict when this will happen, except to emphasise that saving for retirement is a long-term strategy requiring patience and persistence.