

## PURPOSE OF THE COMMUNICATION

This communication explains the change in Administration fees and Operational expenses from 1 April 2025

The Legal Provident Fund ("the Fund") was established by the Law Society of South Africa and the General Council of the Bar and is managed by its Board of Trustees ("the Board"). The Fund distinguishes between administration expenses paid to the appointed administrator - appointed by the Board to undertake specified delegated services - and those paid for the operational expenses of the Fund itself.

1. The administration expenses are those paid to Alexforbes for the specified administration, general consulting, accounting, and other services delegated to it by the Board in terms of a written contract, and
2. Operational expenses are those required to meet the management expenses of the Fund and includes:
  - Bank charges
  - Audit fees
  - Professional indemnity insurance premiums
  - Trustees and Principal Officer remuneration
  - Communication costs
  - Expert opinion/specialist consulting fees
  - Financial Sector Conduct Authority levies
  - Expenses incurred in investigating the potential circle of beneficiaries in the event of the death of a member to ensure compliance with Section 37C of the Act
  - Any other Fund expenses necessary to manage the Fund in compliance with applicable laws and regulations.

### 1

## Administration fees

In terms of the agreement with Alexforbes, fees are reviewed each year and any changes in fees take effect from 1 April each year. The adjustments effective from 1 April 2025 are detailed below. There are no adjustments to the fees highlighted in grey.

**Administration fees applicable with effect from 1 April 2025. Please note that all fees will be increased to allow for the increase in VAT from 15.0% to 15.5% from 1 May 2025.**

	Current fee (incl VAT)	New fee (incl VAT) Effective 1 April 2025
<b>Employer contribution 5%</b>	0.624% to a maximum of R72.80 per month	0.624% to maximum of R100.00 per month
<b>All other members</b>	0.624% to a maximum of R159.12 per month	0.624% to a maximum of R159.12 per month
<b>Minimum Fee</b>	R41.60 per month	R57.00 per month
<b>Risk administration fee</b>	R28.35 per member per month for members who are covered for insured death and/or disability cover	R28.35 per member per month for members who are covered for insured death and/or disability cover

## 2 Operational expenses

The Board sets a budget each year. Based on the budget, the Board determines the operational expenses for the financial year (the twelve months from 1 April to 31 March each year). The operational expenses are deducted every month to meet expenses as they arise.

The Board is very cost conscious and has set a very lean budget for this financial year, focusing only on essential expenses. An increase in operational expenses is necessary to ensure that the Fund is managed in compliance with its Rules and all applicable law. The Board has also reviewed the structure of the fees charged to target a more equitable distribution of fees across members.

**From 1 April 2025 the operational expenses fees, deducted monthly, change as follows. Please note that all fees will be increased to allow for the increase in VAT from 15.0% to 15.5% from 1 May 2025.**

	Current fee (incl VAT)	New fee (incl VAT)
Fee calculated on Fund salary	0.229%	0.120%
Fee calculated on Fund Credit	0.00174%	0.012%

### Impact for members

To illustrate the impact for members of this change on the allocation of contributions to retirement we have used a fictional member contributing at a rate of 10% of Fund salary:

Current allocation to retirement savings as a percentage

Contribution	10.000%
Administration fee	00.624%
Operational expenses*	00.229%
<b>Allocation to savings</b>	<b>9.147%</b>

\* This excludes the monthly operational expense fee of 0.00174% calculated on Fund Credit, which is shown below.

Change in allocation from 1 April 2025

Contribution	10.000%
Administration fee	00.624%
Operational expenses*	00.120%
<b>Allocation to savings</b>	<b>9.256%</b>

\* This excludes the monthly operational expense fee of 0.012% calculated on Fund Credit, which is shown below.

To illustrate the change in Rand terms, we have used our fictional member with a monthly Fund salary of R10 000 per month and a Fund credit balance of R120 000 (1 times annual salary):

	Before the change	After the change on 1 April 2025	Impact
Administration fee	R62.40	R62.40	No impact
Operational expense fee: Fund salary	R22.90	R12.00	- R10.90
Operational expense fee: Fund credit**	R1.74	R14.40	+ R12.66
<b>Net adjustment</b>	<b>R87.04</b>	<b>R88.80</b>	<b>+ R1.76</b>

\*\*Notes:

1. Expenses are deducted at a point in time based on your Fund credit. The fee calculation is based on Fund credit applicable on the day of the deduction.
2. Your Fund credit value changes every day in line with changes in the underlying invested assets. Your Fund credit earns investment returns daily and these returns can be positive or negative.

## Questions?

For Administration matters (such as claim payments, Fund statements, forms, etc contact: [zzlegalprovadmin@alexforbes.com](mailto:zzlegalprovadmin@alexforbes.com)



For any other Fund related matters contact: [mailuslegalprov@alexforbes.com](mailto:mailuslegalprov@alexforbes.com)

Fund Website: [www.legalprovidentfund.co.za](http://www.legalprovidentfund.co.za)



The Fund's website gives you access to retirement fund news and information at the click of a button. You can also access the member booklet, claim forms and news from the Trustees when you need it.

Kind regards

**The Board of Trustees of the Legal Provident Fund**