INDUCTION BOOKLET

LA RETIREMENT FUND
Formerly known as the Cape Joint Pension Fund
Securing your retirement

The Fund that supports your right to choose
No Fund allows members more choice!

Why pay for insured benefits you don't want or need?

You have the option to choose your:

- Death cover
- Disability cover
- Critical illness cover
- Funeral cover
- Extended family funeral cover

Want more choice? You can choose:

- How your money is invested
- To leave your money in the Fund should you exit the Fund before retirement age
- The Pooled Annuity (PAC) and/or the In-Fund Living Annuity (IFLA) when you retire

What will your benefit option cost? Get a no obligation quotation. Complete the cost quotation request and we will provide you with a full breakdown of all the premiums and fees – no other fund will provide you with a full breakdown like we do!

GENERAL FUND INFORMATION

INTRODUCTION

Since 1943, the LA Retirement Fund (previously the **Cape Joint Pension Fund**) has been working hard to provide the very best possible retirement fund savings and benefits for local government employees. If you're a local government employee or councillor, you can, and should, be putting the LA Retirement Fund to work for you to save for your retirement. Best of all, while we are building your better tomorrow, you get to choose for yourself what risk benefits you need and want. There is no need for you to pay for unwanted risk benefits. The Fund offers additional value-added benefits as well as a wide range of **excellent optional insured benefits**, from which you can select to suit your personal needs.

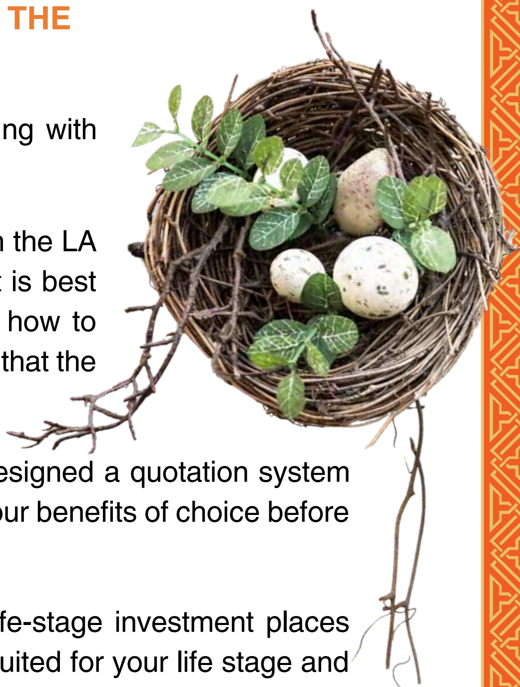
WHAT IS THE LA RETIREMENT FUND

The LA Retirement Fund is a defined contribution fund that is specifically designed for local government employees and councillors to help them achieve the retirement they deserve. With a long history of solid investment performance, the Fund recognises the members' right to choose their own insured risk benefits, at affordable rates. As a local government employee or councillor, the LA Retirement Fund is the right choice for you. It is that simple!

WHY YOU SHOULD CHOOSE THE LA RETIREMENT FUND

Just as all vehicle manufacturers are not the same, all funds are not the same. Even though many vehicles offer similar features, the design and engineering of those features are not equal. The most important features in any vehicle are those pertaining to safety and that is what you get when you join the LA Retirement Fund. For most members, their retirement savings from their fund forms the bulk of their investment at retirement. The LA Retirement Fund investment returns have consistently outperformed its peers over many decades.

HERE ARE SOME FURTHER REASONS WHY YOU SHOULD JOIN THE LA RETIREMENT FUND



- **The LA Retirement Fund has a long and proud history** of partnering with members since **1943**.
- **It is the Fund that provides so much flexibility**. How you benefit from the LA Retirement Fund is entirely up to you. From choosing the risk cover that is best for your needs, to selecting the best investment options and choosing how to invest your savings when you retire – no other fund offers all the flexibility that the LA Retirement Fund does!
- **We believe in full and transparent disclosure of costs.** We have designed a quotation system that discloses all the costs associated with your Fund membership and your benefits of choice before you join. There will be no surprises for you after you join!
- **It works for you, automatically**. The LA Retirement Fund's default life-stage investment places your hard-earned money into the most appropriate investment portfolio suited for your life stage and career. This means that when you are younger, your money is in a more aggressive portfolio chasing higher returns and as you get closer to retirement, it focuses more on protecting your nest egg. However, with the LA Retirement Fund - you are in control, and you can choose to opt out of the life-stage model and invest in the individual member choice model that also includes a Shari'ah portfolio.

- **Superior investment returns**. When compared to its peers, the Fund's Risk Profiled Solutions have a proud history of continuing to outperform the broader industry of retail (Unit Trusts) and institutional (Large Segregated Funds) retirement fund products.
- **It gives you every opportunity to preserve your savings**. On resignation, you can choose to leave your money in the Fund until retirement and continue to enjoy the Fund's superior investment returns. Furthermore, on retirement you can choose the Pooled Annuity (PAC) and/or the In-Fund Living Annuity (IFLA) offering. If you choose these options your member share will remain in the Fund, and you will receive a cost-effective monthly pension/annuity.
- **The Fund has had clean audit reports for decades**. The Fund is audited annually by a reputable audit firm.
- **The Fund has a reputation for solid and trustworthy governance**. As a member of the LA Retirement Fund, you know your retirement savings are in good hands as the Fund is managed by an experienced Board of Trustees and a professional principal officer.
- **The Fund is constantly improving and listening to what members want**. When you become a member of the LA Retirement Fund, you get a committed partner with a passion for doing things right, first time.

WHAT ARE YOUR MONTHLY CONTRIBUTIONS TO THE FUND?

Every month, you and your employer pay a contribution into the Fund. Your portion of this contribution is 9% of your pensionable salary. However, if your conditions of employment provide for it, you can decide on a contribution rate of either 7.5% or 9% of pensionable salary. Your employer's contribution is 18% of your pensionable salary.

Please note - If you are a Councillor member, you contribute 7.5% and you can decide on an allocation of either 7.5% or 10% of your monthly pensionable salary as your employer contribution.

You are permitted to make additional voluntary contributions towards the growth of your member share. Speak to your payroll department to arrange this.

Many employers permit their staff to structure their own cost to company package or to calculate their retirement contributions based on a salary that is less than their cost to company. The Fund regards the salary on which the contributions are calculated as your pensionable salary. All your insured risk benefits will be based on this pensionable salary.

YOUR MEMBER SHARE ACCOUNT

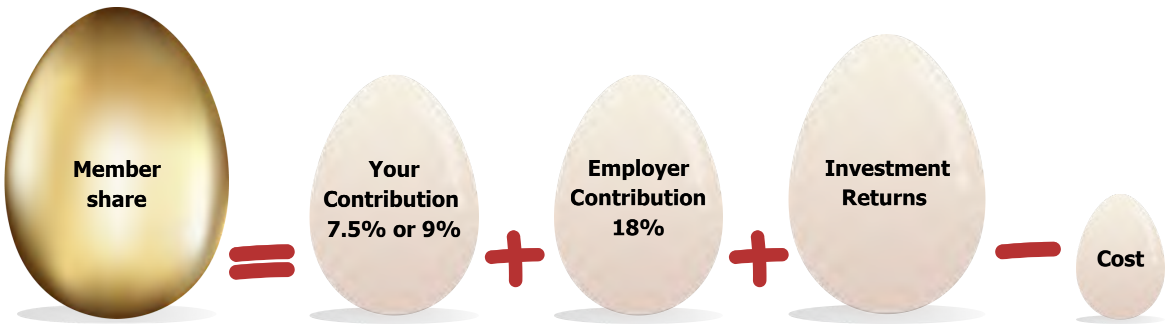
The LA Retirement Fund is a defined contribution fund, which means that you contribute monthly to the Fund and build-up your own account within the Fund, which is similar to a bank account. We refer to your member account as your **member share**. Your member share is made up of your contributions plus your employer contributions, minus the cost of your selected insured risk benefits and the general running cost of the Fund, plus monthly investment returns.

Your member share grows steadily over the course of your working life, and, when you retire, you have the option to keep it invested in the Fund and receive a monthly pension/annuity.

Since it is important to try and grow your retirement nest egg before you retire, reliable and competitive investment returns are especially important.

And that is exactly what the LA Retirement Fund gives you.

With effect from 1 September 2024, your member share comprises two pots – please refer to the "Two-Pot Retirement System" later in this booklet.



INVESTMENTS

Depending on how long you have been a member of the Fund, the bulk of your savings at retirement will comprise investment returns. We realise that investment needs, expectations and risk appetites differ from one member to another. We have therefore developed an innovative life stage investment strategy that provides members with an appropriate balance of risk and expected investment return at different stages in their working life.

The contributions you and your employer make to the LA Retirement Fund are invested, by default, into the Life Stage Investment Model. That means, while you are younger than 60, your money is invested in the LA Wealth Creation portfolio. This is an aggressive portfolio designed to grow your money.

After the age of 60, it becomes very important to protect the money you have saved, so your member share is slowly transferred into the LA Wealth Consolidation portfolio, which is designed to protect your investment from market ups and downs. All new contributions from this age are automatically invested in the LA Wealth Consolidation portfolio.

Of course, you are in total control of your investment decisions. The LA Retirement Fund gives you flexibility, so you can opt out of the Life Stage Model and choose the Individual Member Choice Model where you can invest in one of the following portfolios:

1. The LA Wealth Creation portfolio,
2. The LA Wealth Consolidation portfolio,
3. The LA Capital Protection portfolio or
4. The LA Shari'ah portfolio that complies with Islamic investment principles

We also have a cash portfolio, but this is only recommended for members who are very close to retirement.

In order to give your retirement savings, the best chance to grow, the LA Retirement Fund has a formal proven investment strategy and implements that strategy with the help of the top asset managers locally and internationally. The Board of Trustees, professional investment consultant and Outsourced Chief Investment Officer (OCIO) constantly monitor the performance of these managers to make sure that they are giving you the best possible returns over time.

It is possible that two people joining two different funds at the same time and who have identical career paths and salary could receive substantially different retirement benefits. Where one person consistently receives a ½ percent per annum better investment return, that person could receive up to R500 000 more in retirement benefits. Investment performance should be a major consideration in choosing a retirement fund.

STANDARD FUND BENEFITS

Benefit on Resignation and Dismissal

The full value of your member share within your savings pot is payable on resignation and dismissal. Your benefit will remain in the Fund until you complete and submit a withdrawal claim form (i.e. you automatically become a paid-up member in the Fund until you submit your claim form and make an election on the way the benefit should be paid out). Your member share within your retirement pot may be retained in the Fund until your retirement or it may be transferred to your retirement pot in another approved fund.

Benefit on Retrenchment

The full value of your member share account within your savings pot is payable on retrenchment. Your member share within your retirement pot may be retained in the Fund until your retirement or it may be transferred to your retirement pot in another approved fund.

If you are retrenched before you reach retirement age, you may be entitled to receive an additional amount over and above your member share paid to you by your employer via the Fund. This extra payment, if applicable, will be the lesser of:

A maximum of 100% of your member share; or the difference between your age and 65 years, multiplied by 8% and further multiplied by the value of your member share value at date of retrenchment.

EXAMPLE

If the member is 58 at date of retrenchment 65-58 x 8 = 56% of member share This additional amount is paid by your employer to the Fund. The Fund in turn pays your member share plus the additional amount paid by your employer as a lump sum amount. This total lump sum is subject to taxation.

Benefit on Retirement

All members of the LA Retirement Fund have a normal retirement age of 65, however, you may be eligible for early retirement from age 50. Members will only benefit from the retirement tax tables from age 55. The full value of your member share account is payable on retirement.

You may also choose to keep on working beyond age 65, but this will require the permission of your employer. Alternatively, you may choose to leave your member share invested in the Fund until you need it at a later stage (called phased retirement).

The Fund offers competitive and cost-effective in-fund annuity options, such as the In-Fund Living Annuity (IFLA) and the Pooled Annuity Account (PAC).

More details regarding the benefit options on retirement are available on the Fund's website.

Two-Pot Retirement System

The two-pot retirement system is effective from 1 September 2024. 1/3rd of the total net retirement contributions (i.e. your contribution plus your employer's contribution less costs and the payment of any risk benefit premiums) will be allocated to your savings pot, which will earn Fund returns.

You have access to the member share in your savings pot once during a tax year.

The remaining 2/3rds of the total net retirement contributions will be allocated to your retirement pot and will also earn Fund returns. The money in this pot is only accessible on retirement.

Any benefit transferred from another approved retirement fund will be allocated to the relevant pots in the Fund.

More details regarding the two-pot retirement system, the tax implications associated with a withdrawal from your savings pot and what money is accessible on exit are available on the Fund's website.

OPTIONAL RISK BENEFITS GENERAL INFORMATION

Insured Risk Premiums

Except for the EXTENDED FAMILY FUNERAL SCHEME, all the monthly premiums for the other insured benefits that you select will be deducted from the monthly contribution your employer makes to the Fund on your behalf. SARS deems this to be a taxable benefit and your employer is therefore required to levy income tax on your monthly premium. As with all insured products, terms and conditions may apply - please see the website for more detailed information on each of the products on offer.

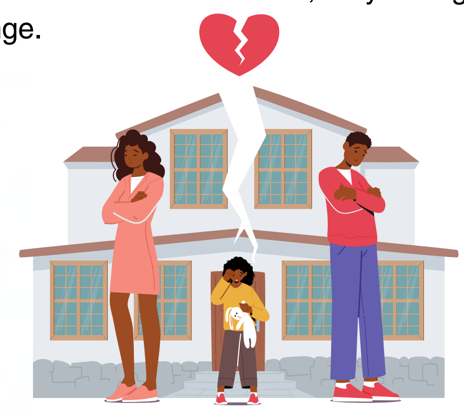
Life event

Our optional insured death benefit allows you to change your cover option once a year and within 3 months of a life event. Likewise, there are restrictions to participating in the Income Disability Benefit on life events.

The following are defined as life events:

- Marriage
- The birth of a child
- Divorce
- Promotion
- The death of a spouse
- A member whose contract of employment changes from being permanent and in full-time service of the employer to an employee employed on a fixed-term contract or vice versa, may change his/her death cover option on the date of the employment contract change.




Conversion Option

The cover provided by all your group insured options will cease when you terminate employment, however, in most instances there is a conversion option which allows you to convert the cover into an individual insurance policy. You will have 90 days from your exit from employment to take up the conversion option without needing to undergo any medicals. The insurer will calculate the premium that is payable based on your personal circumstances under an individual insurance policy. Under the various risk options below, we will simply inform you if the conversion option applies without repeating this explanation.

OPTIONAL INSURED INCOME DISABILITY BENEFIT

The Fund offers its members an innovative income disability benefit. Every member is automatically covered for this benefit on joining the Fund, however you are allowed to opt out of the benefit when completing your member application form. We strongly encourage our members to consider this option as joining the disability insurance scheme at a later stage is restricted to life events only and on condition that it is requested within 3 months of the specific life event.

Most employer disability benefits pay out a lump sum amount when you become disabled, and then leave you to look after yourself even if the lump sum is insufficient to provide for all your future needs. With the LA Retirement Fund income disability benefit, if you become disabled, a tax-free monthly income is paid to you (subject to policy conditions) for as long as you are incapacitated up to a maximum of your normal retirement age (65). Not only are these monthly payments tax free, but they will increase by the lesser of inflation or 7% every single year. The increase percentage can change from year to year.

Best of all, you will remain a member of the LA Retirement Fund for as long as the benefit is paid by the insurer and the policy will pay both your monthly member and employer contributions to the Fund. Your member share will continue to grow with the contributions and investment returns. As a Fund member you will continue to enjoy all the other Fund benefits. On attaining normal retirement age, the monthly income disability benefit will stop, and you will receive your retirement benefit based on your member share.

Wow! Now isn't THAT the way a retirement fund should take care of its members!

The percentage of your monthly pensionable salary that will be paid to you is determined by your age at date of disability and is as follows:

Age on date of disability	Benefit as a percentage of monthly pensionable salary
Under age 31	85%
Age 31 – 40	75%
Age 41 – 45	65%
Age 46 – 50	55%
Age 51 – 64	45%

This sliding scale is necessary to allow the LA Retirement Fund to keep the premiums for its income disability benefit as low as possible for its members and to consider the changing needs of members as they get closer to retirement age.

The optional insured income disability benefit has the following additional benefits:

Survivor Benefit – the Survivor Benefit is paid on the death of the member and consists of the payment of an additional **three months** of the benefit, unless the benefit would have stopped earlier in terms of the policy had the member not died.

Rehabilitation Benefit - the insurer will pay certain rehabilitation costs directly to the party providing or facilitating the member's rehabilitation.

Recovery Bonus – a recovery bonus is payable if a member successfully completes a rehabilitation programme and returns to work. The recovery bonus is an amount equal to **three times** the member's last disability benefit before the member returned to work.

Terms and conditions apply to the optional insured income disability benefit, please see the policy on the website for more information. The conversion option applies to the income disability benefit.

OPTIONAL INSURED DEATH BENEFIT

Should you die in service, your member share as at date of death together with your death cover, if chosen, is payable. The Board of Trustees has a duty to ensure that your death benefits are distributed fairly and equitably between your financial dependants and/or nominees in terms of section 37C of the Pension Funds Act, no 24 of 1956. Your beneficiary nomination form and last Will and Testament serve as an important guideline to the Trustees to identify your dependants and/or nominees. This enables them to make informed decisions to ensure that your dependants are provided for. Please update your beneficiary nomination form as soon as there is a change to your dependants and/or nominees.

You may choose to be covered for a lumpsum payment equal to a multiple of your **annual pensionable salary** or you may choose **not to** have any death cover.

We realise that our members face different circumstances and therefore the Fund gives you the option to choose the amount of cover that best suits your needs by allowing you to select the level of death cover based on a multiple of your annual pensionable salary **(APS)** according to your current age as per the table below.

Current age	Multiple of annual pensionable salary (APS) (the default option is shaded)						
Younger than 30	No Cover - 0	1	2	3	4	5	
Age 30 to 39	No Cover - 0	1	2	3	4	5	
Age 40 to 49	No Cover - 0	1	2	3	4	5	6
Age 50 to 54	No Cover - 0	1	2	3	4	5	
Age 55 and older	No Cover - 0	1	2				

EXAMPLE

If your pensionable salary is R10 000 pm and you elect 5 times **APS** you will be covered for an amount of (R10 000 x 12) x 5 = R600 000.

An automatic default is applied in the event that you do not make an election on your new member application form. The default is 3 x **APS** for members younger than 50 and 2 x **APS** for members older than 50.

You will automatically be moved to the next age band on 1 July following your attainment of age 40, 50 and 55 (whichever is applicable).

You may change your death benefit option once annually or at any time as a result of a life event.

Death cover stops at age 75. The conversion option applies to the insured death benefit.

INSURED FUNERAL BENEFIT OPTIONS

By now, you are realising that the LA Retirement Fund is all about giving you the **flexibility** to take full control of your retirement savings and insured risk benefits. And this flexibility even extends to your funeral cover.

As a member of the LA Retirement Fund, you get to choose the amount of funeral cover you, your spouse and your qualifying children need. There are three options available to you, all at an extremely competitive monthly premium.

Option 3	Option 2	Option 1	
R55 000	R40 000	R30 000	**Member, Spouse & Children older than 14**
R27 500	R20 000	R20 000	**Children from 6 to 14**
R10 000	R10 000	R10 000	**Children younger than 6**
R10 000	R5 000	R5 000	**Stillborn Children**

The definitions of a qualifying spouse and qualifying children are available on the Fund's website.

It is important that you select the funeral benefit option most appropriate to your needs. If you do not select an option when becoming a member, the default option (Option 1) will apply. Members will have an annual opportunity on 1 July each year to apply to increase their funeral benefit option, subject to the applicable 90-day application period and the rules of the Fund and insurer. The funeral benefit includes a **repatriation benefit** which means that the body of the insured will be transported, at no cost, to their place of burial anywhere inside the borders of South Africa.

When and to whom is the Funeral Benefit paid?

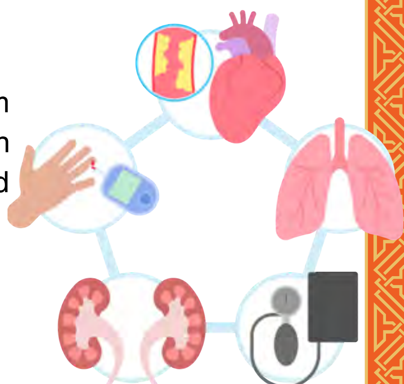
In the event of the death of one of your insured immediate family members, the funeral benefit will be paid directly into your bank account. However, in the event of your death, the insured funeral benefit is paid directly to whomever you have nominated to receive the benefit when you complete your funeral benefit beneficiary nomination form. Always ensure that the details on your funeral benefit beneficiary nomination form are updated as and when your personal circumstances change as this benefit is paid strictly in accordance with your wishes.

Importance of completing a funeral benefit beneficiary nomination form

In terms of legislation, if you have not submitted a funeral benefit beneficiary nomination form, the benefit must be paid to your estate. This could result in financial hardship for your family as they may find themselves unable to pay the cost of the funeral as the payment of the benefit will have to await the lengthy processes involved in winding up an estate. If there is no will, the process could be delayed even further! You can avoid this by simply taking a few minutes to update your funeral benefit beneficiary nomination form and forward it to us via email.

- The funeral benefit beneficiary nomination form is different to the Optional Insured Death Benefit nomination form.
- The nominated beneficiary should be the person who will be responsible for the payment of your funeral.
- Beneficiaries must be 18 years of age or older.
- If you are in a co-habiting relationship, your partner can only be listed if neither you nor your partner are married to someone else.
- If the member dies the family remains covered to the end of the month in which the member died.
- Should your nominated beneficiaries predecease you, the funeral benefit will be paid to your estate, therefore it is important that you keep your funeral benefit beneficiary nomination form up to date.
- The funeral benefit is paid within 48 hours after the Fund receives a completed claim form and all other required documents.

VOLUNTARY CRITICAL ILLNESS BENEFIT



The Voluntary Critical Illness Benefit is completely optional. You have 3 months from when you join the Fund to decide if you want this benefit. After that you have the option to select this benefit or upgrade your cover within 3 months of one of the specified events listed below:

- Member's marriage
- Birth of a child / legal adoption of a child by the member/member's spouse
- Job promotion

The benefit is paid as a lump sum and is based on the level of cover that you have chosen and the severity of your illness.

There are 32 pre-defined critical conditions included in the policy. You have a choice of one of the following options:

For some of the covered conditions, advance partial payments of the total benefit may be paid where the condition is not yet severe enough to qualify for the full benefit pay out. If the condition worsens, the remainder of the benefit will be paid (please see the website for more detailed information on the conditions included and the policy terms and conditions.)

You may claim for multiple critical illnesses – i.e., if you have received a critical illness benefit for a particular condition, you may claim for another critical illness if it is unrelated to the previous claim. The only exception to this is in the case of angioplasty – members may claim twice for this.

The conversion option applies up to age 60 in respect of the Voluntary Critical Illness Benefit.

OPTIONAL INSURED EXTENDED FAMILY FUNERAL BENEFIT

If you will be responsible for the payment of funeral costs or a portion thereof in the future event of the death of a family member, then you should consider taking advantage of this offer.

This separate policy allows you the flexibility to cover up to **eight** members of your extended family (including your spouse's extended family), namely brothers, sisters, aunts, uncles, nieces, nephews, grandchildren, grandparents and cousins, including your own children who no longer qualify for benefits under the Fund's funeral benefit policy. In addition to the cover for the eight family members, you may add two parents and two parents-in-law. You may add or remove extended family members and parents at any time.

This is a product underwritten by Sanlam and the monthly premium will be deducted via debit order directly from your bank account and **not from the employer contribution to the Fund**.

There is no need for the conversion option as this policy simply continues to apply after you have exited the Fund. Please refer to the website for more details and the terms and conditions of this policy.

REQUEST A QUOTE

To get a complete breakdown of all the premiums associated with your risk benefit selection, please complete the form titled **"Request a quotation"** and send it as follows: WhatsApp **081 806 9959** or email it to: support@laretirementfund.co.za. We will provide you with a full breakdown of all the costs within 24hrs.

FUND VALUE ADDED BENEFITS

So, now you know about all the ways in which the LA Retirement Fund cares about you as a member and puts you in full control of your financial security. However, it's also important to note that our Fund is not just a retirement and insured risk cover solutions provider. We're a trusted partner on your retirement journey. We will never leave you to take that journey on your own. Instead, we care for every one of our members as if they are part of our LA Retirement Fund family, providing access to all the help, guidance and information you need across a variety of channels, to help you make the most of your Fund membership and build the future you want.

PENSION–BACKED HOME LOANS

You have access to a pension-backed home loan scheme. You may use up to 60% of your member share value as surety for a home loan at preferential rates from FNB. This amount increases to 65% with effect from 1 September 2024. The minimum loan amount is R5 000.

The loan granted by FNB can only be used to buy a house or pay for alterations to a house you already own. Approval of the loan rests with FNB and is subject to the requirements of the National Credit Act. If you qualify, the loan amount is paid directly into your bank account and then the monthly loan instalments will be deducted from your salary until the loan is fully paid.

If you exit from the Fund, any outstanding balance will be settled by deducting the amount you still owe from your member share (i.e. proportionally from your savings pot and your retirement pot) before your benefit is paid to you.

ADDITIONAL FREE ASSISTANCE SERVICES/PROGRAMMES

Details regarding additional free assistance services/programmes are available on the Fund's website.

ACCESS TO INFORMATION

At the LA Retirement Fund, we believe that you need full and unrestricted access to all your Fund information for you to properly plan for your retirement.

You may view your personal details via our web portal or our mobile app. We also have a client-centre and WhatsApp info line that you can use to contact us for information. Our Retirement Benefits Counsellor is also available to help members make the best decisions.

We publish regular industry and Fund-related newsletters and news flashes. We send these to you via e-mail and we make them available on the Fund's website and on our Facebook page. We host valuable member education and retirement planning workshops. In everything we do, we put you first.

HOW TO JOIN US

It is your life, it is your future, it is your choice

You may be wondering why we feel it is necessary to share all this information about the LA Retirement Fund with you at this early stage of your local authority career. Well, we do this because we know how important it is that you make the right decision about your retirement fund today.

Once you have selected a fund, you cannot simply change to another fund. So, you need to be 100% sure that you are making the right decision.

It is very important that you choose your fund based on the things that really matter. Don't be swayed by gimmicks, giveaways or special offers that won't add value to your retirement in the end.

Here are some key decision-making factors to consider:

1. What is the Fund's investment performance history?
2. Can I select my own investment portfolios?
3. How transparent and reasonable are the fees?
4. Do I get to choose the insured risk benefits I want or am I forced to accept whatever the fund offers?
5. Do the insured risk benefits cover all my needs?
6. Do I have options that meet my needs at retirement?
7. Does the fund offer me the flexibility that I need during my working life?

From all of us at the LA Retirement Fund, congratulations on your appointment, we wish you success and prosperity in your new position. Complete the new member application form and hand it to your HR and that is it - you are now a proud member of the LA Retirement Fund. We look forward to welcoming you to our family.

Grant Greenfield (Retirement Benefits Counsellor)
Tel: 021 – 943 5305
Email: support@laretirementfund.co.za

WhatsApp 076 073 0997 (between 08h00 - 16h00)

www.facebook.com/LARetirementFund

www.laretirementfund.co.za