



RETIREMENT FUND

Securing your retirement

MEMBER
NEWSLETTER

Vol 1 ≡ Feb 2021



Note from the Principal Officer

Dear member

Welcome to the very first newsletter for 2021. While 2020 was a very difficult year for everyone, it has certainly taught us that the people of South Africa are a lot stronger than we give ourselves credit for.

In the midst of this pandemic, we rose above our circumstances and persevered through all the obstacles and challenges we faced.

We trust that 2021 will be a better year for all of us, and that we will continue to use this newfound strength to impact and improve our lives and the lives of those around us.

As a fund, we have learnt how important it is to adapt and be flexible so that we can continue to support, educate and empower our members. Our virtual member education sessions, retirement planning sessions and investment seminars are some of the new initiatives we implemented to try and ensure that you, our members are kept informed and empowered to make good choices.

Thank you for your participation and willingness to embrace the change!

As we begin this New Year, we remain committed to working together towards securing the financial future that you deserve. We will continue to provide member education and retirement planning sessions online and we strongly encourage you, our members, to participate - after all, knowledge is power! In addition, we will be hosting our very first live virtual Annual General Meeting (AGM) in May and we would very much like you to join us by linking into the meeting. Read the updates below for more information.

Ilse Hartlief
Principal Officer

Continued on-line engagement



We began the online journey in 2020 and we aim to continue to provide member education and retirement planning sessions online this year. No need to travel, just link into short online 30-minute sessions to learn more about your Fund and the benefits available to you from the comfort of your home or office.

Watch this space to discover the exciting ways the Fund plans to engage with you during 2021. All we can say for now is that it is in your best interest to make sure that the Fund has your latest e-mail address and cell phone number on record.

Death benefit - applicable to members who joined the Fund before 01 August 2017

You will recall that in 2017 the fund restructured the insured benefits in order to adapt to the ever-changing needs of our members. The new death benefit structure incorporated the concept of choice to enable members to select the amount of cover that best suits their needs, budget and circumstances.

Members have the opportunity to adjust their multiple and increase or decrease their level of cover on 01 July every year and/or within 3 months of a life event.

What benefit do you qualify for?

The table below illustrates, for each of the old risk-benefit options A, B, C, D, and E, the different age bands, the level of death cover (multiples of annual pensionable salary) available in each age band, and the default selection that applied if you did not make a formal selection in 2017.

Old risk category	Younger than 30	Age 30 -39	Age 40 - 49	Age 50 -54	Age 55- 75
A or B	0, 1, 2, 3, 4, 5 Default = 4	0, 1, 2, 3, 4, 5 Default = 4	0, 1, 2, 3, 4, 5, 6 Default = 4	0, 1, 2, 3, 4, 5 Default = 4	0, 1, 2, 3, 4 Default = 4
C	0, 1, 2, 3, 4, 5 Default = 3	0, 1, 2, 3, 4, 5 Default = 3	0, 1, 2, 3, 4, 5, 6 Default = 3	0, 1, 2, 3, 4, 5 Default = 3	0, 1, 2, 3 Default = 3
D	0, 1, 2, 3, 4, 5 Default = 0	0, 1, 2, 3, 4, 5 Default = 0	0, 1, 2, 3, 4, 5, 6 Default = 0	0, 1, 2, 3, 4, 5 Default = 0	0, 1, 2 Default = 0
E	0, 1, 2, 3, 4, 5 Default = 3	0, 1, 2, 3, 4, 5 Default = 3	0, 1, 2, 3, 4, 5, 6 Default = 5	0, 1, 2, 3, 4, 5 Default = 5	0, 1, 2 Default = 2

You can find out what your current level of death cover is by checking your 2020 Annual Member Benefit Statement or the member information section on the secure website or via the Verso mobile app. You can also contact the Fund Service Centre for assistance.

Adjusting your life cover to suit your needs

The following options are available to you:

A

Changing your level of cover on 1 July

Once a year you may increase your level of cover by increasing your chosen multiple or you may decrease your cover by decreasing your multiple. Your application to increase your cover must be received by the administrator by 31 March and, if approved by the insurer, the increase will take effect from the 1st of the month following the insurer's approval (earliest 1 July). An application to increase death cover is subject to you having to provide proof of good health to the insurer. The medical information required will be determined by the insurer and the costs associated with medical tests and/ or examinations will be paid for by the insurer. If you decide to decrease your cover, your application must be received by 31 May. No medical information is required when requesting a decrease in death cover. Please access the form from the website under risk benefits: *Change in insured death benefit option form for pre-August 2017 members.*

B

Changing your level of cover within 3 months of a life event

You may also choose to increase or decrease your cover at any time should you experience a life event. A life event is defined as marriage, divorce, the death of a spouse, the birth of a child, promotion at work, a change in the employment contract from permanent and full-time to a fixed-term contract and vice versa. You have 3 months from the date of the life event in which to apply for a change in your life cover. Please access the form from the website under risk benefits: *Life events that require a change in insured death benefits option form for pre-August 2017 members.*

C

Moving age bands

Moving from the 30-39 age band to the 40-49 age band - you may elect to increase your cover from a maximum multiple of 5 times your annual pensionable salary to 6 times your annual pensionable salary.

Moving from the 40-49 age band to the 50-54 age band - your maximum multiple reduces from 6 to 5 times your annual pensionable salary. Members who opted for 6 times annual pensionable salary will automatically be moved to 5 times annual pensionable salary from 1 July following the attainment of age 50.

Moving from the 50-54 age band to the 55-75 age band - your maximum multiple reduces from 5 times to 4 times your annual pensionable salary for old risk benefit options A and B members. From age 55, the maximum death cover for former risk benefit option C members is 3 times annual pensionable salary and for former risk benefit options D and E members it is twice annual pensionable salary. On the 1st of July following the attainment of age 55, members who were on multiples of annual pensionable salary higher than the maximum set for the 55-75 age band benefit option will automatically be changed to the maximum multiple of pensionable salary death cover.

The following is important to remember:



- The maximum amount of cover reduces with age. The reason for this is that cover becomes increasingly more expensive the older we become. The Trustees prefer members to save for retirement rather than paying large premiums for death cover.
- If you are in the 30-39 age band and have chosen the maximum multiple of 5 times your annual pensionable salary and you do not make a selection on moving age bands, you will automatically still qualify for a multiple of 5 times your annual pensionable salary on moving to the 40-49 age band. This is despite the fact that you could have applied to increase your cover multiple to 6 times your annual pensionable salary.
- If you are in the 40-49 age band and have chosen the maximum multiple of 6 times your annual pensionable salary and you do not make a selection on moving age bands, the new maximum multiple of 5 times cover will be applied on moving to the 50-54 age band.
- From the 1st of July following the attainment of age 55, the maximum multiple of cover that applies to each age band is different for the old risk benefit options.

What are the important trigger ages when the maximum cover changes?

If you were previously a member of the old risk option A or B:

On moving from age band 50-54 to 55-75, your maximum multiple of cover automatically reduces from 5 times to 4 times your annual pensionable earnings. You are therefore not limited to a maximum multiple of 2 times annual pensionable earnings that applies to members who joined the Fund from 1 August 2017

If you were previously a member of the old risk option C:

On moving from age band 50-54 to 55-75, your maximum multiple of cover automatically reduces from 5 times to 3 times your annual pensionable earnings. You are therefore not limited to a maximum multiple of 2 times annual pensionable earnings that applies to members who joined the Fund from 1 August 2017.

If you were previously a member of the old risk option D or E:

On moving from age band 50-54 to 55-75, your maximum multiple of cover automatically reduces from 5 times to twice your annual pensionable earnings.

Tax Changes effective 01 March 2021

Over the past few years, Government has been reviewing and aligning the way retirement funds work. With effect from 1 March 2021, provident fund retirement benefits will be paid in the same way as they are paid from pension and retirement annuity funds.

It is important for you to understand how these changes work as whilst the LA Retirement Fund is a registered pension fund, it pays benefits as if it were a provident fund purely as a result of its paragraph (a) status.

Please note that there is no need to worry or panic - this change does not have any impact on your withdrawal benefit.

If you resign, are retrenched or dismissed from your employer and withdraw from the LA Retirement Fund, you are entitled to your full savings or member share in the fund and you can still choose to take this in cash (although this is strongly discouraged as there are tax implications).

So what is changing from 01 March 2021?

When you retire from the LA Retirement Fund, you will still be entitled to your full savings or member share in the fund - however, depending on your circumstances, you may have to use a portion of your retirement savings to buy a pension (annuity) either within the Fund (In-Fund Living Annuity) or outside the Fund from a registered financial services provider.

If you are younger than 55 on 01 March 2021 and retire from the LA Retirement Fund in the future:



- You will still be able to take all your retirement savings or full member share (together with any growth) that you have built up in the LA Retirement Fund as at 28 February 2021, as a cash lump sum when you retire - this is referred to as your “Vested Right”.

- All your savings from 01 March 2021 (together with any growth) will however form part of your “Non-vested Right” and on retirement, if this portion is more the R247 500, you may only take one-third in cash and the balance must be used to buy a pension (either an In-Fund Living Annuity or a pension from a registered financial services provider).

How will this work?



If you are 55 years or older on 01 March 2021 and you transfer to a new fund in the future and thereafter retire:



- You will be able to take all your retirement savings or member share (together with any growth) that you have built up in the LA Retirement Fund until the date of transfer, as a cash lump sum when you retire.

- All your savings in the new fund accumulated since your transfer (together with any growth) will however form part of your “Non-vested Right” and on retirement, if this portion is more the R247 500, you may only take one-third in cash and the balance must be used to buy a pension.

If you are 55 years or older on 01 March 2021 and retire from the LA Retirement Fund in the future:

This change will not impact you - you will still have the option of taking all your retirement savings or member share in cash when you retire (although this is not recommended as there are tax implications).

In a nutshell, these changes aim to ensure that members are not tempted to spend their retirement savings too quickly after they retire.

If you have any questions or need to discuss your retirement options please contact the Fund Counsellor, Grant Greenfield.



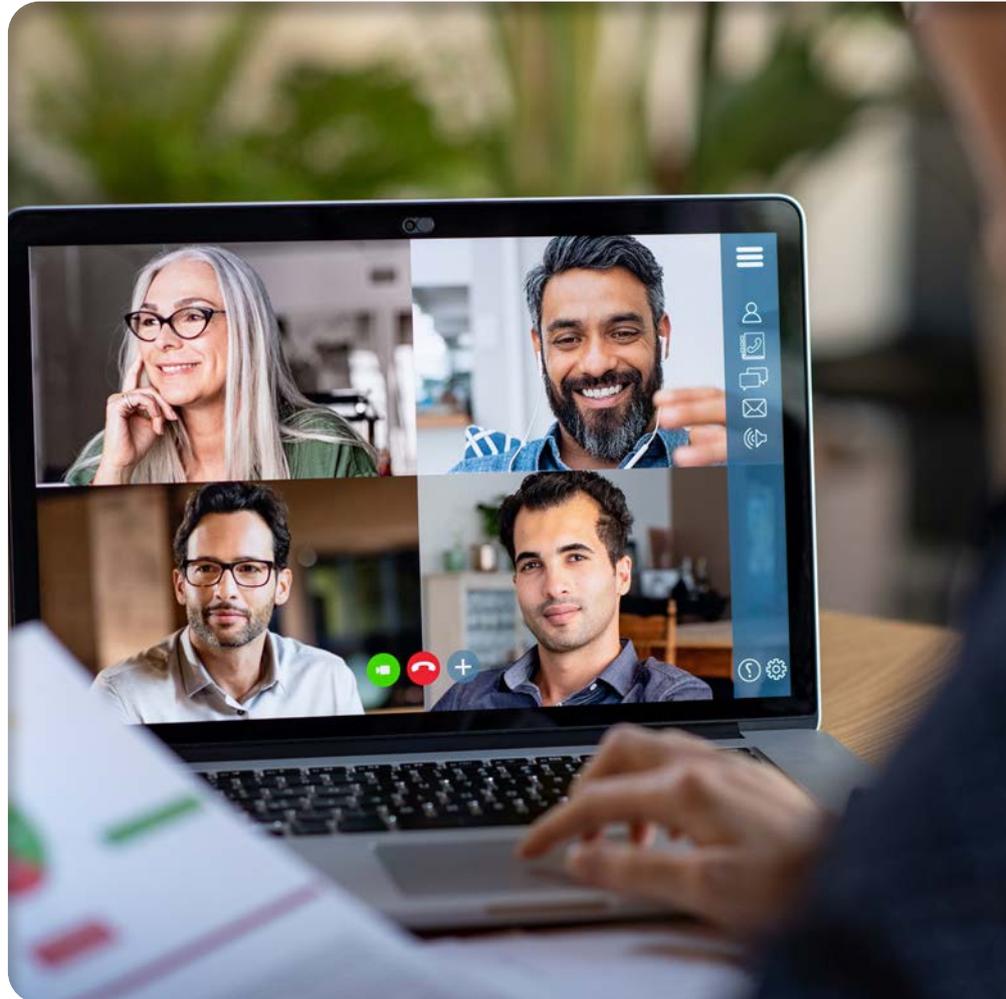
You can contact Grant via:

- E-mail: support@laretirementfund.co.za
- Tel: 021 943 5305
- WhatsApp: 081 806 9959 (between 08:00 - 16:00)

Virtual AGM on 28 May 2021

The Fund will host its first live virtual Annual General Meeting (AGM) at 9 am on 28 May 2021. The nation's lockdown has required us all to work differently. At the same time, we have seen firsthand what technology has enabled us to do. An online AGM will alleviate the time needed and the expense incurred in travelling to a venue in Cape Town and it will enable so many more of our members to join us in going through the year that was and understanding the future path the Trustees aim to follow.

Whilst all participating local authorities are currently being asked to elect/nominate member/pensioner and Councillor delegates to join the meeting; the Board encourages all members to do so. It is a good opportunity to learn more about the Fund's investments, funding level, benefit structure, and highlights from the 30 June 2020 annual financial statements. Members may also ask questions towards the end of the meeting.



Join us on 28 May 2021 at 9 am - look out for the AGM newsflash and online link that will be sent to all members closer to the time.

Trustees: Mr DL Carstens (Chairperson), Mrs M van Zyl (Deputy Chairperson), Adv CJ Franken, Mr J Lawack, Mr J Jacobs, Mr WR Meiring, Mr S Philander, Mr JAH van den Berg,
Principal Officer: Mrs IT Hartlief

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