

PAYMENT OPTIONS AVAILABLE AT RETIREMENT FROM A PROVIDENT FUND

INTRODUCTION

The purpose of this document is to explain all the options available to you at retirement from a provident fund, to enable you to make informed decision at retirement.

RETIREMENT BENEFITS COUNSELLING

Please remember, you also have access to telephonic Retirement Benefits Counselling to assist you before your benefit is paid to you or is transferred to another approved fund. To speak to a counsellor, please contact the Fund's Administrator on 021 943 5300 / 087 330 2001 or e-mail your full name, ID number and contact number to rbc@verso.co.za and a counsellor will contact you. Please do not hesitate to contact the Fund's Administrator at the contact details provided above, should you have any queries.

FINANCIAL ADVICE

The Fund encourages members to constantly seek financial advice on all fund matters and particularly when benefits become payable.

When choosing a financial adviser, please keep the following in mind:

- The financial adviser must be compliant in terms of the Financial Advisory and Intermediary Services (FAIS) Act.
- Discuss the adviser's remuneration structure. Whether it is commission based or a flat fee, it must be disclosed in Rand value and in writing. You have the right to negotiate the fee, taking into consideration the service expected/received from the adviser.
- Read the Code of Ethics that your adviser adheres to – financial advisers have a "fiduciary" duty to look after your best interest as an individual.

If you do not have a financial planner, please contact the Fund's Administrator on 021 943 5300 / 087 330 2001 for assistance.

BENEFIT OPTIONS

When you retire, you must complete a benefit claim form instructing the Fund's Administrator what to do with your retirement savings. The following options are available to you:

- 1) Delay your retirement payment.
- 2) Use your full benefit or part thereof to purchase a monthly income/annuity/pension from the Fund's default annuity policy, provided by a registered insurer.
- 3) Use your full benefit or part thereof to purchase a monthly income/annuity/pension from another annuity policy, provided by a registered insurer.
- 4) Benefit saved up to 1 March 2021 (with interest): The full benefit is available as a cash lump sum.
- 5) Benefit saved after 1 March 2021:
 - a. If you were 55 years and older on 1 March 2021 you can take the full benefit as a cash lump sum, if you stayed in the same fund until retirement.
 - b. If you were younger than age 55 years on 1 March 2021, you will be required to buy a pension with at least 2/3rds of the retirement benefit for any amount greater than R247 500, accumulated from 1 March 2021 to date of retirement.
- 6) Transfer your full benefit to a retirement annuity or a preservation fund.

OPTION 1: Delay your retirement payment.

Please note the following when you elect to delay your retirement payment:

- 1.1. You can delay your retirement payment and leave your benefit in the fund until you elect what to do with your retirement benefit.
- 1.2. Your benefit will still earn investment returns.
- 1.3. You are effectively regarded as a "paid-up" member until you complete and submit a retirement claim form confirming your payment instruction.
- 1.4. No further contributions are made to the Fund.
- 1.5. You will no longer have any risk benefits.
- 1.6. Delayed Retirement: Fees
 - 1.6.1. No additional costs apply.
 - 1.6.2. The investment management fees paid will be the same as the fees that you paid when you were still in-service and contributing to the Fund.
 - 1.6.3. The Fund deducts R22.94 per month from your retirement benefit for administration expenses.
- 1.7. Delayed Retirement: Investments
 - 1.7.1. The retirement savings remain invested in the same investment portfolio(s).
- 1.8. Delayed Retirement: Tax and Other Allowable Deductions
 - 1.8.1. You do not pay any tax when you elect to delay your retirement.
 - 1.8.2. You cannot elect to delay your retirement payment if an allowable deduction is made from your benefit in terms of section 37D of the pension Funds Act.
 - 1.8.3. You cannot elect to delay your retirement payment if you have an outstanding pension backed housing loan unless you settle the loan with other savings you may have (i.e. not from your retirement benefit).
- 1.9. Delayed Retirement: Communication
 - 1.9.1. You will continue to receive an annual statement from the Fund that confirms the value of your retirement benefit.
- 1.10. Delayed Retirement: Death benefit
 - 1.10.1. Your total benefit becomes payable on death.
 - 1.10.2. The payment thereof is governed by section 37C of the Pension Funds Act and involves a formal disposal of the benefit to your dependants and/ or beneficiaries on a basis as decided on by the Board of Trustees.
 - 1.10.3. Your confidential beneficiary nomination will be used as a guide of your wishes on how the benefit must be apportioned.
 - 1.10.4. It is important to note that the final decision rests with the Board of Trustees.

OPTION 2: Use your full benefit or part thereof to purchase a pension from the Fund's default annuity policy, provided by a registered insurer.

Note the following:

- 2.1. Please refer to the attached Fact Sheet that sets out the salient features of the Fund's default annuity strategy.
- 2.2. You will only be able to transfer to the Fund's annuity strategy if your retirement benefit is more than the stipulated minimum value.
- 2.3. Please contact the Fund's Administrator on 021 943 5300 / 087 330 2001 should you require a quotation, have any queries or wish to receive more information on the Fund's default annuity strategy.
- 2.4. The transfer to the Fund's default annuity policy is a tax-free transaction.
- 2.5. You will pay income tax on the monthly income received from the annuity purchased.

OPTION 3: Use your full benefit or part thereof to purchase a pension from another annuity policy, provided by a registered insurer.

Note the following:

- 3.1. The transfer to another annuity policy is a tax-free transaction.
- 3.2. Minimum stipulated values may be applicable.
- 3.3. You are encouraged to seek financial advice, before electing this option.

OPTION 4: Benefit saved up to 1 March 2021 (with interest).

- 4.1. The full portion of retirement savings made up to 28 February 2021, plus the growth earned up to retirement date, can be taken as a cash lump sum.
- 4.2. This cash lump sum may be subject to tax.

OPTION 5: Benefit saved after 1 March 2021.

- 5.1. If you were 55 years or older on 1 March 2021, then the full portion of the retirement savings plus growth up to retirement date, can be taken as a cash lump sum.
 - 5.2. If you were younger than age 55 years on 1 March 2021, you will be required to buy a pension with at least 2/3rds of the retirement benefit for any amount greater than R247 500, accumulated from 1 March 2021 to date of retirement.
 - 5.3. Any cash lump sum may be subject to tax.
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OPTION 6: Transfer your fund benefit to a retirement annuity or preservation fund.

Please note the following when you elect to transfer your fund benefit to a retirement annuity fund or preservation fund:

- 6.1 You cannot elect to transfer to a retirement annuity or preservation fund if you have an outstanding pension backed housing loan unless you settle the loan with other savings you may have (i.e. not from your member share).
 - 6.2 Your full benefit must be transferred to a retirement annuity or preservation fund.
 - 6.3 The transfer to a retirement annuity or preservation fund will be tax-free.
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