UWRF

UNIVERSITY OF THE WITWATERSRAND RETIREMENT FUND

Member Booklet

UNIVERSITY OF THE WITWATERSRAND
RETIREMENT FUND

February 2022

Contents

FUND DETAILS

Fund Name University of the Witwatersrand Retirement Fund
Registered Office Solomon Mahlangu House, Wits University, Jorissen Street, Johannesburg
FSCA Registration Number 12/8/31841

1. Welcome

The Board of Trustees welcome you to the University of the Witwatersrand Retirement Fund (UWRF). You are important to the Fund and we want to give you some useful information.

The University of the Witwatersrand, Johannesburg has set up the UWRF to help eligible employees to save for their retirement. When you reach your retirement age, the money that you have saved in the Fund is intended to provide you with an income.

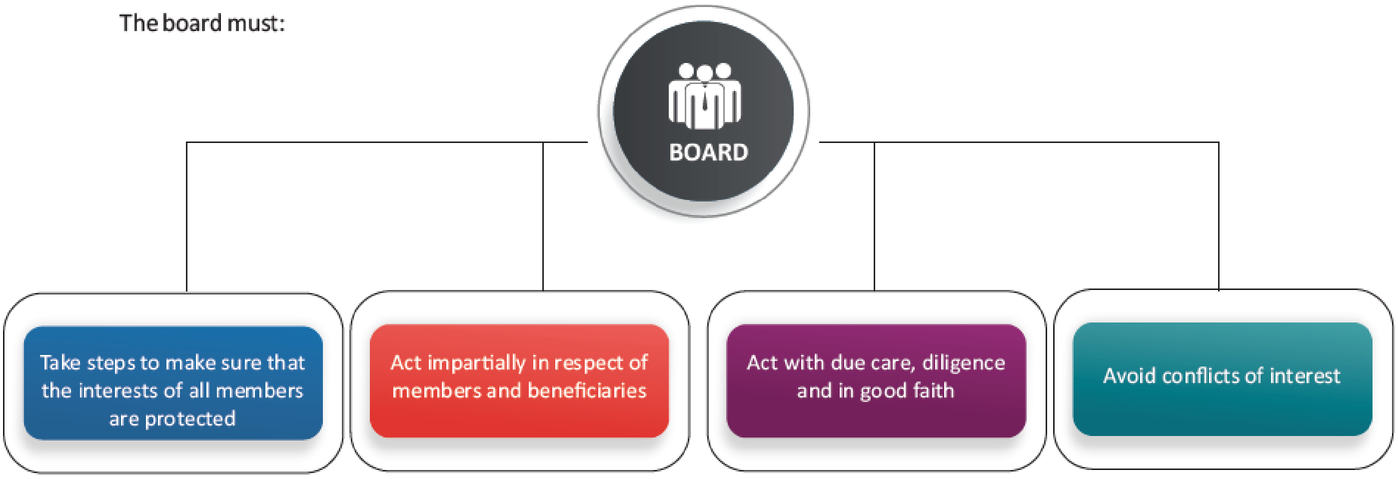
This booklet explains how the Fund works and the benefits that you are entitled to as a member, what happens when you change jobs, what your family will get if you die, how your Fund is managed, how to grow your retirement savings and who to contact if you need help.

In addition to this booklet there is also a dedicated website at www.uwrf.co.za containing further information about the Fund.

2. Who looks after the Fund?

A Board of Trustees manages the Fund

The Board of Trustees (the Board) runs the UWRF. The Board is guided by the law and the rules of the Fund. There are eight board members – the University appoints four trustees and the members elect four trustees.



The Fund's rules

The Board decides on the rules of the Fund. The rules say how the Fund will operate and give a framework for the operation of the Fund.

You have a right to see the Fund's rules. You can obtain a copy of the Fund's rules from the Fund at its registered address or from the Fund's website. If the information in this booklet differs from the information in the Fund's rules, the rules will always override this booklet.

3. Fund administration

Every month, an amount of money is contributed to the Fund and invested on your behalf in the investment markets by financial experts. This money earns a return in the investment markets (investment growth). This money in the Fund is called your **"Fund credit"**.

Over time, your money in the Fund can grow to become one of your biggest financial assets. This means that it is important for you to understand how the Fund works and what benefits you can expect.

The Fund's structure:

The UWRF is a "defined contribution" Fund. The rules of defined contribution Funds apportion responsibility of who must make the contribution (for example, you and your employer) to the Fund and this largely determines what you will get out of the Fund. The rules also prescribe how much must be contributed to the Fund each month.

The benefit that you are entitled to when you retire depends on the amount that has been contributed over time and what the investment growth has been. It's not guaranteed that you will have enough money to live on when you have retired. When the investment markets grow, the value of your **Fund credit** grows. When the investment markets drop, the value of your **Fund credit** also drops, which will be dependent on the portfolio that you are invested in.

It is important that you invest for your retirement over many years and that your money is invested in the right way if you want to make sure that you have saved enough money for your retirement. Because the UWRF is a defined contribution fund, the risks of generating investment growth in the financial markets rest with you and not your employer.

Becoming a member:

The Fund rules stipulate eligibility of membership. If you are eligible to be a member of the Fund, you must belong to the Fund.

An eligible employee means any employee who is in service of the University of the Witwatersrand, Johannesburg and who:

a) is under the normal retirement age; and
b) is not a temporary worker whose employment contract is valid for a period of less than 12 months.

When you join the Fund, you should complete the Fund's new member form. You can provide the Fund with your contact details and investment instructions in this form. You should also complete and regularly update the beneficiary nomination form, as your personal status or circumstances change, to provide the Fund with information should you pass away.

Going forward, you will receive a **benefit statement** once a year, confirming your retirement benefit (**Fund credit**) and where it is invested. This statement will also give details of the other benefits to which you are entitled.

Should you need to know your benefits at any other time, you may obtain a statement online through the Fund's website at www.uwrf.co.za

Your contributions to the Fund

Your employer contributes 23.5% of your Retirement Funding Income (RFI) into the Fund each month, in respect of retirement benefits, insured benefits and expenses, on your behalf.

You can structure your RFI to be any percentage of your gross remuneration package subject to a minimum of 55% and a maximum of 100% of your gross remuneration package. If you choose a lower RFI, it will result in lower savings towards retirement and lower death and disability benefits. You may alter your percentage at the beginning of each calendar year.

Your employer's contributions are added to your salary as a taxable fringe benefit. You can claim a tax deduction on contributions to all the pension, provident and retirement annuity Funds that you belong to, up to the higher of27.5% of your remuneration and R 350 000 every year.

If you contribute more than R 350 000 in a year, the excess is added to your contributions in future years and will be deductible in future years if it is within the limits of that year. At retirement, if there are any contributions that you did not get a deduction on, this will be added to the tax-free amount you are entitled to on retirement or the amount you take as a pension.

The rules of the Fund allow you to contribute an additional 4% of your Retirement Funding Income to the Fund, so that you can take advantage of the maximum tax deduction.

Get good value for your retirement savings

The Fund has identified ways of improving the overall outcomes for you as a member of the Fund, to ensure that you get good value for your retirement savings and make informed decisions.

So, the Fund has:

- a **default investment strategy** to help members who have not made investment choices;
- a **default preservation and portability strategy** to help those members who do not make choices when they leave the Fund;
- an **annuity strategy** to make it easier for members to choose annuities when they retire.

The board regularly monitors these arrangements which means that they may change over time.

Protecting your personal information

The Pension Funds Act, other legislation and regulatory standards require that the Fund and its service providers collect and process your personal information that it receives from you and your employer so that the Fund and its providers can provide services to you and your beneficiaries in connection with the Fund. The Fund and its service providers are obliged by law to process your personal information, which is in your best interests.

If you do not provide the Fund or its service providers with the personal information that it requests, the Fund cannot provide you with information, obtain important information and elections from you, process your contributions, administer your benefit and pay benefits to you and your beneficiaries. You can ask the Fund what personal information it holds about you, through the Pensions Office.

The Fund may be required to keep personal information related to you, former members and beneficiaries for many years, even long after you have left the Fund.

4. Investing for your retirement

The contributions that your employer make to the University of the Witwatersrand Retirement Fund are invested for your retirement. Investments are an important part of the retirement Fund because your retirement benefit depends on the amount of money that is contributed and the investment earnings on these contributions, which is directly related to market performance.

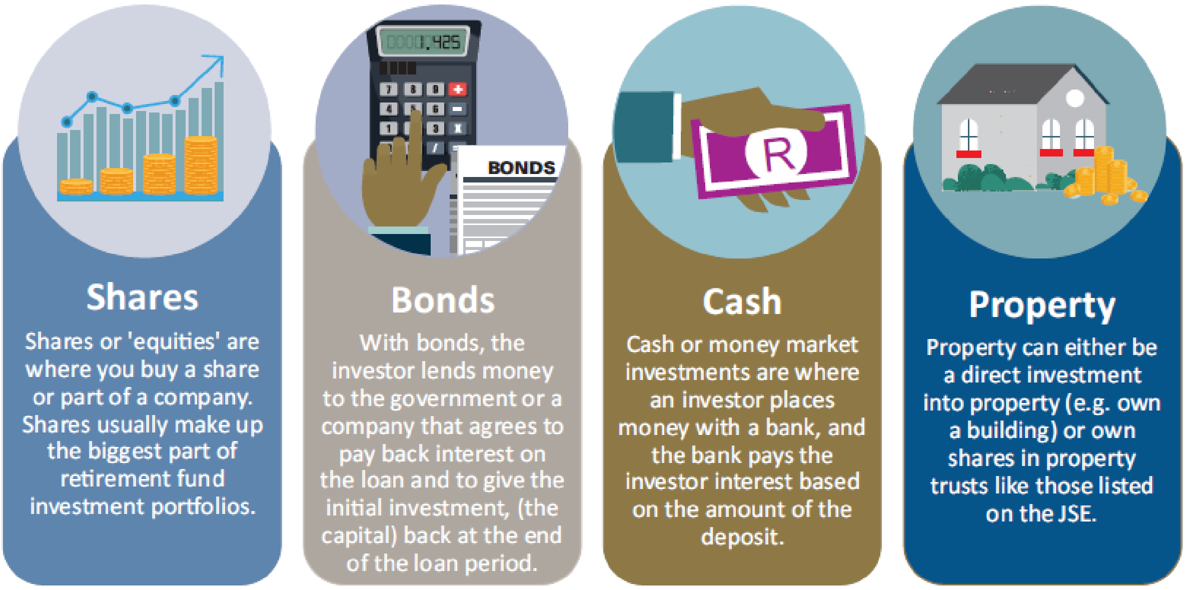
The growth or loss on the investment portfolios that your retirement savings in the Fund are invested in has a big impact on the **Fund credit** that you get one day when you retire or leave the Fund.

The Board has a well thought out investment plan, comprising of both active and passive investments.

It is very important for the Fund to have a well thought out investment plan so that your **Fund credit** in the Fund will grow over time. The Board offers a range of investment portfolios for the different needs of all the members.

All investment decisions have a certain amount of risk. Usually there is a direct relationship between the amount of risk you take and the amount of return you get. The higher the risk, the higher the return can be over time.

The Board uses portfolios that hold different types of assets (called "**asset classes**") to invest your retirement money. There are four main types of **asset classes**. These are shares, bonds, property and cash. The investment portfolios invest in different combinations of these **asset classes**. Investment managers decide which mix of **asset classes** should be held in each portfolio.



The Board has designed 4 risk profiles for the Fund. These are:

1. Growth risk profile for members under the age of 55, or with more than 10 years to retirement;
2. Conservative risk profile for members over the age of 55, or with less than 10 years to retirement;
3. Capital protection risk profile for members over the age of 60 years, or with less than 5 years to retirement; and
4. Shariah risk profile for members who subscribe to the laws of Shariah.

The Fund uses the Growth Risk Profile as the default investment portfolio for members who do not select explicitly investment portfolios in which to invest.

Switches are allowed to and from any of the portfolios on an annual basis at any time of the year. Only one switch per calendar year is allowed and multiple portfolios is allowed. You may choose any of the portfolios even though they were designed for members of a certain age/term to retirement age (or religious belief).

Please click here to access the investment switch form.

It is recommended that you liaise with an accredited financial advisor before switching into a portfolio/s of your choice.

5. If you retire from the Fund

The money you have saved in the Fund is there to help provide an income when you retire.

Your normal retirement age is 65 years.

You have some options of what to do with your retirement benefit when you retire from the University.

Defer receiving your retirement benefit by:

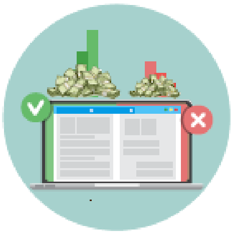
1 Keeping your retirement benefit in the fund (you become a deferred retiree).

2 Transferring your benefit to a retirement annuity fund or preservation fund

You can start receiving a pension income now by purchasing an annuity:

1 Purchase one of the annuities from the fund's annuity strategy

2 Purchase an annuity from any annuity provider that you have chosen



OR

If you want to start receiving a pension income now, you can also take cash.

The options available to you at retirement as to how much cash you can take versus how much pension income you must buy depends how much of your benefit is 'vested' and how much is 'non-vested'. You can tell how much of your retirement benefit is vested or non-vested by looking at your benefit quote / statement.

Cash allowed, by law, to be paid from the pension fund or the provident fund:

You may take a maximum of the vested part of your benefit *plus* one-third of the non-vested part of your benefit in cash. **The rest must be used to buy a pension.**

How much of your benefit is vested depends on, among other things, your age on 1 March 2021 and when you joined the fund. Please ask us if you are unsure.

Should you take any part of your Fund credit in cash at retirement, that amount will be taxed based on the following tax table:

2021 tax year (1 March 2021 – 28 February 2022)

Benefit	Rate of tax
R0 - R500 000	0%
R500 001 - R700 000	18% of the amount over R500 000
R 700 001 - R1 050 000	R36 000 + 27% of the amount above R700 000
R1 050 001 and above	R130 500 + 36% of the amount above R1 050 000

Early retirement

The Fund rules allow you to retire from age 55. If you retire early, the options are the same as when you retire at your normal retirement age. However, you would have saved less if you retire earlier than you would if you retire later.

Late retirement

It is generally not University practice to continue to employ staff beyond the age of 65. Should this be permitted by University Policy in special circumstances, the contribution to the Fund must continue to be paid via the University's payroll system.

When you then retire, your benefit value will be equal to your full Fund credit at your late retirement date.

In the event of death whilst still a Fund member after age 65, a benefit is paid equal in value to your Fund credit at date of death.

It is important to note that all insured benefits cease from the 1st of the month following the month in which you turn 65.

Deferred retirement

You can defer your retirement from the Fund if you are 55 years or older:

You can defer your retirement from the Fund, by retiring from your employer, but leaving your retirement benefit invested in the Fund until you choose to take your retirement savings from the Fund.

If you choose this option, you will not be able to make further contributions and you will remain invested in the investment portfolio you were invested in before retirement (until you select another portfolio). You will not be entitled to insurance benefits from the Fund.

The investment return on your retirement savings will depend on the investment return on the portfolio(s) you are invested in.

Purchasing one of the annuities in the Fund's annuity strategy

The Fund's annuity strategy has been put in place to help members who are not sure what to do with their retirement benefit at retirement and do not have access to financial advice on an appropriate retirement solution. When you reach retirement, you have the option to purchase a pension (that gives you a monthly pension income) as selected by the Board. You would still need to make the choice to select this option. Of course, you do not need to choose an annuity from the Fund's annuity strategy at all, you can choose any annuity.

6. If you leave the employ of the University

If you resign, are dismissed or retrenched, you are entitled to your Fund credit. When you are deciding what to do with your Fund credit, there are a few options for you to consider.

Preserved benefit in the Fund

Unless the administrator receives written notice of your election to take payment of your benefit, you shall become a paid-up member in the Fund and you shall remain as such, until the administrator receives such written notice.

Paid-up members will receive a paid-up certificate within two months of becoming a paid-up member and will have slightly different benefits and conditions to those set out above. Once you become paid-up:

- No further contributions are accepted by the Fund You are no longer covered for death, disability and funeral benefits.
- If you pass away, only your Fund credit is paid (no insured benefit) to your beneficiaries as the Board determines.
- Your benefit will remain invested in the investment portfolio/s that you were invested in immediately prior to becoming paid-up

Move your benefit to a preservation Fund

You can elect to transfer your Fund credit to another preservation Fund, and you should note that:

- You have access to one withdrawal of your benefit before you retire from the Fund.
- You are likely to have investment flexibility.
- A preservation Fund may not have the benefit of economies of scale as with the University of the Witwatersrand Retirement Fund or in a new employer Fund, which could result in higher investment fees and administration charges.
- You may need to get financial advice to access a preservation Fund.

Move your benefit to your new employer’s Fund

Your will not be able to access your benefit until you leave your new employer.

- You should check, but your new employer's Fund may have lower costs.
- You may have less investment choice than what you had before.
- Getting financial advice is recommended not compulsory.

Transfer your benefit to a retirement annuity Fund

You will not be able to access your benefit in until age 55.

- A retirement annuity fund may not have the benefit of economies of scale as with the University of the Witwatersrand Retirement Fund or in a new employer Fund, which could result in higher investment fees and administration charges.
- You may need to get financial advice to access a retirement annuity Fund.
- You are likely to have investment flexibility.

Take cash

If you choose to take your retirement benefit in cash, or a portion in cash, you will have to save for your retirement from the start again and you may not be able to stay on track with your long-term financial goals. Tax will also be deducted in terms of the table below before payment to you:

Withdrawal tax table:

2021 tax year (1 March 2021 – 28 February 2022)

Benefit	**Tax rate**
R0 – R25 000	0%
R25 001 – R660 000	18% of the amount over R25 000
R660 001 – R990 000	R114 300 + 27% of the amount above R660 000
R990 001 and above	R203 400 + 36% of the amount above R990 000

It’s strongly recommended that you preserve your benefit for its original purpose – providing you with an income in your retirement.

7. What happens if you pass away

Your beneficiaries will get a benefit from the Fund if you die

If you die while you are a member of the Fund, your dependants will receive:

- The greater of twice your annual RFI or your Fund credit, at the date of death, plus
- A monthly pension payable to your spouse or life partner of 40% of your RFI (if elected), plus
- Monthly pensions payable to your eligible children of 20% of your monthly RFI, per eligible child, subject to a maximum of two eligible children (if elected).

Pensions are increased each year at the discretion of the Board, and continue to be paid until the earlier of:

- your spouse's death or
- the date you would have attained age 65

and

In the case of the children's pension, payments will continue as long as the child is under age 21 (or 25 if still undergoing full-time education) and unmarried, or for life if the child is permanently incapacitated.

You may elect **not** to enjoy the spouse and/or children's pension benefit in exchange for a greater monthly contribution towards retirement benefits. The option not to select the children's benefit is conditional on you having no eligible children.

Additional life cover

There is an opportunity for members of UWRF to obtain additional life cover. Cover may be selected in multiples of your RFI from once to eight times. Cover ceases at age 65, or if you leave Wits before then, although there is an option to continue with the cover on an individual basis.

Once you have joined, you must stay on the Additional Life Cover Scheme until 1 January the following year, when you may decide to cancel the additional cover, keep your election the same, increase your election (but only by an extra one times), or you may decrease your election by any multiple. An exception is a life-changing event being marriage, divorce or the birth of a child. On one of these events a member may increase or decrease your election by any multiple. If you leave the Scheme on 1 January or upon a life-changing event, you are not permitted to rejoin the Scheme at a later date.

In the event of your death, payment will be made in accordance with your wishes expressed in your UWRF Beneficiary Nomination Form, or you may complete a separate nomination form.

Please click here for the nomination of beneficiary form.

Your death benefit is allocated

The law says that the Board must decide how to divide your lump sum death benefit between your dependants and your nominees if you die while you are a member of a Fund. The Board needs to find out who all your dependants are and who you have nominated to receive some of the death benefit, and then decide how to pay the benefit fairly. They have a duty to share the death benefit fairly and focus on providing for your dependants. The Board must decide who to pay, how much to pay each person and how to pay them.

Dependant	Spouse	Nominee
A dependant is someone you are legally responsible for supporting financially or someone that you aren't legally responsible for supporting financially but who is in fact financially dependent on you. This includes your spouse and children (both biological or adopted).	Your spouse is someone you are married to in terms of South African law, the laws of your religion or in a customary union or someone who you are living with in a long-term relationship.	Nominees are people or organisations who you choose in writing on the nomination of beneficiary form to share your death benefit. The nominee is not a legal or factual dependant.

It's important to keep your dependants and nominees form up to date. Please click here for the nomination of beneficiary form.

The Board will consider the dependants and nominees form that you completed when they make their decision on how to share the death benefit. The Board uses this form to see what your wishes were. They use the details on the form as a guide when they are allocating the death benefit. They do not have to follow your wishes.

If you keep the dependants and nominees form up to date, it will make it easier for the Board and your employer to establish who your dependents and nominees are. If the form is out of date, the Board might make a decision that is different from what you would have wished. It is a good idea to update the form when there is a big change in your life – for example when you get married, divorced or have a child.

Tax

In terms of an approved benefit, the death benefit is taxed before it is paid out. The amount of tax will depend on tax laws at the time of your death. Currently, the tax on the death benefit is the same as if you took a cash benefit when you retire.

Retirement tax table:

Benefit	Tax rate
R0 – R500 000	0%
R500 001 – R700 000	18% of the amount over R500 000
R700 001 – R1 050 000	R36 000 + 27% of the amount above R700 000
R1 050 001 and above	R130 500 + 36% of the amount above R1 050 000

8. What happens if you become disabled

You are covered by an insurance policy that pays a monthly income benefit if you cannot work because of illness or injury. The policy pays out if you become disabled in the opinion of the insurer before normal retirement age. It does not matter if you become disabled after hours or at work. The monthly disability income benefit is paid if you become disabled and the insurer accepts the claim.

The insurer will monitor the level of disability and determine if you remain disabled, both at the outset and later. The insurer assesses your ability to perform duties at work, not to find work.

The benefit that has been insured is 70% of your monthly Retirement Funding Income, limited to a maximum of R240,000 per month.

A member shall be regarded as disabled if, in the opinion of the insurer, injury or illness has rendered him totally incapable of engaging in his own job with his own employer at the date of disablement or any other reasonably suitable job that his employer can offer him. 24 months after the date of disablement, the insurer will assess whether or not the claimant is then capable of engaging in any job for which he is or could reasonably be expected to become qualified or suited taking into account his knowledge, training, education, ability, experience & age.

The disability benefit will not be paid out immediately. The insurer must first assess the disability. This is called the waiting period. Payment in the waiting period will depend on the employer's policy. The insurer is only responsible for paying the monthly disability income benefit once the waiting period is over. The waiting period is 3 months and starts from the date of disability.

It is important to note that contributions to the Fund will continue to be made whilst you are on disability claim.

9. Funeral benefit

The funeral insurance pays a benefit if you, your spouse or one of your children dies.

The benefit payable is:

Member or spouse	R25,000
Child age 14 - 21	R25,000
Child age 6 - 13	R12,500
Child age 0 – 5	R 6,250

10. Housing loans

The Fund allows you to use your money in the Fund (your Fund credit) as security for a housing loan if you qualify under the National Credit Act.

The loan can only be used for housing purposes. You must own or live in the house. You can use the loan to buy a house or to improve or make additions to your existing house.

You can also use it to buy land, if you intend building a house on the land and you will live in that house.

Your employer has agreed to offer the housing loan facility through IEMAS. You will need to communicate directly with the service provider to get a loan, on 011 776 4017.

Your employer will make the deductions from your salary every month to repay the loan. The administrator will flag your records and in the event that you default on payments, the full loan amount is recouped from your Fund credit.

11. Do you have any questions?

Please contact the Pensions Office, Solomon Mahlangu House, Main Campus, should you have any further questions about the Fund. The contact persons are:

- Ms Nomfundo Buthelezi: nomfundo.buthelezi@wits.ac.za / 011 717 1586
- Mr Sakhile Nkonyane: sakhile.nkonyane@wits.ac.za / 011 715 1565

In addition, you can contact the Fund consultant, Ms Kedibone Keroane on kkeroane@nmg.co.za or 011 509 3120 or the Fund's Principal Officer, Mr Jeremy Gill on jeremy@jjgconsulting.co.za or 011 486 1984.

The Fund recommends that you speak to a financial advisor before choosing your investment options and deciding what to do with your money when you withdraw or retire. You can choose any financial advisor.

This communication is not advice or tax advice and does not amount, under the Financial Advisory and Intermediary Services Act, to a proposal or personal recommendation or guidance nor is it a recommendation regarding any financial product or service. The Funds, their administrator and these entities' officers do not take liability for any action you take or loss you suffer arising from this communication as you will need to obtain advice from a registered financial advisor so that your own circumstances can be taken into account.

The Funds' registered rules and the wording of the employer's insurance policies always take precedence if there is a disparity between the rules and this booklet