

FundsAtWork Umbrella
Pension and Provident Funds

September
2019

Trustee member newsletter

Everything
we do at
FundsAtWork
focuses on
helping you
move forward
on your
journey to
success.

We care about what matters to you most

In the past year, we conducted research that confirmed that very few members of retirement funds understand the terminology used across the employee benefits industry. For this reason, we are starting a series to explain the terminology and your benefits to you. In this edition we have included an infographic with some commonly used terms that you need to familiarise yourself with, to better understand and manage your retirement savings. We'll explore more of these in our next newsletter.

We have included some helpful tips that you can implement to make sure that you don't run out of money in retirement, and have explained the impact of the default regulations on you as a FundsAtWork member. Earlier this year we hosted our first-of-its-kind member conference in three major cities. Be sure to click on the video links to watch snippets of the conference.

We trust that you will enjoy this newsletter and gain insights to help you as you strive towards a happy retirement.

Regards

Freek Kruger

Chairperson
FundsAtWork Umbrella Funds

Does your scale balance?

Your retirement savings account needs consistent attention throughout your working life so that you have enough money to live on when you retire.

The infographic below shows the parts of your payslip and benefit statement that influence your retirement savings.

Payslip			
Name: A PERSON		ID number: 8310280159023	
Date Appointed 5 March 2009		Date: 31 March 2015	
Earnings		Deductions	
Basic Salary	15 000.00	Tax (PAYE)	3 000.00
Overtime	5 000.00	UIF	97.20
		Funeral and Death Benefit	53.20
		Retirement fund contribution	612.00
		Maintenance - Ref 97456	950.00
		Maintenance - Ref 99726	820.00
		Furniture is Us - Loan repayment	195.50
Total Earnings	20 000.00	Total Deductions	5 727.95
Annual Leave Due	8 Days	Nett Salary	14 272.05
Occasional Leave Due	2 Days		

Cost to Company (CTC): Your total salary package. This is used to determine your pensionable/fund salary. Your retirement contribution is a % of the pensionable salary.

A

B

C

Retirement fund contribution: This is the percentage/portion of your pensionable/fund salary that **you + your employer** contribute towards your retirement savings.

Additional Voluntary Contributions (AVCs): The contributions that you make voluntarily. This normally comes from your annual bonus or any extra income you may have made.

Any money transferred from another approved fund if you have changed employers.

R



FundsAtWork Umbrella Pension Fund	
Benefit statement as at 31 September 2019	
Scheme information	
Start date of Fund membership	01/04/2019
Annual Fund salary	R 240 000.00
Annual insurance benefit salary	R 240 000.00
Retirement date	31/12/2043
Retirement age	60
Retirement savings account	
	Amount
Plus	Gross Employer Contribution R 362.00
	Gross Employee Contribution R 250.00
Less	Administration fees R 35.66
	Consulting fees R 53.37
	Fund expenses R 10.96
	Costs of insured benefits provided by the fund R 228.00
	Costs of Stand-alone insurance benefits provided through your employer policy R 812.07
	Investment earnings R 11.91
Retirement savings account 31/09/2019	
Last contribution received in this period: 25/09/2019	

C

B

D

Investment earnings: amount of money accumulated, based on the investment portfolio your retirement savings is invested in.

Remember to check your benefit statement regularly to see how your retirement savings are growing. Register/login to www.momentum.co.za to view your benefit statement.

Make sure you don't run out of money in retirement

Reading time: 5 minutes

The good news is that people are living longer. Some of us may even reach 100! But living longer means our retirement money has to stretch over more years so we need to save more for retirement.

If you are young, you may not even be thinking about retirement. But today's choices will determine the kind of retirement you can expect many tomorrows from now. What steps can you take today to create wealth for a future with the financial freedom to follow your lifestyle of choice?

Stay invested when changing jobs

Withdrawing your retirement savings when changing jobs not only disturbs the growth of your savings but also means you lose a big chunk of it to tax. Staying invested is called preservation. As a FundsAtWork member, you can preserve in-fund. This means that your retirement savings stay in the FundsAtWork Umbrella Funds and your money continues to grow without interruption. The FundsAtWork [Smart Exits solution](#) will also help you make an informed decision when changing jobs.

Make sure the taxman's gift works for you

Retirement fund contributions are tax deductible, up to certain limits. Tax deductible means the contribution is deducted from your salary before tax is calculated, so you pay less tax. 27.5% of your remuneration or taxable income is tax deductible, up to a maximum of R350 000 in any year. This means that the more you save for retirement (within these limits), the less tax you pay. FundsAtWork makes this easy by allowing you to make additional voluntary contributions or increase your contribution rate once a year.

Target inflation-beating investment returns

You will increase your retirement savings over the long-term by investing in portfolios targeting high returns that are well above inflation. The outcomes-based investing approach followed by all the Momentum portfolios available on FundsAtWork is ideal for achieving this, because a lot of emphasis is placed on achieving the "inflation plus" objective and the way in

which the returns are delivered through the different market cycles.

Avoid knee-jerk decisions

Achieving inflation-beating returns over the long-term means investing a large portion of your savings in growth assets (like equities and property). While these assets are expected to deliver high returns over time, they are also more volatile, which means their value moves up and down. This means in the short-term you could get low or even negative investment returns. If this happens, don't panic. These assets have always recovered in the past and they have delivered inflation-beating returns in the long-term. However, when you are close to retirement, you may want to consider moving your savings to more conservative portfolios, which will most likely deliver lower returns but are less volatile. Alternatively, you can move your assets into a strategy that is consistent with your post-retirement strategy.

Boost your retirement savings with rewards programmes

As a member of FundsAtWork you have access to Multiply Premier, which gives you financial rewards that can be channeled towards your retirement savings. The value of your reward is based on how healthy and active you are. To receive this reward, make sure you're a Multiply Premier member and register for [EmployeeReturns](#).

Choose the right type of annuity

At retirement, most members use their retirement savings to buy an annuity. This is the income they'll receive during retirement. There are different types of annuities. With some types of annuities, there is a risk of running out of money during retirement if investment returns are poor and the income drawn is too high. Make an informed annuity choice by talking to your financial adviser or a FundsAtWork benefit counsellor.

Stay the course to see the real benefit

Reading time: 4.5 minutes

Speak
to your
financial
adviser
before
making any
portfolio
changes.

2018 was a challenging year for local growth asset classes, which include both the equity and property markets. For this reason, the investment portfolios did not manage to outperform their respective “Inflation plus” objectives over the short and long term.

Following a decade of economic weakness, there are positive signs that the economy is in recovery

The policy uncertainty that has constrained investment and confidence has begun to lift. The reconfiguration of Eskom is also a major step in the broad reform of state-owned companies. However, some risks still remain.

The global economy continues to grow, but signs of slowing growth have emerged. Over the past six months, economic growth projections for the United States, China and Europe have been revised down. Trade tensions between the US and China have contributed to weaker confidence and

growth outlooks, and lower crude prices have reversed recent optimism about prospects for oil-exporting economies. The South African Rand traded weaker towards the end of July on the change in Fitch’s sovereign rating outlook on the country from stable to negative.

It is important to remember that the portfolios listed in the table target returns that beat inflation

The higher the “Inflation plus” objective, the more aggressive the portfolio and the higher the allocation to growth asset classes such as local and global equity and property.

The more you invest in growth asset classes, the higher the risk of getting negative returns over the short-term. It is important to note that equity and property investments are risky by nature and investors who invest in portfolios with relatively high allocations to these types of asset classes, should review their investments over the long-term.

Stay the course to see the real benefit

continued

Speak to your financial adviser before making any portfolio changes

The challenge is that no investor likes to see negative investment returns. We believe that it is important not to over-react to short-term market conditions and to make unnecessary portfolio changes without consulting a qualified financial adviser.

Often, at a particular point in the cycle, it feels like we made the wrong decision, but we should allow that cycle to play out to see the real benefit over the longer term. We have to remain focused on the long-term objective and we should therefore not make unnecessary and costly portfolio changes. More often than not, staying invested leads to a quicker recovery than moving to a more defensive strategy or asset class, causing one to miss out when the market recovers.

Helping you achieve your unique investment goals

Momentum Investments' outcome-based investing is an investment approach that aims to maximise the

probability of you achieving your unique investment goals. In response to the ever-evolving investment landscape, we manage our portfolios in such a way that they set their sights beyond mere benchmarks and instead focus on the things that matter the most to you – ensuring that we maximise the probability of you achieving your investment goals. Our portfolio ranges are managed using the outcome-based investment philosophy.

Stay the course and remain invested

It is important to realise that no amount of portfolio construction or sound portfolio management will count for much, if investors don't remain focused on the long-term objectives and ride the inevitable ups and downs and stay the course and remain invested.

We believe that the best determinant of success is not timing markets, but time in the markets. Instead of investing in a portfolio with a goal of outperforming a particular benchmark or peer, the focus should remain on achieving the objective within the predefined risk parameters through a suitable outcome-based investment portfolio.

This table shows the returns of the Momentum Default Investment Portfolio range as at the end of July 2019 (Classic Lifestages Portfolio):

Portfolios	1 year	3 years	4 years	5 years	6 years	7 years
Momentum Default Lifestage Accumulator	2.76%	4.52%	5.26%	6.50%	9.14%	11.18%
Inflation +7%	11.47%	11.71%	12.10%	12.03%	12.29%	12.33%
Momentum Default Lifestage Builder	3.46%	4.73%	5.54%	6.67%	8.95%	10.67%
Inflation +6%	10.47%	10.71%	11.10%	11.03%	11.29%	11.33%
Momentum Default Lifestage Consolidator	3.84%	4.65%	5.68%	6.72%	8.34%	9.24%
Inflation +5%	9.47%	9.71%	10.10%	10.03%	10.29%	10.33%
Momentum Default Lifestage Defender	5.05%	4.64%	5.75%	6.31%	7.42%	7.77%
Inflation +4%	7.87%	7.84%	8.02%	8.11%	8.36%	8.39%

The first-of-its-kind-ever FundsAtWork member conference

Reading time: 2 minutes



We hosted the very first retirement fund member conferences in South Africa!

The conferences were held in the country's major cities over three months starting in Durban during April, moving to Cape Town in May and then ending off in Johannesburg in June. As a forward-thinking umbrella fund, we also catered for members who could not attend the conferences in person, by enabling them to watch the entire conference via webcast.

If you could not attend in person or watch over the webcast, here is a summary of the conference for your viewing pleasure:

- ▶ 1. How to get your house in order - the importance of having a will. [Click here](#) to watch the video
- ▶ 2. How to go about choosing the right annuity when you retire. [Click here](#) to watch the video.
- ▶ 3. It's never too late to start planning for your retirement. [Click here](#) to see how Nandi did it.

FundsAtWork Smart Counsel (benefit counselling) is available to you from 08h00 to 17h00 on week days on 0860 44 43 40. Please contact a qualified benefit counsellor with any questions about your FundsAtWork benefits. [Click here](#) to find out more.

Our new buzz word at Momentum Corporate is #YORO™ - You Only Retire Once. We cannot stress the importance of planning for retirement enough and we want you to understand why it is never too late or too soon to start.



What the default retirement regulations mean for you

Reading time: 1.5 minutes

What are the default regulations?

The default retirement regulations have been put in place by the Government to help members of retirement funds save enough for a comfortable and financially-secure retirement. In order to comply, the retirement funds must do 3 things:



Create a default investment portfolio

Your retirement savings will be invested in the default investment portfolio selected by your employer if you do not actively choose another portfolio. Your employer may select the Momentum Default Investment Portfolio as their employer selected portfolio. The Momentum Default Investment Portfolio invests in the Momentum Classic Lifestages portfolio. The portfolio range is cost effective, well-constructed and complies with the default regulations.



Offer in-fund preservation for when you change jobs

You have the option to preserve your retirement savings in the FundsAtWork Umbrella Funds when you change jobs (this is called in-fund preservation). This means your retirement savings will continue to grow without interruption and you will remain on track for achieving your retirement goals.



Have an annuity strategy for when you retire

Annuity income (or pension) is a regular payment you receive during your retirement years. Choosing the right annuity is a critical decision you need to make as you approach retirement. The Golden Income With-Profit Annuity will give you the security of a guaranteed income for life, and forms part of the annuity strategy of the FundsAtWork Umbrella Funds.



Reading time: 1.5 minutes

The investment portfolios available on the FundsAtWork Umbrella Funds are regularly reviewed and changes are made where necessary. These reviews are important to ensure that portfolios are evaluated and continue to meet members' changing needs. These changes may affect you. Please check your benefit statement to see if you are invested in any of these portfolios. Members who were affected have been notified via email, but if we don't have your correct contact details, you might have missed out on this important information.

To get a copy of your benefit statement:

Log on to www.momentum.co.za

Email: momentumcorporateclient@momentum.co.za

Call: 0860 65 75 85

Portfolio	Change	Effective date
Momentum Multi-manager Aggressive	Momentum Multi-manager Aggressive was merged with its underlying building block Momentum Enhanced Factor 7 (Special fee class KZ)	During July 2019
Momentum Multi-manager Balanced	Momentum Multi-manager Balanced was merged with its underlying building block Momentum Enhanced Factor 6 (Special fee class KZ)	During July 2019
Aggressive Lifestage (2)	Aggressive Lifestage (2) merged with its underlying building block Momentum Enhanced Factor 7 (Special fee class OZ)	During July 2019
Advantage Lifestage Plus (4) conservative	Advantage Lifestage Plus (4) Conservative merged with its underlying building block Momentum Enhanced Factor 4 (Special fee class GZ)	During July 2019
Sanlam (SIM) Balanced Fund Class A	Same portfolio with a reduction in investment fee	During July 2019
Advantage Lifestage Plus (1) Aggressive	Advantage Lifestage Plus (1) Aggressive merged with its underlying building block Momentum Enhanced Factor 7 (Special fee class FZ)	During September 2019
Advantage Lifestage Plus (1) Moderate	Advantage Lifestage Plus (1) Moderate merged with its underlying building block Momentum Enhanced Factor 6 (Special fee class FZ)	During September 2019
Advantage Lifestage Plus (1) Conservative	Advantage Lifestage Plus (1) Conservative merged with its underlying building block Momentum Enhanced Factor 4 (Special fee class FZ)	During September 2019
Strategic Investment Service Life Company Limited Life (SIS) policy	Transfer to Old Mutual Assurance Company (South Africa) Limited	During October 2019

Notice board

DID YOU KNOW?

Help your children with their school work using Studymaster

If you have both retirement and death benefits with FundsAtWork, you can access the [Studymaster website](#) where learners from grade 1 to 12 can receive educational support and assistance, at no additional cost. This benefit includes:

- Educational material on an online platform;
- Textbook summaries of all subjects;
- Interactive slides with audio videos;
- School specific information; and
- Extensive material for languages and mathematics, including explanations, practice test papers and memos.

Another unqualified audit for the FundsAtWork Umbrella Funds!

The FundsAtWork Umbrella Funds received an unqualified audit report in 2018. 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.

Updating beneficiaries

You may nominate any person to receive any part of the benefit that will be paid from the Fund if you die. This should include your spouse or partner, your children, any person that is financially dependent on you or any person that you want to receive a part of your benefit.

The trustees of the FundsAtWork Umbrella Funds have a duty under the Pension Funds Act to distribute the benefits equitably between your beneficiaries, taking the provisions of the Pension Funds Act into account. This means that even though the trustees will take your nomination into account, they have to distribute the death benefit in line with the Pension Funds Act. To update your beneficiaries, [click here](#)

Changes to the Family Protector benefit

The Family Protector funeral benefit, which pays out a lump sum to cover the funeral expenses in the event of your death, the death of your spouse, child or children, has been updated as from 1 September 2019. The cover has increased from R 7 000 to R 15 000 for children between the ages of 14 and 21 years. The cover for all children under the age of 14 years and stillborn has increased from R 7 000 to R 7 500.

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