

Dear Member

We are already in Autumn and I was thinking of how quickly we adapt when seasons change.

In the retirement fund industry, we are definitely entering a period of many changes. I believe most of these changes will be to the advantage of the majority of members in retirement funds. The 2014 newsletters and posters will discuss the changes that will have an impact on members in the Verso Umbrella Retirement Funds.

In this issue we will specifically focus on the difference between a pension and a provident fund and the changes that will be effective from 1 March 2015. Members are encouraged to read this article and to forward questions via your employer if you would like any additional information.

Following the Minister of Finance's budget speech, taxation of retirement funds has been amended. We have included the latest tax on lump sum tables for your information. The Fund's website has also been updated with this information.

We have identified that one of the most effective communication channels to members is via their cell phones. In future, we want to make use of SMS services to inform you of new or important information. Look out for the competition we have launched to encourage members to forward their cell phone numbers to the Fund.

The serving terms of the two independent trustees on the Funds expired on 28 February 2014. It was decided to re-appoint the independent trustees with effect from 1 March 2014. Advocate Franken was appointed as a sponsor trustee. A chairperson will be elected at the Board of Trustee meeting scheduled for 17 April 2014. We will confirm the election result in our next newsletter.

Please remember to visit the Funds' website at www.vurf.co.za, for the latest Fund and industry news. It is important that as a fund member you keep abreast of the new developments that will have an effect on your retirement.

I hope that you will find the articles insightful.

Brenda Krummeck
Principal Officer



TAX ON RETIREMENT FUND BENEFITS

If the Member Share or portion thereof is taken in cash when exiting (death, resignation, retrenchment, retirement) the fund, tax will be payable based on the following tables:

The following tax table applies upon withdrawal (resignation/dismissal)

Taxable lump sum (R)	Rate of tax
0 - 25 000	0%
25 001 – 660 000	18% of amount exceeding R25 000
660 001 – 990 000	R114 300 + 27% of amount exceeding R660 000
990 001 – and above	R203 400 + 36% of amount exceeding R990 000

The following tax table applies upon retrenchment, retirement and death

Taxable lump sum (R)	Rate of tax
0 - 500 000	0%
500 001 – 700 000	18% of amount exceeding R500 000
700 001 – 1 050 000	R36 000 + 27% of amount exceeding R700 000
1 050 001 and above	R130 500 + 36% of amount exceeding R1 050 000

The "tax-free portion" is a once-off concession and includes retirement and / or retrenchment lump sums previously received tax free.

You can obtain further information on the VURF website (www.vurf.co.za), under "Members/Member Communication".

LATEST LEGISLATION CHANGES – HOW AM I INFLUENCED?

Effective date: 1 March 2015

In order to enhance retirement savings and to ensure an income (pension) when a person retires, government has changed the law to make the current provisions more effective.

(The Taxation Laws Amendment Act No. 31 of 2013 changes the tax treatment of contributions and aligns the benefit design between pension, provident and retirement annuity funds.)

If you are a member of the Provident Fund, this change will have an influence on how you may utilise/use your retirement savings (Member Share) if you retire after 1 March 2015.

Current position:

Pension Fund: When you **retire**, not more than 1/3rd of the Member Share can be paid as a cash lump sum. However, if your Member Share amounts to R75 000 or less, the full amount may be paid out in cash.

Provident Fund: When you **retire** you may elect to take the full Member Share in cash, or purchase a pension.

New position (From 1 March 2015):

Pension Fund: When you **retire**, not more than 1/3rd of the Member Share can be paid as a cash lump sum. However, if your Member Share amounts to R150 000 or less, the full amount may be paid out in cash.

Provident fund: When you **retire**, not more than 1/3rd of the Member Share can be paid as a cash lump sum. However, if your Member Share amounts to R150 000 or less, the full amount may be paid out in cash.

However, in order to protect your vested rights (the value of your provident fund benefit up until 1 March 2015), **only the contributions after 1 March 2015 will be subject to this change**. You may still take all your retirement savings and growth, which accumulated before 1 March 2015 as a cash lump sum at retirement.

Important – if you are already age 55 or older on 1 March 2015 you will not be subject to this change and your total Member Share can be taken as a cash lump sum at retirement.

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**RETIREMENT REFORM –
1 MARCH 2015
HOW AM I INFLUENCED?**
Read the article in this edition.



For further
investment news
visit
www.vurf.co.za

BUZZ WORD FOR APRIL

PENSION FUND:

A fund contributed into by employees AND employers, from which a maximum of one third may be taken in cash and the balance be used to insure/buy a pension (monthly income) at retirement.

UMBUTHO:

UMbutho ufumene umnikelo weLungu KUNYE nomqheshi, isixa-mali esiyikota singafumaneka kuze eshiyekileyo zesi setyenziswe ukuthenga ipenshini uze uyifumane qho nge nyanga.

HOW DID YOUR FUND PERFORM?

Verso Umbrella Retirement Funds : Portfolio Performance

Portfolios	February 2014	3 months	1 year	3 years	5 years
Investment Solutions Performer	2.10%	4.50%	22.03%	18.45%	20.56%
<i>Product Benchmark</i>	<i>1.77%</i>	<i>3.91%</i>	<i>19.69%</i>	<i>17.36%</i>	<i>20.13%</i>
Investment Solutions Spectrum	1.77%	4.12%	20.01%	17.23%	20.00%
<i>Product Benchmark</i>	<i>1.77%</i>	<i>4.06%</i>	<i>20.09%</i>	<i>17.41%</i>	<i>19.87%</i>
Verso MET Balanced Growth	1.68%	4.25%	18.71%	14.11%	17.99%
Momentum MoM Target Factor 4	1.98%	3.18%	9.84%	n/a	n/a
<i>Benchmark CPI+4%</i>	<i>0.97%</i>	<i>2.00%</i>	<i>9.78%</i>	<i>9.80%</i>	<i>9.44%</i>
Verso MET Secure Growth	1.30%	2.97%	13.42%	11.96%	13.16%
<i>Benchmark CPI+3%</i>	<i>0.89%</i>	<i>1.77%</i>	<i>8.78%</i>	<i>8.80%</i>	<i>8.44%</i>
Sanlam Monthly Bonus	1.60%	4.48%	16.83%	12.31%	10.46%
Verso MET Money Market	0.44%	1.34%	5.53%	5.76%	6.67%

NOTES:

1. All Returns are time weighted and quoted gross of investment management fees.
2. The Sanlam Monthly Bonus bonuses are net of guarantee charges and gross of investment management fees.
3. Investment returns for periods greater than 12 months are annualised.
4. Every effort has been made to ensure the information in this summary is correct. The summary is for information purposes only and the Fund or its consultants can not be held liable for any loss or damages as result of any inaccuracy.
5. As the Verso Multi-Manager funds are regulated by CISCAs all published returns must be net of fees. Therefore the gross returns provided by Verso Multi Manager for this overview is a calculated estimate and not the actual gross returns.

SEND US YOUR CELL PHONE NUMBER AND WIN!

The Board of Trustees of the Verso Umbrella Retirement Funds identified that communicating via short cell phone messages can be an effective way of communication. We need your number to communicate with you. This is the easiest competition ever! Simply send us your cell phone number which will go into a lucky draw and you could be a prize-winner. The following cash prizes are up for grabs:

- 1st prize: R1500**
- 2nd prize: R1000**
- 3rd prize: R500**

Your cell phone number and your ID number must be forwarded to us via your employer by no later than 30 May 2014.



BOARD OF TRUSTEES:

Ms W Parker (Independent Trustee and Chairperson), Mr S Kennard (Verso Appointed Trustee), Mr W Rossouw (Independent Trustee), Adv C Franken (Verso Appointed Trustee), Mr E Thomson (Verso Appointed Trustee), Mr W Breytenbach (Verso Appointed Trustee), Ms B Krummeck (Principal Officer)

INDEMNITY:

Every effort has been made to ensure the information in this newsletter is correct. This newsletter is for information purposes only and the Fund or its consultants cannot be held liable for any loss or damages as result of any inaccuracy.

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Position as from 1 March 2015 for benefit pay-outs from provident funds

	Accumulated before 1 March 2015	Accumulated after 1 March 2015
Retirement: Member younger than 55 years on 1 March 2015	Benefit plus growth may be taken as a lump sum.	Member is required to buy a pension with at least 2/3rds of the benefit. Up to 1/3rd of the benefit may be taken as a cash lump sum. If an amount is less than or equal to R150 000, member can take entire benefit as a lump sum.
Retirement: Member older than 55 years on 1 March 2015	Total benefit can be taken as a lump sum upon retirement.	Total benefit can be taken as a cash lump sum upon retirement for contributions to the same retirement fund as at 1 March 2015.

Why the change to pension funds? In a pension fund, members will receive a monthly pension until they pass away. Most of these pensioners are not relying on Government for a monthly pension. History has shown that members in a provident fund tend to use all the retirement savings within a few years after retirement. They then look to Government for financial assistance in their old age.

Let us look at examples where 3 members retire at different ages and what their retirement benefits will be before and after 1 March 2015:

JAYBEE

Benefit at retirement – R450 000 consisting out of:

Accumulated Member Share before 1 March 2015 - R270 000 (Provident Fund - Cash lump sum)

Accumulated Member Share after 1 March 2015 - R180 000 (Pension Fund - At least 2/3 must be used to buy a pension)



SUNBEE

Benefit at retirement – R100 000 consisting out of:

Accumulated Member Share before 1 March 2015 - R60 000 (Provident Fund - Cash lump sum)

Accumulated Member Share after 1 March 2015 = R40 000 (Pension Fund)

Since the accumulated Member Share is less than R150 000 the total benefit may be taken as a cash lump sum.



FEEBEE

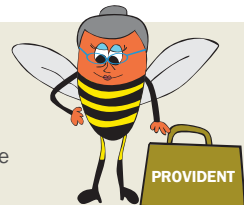
(age 56 years on 1 March 2015)

Benefit at retirement – R450 000 consisting out of:

Accumulated Member Share before 1 March 2015 - R300 000 (Provident Fund - Cash lump sum)

Accumulated Member Share after 1 March 2015 = R150 000 (*Provident Fund)

*Since Feebee is older than 55 years on 1 March 2015, she is not affected by the change in legislation and may take her total Member Share of R450 000 when she retires as a cash lump sum.



REMEMBER: the benefit at retirement is still paid to you in total; it is just the way that it is paid to you at retirement that is different. If you are a pension fund member, the retirement benefit payment remains the same.