FundsAtWork

Umbrella Pension and Provident Funds

Trustee Member Newsletter

momentum

for your financial wellness

December 2016

Welcome to your **Momentum FundsAtWork** trustee newsletter

Making choices is part of our lives. It's estimated that the average person makes around 35 000 choices every day! Some of our choices have big consequences. For example, if we choose to eat junk food ALL the time, our health will suffer. It's the same with our Financial Wellness.

In our last newsletter, we compared the journey towards Financial Wellness to the path travelled by an Olympic athlete. Just like the athlete needs to make healthy, disciplined choices that move him towards his goals, you also need to think carefully about your financial choices. The articles in this newsletter will guide you in making the kinds of choices that move you forward, towards Financial Wellness.

Read how to get on top of your debt and keeping your insurance benefits, even if you leave your employer. Considering how our family influences our choices, we look at how to have a positive money conversation with your family. Learn about a new choice you have at retirement and the importance of updating your beneficiary nominations.

Our lives are the results of the choices we make. If we don't like something in our lives, we need to start making different choices. It's the same with our finances.

Will you reach Financial Wellness? It's your choice.

Freek Kruger
Chairperson
FundsAtWork Umbrella Funds

Drowning in debt? Will you sink or swim...

Do you ever feel like you're drowning in debt, struggling to surface for air as everyone shouts for payment, but you simply don't have enough money?

Here is a story about two friends – Thabo and Adam. They both love spending money. Spend. Spend. No end. Then things suddenly get tough. They can't pay school fees and every day they get calls from people wanting payment.

They have a choice. They can ignore their debt and keep spending, or they can face it.

Thabo chooses to get on top of his money situation. He draws up a budget and tries to stick to it. But it's too late. He needs debt counselling. Adam ignores his money problems.

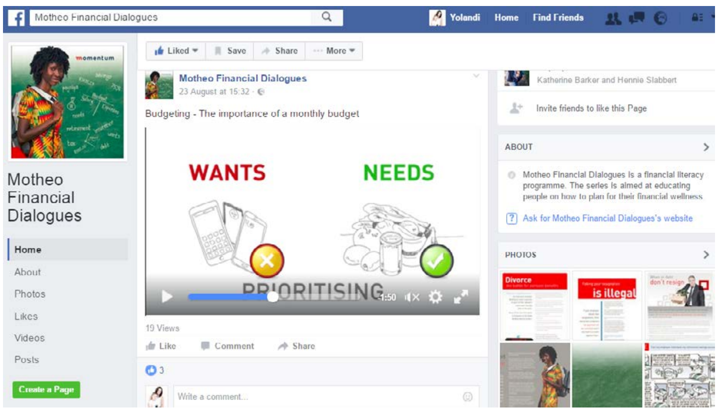
The debt counsellor looks at all Thabo's debt and helps him draw up a new budget. The counsellor also contacts all the people and places he owes money to and negotiates a repayment plan with them. Thabo is on the way to regaining control of his money and credit reputation.

While Thabo is happier, sleeps better and pays his kids' school fees on time, Adam sinks deeper into debt each month. He doesn't change his spending habits. Even friends and family won't lend him money.

Which choice will you make?

Click here to watch Thabo's and Adam's story.

Visit **Motheo Financial Dialogues** on Facebook for more information on how to understand your pay slip, how to budget and how to get on top of your debt. Join Thabo on the road to Financial Wellness.



Get your family **on the same page**

Many of us find talking to our partner or family about money matters tough. Even if we feel the pressure of debt and know household spending should be cut back, we feel bad about saying NO to our loved one's "wants". Many of us also avoid or forget to talk to our family about long-term financial issues, like retirement planning and making sure that we have enough life insurance.

It's really important to talk to your family about money matters, such as debt, budgeting, what you can and can't afford, insurance benefits and retirement planning.

If all family members are not on the same page, which means you don't all think a similar way about money matters, you'll make choices that move you in different, sometimes conflicting directions. And as a family, you will struggle to move towards Financial Wellness.

There is another very good reason you need to talk to your family about money matters. Every year, millions of Rands are unclaimed because the breadwinners died without telling their family about their retirement savings or death benefit. The families who should have received these benefits, had they known about them, really struggle without the breadwinner's income. You certainly wouldn't want your family to end up in this situation!

Still feeling a bit nervous about getting the money conversation started? Here are some tips.

- First get your partner on the same page, then the two of you can chat to the rest of the family together.
- Be honest. Share your concerns, hopes and dreams. Don't tell your partner what he or she is doing wrong, but rather help your partner understand where you are coming from.
- Talk about your financial goals as a family. Together, make a list of things you want to achieve in the next six months, one year, five years and even 25 years.
- Make a plan. Now that you're on the same page and have shared goals, decide how you will overcome obstacles, such as debt and overspending, to achieve these goals.
- Your plan will also include long-term goals, such as saving for retirement. This will be a good time to share retirement and insurance plans you may already have in place.
- If you can afford it, include some shorter term goals, such as saving for a holiday.

Our family influences our choices. Sometimes they push us towards unwise decisions, such as to ignore debt and keep spending, or to use retirement savings to pay for 'wants' in the here and now, such as a new cellphone. This is why it's really important to discuss money matters so that you all think in a similar way and move forward, together, towards Financial Wellness.

Update your beneficiary nominations

Beneficiaries are the people who will qualify to receive your death benefits when you die. Make sure that FundsAtWork has your latest beneficiaries' details, so that your death benefit can be paid to the right people without delay.

REMEMBER: Your beneficiary nomination is NOT the same as your last will and testament. The Pension Funds Act has strict rules that the trustees of the FundsAtWork Umbrella Funds have to follow in deciding who should get your death benefit.

Unfortunately many of us complete the beneficiary nomination form when we first join the Fund, and then forget about updating the information, even though our circumstances may have changed. This is what happened to Peter.

Peter's story

After Peter's wife died, leaving him to take care of three teenagers, he met Mary. Unfortunately she didn't get on well with his kids, but she kept the household running smoothly and looked after his financial affairs. She even made sure he completed his beneficiary nomination form, nominating her as his sole beneficiary.

Time passed, his children left home and started their own families. Unfortunately Peter and Mary's relationship hit bad times, especially after he found out that she had stolen money from him. He immediately filed for divorce and changed his will, leaving everything to his three children. However, he completely forgot about his beneficiary nomination form.

Three years after the divorce, Peter died in a car accident. Although his estate was bankrupt, there was still his retirement fund benefit of R1.2 million. But who would receive it? A major fight broke out. The three children, his sole heirs, felt they should receive this benefit. However, as his only nominated beneficiary, Mary claimed she should receive the benefit. After all, he had more than enough time to change his nomination form if that was what he wanted. His children on the other hand claimed that Peter regularly pointed out that he did not want anything to do with Mary.

The trustees had a big problem. His three children qualified as Peter's legal dependants, but none of them were financially dependent on him. Mary was neither a legal nor a financial dependant, but was listed on a valid nomination form as the sole beneficiary. In the end, after a lengthy battle, they decided to divide the benefits equally between the three children and Mary. If Peter had updated his beneficiary nomination form when he divorced Mary, she would have had no claim to any portion of his death benefit.

Update your beneficiaries' details today!

Click here to watch the video on how to update your beneficiary information. Then go to your InfoSlip and click on the "Benefit statement" tab at the top and then on the 'Your details' to update your personal and beneficiaries' details.

Click here to read the article in the December 2015 newsletter on who will get your money when you die. You can nominate any person to receive any part of your retirement and insurance benefits when you die. Because the trustees have to follow the process set out in the Pension Funds Act, your benefits may not always be divided like you thought they would be.

Leaving your employer? Don't lose your insurance cover

You may think that leaving your job means you have to give up the insurance cover you had through your employer's group scheme with Momentum FundsAtWork. Good news! You might be able to keep your insurance benefits through the FundsAtWork conversion option. This allows you to take out personal insurance benefits very similar to those you had through your employer, with Momentum Myriad.

Even more good news is that to make use of this conversion option, you simply complete a smoker's test; no other medical underwriting is necessary!

You can convert your death benefit with FundsAtWork to a personal policy either before or at the age at which the benefit ends under your employer's group policy. All other insurance benefits you had can also be converted up to five years before the benefit in the group arrangement ends. The level of cover under your individual policy needs to be the same or less than the benefit you had under the group policy. You choose the benefit features you want to include.

Vuyo's story shows the many different options at resignation and highlights the importance of speaking to a financial adviser for guidance that will assist you to make the right choices.

Vuyo, a member of the FundsAtWork Umbrella Pension Fund, made two very wise choices when he resigned from his employer. Vuyo's previous employer offered retirement benefits through the FundsAtWork Umbrella Pension Fund to all his employees, with a normal retirement age of 60 and a lump sum death benefit.

Vuyo resigned shortly after turning 50 but his new employer did not have a retirement fund or group death benefits. Vuyo wanted to leave his retirement benefit he saved with the FundsAtWork Umbrella Pension Fund in the same investment portfolios it was in and convert the life insurance cover he had with his employer through FundsAtWork to a personal policy. Not withdrawing his retirement savings meant it could continue to grow in value, uninterrupted, creating a much bigger pot of savings for retirement.

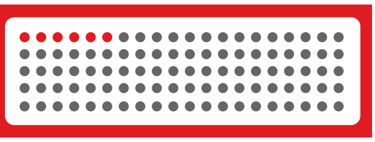
After making this wise choice, Vuyo had two options. He could either keep his retirement savings in the FundsAtWork Umbrella Pension Fund, or transfer it to the Momentum Corporate Pension Preservation Fund. Keeping it in the FundsAtWork Umbrella Pension Fund meant that he would have to take his whole retirement benefit if he wanted to make a withdrawal before retirement. Vuyo rather wanted to have the option to take a part of his benefit before retirement if he would need it and leave the rest of it until retirement. He therefore chose to transfer his retirement savings to the Momentum Corporate Pension Preservation Fund, which allows him to withdraw only a part of the money before retirement if he needs to.

The lump sum death benefit and the Family Protector funeral benefit Vuyo had with the FundsAtWork Umbrella Pension Fund fell away when he changed jobs. Transferring his benefit to the Momentum Corporate Pension Preservation Fund meant that Vuyo kept his Family Protector funeral benefit. Converting the group life insurance cover to a personal policy, ensures his family is covered should he die.

You have a new choice at retirement

Many South Africans cannot afford to retire when the time comes because they have not saved enough for a comfortable retirement. They are often forced to keep working, even after retirement.

Only **6%** of the population, which is 6 **out of every 100 South Africans**, will retire comfortably, without assistance from the government or family and friends.



Bad choices are often behind a retirement savings pot that is too small. For example, using your retirement savings when you change jobs instead of preserving it, and then starting to save all over again, means you have less time to save for retirement.

Always in tune with the needs of our members, your Fund's trustees have made changes to the General Rules of the Funds that now allow you to postpone the date on which your retirement benefit must be paid. You no longer have to take your retirement benefit on your retirement date. You can leave your savings safely and wisely invested in the Fund where it can continue growing, ensuring you have a much bigger pot of savings when you do eventually decide to take your benefit.

You can choose to postpone the payment of your retirement benefit when you:

- Reach the normal retirement date specified in the Special Rules applying to your employer.
- Choose to go on early retirement. **REMEMBER**:
  - A FundsAtWork Umbrella Pension Fund member can go on early retirement before 55 years if there is no outstanding housing loan guarantee and if SARS agrees.
  - A FundsAtWork Umbrella Provident Fund member can only go on early retirement from the age of 55.
- Continue as an active contributing member after your normal retirement date, with the agreement of your employer, and choose to go on late retirement only when you are no longer employed.

To postpone the payment of your retirement benefit, you don't have to put down the exact date you will retire in the future – just that you want to take this benefit at a future date. Then, when you are ready to take the retirement benefit, simply let us know.

See the infographic on the following page to see what happens when you postpone the payment of your retirement benefit.

What happens when you postpone the payment of your retirement benefit?

You become an inactive member of the FundsAtWork Umbrella Funds

You will no longer make contributions to the Fund, including additional voluntary contributions.

If you die before your retirement savings benefit is paid to you, your benefit will be paid as a death benefit.

If you have a housing loan guarantee the Fund will deduct any outstanding balance, plus interest, from your retirement savings benefit and pay it to the bank financing your housing loan.

Any insurance benefits you had through your employer will fall away.

You will still be able to change your product option.

Investment fees and administration expenses will still be deducted from your retirement savings account.

Your retirement savings benefit stays in the investment portfolio it was before you became an inactive member. You will still be able to change your investment portfolio, but no one else, like an investment adviser or advisory body, can make changes, unless you specifically ask them in writing.

Portfolio changes

Amalgamation of the Investec Opportunity Income Fund and the Investec Diversified Income Fund

Investec has amalgamated the Investec Opportunity Income Fund into the Investec Diversified Income Fund. The amalgamation supports their strive to meet members' investment objectives and they believe that having fewer funds in their fixed income range will result in a simpler, more focussed range of funds. The change is effective from October 2016.

Change in offshore exposure of the Nedgroup Investments Managed Fund

Nedgroup Investments has changed the investment policy of the Managed Fund to exclude offshore investments. Several large investors have indicated that they prefer to invest their 25% global offshore allocation with specialist global fund managers while some investors have a high proportion of Rand-based liabilities that they would like to match using Rand-based assets. The portfolio will still be Regulation 28 compliant and is still categorised as a Multi Asset High Equity South African fund. The change is effective from November 2016.

Changes to PSG Equity, Flexible and Balanced Funds

PSG is improving the mandates of their Balanced, Equity and Flexible Funds by using listed and unlisted financial instruments (derivatives). Financial instruments are widely used (locally and globally) to effectively manage investments and to protect (hedge) some of the underlying asset classes (like for example equities) in an attempt to limit the downside during times of market fluctuations. The change is effective from 15 December 2016. Affected employers and members will be informed during November 2016.

Change to the investment policy of the Sanlam Investment Management ("SIM") Balanced Fund.

The Fund manager changed the investment policy of the SIM Balanced Fund to include the use of listed and unlisted financial instruments (derivatives) as allowed by the Act from time to time in order to achieve its investment objective and to safeguard the Fund against the market risks normally associated with investment in securities. The change became effective during August 2016. Affected members were informed in October 2016.

Warwick Met Managed Fund changed its name

The name of the Warwick MET Managed Fund of Funds was changed to the Warwick MET Balanced Fund of Funds.

Score even more with your **upgraded EmployeeReturns**

The chance for greater returns just got better for **Multiply Premier members** with lump sum death and critical illness benefits through FundsAtWork. The August 2016 trustee newsletter explained how the EmployeeReturns benefit (previously called the Healthy Heart benefit) works. This benefit gives you a percentage of your lump sum death and critical illness benefit premiums back in the form of returns.

Currently your level of returns is based on your Multiply status and your Healthy Heart Score. But from **1 January 2017**, the way your level of return is calculated will also take your Active Dayz™ into account. You accumulate Active Dayz™ if you go to gym, log an event or use your device or app to track calories burned or steps taken. The new level of return will be based on:

1. How active you are, measured by the number of **Active Dayz™** you have in a month,
2. How healthy your heart is, recorded as your **Healthy Heart Score**, and
3. Your Multiply Premier status level.

GOOD NEWS! This new way of calculating returns substantially increases the benefit you can receive. The highest return you could have achieved in 2016 is now the lowest you can receive in 2017.

This table shows how the return levels vary, depending on your Heart Health Score, Active Dayz™ and Multiply status.

Healthy Heart Score	Active Dayz or Fitness Assessment	Multiply status				
		Bronze	Silver	Gold	Platinum	Private Club
GREEN	16+ Level 5	20%	25%	30%	40%	60%
AMBER	12+ Level 4	15%	20%	25%	30%	40%
	8+ Level 3	10%	15%	20%	25%	30%
RED	4+ Level 1 & 2	5%	10%	15%	20%	25%
	0+ Level 1 & 2	5%	10%	15%	20%	25%

Here are 3 examples to show how it works.

- You have a **green** Healthy Heart Score and 8 Active Dayz™ for the month, your fitness assessment is 5 and your Multiply status is Private Club. Your returns for the month will be **60%**. We always use the highest - Active Dayz™ or Fitness Assessment - to calculate your level of return.
- You have an **amber** Healthy Heart Score, 17 Active Dayz™ for the month and your Multiply status is Private Club. Your reward for the month will be **40%**. The Healthy Heart Score is the main factor taken into account when calculating your return.
- Your Healthy Heart Score is **red**, you have 2 Active Dayz™ for the month, your Fitness Assessment is 1 and your Multiply status is Bronze. Your reward for the month will be **5%**.

Your physical wellness affects your Financial Wellness. If you are not yet part of the Multiply family, join today and be rewarded for making healthy lifestyle choices. **Click here** for more information on Multiply and speak to your financial adviser about your options and how to join Multiply.

REMEMBER to go for your assessment to determine your Healthy Heart Score. Otherwise you will miss out on this great benefit, regardless of your Active Dayz and fitness assessment.

To register for your EmployeeReturn benefit log onto member portal. **Click here to see how.**

Notice board

Service providers of the FundsAtWork Umbrella Funds

Auditors: PricewaterhouseCoopers

Actuary: Corné Heymans of Argen Actuarial Solutions

Beneficiary Fund provider: Fairheads Umbrella Beneficiary Fund

Home Loan providers: Standard Bank and First National Bank (if your employer has put a home loan agreement in place for your scheme).

From January 2017, all FundsAtWork members will receive Multiply Starter for free. This means that you can enjoy all the great Multiply Starter benefits at no cost to you. Of course you will also have the option to upgrade to the Multiply Provider or Premier options, depending on which option suits your needs better. **Click here** for more information about Multiply and speak to your financial adviser.

If you want to make an additional voluntary contribution into your retirement savings account, amounts over R50 000 must be reported to the Momentum's forensic department because of FICA (Financial Intelligence Centre Act) rules. This means that we must make sure that the money used for the voluntary contribution comes from a legal source.

www.momentum.co.za