



Trustee Member  
Newsletter

FundsAtWork

Umbrella Pension and  
Provident Funds

momentum

for your financial wellness

November 2017



## Welcome to the **November 2017 FundsAtWork** trustee newsletter.

The end of 2017 is almost in sight! It's a good time to reflect on the year that's been. What has 2017 been like for you and your Financial Wellness journey? For many of us, it's been a pretty tough year, filled with economic turmoil and political uncertainty. During tough times, it can be hard to stay focused on your Financial Wellness.

Fortunately, FundsAtWork is with you, each step of the way, however tough it may be. This edition of the FundsAtWork Umbrella Funds trustee newsletter is filled with information on how your FundsAtWork benefits work together to prepare you for your retirement. From our new outcome-based investing philosophy to the new Smart Exit process that enables members to make smart choices when leaving their employer.

The festive season is around the corner. Remember to budget carefully and to make wise decisions to avoid a financial hangover in the New Year. Our very best wishes to you and your family for a safe and healthy festive season.

We look forward to partnering with you on your Financial Wellness journey in 2018, and beyond.

Regards

*Freek Kruger*

Chairperson  
FundsAtWork Umbrella Funds



**You deserve a  
great retirement**

## Put the right plan in place. **Retire well.**

**Do you ever worry about having enough retirement savings for a comfortable retirement?**

Sadly, the retirement years for many South Africans are a struggle. Even those who save for retirement often find that they have not saved enough, while many have to drop their standard of living after retirement. Why do only 6% of South Africans currently retire comfortably?

We are living longer. This means we need to save more for retirement. People also change jobs more often than in the past. When changing jobs, many South Africans withdraw their retirement savings and spend it. This means starting to save for retirement all over again with the new job, but now the time to save enough before retirement is shorter.

After years of hard work, retirement should be a happy, secure time. Whatever your age, take control of your Financial Wellness and get on the road to a happy retirement with a PLAN.

**A good plan has the right target.** You should try and save enough money so that you get a monthly income of at least 75% of your last monthly pay cheque, for the rest of your life after you retire. The income should increase with inflation so that you will be able to maintain your standard of living. This means that if you were to retire tomorrow and you're currently taking home R7 000 per month, you will need to have saved up enough money so that you receive about R5 200 per month (which is 75% of R7 000), increasing with inflation, for every month of your retirement, until you die.

### **FundsAtWork - supporting your journey towards Financial Wellness in retirement**

Your contribution towards retirement savings is automatically deducted from your monthly salary and paid into your retirement savings account with FundsAtWork. This is good because it means that you are not tempted to spend that money on something else. Unfortunately, your contribution may not be enough to get to the 75% of the final salary target. This is why FundsAtWork is constantly offering pioneering ways to help you to get to your retirement goals.

#### **With FundsAtWork you:**

- Optimise your benefits to earn EmployeeReturns to boost your retirement savings;
- Can make monthly or once-off additional voluntary contributions;
- Can invest in outcomes-based investment portfolios, built to help reach your retirement goals;
- Can increase your retirement savings contribution rate, by speaking to your employer and
- Make use of the Smart Exit process to help you make smarter decisions and to preserve your retirement savings benefit when you change employers.



**Speak to your schemes' financial adviser for help if you are not sure whether you're saving enough for retirement. Get the right plan in place and retire well. You deserve it!**



*Be holistically well*

## How your benefits with FundsAtWork work together for **your Financial Wellness**

### Meet Cindy

Cindy is a 25-year old professional who lives alone. Just like you, she is a member of the FundsAtWork Umbrella Funds and a Multiply Starter member. FundsAtWork members automatically have access to Multiply Starter. Through Multiply Starter she got a 20% discount on her ADT security installation. All she had to do was call the ADT call centre on 086 010 0911 to book a consultation and provide her residential address and ID number. Her timing couldn't have been better. Cindy recently was a victim of an armed robbery. Fortunately, she could reach for the panic button to call ADT.

[Click here for more information on Multiply.](#)

### Left traumatised

While ADT's quick arrival ensured Cindy was physically unharmed, her mental and emotional health suffered. Fortunately, being a member of FundsAtWork, she has access to Hello Doctor. She received an SMS to download the Hello Doctor app and register for the service when she became a FundsAtWork member. Cindy didn't feel up to talking directly to a doctor so she chose to text a doctor, who is available 24/7, using the Hello Doctor App. A psychologist called her back within an hour and referred her for psychological counselling.

[Click here for more on Hello Doctor.](#)

Cindy's FundsAtWork membership also provided her with access to further support through the Family Assistance benefit. This is a 24-hour, 365 days-a-year service that supports members during traumatic life events. Cindy was eligible for a R5 000 counselling benefit. She called 0861 666 111 and the claims assistant clearly explained the processes and helped her complete the claims forms.

[Click here for more on the Family Assistance Benefit.](#)

### Maximising her EmployeeReturns

When she felt ready, Cindy started attending self-defence classes and joined the gym to build her strength. As a FundsAtWork member, she

decided to unlock the value of the FundsAtWork EmployeeReturns benefit by upgrading to Multiply Premier. To receive her EmployeeReturns, she registered on the Momentum website and went for her free Health Assessment, which determined her Healthy Heart Score. Because she is also a member of Momentum Health, the EmployeeReturns she earns on her unapproved lump sum death and critical illness benefit premiums are paid into her Health-Saver account. The EmployeeReturns she earns on her approved lump sum death benefit premium is paid into her FundsAtWork retirement savings account.

[Click here to read more about EmployeeReturns.](#)

All FundsAtWork members have access to Multiply Starter and have the option to upgrade to the Multiply Premier option. In 2018, Multiply Premier member fees will be R 219 for a single member, R 269 for a family of two and R 299 for a family of 3 or more.

By making use of her FundsAtWork benefits, Cindy is now getting healthier, physically and emotionally and she is earning extra money which covers her medical expenses and boosts her retirement savings. Cindy is now fighting fit and very grateful for how Hello Doctor, Multiply and the Family Assistance benefit worked together to enhance her Financial Wellness after her ordeal.



Plan and  
**save**

## Putting **your goals** at the centre

**We are all different. You are in a different stage of your life to other FundsAtWork members. You also have different investment goals. This is why the Momentum Investment portfolio ranges available to FundsAtWork members follow an outcome-based investment (OBI) approach.**

Outcome-based investing is about putting you and your goals at the centre of the investment process. After all, it's your retirement savings! So it makes sense that your money is invested in a way to increase the chances of achieving your personal retirement goals.

The OBI approach aims to achieve the highest possible returns while taking the lowest possible risk. This approach also provides a more consistent investment experience over time and keeps us focused on our long-term goals.

Ultimately we want to be able to maintain our standard of living at retirement. To achieve this goal, you need to make sure that your retirement goals grow with inflation. You must work towards achieving this goal over the number of years you have left to retirement. Based on your specific "inflation plus" objective, you should choose the most appropriate investment portfolio from Momentum's wide range. It is a good habit to regularly review your investment strategy to reach your retirement goals with a financial adviser and to make changes, if needed.

It can be unnerving when the market goes down and the value of our investments falls. But panicky, knee-jerk investment decisions can be very dangerous. It's very important to remain invested and stay focused on your end goal.

If you want to know more about how Momentum's wide range of outcome-based solutions can help you achieve your goals, speak to a financial adviser. You can also [click here](#) to watch a series of informative videos to provide you with more insight on the benefits of an outcome-based approach to investing.



SAVE

SPEND

# Save or spend

## A **smart** process enabling **smart** decisions

One of the main reasons only 6 in every 100 South Africans have enough money to retire comfortably is because most people withdraw their retirement savings when leaving their job. Preserving ones retirement benefit so that it keeps growing, without any interruption, is in a perfect world almost always the best option for most members. This is why Momentum has developed a Smart Exit process for you, so that you can make informed decisions when leaving your employer.

When you leave your employer, you will receive a one-time PIN which gives you access to the Smart Exit website. Here you can see the following:

- Your retirement savings to date,
- How the different choices available to you, such as to keep your retirement savings invested or to withdraw it, will impact on you long-term savings for retirement, and
- The potential amount of tax you will pay if you take your entire retirement benefit as a lump sum.

If you choose to transfer your savings to the Momentum Corporate Preservation Funds, you will continue to have access to the Family Protector Funeral benefit BASE, Hello Doctor and Multiply.

The Smart Exit process also offers you the opportunity to convert your group insurance benefits to individual insurance benefits with Momentum, without losing the amount of cover you had under your group policy. The cherry on top is that you won't have to go for underwriting; you will just have to inform us of your smoking status.

Through Smart Exit, you can also transfer your retirement savings benefit with the FundsAtWork Umbrella Funds to your new employer's retirement fund.

You can complete the Smart Exit process using a computer or laptop, or any mobile device such as a smart phone or tablet.

If you have any questions during the process, you can get in touch with the client service centre or a financial adviser.

It's good to know that if you resign from your employer at any stage, as a FundsAtWork member you have access to a process to support you in making smart decisions.

Momentums' Smart Exit process won a *Gold* award in the *Service Design* category at the 2017 Loeries® Awards.



## Make the right choice

# Looking after your **children's best interests**

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**As a member of the FundsAtWork Umbrella Funds, your retirement savings will be paid out as a death benefit if you die. How can you make sure that these benefits will be paid out in the best interests of your young children?**

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The legal guardian of a young child may not always know how best to manage the benefit and make it last until your child turns 18.

This is where the FundsAtWork trustees play a very important role. The trustees will decide whether the benefit will be paid into a beneficiary fund or a trust. The benefit can only be paid into a trust if you or the child's guardian or caregiver nominated one. [Click here](#) for more information on the differences between a beneficiary fund and a trust.

If the trustees choose to pay your death benefit into a beneficiary fund, it will be paid into the Momentum Umbrella Beneficiary Fund. The main purpose of a beneficiary fund is to pay towards educational costs until your child completes their education. Once your death benefit has been transferred to another fund, the trustees of the FundsAtWork Umbrella Funds will have no further liability regarding your death benefit. [Click here](#) for the benefits of the Momentum Umbrella Beneficiary Fund.



**IMPORTANT:** Remember to tell your family about your benefits with FundsAtWork. If they don't know about them, they can't claim if you die and will end up suffering financially. Make sure they keep our number 0860 65 75 85 in a safe place.



# Fund rule changes

## Fund rule changes you should know about

The FundsAtWork Umbrella Funds have a set of General Rules to make sure that your interests are protected. From time to time these Rules can change. All rule changes have to be approved by the Financial Services Board. Here are some of the changes registered in June 2017 that practically apply to you.

### Appointment of an investment adviser

You may nominate an investment adviser to assist and advise you on your Investment choices, but the investment adviser must have the appropriate FAIS licence.

Level of assistance	FAIS licence required
To assist and advise you on your investment choices, but you will execute your investment choices yourself.	Category I(A) FAIS licence.
To submit your investment instructions on your behalf.	Category I(B) FAIS licence.
To exercise and submit your investment choice on your behalf.	Category II FAIS licence.

In addition, the investment adviser's FAIS licence must show the relevant subcategories of financial products he can offer advice on. For example, if his licence shows that he can offer advice on "Participatory Interests in Collective Investment Schemes", the licence must reflect sub-category 1.14 (Category I) or 2.11 (Category II).

When you appoint an investment adviser, the appointment form must clearly show which function/s he will be performing, and also which licence is needed to perform these services.

The fee payable to an investment adviser is limited to 1% of your net contributions and 0.5% per annum of the assets held by the fund on your behalf.

### If you become disabled, when will your membership of the Fund end?

If you become disabled, your membership of the Fund will end on the date your employment ends. If your employer agrees that the membership of the members in its employment will terminate on this date.



## Notice board

**Prime less 1%.** This is the interest rate Standard Bank is offering to FundsAtWork members if they use the FundsAtWork housing loan guarantee facility. You can only use this facility if your employer has chosen to make it available on your scheme. [Click here](#) for the FundsAtWork Housing loan guarantee brochure.

**Another unqualified audit for the FundsAtWork Umbrella Funds!** The FundsAtWork Umbrella Funds received an unqualified audit report in 2016. What does this mean? An audit is an objective, independent evaluation of an organisation's financial statements. An unqualified audit means that the financial statements are fair, appropriately presented and meet accepted accounting standards. Receiving an unqualified audit means that as a FundsAtWork member, you can have peace of mind that your retirement fund is being well-managed.

**DANGER!** Be careful of illegitimate tracing agents. Retirement funds use tracing agencies to find beneficiaries to pay unclaimed benefits to. Beneficiaries can also use these agencies to locate retirement fund benefits they may be entitled to. Unfortunately, there are some individuals who offer tracing services illegally in return for a fee. Beneficiaries may end up using these illegitimate agents but never get any joy as these individuals do not have access to fund records and are unable to trace benefits.

It is very important that beneficiaries ensure the intermediaries they contact for tracing retirement benefits are authorised to do so. You can check the legitimacy of a tracing agent by contacting the Financial Services Board on 0800 110 443 or through their website [www.fsb.co.za](http://www.fsb.co.za).

**Did you know that you can make additional contributions (AVC's) to FundsAtWork?** You can make contributions in addition to your normal contributions to boost your retirement savings and help you to be better prepared for retirement. A lump sum additional voluntary contribution must be processed before or at the end of January every year. To make an AVC for this tax year, your additional contributions must be made with your January 2018 deductions. You can speak to your employer to add the additional amount to your normal contributions. You'll reap the benefits of these additional contributions at retirement.

You can get a tax deduction on your contributions of up to 27.5% of the higher of your remuneration and taxable income, subject to a maximum of R350 000 per year, for both your and employer contributions to all retirement funds.

If you make additional contributions and your total retirement fund contributions for the year are over the tax deductible limit, the amounts that exceed the limit will be carried forward to future years of assessment and you will get the tax deduction then.

**What happens if your retirement fund pays money into your account by mistake?** We all would love to see a big deposit appear magically in our bank account. But, we know payments made in error must be paid back. The incorrect payment of withdrawal benefits is no different. When payment is made to a member by mistake, the member will have to pay this incorrect payment back to the fund. If you suspect that the amount paid to you is not correct, rather contact the fund to make sure.

### Disclaimer:

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