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Dear member

Along with our name change from the Cape Joint Pension Fund to the LA Retirement Fund; we are pleased to confirm that we have enhanced our benefit offering to you, our members.

We are extremely proud to introduce the following enhancements with effect from 01 July 2016:

- A new cost effective in-fund living annuity option
- Our amended Life Stage investment strategy that accommodates the new in-fund living annuity
- A substantially improved funeral benefit for all members

The attached pdf provides detailed information on the above changes.

Kind Regards
Ilse Hartlief
Principal Officer

BOARD OF TRUSTEES: Mr I du Toit (Chairperson), Mrs M van Zyl (Deputy Chairperson), Mr HF Botha, Mr DL Carstens, Mr PW Esterhuizen, Mr J Lawack, Mr WR Meiring, Mr JAH van den Berg, Mr JDB van der Merwe, Mr JD Venter, Principal Officer: Mrs IT Hartlief

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Dear Member

Launch of enhanced benefits along with Fund name change

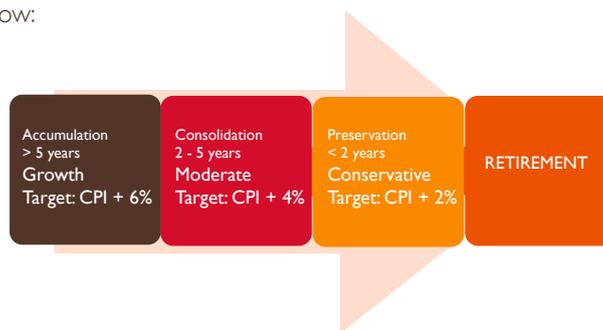
Along with our name change from the Cape Joint Pension Fund to the LA Retirement Fund; we are pleased to confirm that we have enhanced our benefit offering to you, our members.

We are proud to introduce the following on 1 July 2016:

- New cost-effective in-fund living annuity. This means that at retirement, members may elect to transfer all or part of their retirement benefit to this new section of the Fund from where they will receive a monthly pension. Further details are provided below.
- The current Life Stage investment strategy will be amended to accommodate the new in-fund annuity offering. This impacts you as your member share in the Fund is currently invested in the default Life Stage investment strategy.
- The funeral benefit has also been substantially improved for all members – see more details below.

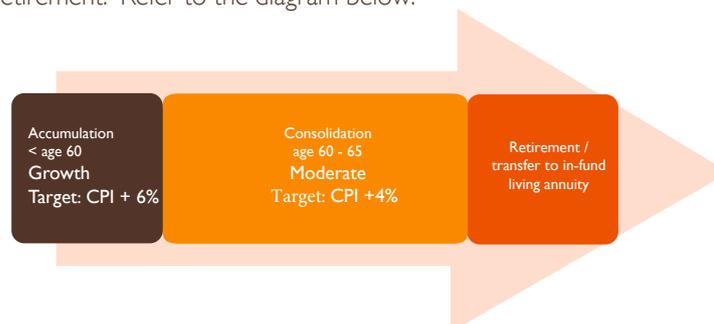
Background to the current Life Stage strategy:

As you know, Life Stage investing is an investment strategy that provides an appropriate balance of risk and expected return at different stages in your working life. Your member share is invested according to your investment horizon (i.e. the number of years you have left until your normal retirement date). Your member share is automatically moved from an aggressive portfolio (Accumulation phase) to a conservative portfolio (Preservation phase) as you get closer to normal retirement. This de-risking strategy is perfectly aligned with the Fund's current benefit structure that allows you to take your full member share in cash at retirement. Refer to the diagram below:



New Life Stage strategy: What is changing and why the change

With effect from 1 July 2016, the Preservation phase will no longer form part of the Fund's Life Stage investment strategy. This phase will however still be available to members who wish to opt out of the Life Stage strategy. The new Life Stage investment strategy will consist of two phases: the Accumulation and Consolidation phases. The member shares of those members who attain the age of 60 will automatically be moved from the Accumulation phase to the Consolidation phase. Their member shares will remain invested in the Consolidation phase up until retirement. Refer to the diagram below:



This change has come about in order to align the investment of member shares with the required longer term investment strategy associated with the introduction of the in-fund living annuity.

IMPORTANT: Your member share is currently invested in the Preservation phase. It will not automatically be switched back into the Consolidation Phase unless you instruct the Fund to process the switch. You will need to complete and submit a switch form if you would like your member share to be switched back to the Consolidation phase. Access the switch form from the Fund's website (www.laretirementfund.co.za).

New cost-effective in-fund living annuity

You already have a number of options on retirement and we have just added another very cost-effective one (i.e. the in-fund living annuity). You may now elect any of the following on retirement:

- Use your full benefit to buy an in-fund living annuity from the Fund or
- Take part of your benefit as a cash lump sum and purchase an in-fund living annuity with the balance or
- Use your full benefit to buy a monthly pension from a registered insurer or
- Take part of your benefit as a cash lump sum and buy a monthly pension from a registered insurer or
- Take your full retirement benefit as a cash lump sum.

The in-fund living annuity is the Fund's default annuitisation strategy and is available to all members whose member shares amount to R300 000 or more at retirement. Its structure is simple, cost-effective and flexible and is in compliance with National Treasury's draft regulations. It also ensures that you continue to benefit from the Fund's existing good governance structure and solid investment returns after you have retired from employment. Here are the details:

1. You may choose the amount of your monthly pension or you can rely on the Trustees' default choice. The table below confirms the draw down rates (i.e. the percentage of your retirement capital taken as a monthly pension).

Age Band	Trustees' Default draw down rate	Customised draw down range (min to max)
Younger than 65	5.0%	2.5% to 8.0%
65 to 69	6.0%	2.5% to 9.0%
70 to 74	6.5%	2.5% to 10.0%
75 to 79	8.0%	2.5% to 12.0%
At age 80 the default annuitants will be offered the opportunity to convert their in-fund living annuity to an insured guaranteed annuity		
80 to 84	9.5%	2.5% to 15.0%
85 to 89	14.0%	2.5% to 17.5%
90 & older	17.5%	2.5% to 17.5%

E.g.: If you are 65 on retirement and your member share amounts to R2 million and you elect the Trustees' default then you will receive a monthly pension of R10 000pm (i.e. 6% of your invested retirement capital). If you elect the customised option then you may choose to receive a monthly pension of between 2.5% to 8% of your invested retirement capital.

2. Flexibility of design –

- Depending on your needs, you may move between the Trustees' default and the customised option on 1 July of any year provided your instruction is received by the administrator by 31 May.
- If you have chosen the customised option, you may elect to invest your retirement capital in as many as three of the Fund's investment options (i.e. Accumulation phase, Consolidation phase and/or Preservation phase) and you may switch between the options at any time. You may also elect the investment option from where your monthly pension is paid. If you have chosen the Trustees' default then your retirement capital will be invested in the Consolidation phase.
- If you have chosen the customised option, you may change your draw down rate once a year on the anniversary of your retirement date or on 1 July if you elected to convert from the Trustee default to the customised option.
- If you are at any point not happy with your purchase of the in-fund living annuity, you may transfer your remaining retirement capital to another approved retirement product through a registered assurer.
- In the 6 months before reaching age 80, the annuitants in the Trustees' default will be offered an opportunity to convert their in-fund living annuity to a guaranteed pension backed by a registered assurer.
- You may apply to receive the full remaining balance of your retirement capital as a cash lump sum should it reach the specific level as determined by legislation.

3. Cost effective -

Not only is the transfer of your retirement benefit to the in-fund living annuity tax-free; no financial adviser fees or commission are paid on electing this option. You will be required to pay a monthly administration fee of R156 if you have chosen the Trustees' default or R180 for the customised option. Please note that these fees are reviewed annually. In addition, you will be required to pay an investment management fee in respect of the portfolio/s in which your retirement capital is invested. However, as an in-fund living annuitant, you will benefit from the same very favourable investment fees paid by members when they were still in-service and contributing to the Fund.

There are a few other things you should know about the in-fund living annuity:

- The draw down rates in the Trustee default are set at a level to try to prevent your retirement capital from running out whilst you are on retirement and your capital is invested in the Consolidation phase which aims to earn real investment returns of 4% p.a. over the longer term (i.e. inflation + 4%).
- You can obtain the value of your retirement capital at any time by logging onto the Fund's secure website.
- You remain a member of the Fund at retirement and you may therefore be eligible to be nominated as a member trustee.

For more information, please refer to the Fund's website (www.laretirementfund.co.za) for the in-fund living annuity Q&A.

Improved Funeral Cover benefit

The benefit has increased from R20 000 for the main member, spouse and children 14 and older to R30 000 and the benefit in respect of younger children has also increased. Refer to the detail below.

	Member	R30 000
	Spouse	R30 000
	Qualifying Children* 14 years and older	R30 000
	Qualifying Children 6 years and over, but younger than 14	R20 000
	Qualifying Children younger than 6	R10 000
	Stillborn** children	R5 000

The new premium is R56.10 pm and will continue to be deducted from the employer's contribution.

Fund members and annuitants are encouraged to obtain as much detail about their benefit options from the Fund's website, from the call-centre managed by the Fund's administrator, Verso and from their financial advisers. You are reminded that the Fund has contracted GraySwan Wealth and Old Mutual to render investment advice to members on a beneficial cost structure – contact details are available on the Fund's website. Whilst the Fund will not pay commission to any financial adviser on members electing to transfer all or part of their retirement benefit to this new section of the Fund, your financial adviser may require payment for his/her advice. This is a private arrangement between you and your financial adviser.

In addition, please update your cell phone number and email address by contacting the Fund. Our aim is to communicate with you electronically to ensure that you receive important fund information as quickly and cost-effectively as possible.

Regards

Ilse Hartlief
Principal Officer